



**CLIVEDEN ESTATES
HOMEOWNERS
ASSOCIATION**

BY - LAWS

TABLE OF CONTENTS OF
BY-LAWS
OF THE
CLIVEDEN HOMEOWNERS' ASSOCIATION

		Page
ARTICLE I	NAME AND ADDRESS	1
ARTICLE II	DEFINITIONS	
Section 1.	"Declaration"	1
Section 2.	"Terms Defined in the Declaration"	1
ARTICLE III	ASSOCIATION PURPOSES AND POWERS	
Section 1.	Purposes	1
Section 2.	General Powers	1
Section 3.	Mergers and Consolidations	1
Section 4.	Mortgages, Other Indebtedness	2
Section 5.	Dedication of Properties or Transfer of Functions to Public Agency or Utility	2
Section 6.	Dissolution	2
Section 7.	Disposition of Assets upon Dissolution	2
ARTICLE IV	MEMBERSHIP AND VOTING RIGHTS	
Section 1.	Qualifications for Membership	3
Section 2.	Voting Rights of Members	3
Section 3.	Conditions of Continued Membership	3
Section 4.	Suspension of Membership Rights	3
Section 5.	Members' Rights of Enjoyment Of Common Areas	3
ARTICLE V	MEETING OF MEMBERS	
Section 1.	Annual Meetings	3
Section 2.	Special Meetings	3
Section 3.	Notice of Meetings	4
Section 4.	Quorum	4
Section 5.	Voting	4

	Page
ARTICLE VI BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE	
Section 1. Number	4
Section 2. Term of Office	5
Section 3. Removal	5
Section 4. Compensation	5
Section 5. Action Taken Without a Meeting	5
ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS	
Section 1. Nomination	5
Section 2. Election	5
ARTICLE VIII MEETINGS OF DIRECTORS	
Section 1. Regular Meetings	6
Section 2. Special Meetings	6
Section 3. Quorum	6
ARTICLE IX POWERS AND DUTIES OF THE BOARD OF DIRECTORS	
Section 1. Powers	6
Section 2. Duties	7
ARTICLE X OFFICERS AND THEIR DUTIES	
Section 1. Enumeration of Officers	8
Section 2. Election of Officers	9
Section 3. Term	9
Section 4. Special Appointments	9
Section 5. Resignation and Removal	9
Section 6. Vacancies	9
Section 7. Multiple Offices	9
Section 8. Duties	9
ARTICLE XI COMMITTEES	
Section 1. Standing Committees	10
Section 2. The Architectural Committee	11
Section 3. Other Committees	11
ARTICLE XII BOOKS AND RECORDS	11

	Page
ARTICLE XIII LIMITATION OF DIRECTORS' LIABILITY AND INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER PERSONS	
Section 1. Limitation of Directors' Liability	11
Section 2. Indemnification and Insurance	11
Section 3. Amendment	13
Section 4. Changes in Pennsylvania Law	13
ARTICLE XIV CORPORATE SEAL	14
ARTICLE XV AMENDMENTS	
Section 1. Procedure	14
ARTICLE XVI INSURANCE	
Section 1. Liability	14
Section 2. Property	14
Section 3. General Insurance Provisions	15
Section 4. Damage or Destruction, Repair or Replacement	15
Section 5. Damage or Destruction, No Repair or Replacement	16
Section 6. Association's Power to Compromise Claim	16
Section 7. Other Insurance	16
Section 8. Limitation of Liability	17
ARTICLE XVII MISCELLANEOUS	
Section 1. Fiscal Year	17
Section 2. Property	17
Section 3. Inconsistencies Among Documents	17

BY-LAWS
OF THE
CLIVEDEN HOMEOWNERS' ASSOCIATION

ARTICLE I
NAME AND ADDRESS

The name of the corporation is the Cliveden Homeowners' Association. The principal office of the corporation shall initially be located at c/o Orleans Property Management Corporation, 3333 Street Road, One Greenwood Square, Suite 101, Bensalem, Pennsylvania 19006, but the location of such office may hereafter be changed by resolution of the Board of Directors and meetings of members and directors may be held at such places within the Commonwealth of Pennsylvania as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Declaration" shall mean and refer to the Cliveden Development Associates Declaration of Covenants, Conditions and Restrictions, dated November 30, 1980, recorded in the office of the Recorder of Deeds in and for Bucks County, Pennsylvania in Deed Book 2408, at page 549, as the same may be amended from time to time pursuant to the terms thereof.

