

BYLAWS
OF
RURAL RIDGE HOMEOWNERS' ASSOCIATION
(a Pennsylvania Non-Profit Corporation)

ARTICLE I

General

Section 1.01. Name of Corporation. The name of this Corporation is RURAL RIDGE HOMEOWNERS' ASSOCIATION, (the "Association")

Section 1.02. Registered Office.

(a) The registered office of the Association in the Commonwealth of Pennsylvania is 772 Pine Valley Drive, Pittsburgh, Pennsylvania 15239.

(b) The Association may, in addition to this office, establish and maintain such an office or offices in such a place or places as the Board of Directors may from time to time appoint or the business of the Association may require.

Section 1.03. Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January in each year.

Section 1.04. Definitions. All definitions contained in the Declaration of Planned Community of Rural Ridge Estates ("Declaration") shall apply herin unless specifically modified.

ARTICLE II

Members and their Rights

Section 2.01. Place of Meeting. All meetings of the members of the Association shall be held at the registered office of the Association unless another place is designated by the Board of Directors in the notice of a meeting. Members shall mean Class A Members only, as defined in the Declaration.

Section 2.02. Annual Meeting. The Board of Directors may fix the date and time of the annual meeting of the Members, but if no such date and time is fixed by the Board of Directors, the meeting for any calendar year shall be held on the third Monday of January, and if a legal holiday, then on the next secular business day at 10:00 o'clock a.m., and at said meeting the Members then entitled to vote shall elect Directors and shall transact such other business as may properly be brought before the meeting. If the Annual Meeting shall not have been called and held within six (6) months after the designated time, any member may call such a meeting. Class B Members shall be provided notice of the annual meeting and shall have the right to speak at such meetings, but shall not have voting rights.

Section 2.03. Special Meetings.

(a) Call of special meetings. Special meetings of the Members for any purpose, unless prescribed by statute or by the Articles of Incorporation, may be called at any time by the President and shall be called by the President or Secretary at the request in writing of:

(1) by one third (1/3) of the Board of Directors; or

(2) unless otherwise provided in the Articles, by the request of Members entitled to cast at least twenty (20%) percent of the votes that all Members are entitled to cast at the particular meeting.

Such request shall state the purpose or purposes of the proposed meeting.

(b) Fixing of time for meeting. At any time, upon written request of any person who has called a special meeting, it shall be the duty of the Secretary to fix the time of the meeting which shall be held not more than sixty (60) days after the receipt of the request. If the Secretary neglects or refuses to fix the time of the meeting, the person or persons calling the meeting may do so.

(c) Business transacted. The business transacted at all special meetings shall be confined to the subjects stated in the call and matters germane thereto.

Section 2.04. Quorum and Adjournment.

(a) General rule. A meeting of members of the Association duly called shall not be organized for the transaction of business unless a quorum is present. The presence of Members entitled to cast at least a majority of the votes that all Members are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter.

(b) Withdrawal of a quorum. The Members present at a duly organized meeting can continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

(c) Adjournment for lack of quorum. If a meeting cannot be organized because a quorum has not attended, those present may, except as provided in the Non-Profit Corporation Law, adjourn the meeting to such time and place as they may determine.

(d) Adjournments generally. Any meeting at which Directors are to be elected shall be adjourned only from day to day, or for such longer periods not exceeding fifteen (15) days each as the Members present and entitled to vote shall direct, until the Directors have been elected. Any other regular or special meeting may be adjourned for such period as the Members present and entitled to vote shall direct.

(e) Electing Directors at adjourned meeting. Those Members entitled to vote who attend a meeting called for the election of Directors that has been previously adjourned for lack of a quorum, although less than a quorum as fixed in this Section, shall nevertheless constitute a quorum for the purpose of electing Directors.

(f) Other action in absence of quorum. Those Members entitled to vote who attend a meeting of Members that has been previously adjourned for one or more periods aggregating at least fifteen (15) days because of an absence of a quorum, although less than a quorum as fixed in this Section, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting if the notice states that those Members who attend the adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter.

