

BYLAWS OF THE
ROSECLIFF MANOR COMMUNITY ASSOCIATION,
A PLANNED COMMUNITY

ARTICLE I

The name of the corporation is ROSECLIFF MANOR COMMUNITY ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at 437 Harleysville Pike, Franconia, Montgomery County, Pennsylvania 18924, but meetings of the Members and Directors may be held at such places as may be designated by the Board of Directors.

ARTICLE II

The provisions of the "Declaration" dated _____, 1997, and recorded in the office for the Recording of Deeds in _____ and for the County of Montgomery, at Norristown, Pennsylvania, in Deed Book _____, page _____, are hereby incorporated into these Bylaws and shall be a part hereof; and said Declaration shall control over any matter or inconsistency arising between these Bylaws and the said Declaration.

ARTICLE III

The corporate seal of the Association shall be in circular form and shall bear the name of the Association and the words 'Corporate Seal.'

ARTICLE IV

DEFINITIONS

Section 1. The following words and terms when used in these Bylaws shall have the following meanings:

a. "Association" or "Unit Owners Association." The Unit Owners Association as organized under Section 5301 of the Act, relating to organization of Unit Owners Association.

b. "Common Expenses." Expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

c. "Common Facilities." Any real estate within a planned community which is owned by the Association or leased to the Association. The term does not include a unit. Said facilities are intended to be devoted to the common use and enjoyment of the unit owners of the Association as herein defined. Notwithstanding

ROSECLIFF MANOR COMMUNITY ASSOCIATION
(Bylaws)

the foregoing, the bike/pedestrian trail shown on the plans is intended and shall be dedicated to Lower Salford Township to be maintained by Lower Salford Township and to be available for use by all Lower Salford Township residents.

d. "Plan" shall mean and refer to the "Record Plan of Site Development" for a maximum eighty-nine (89) unit townhome community prepared for Trefoil HV, Inc. by Stoudt, Tacconelli & Associates, Inc. originally dated January 25, 1993, approved by the Board of Supervisors of Lower Salford Township on November 7, 1994, recorded in the Office for the Recorder of Deeds in and for Montgomery County, Pennsylvania on November 21, 1994. It shall also include any plats and/or plans filed pursuant to Section 5210 of the Act.

e. "The Properties" shall mean and refer to all properties, both units and common facilities, as are subject to this Declaration, and which are described in Exhibit "A" to the Declaration.

f. "Unit." A physical portion of the planned community designated for separate ownership or occupancy, the boundaries of which are described pursuant to Section 5205(a) (5) of the Act.

g. "Unit Owner." A declarant or other person who owns a unit in the planned community. If a unit is owned by joint tenants or tenants by the entireties, the joint tenants, cotenants, or tenants by the entireties shall collectively comprise a single unit owner. The term does not include a person having an interest in a unit solely as security for an obligation.

ARTICLE V

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting shall be October 14, 1997, at 7:00 p.m. and each subsequent regular annual meeting shall be held on a designated date in October, at the hour of 7:00 p.m.

Section 2. Special Meetings. Special meetings of the Members may be called by the Executive Board by a written notice which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting.

Section 3. Notice of Meetings. Not less than ten (10) nor more than sixty (60) days in advance of any meeting,

ROSECLIFF MANOR COMMUNITY ASSOCIATION
(Bylaws)

annual or special, the President shall cause notice of said meeting to be hand delivered or sent prepaid by United States mail to the mailing address of each Unit Owner or to any other mailing address designated in writing by the Unit Owner. Said notice of meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws; any budget or assessment changes; and, where the Declaration or Bylaws requires approval of Unit Owners, any proposal to remove a director or officer.

Section 4 Quorum. A quorum is present throughout any meeting of the Association if persons entitled to cast twenty-five (25%) percent of the votes which may be cast for election of the Executive Board are present in person or by proxy at the beginning of the meeting.

Section 5. Voting Rights. Each Unit Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. A Unit Owner may not revoke a proxy given under this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter term.

Section 6. Composition and Term. Affairs of the Association shall be managed by an Executive Board composed of five (5) Directors, who need not be Members of the Association. Directors shall serve for a term of one (1) year until their successors are elected.

Section 7. Method of Nomination. Candidates for election shall be nominated from the floor at the annual meeting.

Section 8. Method of Election. Elections shall be by secret written ballot at the annual meeting. Members may cast in respect of each vacancy as many votes as they are entitled to exercise under the provision of the Articles of Incorporation and the Declaration. Cumulative voting is not permitted. Those persons receiving the largest number of votes shall be elected.

Section 9. Resignation and Removal. The unexcused absence of a Director from three (3) consecutive regular meetings of the Executive Board shall be deemed a resignation. Any Director may be removed from the Executive Board with or without cause by a majority of the vote of the Members of the Association.

Section 10. Vacancies. In the event of death, resignation or removal of any elected Director, his successor shall

ROSECLIFF MANOR COMMUNITY ASSOCIATION
(Bylaws)

be selected by the remaining elected Directors and shall serve the unexpired term of his predecessor.

Section 11. Compensation. No Director shall receive compensation for any service he may render to the Association; however, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE VI

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Executive Board shall be held without notice of such place and hour as may be fixed from time to time by Resolution of the Board.

Section 2. Quorum of Executive Board. A quorum is deemed present throughout any meeting of the Executive Board if three (3) directors are present at the beginning of the meeting.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Executive Board shall have the power to:

(a) exercise for the Association all powers, duties, and authority vested in or delegated to this Association by law; the Declaration, or any supplemental Declaration, and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the said Declaration.

(b) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be a duty of the Executive Board to:

(a) in the event of any change in the annual assessment as set forth in the Declaration, the Executive Board shall fix the date of commencement and the amount of the assessment against such Unit for each assessment period at least thirty (30) days in advance of such date for a period and written notice of the assessment shall thereupon be sent to every Unit Owner subject thereto.