Section 2. Terms Defined in the Declaration. All capitalized terms that are used in these By-laws but not defined therein, and that are defined in the Declaration, shall have the same meaning herein as in the Declaration.

ARTICLE III
ASSOCIATION PURPOSES AND POWERS

Section 1. Purposes. The Association has been organized for the purposes set out in Article 3 of its Articles of Incorporation, as the same may be amended from time to time as provided by law.

Section 2. General Powers. Except as otherwise provided in the following Sections of this Article III, the Association shall have all powers permitted by law in order to carry out the purposes of the Association, including (without limitation) the exercise of rights granted to it in the Declaration and the performance of its duties set forth therein.

Section 3. Mergers and Consolidations. Subject to the provisions of the Declaration, and to the extent permitted by law, the Association may participate in mergers and consolidations with

nonprofit or other not-for profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of at least two-thirds (2/3) of the votes of all Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all Members at least thirty (30) days in advance and which shall set forth the purpose of the meeting. At the first meeting duly called as provided herein for the purpose of voting upon a proposed merger or consolidation, the presence of Members, or of proxies, entitled to cast sixty (60) percent of all of the votes of all voting Members then in the Association shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in this Section 3, and the required quorum at any subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following such preceding meeting.

Section 4. Mortgages, Other Indebtedness. The Association shall have the power to mortgage its properties except to the extent that such power is limited in the Declaration.

Section 5. Dedication of Properties or Transfer of Functions to Public Agency or Utility. The Association shall have the power to dispose of its real property only as authorized herein or in the Declaration.

Section 6. Dissolution. Except in the case of a dissolution incident to the merger of the Association into another entity or its consolidation with another entity, the Association shall be dissolved only in connection with the termination of the Declaration as provided therein and pursuant to the Member approval and notice requirements for such a termination. The written notice of a proposal to dissolve shall set forth the reasons therefor and the disposition to be made of the assets (which shall be consonant with Section 7 of this Article III).

Section 7. Disposition of Assets Upon Dissolution. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is not accepted by the proposed transfer, such assets shall be granted, conveyed and assigned to any nonprofit corporation, not-for-profit corporation, association, trust or other organization for the benefit of the Owners as a group, so that such assets may be devoted to purposes as nearly as practicable the same as those to which they are required to be devoted by the Association. No such disposition of Association properties shall be effective to divest or diminish any right or title of any Member vested in him under the Declaration and deeds applicable to the Properties unless made in accordance with the provisions of such Declaration and deeds.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Qualifications for Membership. The qualifications for membership in the Association are set out in Articles III and IV of the Declaration.

Section 2. Voting Rights of Members. The voting rights of Members and the classes of membership in the Association are set out in Article IV of the Declaration.

Section 3. Conditions of Continued Membership. As provided in Article VI of the Declaration, the rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation for which assessments are imposed against each Owner of a Lot and which are secured by a lien upon the Lot against which the call for contribution or assessment is made. A Member who is delinquent in such assessment will be subject to additional charges, all of which may be enforced by an action at law against the owner, and/or to foreclose the aforesaid lien.

Section 4. Suspension of Membership Rights. Membership may be suspended by the Association pursuant to the provisions of Article V, Section 1 of the Declaration.