Section 2.05. Action by Members. Except as otherwise provided in the Non-Profit Corporation Law or the Articles or these By-laws, whenever any corporate action is to be

taken by vote of the members of the Association, it shall be authorized upon receiving the affirmative vote of a majority of the votes cast by all Members entitled to vote.

Section 2.06. Organization. At every meeting of the Members, the Chairman of the Board of Directors, if there be one, or the President of the Corporation, shall act as Chairman of the meeting. The Secretary, or, in the absence of the Secretary, an Assistant Secretary, or, in the absence of both the Secretary and Assistant Secretary, a person appointed by the Chairman of the meeting, shall act as Secretary.

Section 2.07. Cumulative Voting. Unless the Articles provide for straight voting, in each election of Directors every Member entitled to vote shall have the right to multiply the number of votes to which the Member may be entitled by the total number of Directors to be elected in the same election. The Member may cast the whole number of his or her votes for one candidate or may distribute them among two or more candidates.

Section 2.08. Removal of Directors Elected by Cumulative Voting. An individual Director shall not be removed (unless the entire Board of Directors is removed) if sufficient votes are cast against the resolution for his/her removal.

Section 2.09. Voting and Other Action by Proxy.

(a) General rule:

(1) Every Member entitled to vote at a meeting of Members or to express consent or dissent to corporate action in writing without a meeting may authorize another person to act for the Member by proxy.

(2) The presence of, or vote or other action at a meeting of Members, or the expression of consent or dissent to corporate action in writing, by proxy of a member shall constitute the presence of, or vote or action by, or written consent or dissent of the Member.

(3) Where two or more proxies of a Member are present, the Association shall, unless otherwise expressly provided in the proxy, accept as the vote of all votes represented thereby the vote cast by a majority of them and, if a majority of the proxies cannot agree whether the votes represented shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among those persons.

(b) Execution and Filing. Every proxy shall be executed in writing and dated by the member or by the duly authorized attorney-in-fact of the member and filed with the Secretary of the Association. A telegram, telex, cablegram, datagram or similar transmission from a member or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a Member or attorney-in-fact:

(1) may be treated as properly executed for purposes of this subsection; and

(2) shall be so treated if it sets forth a confidential and unique identification number or other mark furnished by the corporation to the Member for the purposes of a particular meeting or transaction.

(c) Revocation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the Secretary of the Association. An unrevoked proxy shall not be valid after three (3) years from the date of its execution unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of the death or incapacity is given to the Secretary of the Association.

A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the vote itself or an interest in the Association generally. As used in these By-laws, the term "proxy coupled with an interest" includes:

- (1) a vote pooling or similar arrangement among Members;
- (2) any agreement among Members, or among or between the Association and one or more Members, regarding the voting of their votes; and
- (3) an unrevoked proxy in favor of an existing or potential creditor of a Member.

Section 2.10. Voting by Joint Holders of Votes.

(a) General rule. Where votes of the Association are held jointly or as tenants in common by two or more persons as fiduciaries or otherwise:

(1) if only one or more of such persons is present in person or by proxy, all of the votes standing in the names of such persons shall be deemed to be represented for the purpose of determining a quorum and the Association shall accept as the vote of all the shares the vote cast by a joint owner or a majority of them; and

(2) if the persons are equally divided upon whether the votes held by them shall be voted or upon the manner of voting the votes, the voting shall be divided equally among the persons without prejudice to the rights of the joint casters or the beneficial casters thereof among themselves.

(b) Exception. If there has been filed with the Secretary of the Association a copy, certified by an attorney at law to be correct, of the relevant portions of the agreement under which the votes are held or the instrument by which the trust or estate was created or the order of court appointing them or an order of court directing the voting of the votes, the persons specified as having such voting power in the document latest in date of operative effect so filed, and only those persons shall be entitled to vote but only in accordance therewith.

