

**BYLAWS
OF
BLOSSOM HILL HOME OWNERS ASSOCIATION**

**ARTICLE 1
Introductory Provisions**

1.1 Applicability. These Bylaws provide for the governance of the Association pursuant to the requirements of Section 5306 of the Pennsylvania Uniform Planned Community Act, 68 P.S. § 5101, *et seq.*, as amended (the "Act"), with respect to the Planned Community created by recordation of the Declaration among the records of the Mifflin County Recorder of Deeds on June 24, 2008 in Record Book 0578, Page 2571 as Instrument Number 2008-003474 (the "Declaration") along with an accompanying plat.

1.2 Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act.

1.3 Compliance. Pursuant to the provisions of the Act, every Unit Owner and all Persons entitled to occupy a Unit shall comply with these Bylaws.

1.4 Office. The office of the Community, the Association, and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

1.5 Incorporation of Statutory Law. Except as expressly provided herein, in the Declaration, or in the Act, the Association shall be governed by the provisions of the Non-profit Corporation Law of 1988 of the Commonwealth of Pennsylvania, 15 Pa. C.S. §5101 *et seq.*, as it may be amended from time to time (the "Corporation Law"). The "Board of Directors" described therein shall be referred to herein and in the Declaration as the "Executive Board."

**ARTICLE 2
The Association**

2.1 Composition. The Association has been organized as a Non-Profit Corporation under the laws of the Commonwealth of Pennsylvania. The Association shall consist of all of the Unit Owners acting as a group and through the Executive Board in accordance with the Act, the Declaration and these Bylaws. The Association shall have the responsibility of administering the Community, establishing the means and methods of collecting assessments and charges, arranging for the management of the Community and performing all the other acts that may be required or permitted to be performed by the Association pursuant to the Act and the Declaration. The foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in these Bylaws.

2.2 Annual Meetings. The annual meetings of the Association shall be held on the first Monday of April of each year unless such date shall occur on a holiday, in which event the meetings shall be held on the succeeding Monday. At such annual meetings the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.3 of these Bylaws (subject to Article XIII of the Declaration and Section 2.4 of these Bylaws) and such other business as may properly come before the meeting may be transacted.

2.3 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Executive Board.

2.4 Special Meetings.

2.4.1 The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by Unit Owners entitled to cast at least twenty-five percent of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within forty-five days after receipt by the President of such resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.8 below, such meeting shall be held within fifteen days after receipt by the President of such resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.4.2 Within sixty days after conveyance of twenty-five percent (25%) of the Units to Owners other than the Declarant, a special meeting of the Association shall be held at which twenty-five percent (25%), but not fewer than one, of the members of the Executive Board designated by the Declarant shall resign (such members to be selected by the Declarant), and the Unit Owners, excluding the Declarant as a Unit Owner, shall thereupon elect successor members of the Executive Board to act in the place and stead of each member resigning. Within sixty days after conveyance of fifty percent (50%) of the Units to Owners other than the Declarant, if at least thirty-three percent (33%) of the members of the Executive Board were not elected by Unit Owners other than the Declarant, another special meeting of the Association shall be held and members of the Executive Board shall resign (to be designated by the Declarant) so that remaining members appointed by the Declarant constitute no more than 67% of the total members of the Executive Board, and the Unit Owners, excluding the Declarant as a Unit Owner, shall thereupon elect successor members of the Executive Board to act in the place and stead of the resigning members. Such successor members, in each instance, shall serve until the annual meeting of the Association following the meeting at which they were elected.

2.4.3 Within the earlier of (i) seven years after the date of the first conveyance of a Unit to a person other than the Declarant, or (ii) sixty days after conveyance of seventy-five percent (75%) of the Units to Owners other than the Declarant, or (iii) two years after the Declarant has ceased to offer Units for sale in the ordinary course of business or last exercised its right to add new Units to the Community, all the members of the Executive Board shall resign and the Unit Owners, including the Declarant with respect to Units owned by the Declarant, shall thereupon elect a new Executive Board, not fewer than a majority of whom must be Unit Owners (or authorized representatives of Unit Owners that are not natural persons). Of the elected members, one-third (or the percentage closest to one-third) receiving the highest numbers of votes shall serve until the third annual meeting of the Association following the date of the election pursuant to this Section 2.4.3 above, the one-third (or percentage closest to one-third) receiving the next highest numbers of votes shall serve until the second annual meeting of the Association following the date of the election, and the remaining members shall serve until the first annual meeting of the Association following the date of the election.