Section 5. Members' Rights of Enjoyment Of Common Areas. Each Member shall be entitled to the use and enjoyment of the Common Areas as provided by Article V of the Declaration. Any Member may delegate to one or more members of his family who are residents of his Lot or one or more tenants of his Lot, such Member's rights of enjoyment in the Common Areas as provided in the Declaration subject to such rules and regulations as the Board of Directors may from time to time adopt. Such Member shall notify the Secretary in writing of the name of any person or persons to whom such rights are so delegated and of the relationship of the Member to such person(s). The rights and privileges of such person are subject to suspension to the same extent as those of the Member.

ARTICLE V

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held in July at a time prescribed by the Board and each subsequent regular annual meeting of the Members shall be held at the same time and on the same day of the same month of each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors or upon written request of the Members who together

are entitled to cast at least one-fourth (1/4) of the votes of each class of voting membership then in existence.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by hand delivery or by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting (unless a longer notice period is specified in these By-Laws or the Declaration) to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Each Member shall register his address with the Secretary at the time of becoming a Member and thereafter at any time such Member wishes to change his address for notice purposes. The aforesaid meeting notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting; provided, however, that if the business of the meeting includes any action governed by the Articles of Incorporation of the Association or the Declaration or Section 3, Section 4 or Section 6 of Article III hereof, notice of such meeting shall be given as therein provided.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of all voting Members then in the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting except as otherwise provided in the Declaration, until a quorum as aforesaid shall be present or be represented by proxies.

Section 5. Voting. At all meetings of Members, each Member entitled to vote may attend and vote either in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary of the Association. Except as otherwise specifically provided by law, the Declaration or these By-laws, all matters coming before any meeting of Members shall be determined by a majority vote of the Members present in person or by proxy. Such vote may be taken by voice unless a Member demands before the election begins that it be taken by ballot, in which event the vote shall be taken by written ballot, and the judge or judges of election or, if none, the secretary of the meeting (unless a candidate for office, in which case such other person who is not a candidate for office as may be appointed by the president), shall tabulate and certify the results of such vote.

ARTICLE VI

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of Directors, initially composed of five (5) directors, who shall be natural persons and Members of the Association.

Section 2. Term of Office. The three directors receiving the highest number of votes shall serve for two year terms while the remaining elected directors shall serve for one year.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members. In the event of death, resignation or removal of a director, his successor shall be selected by a majority vote of the remaining directors of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the standing committees of the Association. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Each Member shall receive as many ballots as he has votes, except that all the Co-Owners of a Lot shall receive a single ballot for such Lot. Notwithstanding that a Member may be entitled to more than one vote, he shall exercise on any one ballot only one vote for each vacancy shown thereon. The person (s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least twice each fiscal year. They may be held without notice, on such dates and at such place and hour as may be fixed from time to time by resolution of the Board, and, in the absence of such a resolution, regular meetings of the Board of Directors may be called by the president of the Association, after not less than five (5) days notice to each director.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made part of the minutes of the meeting.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Except as otherwise expressly provided in the Declaration, the Association's Articles of Incorporation or these By-laws, the Board of Directors shall have all power and authority granted by law to a board of directors, including all power necessary or applicable to the management of the affairs of the Association. Without limiting the aforesaid general powers, it is expressly declared that the Board of Directors shall have the power to:

(a) adopt and publish Rules and Regulations governing the use of the Common Areas, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) subject to the provisions of the Declaration, suspend any Member's right to use Common Areas during any period in which such Member shall be in default in the payment of any assessment (or installment of either) called for or levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of the other provisions of the Declaration or the then effective Rules and Regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) in the discretion of the Board of Directors, declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ, prescribe the duties of, and discharge, one or more of a manager, an independent contractor, and employees or agents, if and when the Board of Directors deems that such employment is necessary or desirable in order to assist the Board in exercising its powers and carrying out its duties.

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

(a) cause to be kept a complete record of all of its acts and the corporate affairs of the Association and to present a detailed report thereof covering the immediately preceding calendar year to the Members at the annual meeting of the Members, or any special meeting when such report is requested in writing by Members who together are entitled to cast one-fourth (1/4) of the votes of all voting Members who are then in the Association.