Section 2.11. Voting Lists.

(a) General rule. The Officer or agent having charge of the books for votes of the Association shall make, at least five (5) days before the meeting of the members, a complete list of the Members entitled to vote at any meeting of Members, arranged in alphabetical order, with the address of and the number of votes held by each, which list shall be kept on file at the registered office of the Association and shall be subject to the inspection of any

Member during the whole time of the meeting.

(b) Effect of list. Failure to comply with the requirements of this Section shall not affect the validity of any action taken at a meeting prior to a demand at the meeting by any Member entitled to vote thereat to examine the list. The original vote register, or a duplicate thereof kept in this Commonwealth, shall be prima facie evidence as to who are the Members entitled to examine the list or vote-ledger or to vote at any meeting of Members.

Section 2.12. Judges of Election.

(a) Appointment. In advance of any meeting of Members of the Association, the Board of Directors may appoint judges of election, who need not be Members, to act at the meeting or any adjournment thereof. If judges of election are not so appointed, the presiding Officer of the meeting may, and on the request of any Member or his proxy, shall, appoint judges of election at the meeting. The number of judges shall be one or three.

(b) Duties. The judges of election shall determine the number of Members and the votes thereof, the votes represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members. The judges of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

(c) Report. On request of the Chairman of the meeting, or of any Member, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

Section 2.13. Consent of Members in Lieu of Meeting.

(a) Unanimous written consent. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the Members who would be entitled to vote at a meeting for such purposes shall be filed with the Secretary of the Association.

(b) Partial Written Consent. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting upon the written consent of Members who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all Members entitled to vote thereon were present and voting. The consents shall be filed with the secretary of the Association. The action shall not become effective until after at least ten (10) days' written notice of the action has been given to each member entitled to vote thereon who has not consented thereto.

ARTICLE III

Board of Directors

Section 3.01. Number and Term of Office.

(a) Number. The Board of Directors which shall constitute the whole

Board of Directors shall consist of (5) five Directors, or a number that may be determined from time to time by resolution of the Members.

(b) Term of office. Except as hereinafter provided in the case of vacancies, Directors other than those constituting the first Board of Directors, shall be elected by the Members, and each Director, upon his/her consent to serve, shall be elected to serve until the next annual meeting of the Members and until a successor is elected by the Members or until his/her earlier death, resignation or removal.

Section 3.02. Powers. The Board of Directors shall exercise such powers as are expressly given them by the Articles of Incorporation and these By-laws, together with such powers as will enable them to do all such lawful acts as are necessary, proper and expedient for the welfare of this Association, and as are not directed or required to be exercised by the Members by statute or by the Articles of Incorporation or by these By-laws; and without prejudicing the general powers of the Board of Directors as hereinafter stated, it is expressly declared that the Directors shall have the following powers:

(a) To make and change regulations not inconsistent with these By-laws for the management of the Association's business affairs.

(b) To have full power from time to time to purchase or otherwise acquire for the Association any property, rights or privileges, which the Association is authorized by law to purchase or otherwise acquire at such prices and consideration, and upon such terms and conditions, as the Board of Directors may consider advisable, and in its discretion may pay therefor, in whole or in part, in money, or in stocks or bonds, or any combination thereof, or other securities of the Association.

(c) To sell or otherwise dispose of, transfer or convey, any property of the Association, at such prices and consideration and upon such terms and conditions as the Board of Directors may consider advisable and, in its discretion, may accept in payment or exchange therefor, in whole or in part, money or stocks or bonds, or any combination thereof, or other securities of any Association or Associations, except as otherwise provided by law or by the Articles of Incorporation.

(d) To borrow money and to make and issue notes, bonds, and other negotiable and transferable instruments, mortgages, deeds of trust, and trust agreements, and to do every act and thing necessary to effectuate the same.

(e) To appoint and remove or suspend such Employees, agents or factors as it may deem necessary; to determine their duties; to fix and, from time to time, to change their salaries or remuneration, and to require security as and when it thinks fits.

