

BY-LAWS

OF

FULMOR HEIGHTS HOME OWNERSHIP ASSOCIATION

ARTICLE I: PURPOSE

- 1.1 The purpose of the Corporation is as set forth in its Articles of Incorporation filed in the Pennsylvania Corporation Bureau.

ARTICLE II: REGISTERED OFFICE

- 2.1 The registered office of the Corporation shall be 201 Fitch Road, Hatboro, Pennsylvania, or such other location in Pennsylvania as the board may from time to time determine.

ARTICLE III: MEMBERS

- 3.1 ***Requirements for Membership.*** The Board shall establish the criteria for membership and the application procedure. No person shall become a member unless approved by the Board. The Association will not discriminate against any applicant on the basis of race, color, religion, sex, or national origin.
- 3.2 ***Quarterly Meetings.*** The members shall have quarterly meetings at the principal office of the Corporation or at such other place as is otherwise determined from time to time by the Board.
- 3.3 ***Special Meetings.*** Special meetings of the members may be called by the Board or at a written request of 90 members. At least 14 days written notice stating the time, place and purpose of any special meeting shall be given to the members. It shall be the duty of the Manager to fix the time of the meeting, which shall be held not more than sixty (60) days after the receipt of the request. If the Manager shall neglect or refuse to fix the time of the meeting, the person calling the meeting may do so.

- 3.4 ***Order of business.*** The order of business at all meetings of the members and of the Board of Directors shall be as follows: (a) Roll Call (b) Proof of Due Notice of Meeting (c) Approval of minutes of previous meeting (d) Reports of Officers and Directors (e) Reports of Committees (f) Unfinished business (g) New business (h) Adjournment. The parliamentary procedure for the conduct of all meetings shall be governed by Robert's Rules of Order (revised).
- 3.5 ***Quorum.*** The presence of at least thirty members shall constitute a quorum for the transaction of business at any meeting of the Corporation except when Directors are to be elected, or a vote is to be taken on any proposed amendment to the By-Laws or to the Articles of Incorporation, or upon the question of dissolution, or upon any action permitted or authorized by the Mutual Ownership Contract, at which time the presence of sixty members shall be necessary to constitute a quorum.
- 3.6 ***Voting Rights.*** The Corporation shall have one class of 300 voting memberships. One vote is permitted per residential unit. The right to vote is limited to only those individuals whose signatures appear on the Mutual Ownership Contract. Only members who have signed their Mutual Ownership Contract as of fifteen calendar days before the regularly scheduled quarterly meeting will have the right to vote at that meeting. In the event the Mutual Ownership Contract signers cannot agree on how to cast their one vote, no vote shall be counted for their residential unit.
- 3.7 ***Voting by Proxy.*** Any member eligible to vote at any meeting of the members may be represented as present and may vote at such meeting by a proxy authorized in writing. Such written authorization must specify the matter with respect to which the proxy is granted and the person entitled to vote, must be signed and dated by the member granting the proxy, and must be filed with Manager of the Corporation in advance of the meeting.

3.8 ***Absentee Ballots.*** Every residential unit is entitled to one vote on all questions coming before any and all meetings of the membership. A member who has a legitimate reason for not attending a meeting may vote with an absentee ballot. Any member who wishes to vote through absentee ballot must first notify the Fulmor Heights Home Ownership Association office and request the necessary form. The Manager will issue, on request, the necessary forms for absentee voting. The member's absentee ballot must be properly signed and submitted in a sealed envelope prior to the quarterly membership meeting, properly noting on the outside that the envelope contains a secret ballot.

3.9 ***Monthly Fees.*** Monthly fees shall be established by the Board.

3.10 ***Expulsion for Membership Violations.*** The Board of Directors by affirmative vote of four-fifths of all the members of the board, may suspend or expel a member if the Board is of the opinion that the member has violated any of the provisions of the By-Laws or of the Policy and Standards or any provisions of the Mutual Ownership Contract signed by the member, or that he or she has been proven guilty of a criminal action, or that he or she is guilty of conduct detrimental to the Corporation and/or the community. After an appropriate hearing, the Board may terminate the membership of any member, who for reasons as noted becomes ineligible for membership. No member shall be expelled without the opportunity to be heard at such meeting in person or by counsel and being able to produce witnesses in regard to any complaint.

Expulsion for Non-Payment. The Board may expel any member who shall be in default of their monthly payments for a period of 90 days. The Board is not required to hold any hearing in regard to a member's nonpayment if the Board gives the member 30 days written notice that their membership will be terminated due to non-payment. This notice may be sent at any time after the 60th day that the member is in default of their payments.