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

(c) as more fully provided in the Declaration:

(1) fix the amount of the Annual or special assessment against each Lot at least thirty (30) days in advance of the due date of such assessment (or the first installment of either, if such contribution or assessment is to be made in installments);

(2) send written notice of each Annual or special assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of such assessment (or the first installment of either, if such contribution or assessment is to be made in installments);

(3) take all reasonable steps to obtain payment of assessments (or installments of either) which are not paid within thirty (30) days of their due date, including, without limitation, (where such action is required in the Board's judgment) enforcing the Association's lien rights against the delinquent Owner's Lot, or bringing an action at law against the Owner personally obligated to pay the same, or both; and

(4) cause a roster of Owners to be prepared, stating the amount of any annual and special assessments applicable thereto, on which roster shall be reported each payment of such assessments when received; such roster to be kept in the office of the Association and to be

open to inspection by any Member and any First Mortgagee during regular business hours.

(d) issue, or to cause an appropriate officer or collecting agent designated by the Board to issue, upon demand by any Member or Participating Mortgagee, a certificate setting forth whether or not all assessments (or installments thereof) against such Lot which are then due and payable have been paid as of the date of such certificate. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states that an assessment (or an installment of either) has been paid, such certificate shall be conclusive evidence of such payment.

(e) cause a roster of Participating Mortgagees to be prepared and maintained in a current manner, which roster shall contain the names of all Participating Mortgagees, and the addresses to which notices to such Participating Mortgagees are to be sent, and shall identify the Lots which are subject to the Participating Mortgages held by such Participating Mortgagees.

(f) procure and maintain the below insurance pursuant to Article XVI of these By-Laws.

(i) adequate liability, casualty and hazard insurance on the Common Areas owned by the Association;

(ii) a fidelity bond or insurance policy covering all persons (including officers, directors, agents and employees of the Association) who are responsible for handling the funds of the Association;

(iii) directors' and officers' liability insurance for the directors and officers of the Association, if available; and

(iv) such other insurance as the Board of Directors shall deem to be necessary or desirable in carrying out its responsibilities under the Declaration.

(g) cause the Common Areas to be properly maintained, operated and managed.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The officers shall be elected by majority vote of the directors at the first meeting of the Board of Directors following each annual meeting of the Members except that the initial Board of Directors named in the Articles of Incorporation shall elect

the initial officers of the Association at the first meeting of such Board of Directors.

Section 3. Term. The officers of the Association shall be elected annually by the Board of Directors (with the exception of the initial officers who shall serve only until the first meeting of the Board of Directors after the first annual meeting of the Members), and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or shall be otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice thereof 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 the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. Any two (2) or more offices may be held by the same person except the offices of President and Secretary.

Section 8. Duties. The duties of the officers are as follows:

(a) President. Unless otherwise determined by the Board of Directors, the President shall have the usual duties of an executive officer with general supervision over and direction of the affairs of the Association. In the exercise of these duties and subject to the limitations of the laws of the Commonwealth of Pennsylvania, these By-Laws and any instruction from the Board of Directors, he may appoint, suspend, and discharge employees and agents, shall preside at all meetings of the Board of Directors, shall be an ex-officer member of all committees, shall see that orders and resolutions of the Board of Directors are carried out, shall sign all leases, mortgages, deeds and other written instruments on behalf of the Association, shall co-sign all checks and promissory notes of the Association, and shall perform such other duties as may be assigned to him, from time to time, by the Board of Directors.

(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 other duties as may be required of him by the Board of Directors.

