

BYLAWS

OF

**THE WALNUT ACRES
HOMEOWNERS ASSOCIATION, INC.**

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ARTICLE I

Introductory-Provisions

1.1 **Applicability.** These Bylaws provide for the governing of The Walnut Acres Homeowners Association, Inc. (the "Association") pursuant to the requirements of Section 5306 of the Pennsylvania Uniform Planned Community Act (the "Act"). The Walnut Acres Residential Community (the "Property") is located in Tilden Township, Berks County, Pennsylvania, and more particularly described in the Declaration of Covenants, Restrictions, Conditions and Easements for Walnut Acres, a Residential Community (the "Declaration"), and has been submitted to the certain provisions of the Act by recording of the Declaration with the Recorder of Deeds of Berks County on _____ in Record Book _____, Page _____.

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 Owner and all those entitled to occupy a Lot shall comply with these Bylaws.

1.4 **Office.** The office of the Association shall be located at 71 Walnut Road, Hamburg, Pennsylvania 19526 or at such other place as may be designated from time to time by the executive board of the Association ("Board").

ARTICLE II

Association

2.1 **Composition.** The Association is hereby incorporated on the date of the filing of the Declaration as a non-profit corporation. The Association shall consist of all of the Owners acting as a group in accordance with the Act pursuant to the Declaration and these Bylaws. The Association shall be responsible for the maintenance, repair, cleaning, and mowing ("Maintenance") of the Common Facilities and the regulation ("Regulation") of the Controlled Facilities as more fully described in the Sections 3.3 and 3.4 respectively of the Declaration, establishing the means and methods of collecting assessments and charges, arranging for the Maintenance of the Common and Controlled Facilities and performing all of the other acts that may be required or permitted to be performed by the Association by the Act and the Declaration. Except as to those matters which the Act specifically requires to be performed by the vote of the

Association, the foregoing responsibilities shall be performed by the Board or Managing Agent as more particularly set forth in Article III of these Bylaws.

2.2 Annual Meetings. The annual meetings of the Association shall be held at least ninety (90) but not more than one hundred twenty (120) days before the beginning of the next calendar year. At such annual meetings, the Board shall be elected by ballot of the Owners in accordance with the requirements of Section 3.4 of these Bylaws.

2.3 Place of Meetings. Meetings of the Association shall be held at such suitable place convenient to the Owners as may be designated by the Board. Any Owner may attend any meeting by teleconference or other like method.

2.4 Special Meetings. The President shall call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed and presented to the Secretary by Owners of no less than twenty-five percent (25%) of the Lots in the Property. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

2.5 Notice of Meetings. The Secretary shall give to each Owner a notice of each annual or regularly-scheduled meeting of the Owners at least three (3) but not more than thirty (30) days, and of each special meeting of the Owners at least three (3) but not more than thirty (30) days, prior to such meeting, stating the time and place thereof. The delivery 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, Owners of a majority of the Lots who are present at such meeting in person or by proxy shall adjourn the meeting to a time not less than forty-eight (48) hours after the time the original meeting was called.

2.7 Voting. At all meetings of the Association, in no event shall more than one (1) vote be cast with respect to any Lot; provided, however, that in the event the ownership of a Lot is in the name of more than one person, the person who shall be entitled to cast the vote of such Lot shall be the person named in a certificate executed by all of the owners of such Lot and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Lot shall be the person owning such Lot who is present. If more than one person owning such Lot 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 Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Subject to the requirements of the Act, whenever the approval or disapproval of an Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the Person who would be entitled to cast the vote of such Lot at any meeting of the Association. Except where a greater number is required by the Act, the Declaration or these Bylaws, the Owners of more than fifty percent (50%) of the Lots voting in person or by proxy at

one time at a duly convened meeting at which a quorum is present ("Majority") is required to adopt decisions at any meeting of the Association. Any specified percentage of the Owners means the Owners owning such Lots in the aggregate. If the Declarant owns or holds title to one or more Lots, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Lot or Lots are entitled. No votes allocated to a Lot owned by the Association may be cast. There shall be no cumulative or class voting. Any action by the Owners required or permitted to be taken at any meeting may be taken without a meeting if all of the Owners shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the meetings of the Owners.

2.8 Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Owner in favor of another Owner, a mortgagee 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 of the Association before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting or notice of revocation from the grantor of the proxy. No proxy shall be valid for a period in excess of one (1) 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 otherwise provided in the Declaration, and these Bylaws, the presence in person or by proxy of fifty one percent (51%) or more of the Owners shall constitute a quorum at all meetings of the Association. In the event the required quorum is not present at such meeting, the meeting shall be adjourned to a later date, at which time a quorum shall consist of not less than fifty-one percent (51%) of the total number of votes that may be cast by all classes combined, in person or by proxy.