ROSECLIFF MANOR COMMUNITY ASSOCIATION
(Bylaws)

(b) to suspend the right to use the recreational facilities of an Unit Owner or Member during any period in which such Unit Owner or Member shall be delinquent in assessment.

(c) cause to be kept a complete record of all corporate affairs, including the Book of Resolution, make such records available for inspection by any Unit Owner or his agent, and present an annual statement thereof to the Unit Owners.

(d) supervise all officers, agents, and employees of the Association and see that their duties are properly performed.

(e) upon demand at any time furnish to any Unit Owner for said assessment a certificate in writing signed by an officer of the Association setting forth whether said assessment has been paid, such certificate shall be prima facie evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made for this service.

(f) designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate.

(g) to take legal action as deemed appropriate, as provided for in the Declaration, cause the Common Facilities to be maintained, procure and maintain adequate liability insurance and hazard insurance on property owned by the Association, enter any mortgage agreements and obtain capital debt financing, subject to the provisions of the Declaration, appoint such committees as prescribed in these Bylaws.

ARTICLE VIII

OFFICERS

Section 1. Enumeration of Offices. The officers of the Association shall be a president, vice-president, secretary and treasurer who shall be at all times Directors of the Executive Board.

Section 2. Election of officers. The election of officers shall take place at the first meeting of the Executive Board following such annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Executive Board and each shall

ROSECLIFF MANOR COMMUNITY ASSOCIATION
(Bylaws)

hold office for one (1) year unless he shall sooner resign or shall be removed, or otherwise disqualified to serve.

Section 4. Resignation and Removal. Any officers way be removed from office with or without cause by the Executive Board. Any officer may resign at any time giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment of the Executive Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The offices of president and secretary may not be held by the same person.

Section 7. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Executive Board and of the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all promissory notices and contracts as the Board may approve from time to time.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Member; maintain the Book of Resolutions; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notices to Unit Owners as provided in Article X; keep appropriate current records showing the Unit Owners of the Association together with their addresses; and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall cause all monies of the Association to be deposited in appropriate accounts and disbursed therefrom as directed by resolution of the Executive Board; shall co-sign any promissory notes and contracts; keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant at the completion of each full fiscal year; and shall be the chief officer

ROSECLIFF MANOR COMMUNITY ASSOCIATION
(Bylaws)

responsible for the preparation of an annual budget and a statement of income and expenditures to be presented to the Executive Board and to the membership at its regular annual meetings.

(e) Amendments to the Declaration. The President and Secretary may prepare, execute, certify and record amendments to the Declaration on behalf of the Association following the appropriate amendment procedures set forth in the Declaration.

ARTICLE IX

COMMITTEES

Section 1. Committees. The Executive Board shall appoint such committees as it deems appropriate to carry out its purpose.

ARTICLE X

FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XI

INDEMNIFICATION OF OFFICERS AND DIRECTORS AND
LIMITATIONS OF DIRECTORS' PERSONAL LIABILITY

Section 1. Personal Liability of Directors. The corporation shall indemnify to the full extent of the law, and may indemnify or agree to indemnify to the full extent required by law, any person who was or is a party, or is threatened to be made a part, to any threatened, pending, or contemplated action, suit, or proceeding whether civil, criminal, administrative or investigative, by reason of that person's being or having been a director, officer, employee, or agent of the corporation or of any other enterprise at the request of the corporation. Notwithstanding the foregoing, the corporation has no obligation to purchase insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation against any liability asserted against or incurred by him in any such capacity, or arising out of his status as such. Such insurance may be provided by the corporation at the sole discretion of the Executive Board.

Section 2. Limitation of Director's Personal Liability. No director shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(1) The director has breached or failed to perform the duties of his office relating to the standard of care and justifiable reliance; and

(2) The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness, PROVIDED, HOWEVER, that the provisions of this section shall not apply to: (1) the responsibility or liability of a director pursuant to any criminal statutes; or (2) the liability of a director for the payment of taxes pursuant to local, state, or federal law.

Section 3. Standard of Care of Directors and Justifiable Reliance by Directors. A director shall stand in a fiduciary relation to the corporation and shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinance prudence would use under similar circumstances. In performing his duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (1) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presents; (2) counsel, public accountants or other persons as to matters to which the director reasonably believes to be within the professional or expert competence of such person; (3) a committee of the board of upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence. A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted. In discharging the duties of their respective positions, the Executive Board, committee of the board, and individual directors may, in considering the best interests of the corporation, consider the effects of any action upon employees, upon suppliers and customers of the corporation and upon communities in which offices or other establishments of the corporation are located, and other pertinent factors. The consideration of those factors shall not constitute a violation of the foregoing duties of the directors as set forth herein. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take

ROSECLIFF MANOR COMMUNITY ASSOCIATION
(Bylaws)

any action shall be presumed to be in the best interests of the corporation.

ARTICLE XII

AMENDMENT

Section 1. These Bylaws may be amended by:

(a) a vote of four (4) of the directors at any meeting of the Executive Board duly called for that purpose, providing notice of the meeting has been given to the Unit Owners at least thirty (30) days prior to the meeting; or

(b) at the annual meeting of the Unit Owners by a vote of the majority of the votes of the Unit owners who are voting in person or by proxy.

(c) Notwithstanding the foregoing, the U.S. Department of Housing and Urban Development/Veteran's Administration shall have the right to veto any amendments to these Bylaws while any Class B membership still exists.

Section 2. In the case of any conflict between these Bylaws and the Declaration, the Declaration shall control; and in the case of any conflict between the Declaration and the Articles of Incorporation, the Declaration shall control.

ADOPTED February , 1997.