(c) Secretary. The secretary shall record the votes and keep the minutes

of all meetings and proceedings of the Board of Directors and of the Members in books to be kept for that purpose; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board of Directors and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses as registered with him by such Members; and shall perform such other duties as may be assigned to him, from time to time, by the Board of Directors.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that such a resolution shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors; shall co-sign all checks and promissory notes of the Association, provided that such checks shall also be signed by the president or the vice president; shall keep proper books of account; shall maintain the roster of assessments referred to in Section 2 (c) (4) of Article IX hereof and the roster of Participating Mortgagees referred to in Section 2 (e) of Article IX hereof; shall cause an annual audit of the Association's books to be made by a certified public accountant at the completion of each fiscal year; prior to the earlier of one hundred twenty (120) days following the end of the Association's fiscal year or the date of the annual meeting of the membership, shall cause the audited financial statement of the Association to be delivered to each Member and to any Participating Mortgagee, which submits a written request for a copy thereof; shall prepare an annual budget for the forthcoming fiscal year and, prior to the commencement of such fiscal year, submit it for review and adoption by the Board of Directors; shall deliver a copy of the adopted budget to each Member; and shall perform such other duties as may be assigned to him, from time to time, by the Board of Directors.

(e) Assistant Officers. Unless otherwise determined by the Board of Directors, each assistant officer shall have the powers and perform the duties of his respective superior officer. Assistant officers shall have such rank as shall be designated by the Board of Directors and each, in the order of rank, shall act for such superior officer in his absence or upon his disability or when so directed by such superior officer or by the Board of Directors. The Treasurer and the Secretary shall be the superior officers of the assistant treasurers and assistant secretaries, respectively.

ARTICLE XI

COMMITTEES

Section 1. Standing Committees. The Standing Committee of the Association shall be the Architectural Committee and such other standing committees as the Board of Directors shall, from time to time, create.

Unless otherwise provided herein, each committee shall consist of a Chairman and two (2) or more members who shall be Members of the Association but need not be members of the Board of Directors. The Nominating Committee shall include at least one (1) member of the Board of

Directors for board contact. The committees shall be appointed by the Board of Directors promptly after each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting of the Members, and such appointment shall be announced to the Members promptly after they are made. The Board of Directors may appoint such other committees as it deems desirable.

Section 2. The Architectural Committee. The Architectural Committee shall have the responsibility (a) for recommending to the Board of Directors (for its adoption and promulgation) Rules and Regulations for the purpose of interpreting and applying the restrictions set forth in Article VIII of the Declaration and (b) for otherwise implementing the provisions of such sections.

Section 3. Other Committees. The Board of Directors shall appoint such other committees from time to time as it deems to be appropriate in exercising the powers and carrying out the duties of the Board.

ARTICLE XII

BOOKS AND RECORDS

The Articles of Incorporation, By-laws, books, records and financial statements of the Association, and current copies of the Declaration and any Rules and Regulations, shall at all times, during reasonable business hours, be subject to inspection by any Member and any Participating Mortgagee, and any guarantor or insurer of a Participating Mortgage. Copies of the Declaration, any Rules and Regulations, the Articles of Incorporation of the Association and these By-Laws may be purchased from the secretary at a reasonable cost.

ARTICLE XIII

LIMITATION OF DIRECTORS' LIABILITY AND INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER PERSONS

Section 1. Limitation of Directors' Liability. No director of the Association shall be personally liable for monetary damages as such for any action taken or any failure to take any action unless: (a) such director has breached or failed to perform the duties of his office under Subchapter A of Chapter 57 of the Pennsylvania Nonprofit Corporation Law of 1988 (or any successor thereto), and (b) the breach or failure to perform constitutes self-dealing, wilful misconduct or recklessness; provided, however, that the provisions of this Section shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or to the liability of a director for the payment of taxes pursuant to local, State or Federal law.

Section 2. Indemnification and Insurance.

(a) Indemnification of Directors and Officers.

(i) Each Indemnitee (as defined below) shall be indemnified and held harmless by the Association for all actions taken by him and for all failures to take action (regardless of the date of any such action or failure to take action) to the fullest extent permitted by Pennsylvania law against all expense, liability and loss (including without limitation attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding (as defined below). No indemnification pursuant to this Section 2 shall be made, however, in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted wilful misconduct or recklessness.