(f) To manage the property, business and affairs of the Association and the Directors, as a Board of Directors, are hereby invested in such management with all the powers which the Association itself possesses so far as such delegation of power is not incompatible with the provisions of these By-laws or the laws of the Commonwealth of Pennsylvania.

Section 3.03. Special Meeting of Board of Directors. A special meeting of the Board of Directors may be called at any time by the Chairman of the Board of Directors or if there is none by the President (and in his/her absence by any member of the Board of Directors) on five (5) days' written notice by mail or personally given to each Director as specified in

Article V hereof. Notices of said meetings may be waived by unanimous consent of all of the Directors.

Section 3.04. Vacancies - General Rule. Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of Directors, may be filled by a majority vote of the remaining members of the Board of Directors, though less than a quorum, and each person so selected shall be a Director until his/her successor has been elected by the Members, who make such election at the next annual meeting of the Members or at any special meeting duly called for that purpose and held prior thereto.

Section 3.05. Removal of Directors.

(a) Removal by the Members. The entire Board of Directors, or any individual Director may be removed from office without assigning any cause by the vote of Members, entitled to elect Directors. In case the Board or any one or more Directors are so removed, new Directors may be elected at the same meeting.

(b) The Board of Directors may be removed at any time with or without cause by the unanimous vote or consent of Members entitled to vote thereon.

Section 3.06. Place of Meetings. Meetings of the Board of Directors may be held at such place within or without the Commonwealth of Pennsylvania as the Board of Directors may from time to time appoint or as may be designated in the notice of the meeting.

Section 3.07. Organization of Meetings. At every meeting of the Board of Directors, the Chairman of the Board of Directors, if there be one, or, in the case of a vacancy in

the office or absence of the Chairman of the Board of Directors, the President shall act as Chairman of the meeting. The Secretary or, in the absence of the Secretary, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretary, a person appointed by the Chairman of the meeting, shall act as Secretary.

Section 3.08. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors, but shall occur at least quarterly commencing in 1999 and annually prior thereto.

Section 3.09. Quorum of and action by Directors.

(a) General rule. A majority of the Directors in office of the Association shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the Directors present shall be the acts of the Board of Directors.

(b) Action by written consent. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the Directors in office is filed with the Secretary of the Association.

(c) Adjournment of meetings. In the event that a quorum is not present at a regular meeting of the Board of Directors, or a properly called special meeting, the Directors present, after the lapse of at least twenty-four (24) hours, may adjourn the meeting from time to time until a quorum is obtained, without notice other than an announcement made at the meeting. At such adjourned meeting at which a quorum is present, any business may be transacted which

could properly have been transacted at the meeting originally called. In the event that less than a quorum is present at the second of such adjourned meetings, the Directors then in attendance shall constitute a quorum for the transaction of any business.

Section 3.10. Compensation. Directors, as such, shall not receive any stated salary for their services, but, by a resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors, provided that nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 3.11. Limitation of Personal Liability of Directors. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as in effect on the date of the adoption of this Section 3.11, or as such laws are thereafter amended, permit elimination or limitation of the liability of Directors, no Director of the Association shall be personally liable as such for monetary damages for any action taken, or any failure to take any action, as a Director. Any amendment or repeal of this Section 3.11 or adoption of any other provision of these By-laws or the Association's Articles of Incorporation which has the effect of increasing Director liability shall operate prospectively only and shall not have any effect with respect to any action taken, or failure to act, prior to the adoption of such amendment, repeal or other provision.

ARTICLE IV

Officers

Section 4.01. Officers Generally.

(a) Officers. The Officers of the Association shall be elected by the

Directors, and shall be a President, Secretary and Treasurer, and such other Vice Presidents, Officers, Assistant Officers and agents as the Board of Directors may determine from time to time.

(b) Election of Officers. The Board of Directors, at its first meeting and after each annual meeting of Members, shall choose a President, a Secretary and a Treasurer and may choose one or more Vice Presidents, none of whom need be members of the Board of Directors.