Payment of Costs. The Association shall be entitled to all costs and reasonable attorney's fees it incurs in enforcing the terms of the By-Laws, Policies and Standards, and any Mutual Ownership Contract and in collecting the moneys due it. Further, the Association shall be entitled to collect interest on all moneys due it at the rate set forth in the Mutual Ownership Contract.

- 3.11 ***Transfer of Membership.*** Membership in this Corporation is not transferable or assignable except as set forth in the Corporation's Policies and Standards adopted by the Board. Every transfer or sale of membership shall occur at the new contract rates in effect at the time of the sale or transfer.

ARTICLE IV – SEAL

- 4.1 The corporate seal shall bear the name of the Corporation.

ARTICLE V – BOARD OF DIRECTORS

- 5.1 ***Management.*** The business and affairs of the Corporation shall be managed by the Board of Directors of Fulmor Heights Home Ownership Association except as otherwise required by statute, these By-Laws, or a resolution duly adopted by the Board. The Board's order of business shall be as set forth in paragraph 3.4. No Director in his official capacity shall deal as an individual with members of the Corporation, employees or others on behalf of the Corporation unless authorized to do so by the Board of Directors.
- 5.2 ***Qualifications of Directors.*** Each Director shall be an individual of full age who must be a member of Fulmor Heights. No member may serve on the Board or run for office of the same unless they are a member in good standing. To be considered a member in good standing, members must be current in their monthly payments. In addition, they can have had no late payments in the last twelve months.

5.3 ***Number and Election of Directors.*** The Board shall consist of not less than 4 nor more than 5 persons, as established by the Board. Directors shall be elected from among the members at the October quarterly meeting of the members. The procedure to nominate candidates for election to the Board of Directors at the October general meeting for members shall be as follows:

(a) At the July quarterly meeting of the members, a Nominating Committee of three members shall be approved by the membership present at the meeting. Current members of the Board are not eligible to serve on this Committee. At least thirty days before the October quarterly meeting of members, the Committee shall prepare a list of candidates to be posted at the registered office of the Corporation. Nominations will also be accepted thirty days before the October quarterly meeting if a petition signed by twenty-five members is presented to the Secretary.

(b) The Secretary shall mail notice of the October meeting and a statement including the names of the persons nominated and their resumes to the general membership seven days in advance of the October quarterly meeting.

5.4 ***Term of Office.*** Each Director shall hold office for a term of 3 years and until his or her successor has been elected and qualified or until his or her earlier death, resignation or removal. Terms shall be staggered so that as nearly as possible an equal number of terms shall expire each year.

Vacancies. If a vacancy in the Board of Directors occurs upon the death or resignation of a Director, or because Director has been absent from three successive meetings of the Board, then the remaining Directors shall elect a replacement who shall serve for the unexpired term.

5.5 ***Removal of Directors.*** The Board of Directors, after a thorough investigation, hearing and proof of wrong doing shall immediately vote for removal from any office of any Director that has engaged in any of the following activities:

- 1.) Unexcused absence from three consecutive board meetings.
- 2.) Embezzlement related or assisted by holding office.
- 3.) Committing a felony while acting as director or representative of the Board.
- 4.) Using one's position for financial gain.
- 5.) Failure to pay monthly membership fees.
- 6.) Deliberate falsification of information presented to the Board or the membership.
- 7.) Verbal or physical abuse of a member or an employee
- 8.) Disclosure of personal or confidential information that may be harmful to a member or the Corporation.

Any Director being removed from office for any of the above reasons shall also lose the right to hold office in the future. The full membership shall be notified in writing of the removal.

The membership may call for the removal of a Director by presenting to the Board a petition with 120 membership signatures on it outlining the case they wish the membership to hear. The Board will set up a special meeting time and place within ten days of receipt of the petition. The meeting place must be able to accommodate the full membership and be handicapped accessible. The meeting must have no less than 120 members present. At this meeting, the member[s] bringing charges will present their case to the members present. The Director in question will have a chance to defend and respond to said charges in person or by counsel and to produce witnesses in regard to the complaint. After all charges are stated and responded to, a vote shall be taken with a majority vote of the members present needed for the removal. If a

Director is removed, the present Board shall elect a person to fill the vacancy thus created for the remainder of the term.

Any individual or group who brings charges against a Director which later are proven to be false will incur all costs legal and otherwise.