(ii) The right to indemnification provided in this Section 2 shall include the right to have the expenses incurred by the Indemnitee in defending any Proceeding paid by the Association in advance of the final disposition of the Proceeding to the fullest extent provided by Pennsylvania law; provided that, if Pennsylvania law continues so to require, the payment of such expenses incurred by the Indemnitee in advance of the final disposition of a Proceeding shall be made only upon delivery to the Association of an undertaking, by or on behalf of the Indemnitee, to repay all amounts so advanced without interest if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified under this Section 2 or otherwise.

(iii) Indemnification pursuant to this Section 2 shall continue as to an Indemnitee who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators.

(iv) For purposes of this Article XIII, (A) "Indemnitee" shall mean each director or officer of the Association who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding, by reason of the fact that he or she is or was a director or officer of the Association or is or was serving in any capacity at the request or for the benefit of the Association as a director, officer, employee, agent, partner, or fiduciary of, or in any other capacity for, another corporation or any partnership, joint venture, trust, employee benefit plan, or other enterprise; and (B) "Proceeding" shall mean any threatened, pending or completed action, suit or proceeding (including without limitation an action, suit or proceeding by or in the right of the Association), whether civil, criminal, administrative or investigative.

(b) Indemnification of Employees and Other Persons. The Association may, by action of the Board of Directors and to the extent provided in such action, indemnify employees, agents and other persons as though they were Indemnittees. To the extent that an employee or agent of the Association has been successful on the merits or otherwise in defense of any Proceeding or in defense of any claim, issue or matter therein, the Association shall indemnify such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(c) Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses provided in this Article XIII shall not be exclusive of any other rights that

any person may have or hereafter acquire under any statute, provision of the Association's Articles of Incorporation or By-Laws, agreement, vote of Members or directors, or otherwise.

(d) Insurance. The Association may purchase and maintain insurance, at its expense, for the benefit of any person on behalf of whom insurance is permitted to be purchased by Pennsylvania law against any expense, liability or loss, whether or not the Association would have the power to indemnify such person under Pennsylvania or other law. The Association may also purchase and maintain insurance to insure its indemnification obligations whether arising hereunder or otherwise.

Section 3. Amendment. The provisions of this Article XIII relating to the limitation of directors' liability, to indemnification and to the advancement of expenses shall constitute a contract between the Association and each of its directors and officers which may be modified as to any director or officer only with that person's consent or as specifically provided in this Section 3. Notwithstanding any other provision of these By-laws relating to their amendment generally, any repeal or amendment of this Article XIII which is adverse to any director or officer shall apply to such director or officer only on a prospective basis, and shall not reduce any limitation on the personal liability of a director of the Association, or limit the rights of an Indemnitee to indemnification or to the advancement of expenses with respect to any action or failure to act occurring prior to the time of such repeal or amendment. Notwithstanding any other provision of these By-Laws, no repeal or amendment of these By-Laws shall affect any or all of this Article XIII so as either to reduce the limitation of directors' liability or limit indemnification or the advancement of expenses in any manner unless adopted by (a) the unanimous vote of directors of the Association then serving, or (b) the affirmative vote of Members who are entitled to cast a majority of the votes that all Members are entitled to cast in an election of directors; provided that no such amendment shall have retroactive effect inconsistent with the preceding sentence.

Section 4. Changes in Pennsylvania Law. References in this Article XIII to Pennsylvania law or to any provision thereof shall be to such law (including, without limitation, the Nonprofit Corporation Law of 1988) as it existed on the date this Article XIII was adopted or as such law thereafter may be changed; provided that (a) in the case of any change which expands the liability of directors or limits the indemnification rights or the rights to advancement of expenses which the Association may provide, the rights to limited liability, to indemnification and to the advancement of expenses provided in this Article XIII shall continue as theretofore to the extent permitted by law; and (b) if such change permits the Association without the requirement of any further action by members or directors to limit further the liability of directors (or limit the liability of officers) or to provide broader indemnification rights or rights to the advancement of expenses than the Association was permitted to provide prior to such change, then liability thereupon shall be so limited and the rights to indemnification and the advancement of expenses shall be so broadened to the extent permitted by law.

