

CODE OF REGULATIONS

Recorded on 11/22/78
DBU 1888, Page 186

FOR

QUAIL RUN

ARTICLE I

Identification of the Property

The property involved herewith, known as QUAIL RUN, is located on Sugar Camp Road, Peters Township, Washington County, Pennsylvania, and has been appropriately submitted to the provisions of the Pennsylvania Unit Property Act by the recording of a Declaration of QUAIL RUN, and a Declaration Plan, in the Office of the Recorder of Deeds of Washington County, Pennsylvania. The Property is shown on Sheet No. 2 of the Declaration Plan and is also legally described in Exhibit "A", attached to and incorporated in the Declaration.

ARTICLE II

Definitions

Unless the context clearly indicates otherwise, the words and phrases used in this Code of Regulations have the same meaning as the identical words and phrases have in the Declaration recorded with respect to the Property.

ARTICLE III

Council

Section 1. Members of Council. The affairs of QUAIL RUN shall be governed by a Council. Until such time as the first annual meeting of Unit Owners, held pursuant to Article IV Section 2 of this Code, and thereafter, until their successors have been elected by the Unit Owners, the Council shall consist of those persons named in the Declaration. After the first annual meeting of Unit Owners, the Council shall be composed of five (5) persons and each Council member shall be a Unit Owner or the spouse of a Unit Owner; or if a Unit Owner shall be a corporation, partnership, or trust, then an officer, partner or beneficiary of such Unit Owner.

Section 2. Duties of Council. The Council shall have the duties as follows:

- (a) To elect the Officers;
- (b) To provide for the maintenance, repair, replacement and restoration of the Common Elements and Limited Common Elements and for the alteration thereof in order to comply with governmental requirements or regulations;
- (c) To obtain and maintain insurance as required and authorized by the Declaration;
- (d) To estimate and adopt the annual operating budget;
- (e) To assess and collect from the Unit Owners and Common Expenses;
- (f) To enforce the provisions of the Declaration, this Code of Regulations and such Rules as it from time to time may adopt;
- (g) To bring all suits or actions on behalf of the Unit Owners arising from or in connection with the Common Elements and defend all suits, actions or claims against the Unit Owners arising from or in connection with the Common Elements; and
- (h) To take any and all other actions necessary to manage the business, operations or affairs of QUAIL RUN.

Section 3. Powers of Council. The Council shall have authority and power to and may do the following:

- (a) Promulgate Rules concerning the operation and use of the Property and the Common Elements as may be consistent with the Declaration and this Code of Regulations;
- (b) Open bank accounts for the Property and designate signatories required therefor;
- (c) Engage the services of a manager or managing agent for the Property and other professional consultants or agents as it shall deem desirable and fix the terms of and compensation for their engagement;

(d) Suspend the use of the recreation facilities by Unit Owners, their tenants, guests and invitees, who are in default in payment of their monthly assessments;

(e) Make alterations or improvements to the Common Elements which are not the result of enforcement of governmental requirements or regulations, provided that such alterations or improvements have been approved by a two-thirds (2/3) vote of the Unit Owners;

(f) Purchase any Unit sold upon execution by creditors of a Unit Owner at a judicial sale upon such terms as it shall deem appropriate, provided that such action has been authorized by the majority of all of the members of Council, and, if Council does so purchase, thereafter sell, convey, mortgage or lease such Unit to any person or entity on such terms as it shall deem appropriate; and

(g) Do any other act or things authorized by the Act to be done by Council or the Unit Owners collectively, except such acts or things which are by law or by the Declaration or this Code of Regulations directed to be done by the Unit Owners.

Section 4. Terms of Council Members. At the first annual meeting of Unit Owners, five (5) members of Council shall be elected. The term of office of two (2) of the Council members shall be set at three (3) years; the term of office of two (2) Council members shall be fixed at two (2) years; and the term of office of one (1) Council member shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Council member elected at the first annual meeting of Unit Owners, his successor shall be elected to serve a term of two (2) years. The Council members shall hold office until their successors have been elected and qualified.

Section 5. Vacancies. Vacancies on the Council caused by resignation or inability of any Council member to complete his term for any reason shall be filled by the remaining members of Council, until election by the Unit Owners at the next annual meeting or at a special meeting called for such purpose.

Section 6. Annual and Special Meetings. Annual meetings of the Council shall be held at the call of a majority of the Council members until the first annual meeting of the Unit Owners and, thereafter, such meeting shall be held immediately following the annual meeting of the Unit Owners and at the same place. Special meetings of the Council may be called by the President or a majority of the Council members on three (3) days notice to each Council member by mail or telegraph. The members of Council may waive notice of any meeting by a signed waiver of notice thereof.

Section 7. Quorum and Action by Council. At all meetings of the Council, a majority of the Council members shall be necessary to constitute a quorum for the transaction of business and any action may be taken by the majority of the then present members of the Council. Any action which may be taken by Council at a meeting of its members may be taken by a written consent to such action signed by all of the members of the Council.