(c) Additional Officers. The additional Officers, Assistant Officers or agents, who may be appointed by the Board of Directors from time to time, shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4.02. Standard of Care. An Officer shall perform his or her duties as an Officer in good faith, in a manner he or she reasonably believes to be in the best interests of the Association and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances.

Section 4.03. Salaries. The salaries of all Officers, agents or Employees of the Association shall be fixed by the Board of Directors.

Section 4.04. Term. The Officers of the Association shall hold office for a term of one (1) year and until their successors are elected or until their earlier death, resignation or removal.

Section 4.05. President.

(a) The President shall be the Chief Executive Officer of the Association; he/she shall preside at all meetings of Members and of the Board of Directors; he/she shall see that all orders and resolutions of the Board of Directors are carried into effect, subject, however, to the right of the Board of Directors to delegate any specific powers, except such as may be expressly and exclusively conferred on the President by statute or these By-laws; he/she shall generally do and perform all acts authorized or required by statute and these By-laws to be performed by the President, and those usually performed by a President of an Association.

(b) The President shall execute all bonds, mortgages, contracts, notes or other documents requiring the Seal of the Association, under the Association's Corporate Seal.

Section 4.06 Vice President(s). The Vice President(s), in the order designated by the President, shall exercise functions of the President during the absence or disability of the President. Each Vice President shall have the powers and discharge such duties as may be assigned to him/her from time to time by the Board of Directors.

Section 4.07. Secretary. The Secretary shall attend all meetings of Members and of the Board of Directors and shall act as clerk thereof. The Secretary shall record the minutes of all transactions at each meeting in a book to be kept for that purpose, wherein shall also be a record of all the votes of the Association. The Secretary shall give or cause to be given notice of all meetings of Members or of the Board of Directors, whereof notice is required by statute or these By-laws; in addition thereto, perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he/she shall be. The Secretary shall keep in his/her custody the Association's Corporate Seal and shall affix it to any instrument when

authorized to do so by the Board of Directors or the President and, when so affixed, it shall be attested to by his/her signature.

Section 4.08. Assistant Secretary. Any Assistant Secretary appointed by the Board of Directors shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as the Board of Directors shall prescribe.

Section 4.09. Treasurer. The Treasurer shall have custody of the corporate funds, securities and evidence of indebtedness; he/she shall pay out of corporate funds the just debts of the Association, taking proper vouchers for such disbursements and maintaining proper records thereof in books belonging to the Association; he/she shall render to the Chairman of the Board of Directors and Board of Directors upon request and at meetings of the Board of Directors when requested, an account of all his/her transactions as Treasurer, and of the financial condition of the Association and perform such other duties as may be incident to the office of Treasurer.

Section 4.10. Assistant Treasurer. Any Assistant Treasurer appointed by the Board of Directors shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer, and shall perform such other duties as the Board of Directors shall prescribe.

Section 4.11. Number of Offices Held. Any one person may hold any number of offices.

Section 4.12. Removal of Officers and Agents. Any Officer or agent of the

Association may be removed by the Board of Directors with or without cause. The removal shall be without prejudice to the contract rights, if any, of any person so removed. Election or appointment of an Officer or agent shall not of itself create contract rights.

Section 4.13. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board of Directors and if the office is one for which these By-laws prescribe a term, shall be filled for the unexpired portion of the term.

ARTICLE V

Notice - Waivers - Meetings Generally

Section 5.01. Manner of Giving Notice - General Rule. Whenever written notice is required to be given to any person under the provisions of the Non-Profit Corporation Law or by the Articles or these By-laws, it may be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by facsimile transmission, to the address (or to the telex, TWX, or facsimile number) of the person appearing on the books of the Association or, in the case of Directors, supplied by the Director to the Association for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph officer or courier service for delivery to that person or, in the case of telex or TWX, when received. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by another provision of the Non-Profit Corporation Law, the Articles or these By-laws.