ARTICLE XIV
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:

Cliveden Homeowners' Association incorporated 1980

ARTICLE XV
AMENDMENTS

Section 1. Procedure. Except as is otherwise provided in Section 3 of Article XIII hereof, these By-Laws may be amended, at a regular or special meeting of the Members, by a vote of at least sixty-seven percent (67%) of the votes entitled to be cast by all voting Members then in the Association; provided that such provisions of these By-Laws as are governed by the Articles of Incorporation of the Association may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration applicable to the Properties may not be amended except as provided in such Declaration.

ARTICLE XVI
INSURANCE

Section 1. Liability. In addition to the powers and duties listed in Article IX, the Board shall place and keep in force all insurance coverages required to be maintained by the Association applicable to the Common Areas and its directors, officers and members, including, but not limited to:

(a) "Broad form" comprehensive public liability and property damage insurance covering liability for loss or damage to persons or properties in those amounts, against those risks and in those insurance companies which the Board of Directors shall determine from time to time, but in no event less than \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. This insurance shall include protection against liability for property of others, and any other risk customarily covered in similar policies for associations similar to the Association. All liability insurance contracts shall contain severability of interest provisions and cross liability endorsement to cover liabilities of the Association or the Owners as a group to an individual Owner.

Section 2. Property. The Board of Directors may obtain or cause to be obtained "community" or "blanket all risk" hazard and, if applicable, flood insurance coverage covering damage to the Common Areas and all fixtures and equipment therein and thereof, and including all personal property owned by the Association (the "Insured Property").

Section 3. General Insurance Provisions.

(a) Premiums for the insurance coverage carried by the Association and expenses related to insurance shall be part of the common expenses for which assessments are levied against the Owners. All policies shall be purchased by the Association for the benefit of the Association, the Board of Trustees, the Committees, all Owners and Participating Mortgagees, as their interests may appear; however, the Association shall be the named insured and it shall not be necessary to name the Board of Directors, the Committees or the Owners. Mortgagee endorsement may be issued upon request. The Association shall maintain the appropriate insurance coverage required under applicable law and under the guidelines and regulations promulgated by the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD) and the Veterans Administration (VA) or their successors. The company or companies with whom the Board of Directors shall place its insurance, as authorized in these Bylaws, must be qualified and reputable, and authorized to do business in the Commonwealth of Pennsylvania. All policies shall provide that they may not be canceled or substantially modified by any party without at least ten (10) days prior written notice to the Association and to each participating mortgagee listed in the insurance policy. In addition, policies shall provide for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; and a statement that the insurance shall not be prejudiced by any act or neglect of individual Owners which is not in the control of the Owners collectively. Policies shall be deposited with the Board of Directors and shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Association. The duty of the Board of Directors, or any insurance trustee, shall be to receive the insurance proceeds that are paid and hold and apply them for the purposes elsewhere stated herein and for the benefit of the Association and the Owners.

(b) The Board shall review, at least annually, all insurance coverage carried pursuant to the Declaration and these Bylaws to evaluate the coverage with respect to its compliance with these documents and (to the extent the property is or will be subject to FNMA, FHLMC, HUD and VA approval) standards set by FNMA, FHLMC, HUD and VA, as well as with respect to what is reasonable appropriate coverage for Associations comparable to the Association. In the event the Board of Directors determines after a review and evaluation that the insurance coverage required hereunder is not consistent with the requirements or standards set by FNMA, FHLMC, HUD or VA or other reasonably appropriate coverage when compared for Associations comparable to the Association, the Board of Directors shall have the power to deviate from this specific provision only to the extent of providing consistent and reasonably appropriate coverage; provided the Board of Directors shall give the Owners and all participating mortgagees at least thirty (30) days prior written notice of any deviation.