2.4.4 Notwithstanding the foregoing, if any meeting required pursuant to Sections 2.4.2 and 2.4.3 above could be held on the date an annual meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.

2.5 Notice of Meetings. The Secretary shall give to each Unit Owner a notice of each annual or regularly-scheduled meeting of the Association at least ten but not more than sixty days, prior to such meeting, stating the time, place and purpose thereof, including, without limitation, any proposed budget or assessment changes, the general nature of any proposed amendment to the Bylaws or Declaration, and any

proposal to remove an Executive Board member or Officer. The giving of a notice of meeting in the manner provided in this Section and Section 8.1 of these Bylaws shall be considered service of notice.

2.6 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Unit Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight hours after the time for which the original meeting was called.

2.7 Voting. Each Owner of a Unit (as defined in the Declaration) shall be entitled to one vote for each Unit owned at all meetings of the Association. Such votes may not be separated among multiple owners of a Unit. If the owner of a Unit is a corporation, limited liability company, or partnership, the natural person who shall be entitled to cast the vote for such Unit shall be the natural person named by such entity pursuant to its governing documents and certified as such to the Association. If the owner of a Unit is a trust, the trustee or trustees shall be deemed to be the owner for voting purposes. Where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be the natural person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the natural person who shall be entitled to cast the vote of such Unit shall be the natural person owning such Unit who is present. If more than one of the multiple Owners is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 5310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the natural person who would be entitled to cast the vote of such Unit at any meeting of the Association. Except with respect to election of members of the Executive Board and except where a greater number is required by the Act, the Declaration or these Bylaws, the Owners of twenty percent or more of the aggregate Votes in the Association voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. In all elections for Executive Board members, each Unit Owner shall be entitled to cast for each vacancy to be filled at such election one vote for each Unit owned. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected and, if Executive Board members are being elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms. Except as set forth in Section 2.4.2, if the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No vote allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting.

2.8 Proxies. Votes may be cast in person or by proxy. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a holder of a mortgage on a Unit or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the Person presiding over the meeting of written notice of revocation from the grantor(s) of the proxy. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

2.9 Quorum. Except as set forth below, the presence in person or by proxy of Unit Owners holding twenty percent or more of the aggregate votes of all Unit Owners shall constitute a quorum at all meetings of the Association.

2.10 Conduct of Meetings. The President (or in the President's absence, one of the vice-presidents) shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE 3 Executive Board

3.1 Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of five members, all of whom shall be natural persons, Unit Owners, designees of Unit Owners who are not natural persons, or designees of the Declarant. The foregoing notwithstanding, until and at the date of the special meeting at which all members of the Executive Board are to be elected by the Unit Owners in accordance with Section 2.4.3, the Executive Board shall be composed of five members.

3.2 Delegation of Powers; Managing Agent. The Executive Board may employ for the Community a "Managing Agent" at a compensation established by the Executive Board. The Managing Agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws; provided, however, where a Managing Agent does not have the power to act under the Act, the Declaration or these Bylaws, such duties shall be performed as advisory to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers:

Expenses; 3.2.1 to adopt the annual budget and any amendment thereto or to assess any Common

3.2.2 to adopt, repeal or amend Rules and Regulations;

3.2.3 to designate signatories on Association bank accounts;

3.2.4 to borrow money on behalf of the Association;

3.2.5 to acquire and mortgage Units;

3.2.6 to designate Reserved Common Elements;

3.2.7 to allocate Limited Common Elements.

Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty days' written notice and without cause on no more than ninety days' written notice. The term of any such contract may not exceed one year.

3.3 Election and Term of Office.

3.3.1 At the annual meeting of the Association, subject to Article XIII of the Declaration and Section 2.4 of these Bylaws, the election of members of the Executive Board shall be held. The term of office of any Executive Board member to be elected (except as set forth in Sections 2.4.2 and 2.4.3 and

3.5 hereof) shall be fixed at three years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

3.3.2 Persons qualified to be members of the Executive Board may be nominated for election only as follows:

1. Any Unit Owner may submit to the Secretary at least thirty days before the meeting at which the election is to be held a nominating petition signed by five or more Unit Owners, together with a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting; and

2. Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by petition.