2.10 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep a minute book of the Board, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then-current edition of The Modern 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. Voting shall be by whatever method the President may from time to time determine.

ARTICLE III

Executive Board

3.1 Number and Qualification. Subject to the provisions of Section 5.3 of the Declaration, the affairs of the Association shall be governed by the Board, which shall be composed of three (3) persons.

3.2 Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are by the Act, the Declaration or by these Bylaws required to be exercised and done by the Association. The Board shall have the power from time to time to adopt any Rules and Regulations deemed

necessary for the benefit and enjoyment of the Association; provided, however, that such Rules and Regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The Board shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the Managing Agent (as defined in Section 3.3), if any, which may arise between meetings of the Board as the Board deems appropriate.

The following are supplements and restrictions with respect to the duties and powers of the Board:

a. The Board shall keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and its administration, specifying the expenses of the Maintenance of the Common Facilities and the Regulation of the Controlled Facilities and any other expenses incurred. Such books and vouchers evidencing the entries therein shall be available for examination by the Owners and their duly authorized agents or attorneys during general business hours on working days at the times and in the manner set and announced by the Board for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Board who shall not be a resident of Walnut Acres. The cost of such audit shall be a common expense.

b. The Board may borrow money on behalf of Walnut Acres when required in connection with the Maintenance of the Common Facilities or the Regulation of the Controlled Facilities; provided, however, that (i) the consent of at least two-thirds (2/3) of Owners obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum in excess of \$20,000.

c. The Board may not act on behalf of the Association to amend the Declaration, terminate the Community, elect members of the Board or determine the qualifications, powers, duties and terms of office of the Board members.

d. The Board may, but need not, do such other things and acts not inconsistent with the Act, the Declaration or these Bylaws which the Board may be authorized to do by a resolution of the Association.

3.3 Managing Agent. The Board may, but need not, employ a "Managing Agent" at a compensation established by the Board.

a. Requirements. The Managing Agent shall be a bona fide business enterprise, unaffiliated with the Declarant, with experience in maintaining residential subdivisions. Such Managing Agent shall have a minimum of two (2) years experience and shall employ persons possessing a high level of competence in the technical skills necessary to maintain the subdivision.

b. Duties. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws; provided, however, that 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 Board. The Board may delegate to the Managing Agent all of the powers granted to the Board by the Act; the Declaration and these Bylaws other than the following powers:

- (1) to pass the annual budget and any amendment thereto;
- (2) to adopt, repeal or amend the Rules and Regulations;
- (3) to designate signatories on Association bank accounts; and
- (4) to borrow money on behalf of the Association.

The Managing Agent shall perform the obligations, duties and services relating to maintaining the Common Facilities and regulating the Controlled Facilities, the rights of mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

c. Standards. The Board shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board:

- (1) the accrual method of accounting shall be employed;
- (2) two (2) or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (3) cash accounts of the Association shall not be commingled with any other accounts;
- (4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finder's fees, service fees or otherwise; any discounts received shall benefit the Association;
- (5) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board; and
- (6) a quarterly financial report shall be prepared for the Association, disclosing:
 - (a) all income and disbursement activity for the preceding quarter;
 - (b) the status of all accounts in an "actual" as compared to "projected" (budget) format; and
 - (c) any actual or pending obligations which are in excess of budgeted amounts exceeding the operating reserves or five percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

d. Limitations. Any contract with the Managing Agent must provide that it may be terminated without cause on no more than thirty (30) days written notice, and the term of any such contract may not exceed one (1) year.

3.4 Election and Term of Office

a. The term of office of members of the Board (“Directors”) shall be three (3) years.

b. During the Declarant Control Period (as defined in Section 5.3(c) of the Declaration), the Directors shall be appointed, removed and replaced from time to time by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant until the expiration of the Declarant Control Period, as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be owners or residents in Walnut Acres. After the expiration of the Declarant Control Period, all of the Directors must be Owners.

c. Not later than sixty (60) days after the conveyance of twenty-five percent (25%) of the Lots to Owners other than the Declarant, at least one (1) Director and not less than twenty-five percent (25%) of the Board shall be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots which may be created to Owners other than the Declarant, not less than thirty-three percent (33%) of the Directors of the Board shall be elected by Owners other than the Declarant.

d. At the termination of the Declarant Control Period, the Owners shall elect a Board of at least three (3) Directors, all of which shall be Owners.

e. At the expiration of the initial terms of office of each such Director, a successor shall be elected to serve for a term of three (3) years. The Directors shall hold office until their respective successors shall have been elected by the Association.

f. Persons qualified to be members of the Board may be nominated for election as follows:

(1) Any Owner may submit to the Secretary, at least ten (10) days before the meeting at which the election is to be held a statement that the person is willing to serve on the Board and a biographical sketch. The Secretary shall mail or hand deliver the submitted items to every Lot Owner along with the notice of such meeting; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Board.