Section 4. Damage or Destruction, Repair or Replacement. Where loss or damage occurs to any portion of the Common Areas or any insured property, the Association shall be obligated to repair and restore the damage caused by the loss, unless repair or replacement would be illegal under any state or local health or safety statute or ordinance or at least eighty percent (80%) of the Owners and sixty-seven percent (67%) of the Participating Mortgagees vote not to

rebuild. In the event of this loss or damage, the following shall apply:

(a) The Board of Directors shall promptly obtain reliable and detailed estimates of the cost of repair and restoration and shall have the right and obligation to negotiate and contract for the repair and restoration of the Common Areas or any other insured property.

(b) If the net proceeds of the insurance are insufficient to pay for the estimated cost of repair and restoration (or for the actual cost thereof if the work has actually been done), the Board of Directors shall promptly, upon determination of the deficiency, levy a special assessment against all Owners for that portion of the deficiency as it is attributable to the cost of repair and restoration of the Common Areas. The special assessment fund shall be added by the Board of Directors to the insurance proceeds available for the repair and restoration.

(c) In the event the insurance proceeds are sufficient to pay for the cost of restoration and repair, or in the event the insurance proceeds are insufficient, but additional funds are raised by a special assessment so that sufficient funds are on hand to fully pay for the restoration, then no participating mortgagee shall have the right to require application of insurance proceeds to the payment of its loan.

Section 5. Damage or Destruction, No Repair or Replacement. If the Common Areas is not repaired or replaced, the following shall apply:

(i) The insurance proceeds attributable to the damaged Common Areas shall be used to restore the damaged area to a condition compatible with the remainder of the property as determined by the Board of Directors;

(ii) The insurance proceeds attributable to the Common Areas, which is not rebuilt shall be utilized by the Association to offset common expenses or shall be added to reserve accounts, as determined by the Board of Directors; and

(iii) The remainder of the proceeds shall be distributed equally among all of the Owners and the participating mortgagees as their interest may appear.

Section 6. Association's Power to Compromise Claim. The Board of Directors is hereby empowered to compromise and settle claims arising under insurance policies purchased by the Association, and to execute and deliver releases therefor, upon payment of claims.

Section 7. Other Insurance. The Board of Directors shall also obtain the following insurance coverage and endorsements which may be applicable to the Common Areas or other insured property, all premiums for which are to be charged as common expenses:

(a) Worker's compensation policies to meet the requirements of law.

(b) Directors' and Officers' liability and any other insurance the Board of

Directors shall deem necessary to satisfy the indemnification obligations of the Association as provided in Article XII of the Declaration.

(c) Fidelity Bond coverage as required hereunder.

(d) All other insurance the Board of Directors shall determine from time to time to be necessary or desirable.

If available, and where applicable, the Board of Directors shall endeavor to obtain policies which provide that the insurer waives its right of subrogation as to any claims against Owners, the Association and the Board of Directors and their respective servants, agents and guests.

Section 8. Limitation of Liability. Despite the duty of the Board of Directors to maintain and repair the Common Areas, the Board of Directors shall not be liable for injury or damage caused by the failure of the Board of Directors to maintain or repair the same except to the extent of the proceeds of insurance carried by the Board of Directors and collected and received therefor.

ARTICLE XVII

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first 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 of the Association.

Section 2. Captions. The paragraph captions in these By-Laws, and any Table of contents, are for convenience only and do not in any way define, limit, describe or amplify the terms and provisions of these By-Laws or the scope or intent thereof.

Section 3. Inconsistencies Among Documents. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Cliveden Homeowners' ASSOCIATION, a Pennsylvania non-profit corporation, and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted by an action by unanimous consent of the Board of Directors thereof dated the ____ day of _____, 1996, to which action all Members of the said Association have assented, as evidenced by their execution of the "Declaration" referred to in said By-laws.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the said Association this ____ day of _____, 1997.

Secretary