Section 5.02. Notice of Meetings of Board of Directors. Notice of a regular meeting of the Board of Directors need not be given. Notice of every special meeting of the Board of Directors shall be given to each Director five (5) days before the time at which the meeting is to be held. Every such notice shall state the time, place and purpose of the meeting. Neither the business to be transacted at, nor the purpose of, any regular meeting of the Board of Directors need be specified in a notice of the meeting.

Section 5.03. Notice of Meetings of Members.

(a) General Rule. Written notice of every meeting of the members shall be given by, or at the direction of, the Secretary or President to each Member of record entitled to vote at the meeting at least:

(1) ten (10) days prior to the day named for a meeting called to consider a fundamental transaction; or

(2) five (5) days prior to the day named for the meeting in any other case.

If the President or Secretary neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so. In the case of a special meeting of Members, the notice shall specify the general nature of the business to be transacted.

ARTICLE VI

Corporate Records

Section 6.01. Share Certificates. As this is a non-stock corporation the Association will not issue Share Certificates.

Section 6.02. Transfer. As this is a non-stock corporation there will not be any share certificates to transfer.

Section 6.03. Record Holder of Votes. The Association shall be entitled to recognize the exclusive right of a person registered on its books as a member to vote as such.

ARTICLE VII

Indemnification of Officers and Directors and Employees

Section 7.01. Scope of Indemnification. Each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including actions by or in the right of the Association, by reason of the fact that he/she is or was a Director, Officer, Employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, Employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise may be indemnified by the Association against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by or imposed upon him/her in connection with such action, suit, or proceeding; PROVIDED, HOWEVER, that the Association shall not indemnify any such person where the act or failure to act giving rise to the claim for indemnification is determined by a court to have

constituted willful misconduct or recklessness and, with respect to any criminal action or proceeding, unless such person had no reasonable cause to believe his/her conduct was unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person is not entitled to indemnification under this Section, or with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.

Section 7.02. Reimbursement of Expenses.

(a) To the extent that a Director, Officer, Employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01, or in defense of any claim, issue or matter therein, he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by or imposed upon him/her in connection therewith. The determination of what expenses are actually and reasonably incurred shall be made by the Board of Directors, but in the event of disagreement the person making the request may apply to the Court of Common Pleas of the County in which the registered office of the Association is located or the Court in which such action or suit was brought for such determination.

(b) In situations where a Court has not made a determination that the act or failure to act giving rise to a claim for indemnification constituted willful misconduct or recklessness, any indemnification under Section 7.01 (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that the act or failure to act of the Director, Officer, Employee or agent did not constitute willful misconduct or recklessness. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or

(b) if such a quorum is not obtainable, or, even if obtainable if a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (c) by the Members.

(c) Expenses incurred by or imposed upon a Director, Officer, Employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of any undertaking by or on behalf of such Director, Officer, Employee or agent to repay such amount if it shall ultimately be determined that he/she is not entitled to be indemnified by the Association as authorized in this Article.

Section 7.03. Change of Law. No amendment or repeal of this Article shall adversely affect any right or protection extended to a Director, Officer, Employee or agent hereunder for an act or failure to act occurring prior to the time of such amendment or repeal. Each Director, Officer, Employee and agent shall be deemed to act in such capacity in reliance upon the rights of indemnification and advancement of expenses hereunder. The rights to indemnification and advancement of expenses hereunder shall continue as to a person who has ceased to be a Director, Officer, Employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 7.04. Creation of Fund. The Association may create a fund of any nature which may, but need not, be under the control of a trustee or otherwise secure or insure in any manner its indemnification obligations, whether arising hereunder or otherwise. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, Employee or agent of the Association or is or was serving at the request of the Corporation as a Director, Officer, Employee or agent of another corporation, partnership, joint venture, trust,

employee benefit plan, or other enterprise against any liability asserted against him/her and incurred by or imposed upon him/her in any such capacity, or arising out of his/her status as such, whether or not the Association would have the power to indemnify him/her against such liability under the provisions of this Article or otherwise, upon such terms and conditions as the Association may deem requisite including a requirement that any such person must contribute a portion or all of the cost of maintaining such insurance.