3.4 Removal or Resignation of Members of the Executive Board. Except with respect to members designated by the Declarant, at any regular or special meeting of the Association duly called, any one or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least ten days' notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit. The Declarant shall have the right to remove and replace any or all members appointed by the Declarant at any time and from time to time until the required resignation date specified in Section 13.1 of the Declaration.

3.5 Vacancies. Except as set forth in Section 3.4 above with respect to members appointed by the Declarant, vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of Unit Owners shall be filled by a vote of a majority of the remaining members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

3.6 Organization Meeting. The first meeting of the Executive Board following each annual meeting of the Association shall be held within ten days thereafter at such time and place as shall be fixed by the President (even if he is the outgoing President) at the meeting at which such Executive Board shall have been elected, and no notice shall be necessary to the newly elected members of the Executive Board in order legally to constitute such meeting, if a majority of the Executive Board members shall be present at such meeting.

3.7 Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least every six months during each fiscal year. Notice of regular meetings of the Executive Board

shall be given to each member, by mail or facsimile, at least three business days prior to the day named for such meeting.

3.8 Special Meetings. Special meetings of the Executive Board may be called by the President on at least three business days' notice to each member, given by mail or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two members of the Executive Board.

3.9 Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting.

3.8 Quorum of the Executive Board. At all meetings of the Executive Board a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other.

3.9 Compensation. No member of the Executive Board shall receive any compensation from the Association for acting as such, but may be reimbursed for any expenses incurred in the performance of his duties.

3.10 Conduct of Meetings. The President, or in his absence any vice-president, shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board if and to the extent not in conflict with the Declaration, these Bylaws or the Act.

3.11 Action Without Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

3.12 Validity of Contracts with Interested Executive Board Members. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm or association in which one or more of the Executive Board members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

3.12.1 The fact that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote

sufficient for the purpose without counting the vote or votes of such Executive Board member or members;
or

3.12.2 The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

3.13 Inclusion of Interested Board Members in the Quorum. Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.12 hereof.

ARTICLE 4 Officers

4.1 Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint a vice president, an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and vice president, if the office is created, shall be members of the Executive Board. Any other officers may, but need not, be Unit Owners or members of the Executive Board. An officer other than the President may hold more than one office.

4.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organization meeting of each new Board and shall hold office at the pleasure of the Executive Board.

4.3 Removal of Officers. Upon the affirmative vote of a majority of all members of the Executive Board, any officer may be removed, either with or without cause, and a successor may be elected at any meeting of the Executive Board called for such purpose.

4.4 President. The President shall be the chief executive officer of the Association, preside at all meetings of the Association and of the Executive Board and have all of the general powers and duties which are incident to the office of president of a corporation organized under the laws of Pennsylvania including without limitation the power to appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall cease holding such office at such time as the President ceases to be a member of the Executive Board.

4.5 Vice President. Upon the creation of the office of vice president, the vice president shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice president is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The vice president shall also perform such other duties as shall from time to time be delegated or assigned to the vice president by the Executive Board or by the President. The vice president shall cease holding such office at such time as the vice president ceases to be a member of the Executive Board.

4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board, have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders of mortgages on any Units hereunder shall be delivered and, in general, perform all the duties incident to the office of secretary of a corporation organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any Person, or cause to be provided to any Person entitled thereto a written statement or certification of the

information required to be provided by the Association pursuant to Sections 5315(h), 5407(a) and 5407(b) of the Act and Sections 5.6 and 5.11 below.

4.7 Treasurer. The Treasurer shall have the responsibility for the safekeeping of Association funds and securities, be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data and be responsible for the deposit of all monies in the name of the Executive Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Executive Board and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of Pennsylvania.

4.8 Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of \$500 shall be executed by any two officers of the Association. All such instruments for expenditures or obligations of \$500 or less may be executed by any one officer of the Association.