Section 8. Compensation. Council members shall receive no compensation for their services except as expressly provided by a Resolution duly adopted by a majority of the Unit Owners.

Section 9. Removal of Council Members. After the first annual meeting any Council member may be removed from office by the vote of Unit Owners owning at least three-fourths (3/4) of the ownership interest in the Common Elements.

Section 10. Limitation on Council Action. The Council shall have no authority to approve or authorize any capital expenditure in excess of \$10,000, nor to authorize any contract for a term of more than three (3) years except with the approval of a majority of the Unit Owners.

ARTICLE IV

Action by the Unit Owners

Section 1. Meetings. Any action which is required or which may be taken by the Unit Owners may be taken only at a meeting of the Unit Owners. Meetings of the Unit Owners shall be held at the Property or at such other place in Washington County, Pennsylvania, as may be specified in the Notice of Meeting.

Section 2. Annual Meeting. After deeds of conveyance representing ninety percent (90%) or more in common ownership shall have been recorded, but in any event no later than January 1, 1986, the Declarant shall notify all Unit Owners thereof, and the first annual meeting of the Unit Owners shall be held within 30 days thereafter on call of any member of the Council. Thereafter, an annual meeting of the Unit Owners shall be held on the second Monday of the month of January, or in the event that day is a legal holiday, on the

first day thereafter which is not a legal holiday in each succeeding year. At such meeting there shall be elected by ballot of the Unit Owners a Council in accordance with the provisions of Article III of this Code of Regulations. The members shall also transact such other business as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a Special Meeting of the Unit Owners as directed by Resolution of the Council, or after the first annual meeting, upon a petition signed by the owners of two-thirds (2/3) of the ownership interest in the Common Elements. The notice of any special meeting shall state time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of Secretary, or upon his failure or neglect, then any officer or member of Council, to mail, postage prepaid, or hand deliver a notice of each annual or special meeting, stating the purpose, the time and place thereof to each Unit Owner.

Section 5. Quorum. The presence, either in person or by proxy, of twenty-five percent (25%) of the Unit Owners shall be required for and shall constitute a quorum for the transaction of business at all meetings of Unit Owners.

Section 6. Adjournment. If at any meeting of the Unit Owners a quorum shall not be in attendance, those Unit Owners who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time at which the original meeting was called.

Section 7. Voting. In any vote or ballot taken by the Unit Owners, each Unit Owner shall have one vote for each one-thousandth of one percent (.001%) undivided interest in the Common Elements, giving all Unit Owners an aggregate One Hundred Thousand (100,000) votes. Where two or more persons are being elected, no Unit Owner may cumulate his votes. Unless by express provision of the Act, of the Declaration or this Code of Regulations a different vote is required, each question presented at a meeting shall be determined by a majority vote of those present.

Section 8. Voters. If any Unit Owner consists of more than one person, the voting rights for the Units may not be divided but must be exercised as a whole. The vote of any corporation, partnership, or trust may be cast on its behalf of any officer, partner, or trustee thereof and any such Unit Owner may appoint any officer, partner, trustee or beneficiary as its proxy. An individual Unit Owner may appoint only his or her spouse or another Unit Owner as a proxy. Each proxy must be filed with the Secretary prior to the commencement of the meeting or at the time proxies are called for. The Declarant may exercise voting rights with respect to any Unit to which it holds title, where the Unit has been substantially completed and it is being used by the Declarant as a model or general sales office, or it is being occupied by another person or entity under a lease from or articles of agreement with the Declarant.

Section 9. Suspension of Voting Rights. The voting rights of a Unit Owner shall be suspended by Council if the Unit Owner shall have failed to pay in full on or before the day of the annual or any special meeting of the Unit Owners all assessments or charges then due and owing for forty-five (45) days or more, together with any and all interest, costs, attorney's fees, penalties and the like properly due or chargeable in connection therewith.

ARTICLE V

Officers

Section 1. Officers. The officers of QUAIL RUN shall be a President, a Secretary, a Treasurer, and such other officers as the Council may deem appropriate, which officers shall be members of the Council, shall be elected at the first meeting of the Council and shall hold office until the next annual meeting of the Council and their successors are elected.

Section 2. Removal. Any officer may be removed at any meeting by the affirmative vote of the majority of the members of the Council, either with or without cause, and any vacancy in any office may be filled by the Council at any meeting thereof.

Section 3. Vacancies. Any vacancy in any office caused by any reason shall be filled promptly by election of a successor by the Council after any vacancy on the Council has been filled.

Section 4. Duties. Each respective officer of QUAIL RUN shall have such powers and duties as are usually vested in such office of a nonprofit corporation, including but not limited as follows: (a) the President shall be the Chief Executive Officer of QUAIL RUN and shall preside at all meetings of the Unit Owners and of the Council; (b) the Secretary shall keep minutes

of all meetings of the Unit Owners and of the Council, shall have charge of the membership transfer books and such other books, papers, and documents as the Council may prescribe, and shall give notice to the members of Council and the Unit Owners of all annual and special meetings thereof; and (c) the Treasurer shall be responsible for funds and securities of QUAIL RUN and for keeping full and accurate records of all receipts and expenditures, including an itemized listing of all expenditures affecting the Common Elements, and of all assessments and payments on account thereof by the Unit Owners, which records shall be available for examination by the Unit Owners during regular business hours and shall serve as the basis for preparation of the Statements required to be provided by the Treasurer to a purchaser of a Unit by Section 706 of the Act.