3.5 Removal or Resignation of Members of the Board. At any regular or special meeting duly called, any one or more of the members of the Board may be removed with or without cause by a vote of two-thirds (2/3) of those present and entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Any member whose removal has

been proposed by the Owners shall be given at least seven (7) days notice 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 Board may resign at any time and shall be deemed to have resigned upon disposition of his Lot.

3.6 Vacancies. Vacancies on the Board caused by any reason other than the removal of a member by a vote of the Owners shall be filled by a vote of a majority of the remaining members at a special meeting of the 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 Board for the remainder of the term of the member being replaced and until a successor shall be elected by the Association.

3.7 Organization Meeting. The first organizational meeting of the Board shall be held without notice immediately upon the adjournment of the meeting of the Association at which such Board was elected and at the same place where the meeting was held, provided a majority of the Board is present at such meeting. If a majority of the Board is not then present, such first organizational meeting shall be held as soon thereafter as practicable provided that notice is given to each member of the Board as set forth in Section 3.8, unless waived as provided in Section 3.10.

3.8 Regular Meetings. Regular meetings of the 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 once every six months during each fiscal year. Notice of regular meetings of the Board shall be given to each member at least three (3) business days prior to the day named for such meeting.

3.9 Special Meetings. Special meetings of the Board may be called by the President on three (3) business days notice to each member, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two (2) members of the Board.

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

3.11 Quorum of the Board. At all meetings of the 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 decisions of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present shall adjourn the meeting to a later date, at which time a quorum can be present. At any such adjourned meeting at which a quorum is not present, any business which might have been transacted at the meeting originally called may not be transacted without further notice. One or more members of the Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other.

3.12 Compensation. No member of the Board shall receive any compensation from the Association for acting as such.

3.13 Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of the Board, recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The then-current edition of The Modern Rules of Order shall govern the conduct of the meetings of the Board when not in conflict with the Declaration, these Bylaws or the Act.

3.14 Action Without Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the 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 Board.

ARTICLE IV

Officers

4.1 Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and Vice President shall be members of the Board. Any other officers may, but need not, be members of the Board.

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

4.3 Removal of Officers. Upon the affirmative vote of a majority of all members of the Board, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the 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 Board; and have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania, including, without limitation, the power to appoint committees from among the 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.

4.5 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 Board shall appoint some other member of the 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 imposed upon him by the Board or by the President.

4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board, have charge of such books and papers as the Board may direct, maintain a register setting forth the place to which all notices to Owners and hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania, including but not limited to providing such information required of the Association to an Owner in connection with the resale of a Lot.

4.7 Treasurer. The Treasurer shall have responsibility over Association funds and securities and shall 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 and other valuable effects in the name of the Board, the Association or the managing Agent, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the Commonwealth 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 One Thousand Dollars (\$1,000.00) shall be executed by any two (2) persons designated by the Board. All such instruments for expenditures or obligations of One Thousand Dollars (\$1,000.00) or less may be executed by any one (1) person designated by the Board.

4.9 Compensation of Officers. No officer who is also a member of the Board shall receive any compensation from the Association for acting as such officer.

ARTICLE V

Budget; Assessments

5.1 Determination of Common Expenses and Assessments Against Owners

a. Fiscal year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

b. Preparation and Approval of Budget

(1) At least sixty (60) days prior to the end of each fiscal year, the Board shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of the Maintenance of the Common Facilities and the Regulation of the Controlled Facilities, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing calendar year.

(2) Such budget shall also include such reasonable amounts as the Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. Within fifteen (15) days of adopting a budget, the Board shall send to each

Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each Owner. Such budget shall constitute the basis for determining each Owner's assessment for the common expenses of the Association.

c. Assessment and Payment of Common Expenses. Subject to the provisions of Section 5.1 hereof, the total amount of the estimated funds required for the Maintenance of the Common Facilities and the Regulation of the Controlled Facilities set forth in the budget adopted by the Board shall be assessed against each Owner in proportion to the number of Lots owned by such Owner to the total number of Lots at the Property and shall be a lien against each Lot as provided in the Act and the Declaration, provided however that the Owners of Lots 26, 29 and 30 shall not be assessed any portion of the common expenses, nor shall those Lots be included in the number of Lots at the Property for the purposes of calculating each of the other Owners' portions of the common expenses only. The Board shall have the right to determine the manner of collection of such assessment (i.e. annually unless otherwise determined by the Board). On or before the first day of each calendar year each Owner shall be obligated to pay to the Board or the Managing Agent (as determined by the Board) such assessment, or portion thereof. Within ninety (90) days after the end of each calendar year, the Board shall supply to all Owners an itemized accounting of the common expenses for such calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board for such calendar year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Board deems it advisable, be credited to the next annual installment due from Owners under the current calendar year's budget, until exhausted. Any net shortage shall be assessed promptly against the Owners in accordance herewith and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six (6) equal monthly installments, as the Board may determine.