Section 7.05. Effectiveness. The provisions of this Article shall be effective for any act or omission of a Director, Officer, Employee or agent.

Section 7.06. Self Dealing, Willful Misconduct or Recklessness. Except for responsibility or liability of a Director pursuant to any criminal statute or for payment of taxes pursuant to local, state or federal law, a Director of the Association shall not be personally liable for monetary damages for any action taken or any failure to take any action unless (a) such Director has breached or failed to perform his/her fiduciary duties as provided in Section 3.02 hereof and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Section 7.07. Fiduciary Relationship. A Director of the Association shall stand in a fiduciary relation to the Association and shall perform his/her duties as a Director (including as a member of any committee of the Board of Directors) in accordance with the standards set forth in the Commonwealth of Pennsylvania Directors' Liability Act, as the same may be amended from time to time. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interest of the Association.

ARTICLE VIII

Interested Directors

Section 8.01. Transaction Void or Voidable. No contract or transaction between the Association and one or more of its Directors or Officers or between the Association and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are Directors or Officers or has or have a financial interest, shall be void or voidable solely for such reason, or solely because the Director or Officer is present at or participates in the meeting of the Board of Directors which authorized the contract or transaction, or solely because his/her or their votes are counted for such purpose, if: (a) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board of Directors in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum; (b) the material facts as to his/her relationship or interest and as to the contract or transaction are disclosed or are known to the membership entitled to vote thereon, if any, and the contract or transaction is specifically approved in good faith by vote of such members; or (c) the contract or transaction is fair as to the Association as of the time it is authorized, approved or ratified by the Board of Directors or the Members. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes a contract or transaction specified above.

ARTICLE IX

Miscellaneous

Section 9.01. Checks. All checks or demands for money and notes of the Association shall be signed by such Officer or Officers as the Board of Directors may from time to time designate.

Section 9.02. Corporate Tax. The Association shall pay any capital loans tax and any capital stock tax that may be assessed by the Commonwealth of Pennsylvania from and after the date of the acceptance of these Bylaws.

Section 9.03. Officers. Any payments made to an Officer of the Association such as salary, commission, bonus, interest, rent or entertainment expenses incurred by him/her, that shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service shall be reimbursed by such Officer to the Corporation to the full extent of such disallowance. It shall be the duty of the Directors, as a Board of Directors, to enforce payment of each such amount disallowed. In lieu of payment by the Officer, subject to the determination of the Directors, proportionate amounts may be withheld from his/her future compensation payments until the amount owed to the Association has been recovered.

Section 9.04. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more Officers or Employees as the Board of Directors shall from time to time determine.

Section 9.05. Corporate Records.

(a) Required records. The Association shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, Members and Directors and register giving the names and addresses of all Members. The register shall be kept by the Secretary at either the registered office of the Association in the Commonwealth of Pennsylvania or at its principal place of business wherever situated or at the office of its registrar. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) Right of inspection. Every member shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the register, books and records of account, and records of the proceedings of the incorporators, Members and Directors and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a member. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the Member. The demand shall be directed to the Association at its registered office in the Commonwealth of Pennsylvania or at its principal place of business wherever situated.

ARTICLE X

Amendments

Section 10.01. Amendment of Bylaws. These By-laws may be amended or repealed, or new By-laws may be adopted, either (i) by vote of the Members at any duly organized annual or special meeting of Members, or (ii) with respect to those matters that are not

by statute committed expressly to the Members and regardless of whether the Members have previously adopted or approved the By-law being amended or repealed, by vote of a majority of the Board of Directors of the Association in office at any regular or special meeting of Directors. Any change in these By-laws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

Dated:



James C. Rumbaugh, Sole Incorporator

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