- 5.6 ***Quorum.*** A majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting, and the acts of the majority of the Board present at any meeting which a quorum is present shall be the acts of the Board, unless otherwise required by law or these By-Laws.
- 5.7 ***Unanimous Consent of Directors in Lieu of Meeting.*** Any action that may be taken at a meeting of the Board may be taken without a meeting, if a consent or consents in writing set forth the action so taken shall be signed by all of the Directors in office and shall be filed with the Secretary of the Corporation.
- 5.8 ***Voting Rights.*** Every Director shall be entitled to one vote in person or as already otherwise noted.
- 5.9 ***Regular Meetings.*** Regular meetings of the Board shall be held on the third Tuesday of each month or as otherwise noted by the Board.
- 5.10 ***Special Meetings.*** Special meetings of the Board may be called by the President or by a majority of the Board at any time. At least 5 days written notice stating the time, place and purpose of any special meeting shall be given to the members of the Board. It shall be the duty of the Secretary to fix the time of the meeting, which shall be held not more than sixty (60) days after the receipt of the request. If the Secretary shall neglect or refuse to fix the time of the meeting, the person or persons calling the meeting may do so. Meeting place must be able to accommodate all members of the Board.
- 5.11 ***Adjourned Meetings.*** When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or

of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

- 5.12 ***Advisory Board.*** The Board may create and appoint members to an Advisory Board which have such rights and privileges as determined by the Board. Qualifications for membership on an Advisory Board shall be determined by the Board. The Board may dissolve the Advisory Board as it sees fit.

ARTICLE VI – OFFICERS

- 6.1 ***Number and Qualifications of Officers.*** The officers of the corporation shall include a President, a Vice President, a Secretary, a Treasurer and such other officers whose positions shall be created from time to time by the Board. The officers shall be individuals who are directors of the corporation, [except that the treasurer may be a corporation]. A person may hold more than one office except the same person may not be President and Secretary. The duties of the Secretary may be delegated to the Manager by the Board.
- 6.2 ***Election and Term of Office.*** Officers shall be elected by the Board and announced to the members at the October general membership meeting and shall serve for a term of one year and until their successors are elected and qualified. Officers may be elected for consecutive terms.
- 6.3 ***Duties.*** The duties of the officers shall include the following:
- (a) The President shall be the Chief Executive Officer of the Corporation; shall have general and active management of the business of the Corporation; shall see that all orders and resolutions of the Board are carried into effect subject to the right of the Board to delegate any specific powers as allowed by law; and shall execute bonds, mortgages and other contracts requiring a seal,

under the seal of the corporation, and when authorized by the Board, affix the seal to any instrument requiring the same, and the seal when so affixed shall be attested by the signature of the Secretary or the Treasurer.

- (b) The Vice President shall fulfill the duties of the President in the absence of the President.
- (c) The Secretary shall attend all meetings of the Board and membership, shall act as clerk thereof, and shall record all votes and the minutes of all proceedings. The Secretary shall give or cause to be given notice of all board meetings to the Directors and of all membership meetings as appropriate, and perform such other duties as may be prescribed by the Board. The Secretary shall keep custody of the corporate seal, and when authorized shall affix the seal to any instrument requiring it.
- (d) The Treasurer shall keep full and accurate accounts of receipts and disbursements of the corporation; shall collect all funds due the Corporation and disperse funds as required to meet the obligations of the Corporation; shall keep the funds of Corporation in separate account to the credit of the Corporation and insured by the Federal Deposit Insurance Corporation or by other Federal Insurance credit of the Corporation unless the Board provides otherwise; shall render to the President and Board, and the membership not less than once a year, regular accountings of all transactions and of the financial condition of the Corporation. The Treasurer will ensure that every officer or employee who handles Corporation funds is covered by a responsible bonding company as approved by the Board.

- 6.4 ***Removal of Officers.*** Any officer or agent may be removed by the Board whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to any contract rights of any person so removed.

ARTICLE VII– COMMITTEES

- 7.1 The Board may, by adoption of a resolution, establish one or more committees to consist of one or more Directors of the Corporation and as many members as the Board deems necessary. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all of the powers and authority of the Board, except that no committee shall have power or authority as to the following:

- (c) fill vacancies on the Board
- (d) adopt, amend, or repeal the By-Laws, the Policies and Standards or Mutual Ownership Contract
- (e) amend or repeal any resolution of the Board
- (f) Act on matters committed by these By-Laws or by resolution of the Board to another committee of the Board.

ARTICLE VIII – VACANCIES

- 8.1 ***Resignations.*** Any director or officer may resign position at any time, such resignation to be made in writing and to take effect from the time of its receipt by the Corporation, unless some later time may be fixed in the resignation, and then from that date. The acceptance of the resignation by the board shall not be required to make it effective.
- 8.2 ***Filling Vacancies.*** If the position of any director becomes vacant by reason of death, resignation, disqualification and/or

otherwise, the remaining Directors may choose a successor or successors who shall hold office for the unexpired term.