d. Reserves. At the Board's election, the Board shall have the right to 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 shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed against the Owners in accordance with Section 5.1(c) above, and which may be payable in a lump sum or in installments as the Board may determine. The Board shall serve notice of any such further assessment on all Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next annual payment which is due after the delivery of such notice of further assessment. All Owners shall be obligated to pay the adjusted annual amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien on the effective date as set forth in the Section 5.1(c) above.

e. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board to prepare or adopt a budget for any calendar year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his 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 Owner shall continue to pay each annual installment at the annual rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

f. Accounts. All sums collected by the Board with respect to assessments against the Owners or from any other source may be commingled into a single fund, but shall be credited to each Owner's account.

5.2 Payment of Common Expenses. Each Owner shall pay the common expenses assessed by the Board pursuant to the provisions of Section 5.1. No Owner may exempt himself from liability for his contribution toward common expenses by abandonment of his Lot. No Owner shall be liable for the payment of any part of the common expenses assessed against his Lot subsequent to the date of recordation of a conveyance by him/her in fee of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid assessments against the latter for his share of the common expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling 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 Owner within five (5) days following a written request therefore to the Board or Managing Agent, and such purchaser shall not be liable to, nor shall the Lot conveyed the subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, however that each mortgagee who comes into possession of a Lot by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against such Lot which accrue prior to the time such mortgagee comes into possession thereof, except for any unpaid common expense assessments made under Section 5314(b) of the Act that come due during the six (6) months immediately preceding institution of an action to enforce collection of a lien against a Lot by a judicial sale, which shall be divested only to the extent that the six (6) months' unpaid assessments are paid out of the proceeds of the sale in accordance with Section 5315(b)(2) of the Act.

5.3 Collection of Assessments. The Board or the Managing Agent, at the request of the Board, shall take prompt action to collect any assessments for common expenses and other assessments set forth in the Declaration due from any Owner which remain unpaid, for more than, thirty (30) days from the due date for payment thereof. Any assessment, or installment thereof, not paid within fifteen (15) days after due shall accrue a late charge in the amount of five percent (5%) of the overdue assessment or installment, or as otherwise set by the Board, in addition to interest as provided in the Declaration.

5.4 Statement of Unpaid Assessments for Common Expenses. The Board shall promptly provide any Owner, contract purchaser or mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such Owner. The Board may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by do Act.

ARTICLE VI

Compliance and Default

6.1 Relief. Each Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws, the Rules and Regulations and those sections of the Act expressly applicable to Walnut Acres 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 an Owner shall entitle the Association, acting through the Board, or through the Managing Agent, to the following relief.

a. Additional Liability. Each 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 any members of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Association. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

b. Costs and Attorney's Fees. These items shall be charged as set forth in the Declaration.

c. No Waiver of Rights. The failure of the Association, the Board or of an 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 Board or the Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board or any 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 some 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.

d. Enjoining Violations by Owners. The violation of any of the Rules and Regulations adopted by the Board, the breach of any Bylaw contained herein, or the breach of any provision of the Declaration or the Act shall give the 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 VII

Miscellaneous

7.1 Amendments to Bylaws. These Bylaws may be modified or amended only by vote of at least fifty-one percent (51%) of the Owners, except as otherwise expressly set forth herein or in the Act as applicable to a planned community. Additionally, if any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or

the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to planned communities, then at any time and from time to time the Board may effect an appropriate corrective amendment without the approval of the Owners, upon receipt by the Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

7.2 Amendments to the Declaration. Any two (2) officers or Board members may prepare, execute, certify and record amendments to the Declaration, duly approved by the Owners in accordance with the terms of the Declaration, on behalf of the Association.

ARTICLE VIII

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, by fax or if sent by registered or certified mail, return receipt requested, postage prepaid (or otherwise as the Act may permit), (i) if to an Owner, at the single address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Owner, or (ii) if to the Association, the 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 Owners pursuant to this Section. If a Lot 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.

8.4 Declaration Controls. In the event of any inconsistency between the terms of these Bylaws and the terms of the Declaration, the terms of the Declaration shall control.

THE WALNUT ACRES
HOMEOWNERS ASSOCIATION, INC.

By: _____
_____, President