4.9 Compensation of Officers. No officer who is also a member of the Executive Board shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing such officer's duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Executive Board determines such compensation to be appropriate.

ARTICLE 5 Common Expenses; Budgets

5.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon recordation of the Declaration.

5.2 Preparation and Approval of Budget.

5.2.1 On or before the first day of November of each year (or sixty days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Executive Board to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses, including Limited Common Expenses, by the Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Common Elements and the Association. Such budget may include such reasonable amounts as the Executive Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements.

5.2.2 On or before the next succeeding fifth day of November (or fifty-five days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall make the budget available for inspection at the Association office and shall send to each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Unit Owner's assessments for Common Expenses and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

5.2.3 Within thirty days after creation of Units in any Convertible Real Estate or the expiration of any right of the Declarant to withdraw Withdrawable Real Estate, the Executive Board shall revise the budget to reflect changes in the Common Expenses resulting from such conversion or expiration of rights to withdraw Withdrawable Real Estate and to reflect the proportionate liability of all Units for Common Expenses for the remainder of the fiscal year in which such events occur. The amount of assessments attributable to each Unit thereafter shall be the amount specified in the adjusted budget until a new budget has been adopted by the executive Board.

5.2.4 The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

5.3 Assessment and Payment of Common Expenses.

5.3.1 Common Expenses. Assessments shall be made annually, but paid in period installments, either monthly or quarter-annually as the Executive Board may determine from time to time. The Executive Board shall calculate the periodic assessments for Common Expenses against each Unit by multiplying (a) the total amount of the estimated funds required for the operation of the Property and the Association and to discharge its obligations under the Declaration as set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any income expected to be received from sources other than Common Expense assessments, by (b) the Share of Common Expenses allocated to such Unit with respect to general Common Expenses and Limited Common Expenses, and dividing the resultant product by (c) the number of months of calendar quarter years in such fiscal year. Such assessments shall be deemed to have been adopted and assessed on an annual basis payable in monthly or quarterly installments, shall be due and payable on the first day of each month or calendar quarter, as applicable, (January 1, April 1, July 1, October 1) and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration. Within one hundred eighty days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the general Common Expenses and Limited Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves, together with any other financial reports required by the Act. Any net shortage with regard to general Common Expenses or Limited Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Unit Owners in accordance with their shares thereof and shall be payable in one or more monthly or quarter-annual assessments, as the Executive Board may determine.

5.3.2 Reserves. The Executive Board may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Unit Owner's assessments, the Executive Board may at any time levy further assessments for Common Expense which shall be assessed against the Unit Owners either according to their respective shares of the Common Expenses, and shall be payable in one or more quarter annual assessments as the Executive Board may determine.

5.4 Further Assessments. The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to Sections 5.3.1 or 5.3.2 or otherwise as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly or quarterly assessment which is due more than ten days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such assessments. Such assessments shall be a lien as of the effective date as set forth in the preceding Sections 5.3.1 and 5.3.2.

5.5 Initial Budget. At or prior to the time assessment of Common Expenses commences, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date the Executive Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as is provided in Section 5.3 above.

5.6 Delivery of Approved Budget and Notice of Capital Expenditure; Effect of Failure to Prepare or Adopt Budget. The Executive Board shall deliver to all Unit Owners copies of each budget approved by the Executive Board and notice of any capital expenditure approved by the Executive Board promptly after each such approval. The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay such Unit Owner's allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.7 Accounts; Audits. All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be compiled, reviewed, or audited at least once each year by an independent accountant retained by the Executive Board.

5.8 Rejection of Budget. Anything herein to the contrary notwithstanding, the Association, by majority vote of all votes in the Association, may reject any budget or capital expenditure approved by the Executive Board, within thirty days after approval by the Executive Board at a special meeting properly called for such purpose.

5.9 Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article 5. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice for the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within ten days following a written request therefor to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments with respect to the time period covered by such statement, in excess of the amount therein set forth; and, provided further that, subject to Section 5315(b) of the Act, each record holder of a mortgage on a Unit who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such holder comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

5.10 Collection of Assessments. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment not paid within five days after its due date shall accrue a late charge in the amount of five

percent of the overdue assessment in addition to interest at the rate of fifteen percent per annum or such other rate as may be determined by the Executive Board.