ARTICLE IX – MEETINGS AND NOTICES

- 9.1 *Place of Meetings.* Meetings may be held at such place as the board may from time to time determine, or as may be designated in the notice of the meeting.
- 9.2 *Notice.* Notice may be given to any person either (a) personally, (b) by delivering the notice to a member's unit or (c) by sending a copy thereof through first class mail to the address appearing on the books of the Corporation or supplied to the Corporation for the purpose of notice by such person. If the notice is sent by mail, it shall be deemed to have been given to the person entitled thereto when deposited in the mail. Such notice shall specify the place, day and hour of the meeting and in the case of a special meeting or where otherwise required, the general nature of the business to be transacted.
- 9.3 *Waiver of Notice.* Any required notice may be waived by the written consent of the person entitled to such notice either before or after the time for giving of notice, and attendance of person at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE X – INDEMNIFICATION

- 10.1 *Limitation of Personal Liability of Directors.* A Director of the Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

- (a) the Director has breached or failed to perform the duties of his or her office as defined in Section 10.2 below; and
- (b) the breach or failure to perform constitutes self dealing, willful misconduct or recklessness.

The provisions of this Section shall not apply to (a) the responsibility or liability of a Director pursuant to any criminal statute; or (b) the liability of a Director for the payment of taxes pursuant to local, state or federal law.

10.2 *Standard of Care and Justifiable Reliance.* A Director of the Corporation shall stand in a fiduciary relationship to the Corporation, and shall perform his or her duties as a Director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she 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 ordinary prudence would use under similar circumstances. In performing his or her 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:

- (a) One or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented.
- (b) Counsel, public accountants or other persons as to matters that the Director reasonably believes to be within the professional or expert competence of such person;
- (c) A committee of the Board upon which he or she 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 acting in good faith if he or she has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

In discharging the duties of their respective positions, the Board, committees of the Board and individual Directors may, in considering the best interests of the Corporation, consider the effect of any action upon employees, upon persons with whom the Corporation has business and other relations and upon communities which the offices or other establishments of or related to the Corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of subsection (a) of this Section.

Absent breach of fiduciary duty, lack of good faith or self dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the in the best interests of the Corporation.

- 10.3 *Indemnification.* The Corporation shall indemnify any officer or Director or employee or other representative of the Corporation who was or is party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, (and whether or not by, or in the right of, the Corporation) by reason of the fact that such person is or was a representative of the Corporation, against all expenses (including attorney fees), judgments, fines and amounts paid in settlement as to action taken, or omitted to be taken, in such person's official capacity as officer or Director and as to action taken, or omitted to be taken, in another capacity while holding such official capacity, or in such person's capacity as employee or representative provided, however, that no persons shall be entitled to indemnification pursuant to this article in any instance in which the action or failure to take action giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

- 10.4 *Advancement of Expenses.* Expenses incurred by a person entitled to indemnification pursuant to this Article in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay the amount so advanced if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation.
- 10.5 *Continuing Right to Indemnification.* The indemnification and advancement of expenses provided pursuant to this Article shall continue as to any person who has ceased to be an officer or Director or employee or representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.
- 10.6 *Other Rights.* This Article shall not be exclusive of any other right which the Corporation may have to indemnify any person as a matter of law.

ARTICLE XI – AMENDMENTS

- 11.1 These by-laws may be amended by a two-thirds vote of the members present (there being sixty or more members present at the times the vote is taken) at any regular or special meeting. Amendments may be proposed by the Board of Directors, or by petition signed by at least sixty members containing the exact text of the proposed amendment(s) and filed with the Secretary of the Corporation. The Secretary will give notice in accordance to the provisions of these bylaws to all members not less than ten days before the regular or special meeting at which the proposed amendment(s) will be voted upon. An exact copy of the proposed amendment(s) will be attached to or made a part of said notice.

ARTICLE XII – BOOKS AND RECORDS

- 12.1 The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, committees having and exercising any of the authority of the Board of Directors, and shall at the principal office a record giving the names and addresses of the members entitled to vote. All books and record of the Corporation may be inspected at the principal office by any member, or his or her agent or attorney, for any proper purpose during normal business hours and at the manager's convenience. A certified public accountant shall make an audit of the Books of the Corporation annually, giving a written report to the members at the July quarterly membership meeting.

ARTICLE XIII – MISCELANEOUS

- 13.1 *Fiscal Year.* The fiscal year of the Corporation shall begin on July 1st and end on June 30th.
- 13.2 *Headings.* In interpreting these by-laws, the headings of the articles shall not be controlling.
- 13.3 *Bond.* The Treasurer and manager and any individual as the Board may require shall be bonded by the Corporation.

ARTICLE XIV – COPIES OF BY-LAWS

- 14.1 A copy of the By-Laws shall be printed in booklet form and copies given to all members.