5.11 Statement of Common Expenses. The Executive Board shall promptly provide any Unit Owner, contract purchaser or proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses, including Limited Common Expenses, due from such Unit Owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation, to the extent permitted by the Act.

ARTICLE 6 Compliance and Default

6.1 Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws, the Rules and Regulations and the Act, as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

6.1.1 Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, or occupancy of any Unit or Common Elements. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

6.1.2 Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit Owner of these Bylaws or of the Declaration, the Association shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

6.1.3 No Waiver of Rights. The failure of the Association, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

6.1.4 Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE 7 Amendments

7.1 Amendments to Bylaws. These Bylaws may be modified or amended only by vote of Unit Owners entitled to cast a majority of the votes in the Association, except as otherwise expressly set forth

herein or in the Act; provided, however, that until the date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to Article XIII of the Declaration, (i) Section 2.4, (ii) Section 3.1, and (iii) this Section 7.1 may not be amended without the consent in writing of the Declarant, and further, these Bylaws may not be modified or amended prior to the date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to Article XI of the Declaration if, at the time of such amendment or modification, any Unit is encumbered by a mortgage in favor of or insured by the Veteran's Administration ("VA"), the Federal Housing Administration ("VHA"), or through a similar program administered by the Department of Housing and Urban Development ("HUD") if so required under regulations relating thereto.

7.2 Approval of Mortgagees. These Bylaws contain provisions concerning various rights and interests of record holders of mortgages on Units. Such provisions in these Bylaws are to be construed as covenants for the protection of such holders on which they may rely in making loans secured by such mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of such a holder shall be adopted without the prior written consent of such holders who have registered an address with the Secretary.

7.3 FNMA, FHLMA, FHA, VA Amendments. If any amendment to these Bylaws is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision that is defective, missing or inconsistent with any other provision, or with the Act or the Declaration, or if such amendment is necessary to conform to the then current requirements of any agency or entity that has established national or regional standards with respect to loans secured by mortgages or deeds of trust on units in community projects, including but not limit to the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, the Federal Housing Administration or the Veteran's Administration, the Executive Board may, at any time and from time to time, effect such amendments without the approval of the Unit Owners or the holders of any liens on all or any part of the Community, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of the Act.

7.4 Amendments to the Declaration. Any two officers or Executive Board members of the Association may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE 8 Miscellaneous

8.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt, postage prepaid (or otherwise as the Act may permit), (i) if to a Unit Owner, at the single address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

8.3 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

ADOPTED THE 26th DAY OF JUNE, 2008.

**UNANIMOUS CONSENT IN LIEU OF
MEETING OF DECLARANT AND EXECUTIVE BOARD OF
BLOSSOM HILL HOME OWNERS ASSOCIATION**

THE UNDERSIGNED, being the Declarant of Blossom Hill, a Planned Community, and all the members of the Executive Board of the Blossom Hill Home Owners Association, hereby adopt and consent to the following resolutions:

RESOLVED, that the Executive Board shall be composed of five members until and unless changed, and the following persons are hereby elected to the Executive Board for terms of one year, or such shorter period as may be set forth in the Bylaws, and until their successors are duly chosen and qualified: Michael S. Glass, Shari Tell, Ben Horning, Gary McEwen and LaVern Horning.

RESOLVED, that the following persons are hereby elected to the indicated offices for terms of one year and until their successors are duly chosen and qualified:

<u>BEN HORNING</u>	President
<u>MICHAEL GLASS</u>	Secretary
<u>SHARI TELL</u>	Treasurer

RESOLVED, that the Bylaws as presented are hereby approved and adopted;

Dated: 6-26-08, 2008

DGB Properties, LP, a limited partnership
By: Dana/Glass Properties, Inc.
its sole general partner

By: _____

Michael S. Glass
Michael S. Glass, President

Shari Tell
Shari Tell

Gary McEwen
Gary McEwen

Michael S. Glass
Michael S. Glass

Ben Horning
Ben Horning

LaVern Horning
LaVern Horning

The undersigned, the Secretary of the above corporation, does hereby acknowledge that the above consent has been filed with the Secretary.

Dated: 6-26, 2008

Secretary
Secretary