Section 5. Bonds. The Treasurer and any other employee of QUAIL RUN authorized to handle funds and securities on behalf of the Unit Owners shall be covered by a fidelity bond and such other bonds in such form and amounts and covering such risks as Council shall deem appropriate, the premiums for which shall be Common Expenses.

Section 6. Compensation. The officers shall receive no compensation for their services except as expressly provided by a Resolution duly adopted by a majority of the Unit Owners.

ARTICLE VI

Fiscal Management

Section 1. Books and Records. Books and records of QUAIL RUN shall be kept under the direction of the Treasurer and in accordance with customary accounting principles and practices. Within a reasonable time after the close of each calendar year, QUAIL RUN shall furnish the members with a statement of receipts and disbursements for such prior year.

Section 2. Estimate of Expenses. With respect to each calendar year, the Council shall estimate the amount required by QUAIL RUN to meet its expenses for such year, including but not limited to the following items: (a) management and administration expenses; (b) the estimated cost of repairs, maintenance, and replacements of Common Elements; (c) insurance and bonding expenses; (d) the cost of such utilities as may be furnished by QUAIL RUN; (e) the amount of such reserves as may be reasonably established by the Council, including general operating reserves, reserves for contingencies, and reserves for replacements; (f) such other expenses as may be approved by the Council including operating deficiencies, if any, for prior periods. Council may designate that a portion of the assessments required for reserves be held as such.

Section 3. Budget. Within ninety (90) days from commencement of each calendar year, the Council shall cause a budget to be prepared which shall be based on its estimates of annual expenses, as aforesaid, and shall estimate the required total assessments for the year. Such assessments shall be assessed against the Units and Unit Owners by Resolution of Council and a copy of the budget shall be furnished to each Unit Owner.

Section 4. Monthly Assessments. On or before the first day of each month of the year covered by the budget, each Unit Owner shall pay as his respective monthly assessment one-twelfth (1/12) of his proportionate share of the amount designated in the budget as the total estimated assessment. Each Unit Owner's share of the total assessment shall be determined by multiplying the total estimated assessment by a fraction, the numerator of which shall be his respective percentage ownership in Common Elements and the denominator of which shall be the total of the percentages in the Common Elements owned by all Unit Owners subject to assessment, including the Declarant to the extent hereinafter provided. Until the budget for each calendar year is completed and sent to each Unit Owner, he shall continue to pay that monthly assessment which had been established on the basis of the budget for the prior year.

Section 5. Revision of Budget. If at any time during any year the Council shall deem the amount of the monthly assessments to be inadequate by reason of a revision in its estimate of either expenses or receipts, the Council shall prepare and cause to be delivered to the Unit Owners a revised budget for the balance of such year, by Resolution shall make an assessment on the basis thereof and, thereafter, monthly assessments shall be determined and paid on the basis of such revision.

Section 6. Assessment Deposit. Upon the purchase of a Unit from the Declarant, or at any time thereafter at the request of the Council, each Unit Owner, not including the Declarant, may be required to deposit with the Council, or as may be otherwise directed by the Council, an amount equal to the then current estimate of one monthly assessment relating to such Owner's Unit. Such amount shall be held, together with the amounts similarly deposi-

ted by the Other Unit Owners, to be applied, if necessary, to overdue assessments or charges, and any interest, costs, attorney's fees, penalties and the like thereon. All assessment deposits shall be placed in an interest bearing account in such savings or banking institution or institutions as Council shall determine, the interest thereon accruing to the respective Unit Owners, being retained by the Council as part of the deposit unless and to the extent Council, in its sole discretion, determines otherwise and being reported as income each year by the respective Unit Owners.

Section 7. Refunds on Transfer of Unit. To the extent any assessment deposit shall not have been applied to overdue assessments or charges and interest, costs, etc. as provided in Section 6 of this Article, the deposit shall be refunded at the time of transfer of any Unit, provided that the transferee of such Unit shall deposit at the time of the transfer an amount equal to the then current monthly assessment to be held as an assessment deposit as aforesaid. No further refund of any amounts paid as assessments or otherwise by any Unit Owner shall be due or made as a result of any transfer of any Unit, whether such payment shall have been expended by Council on behalf of the Unit Owners, held for current expenses or held as part of any reserve.

Section 8. Declarant's Assessments. for the purpose of computation of monthly assessments and payments thereof, the Declarant shall be deemed a Unit Owner of and shall pay monthly assessments for each Unit to which it holds title and which has been completed. For such purposes, "completed" Unit shall mean one which has been completed to the point of being available for occupancy. Declarant shall not be obligated to pay any assessment or charge for maintenance, replacement, repair or restoration of the Common Elements or for any other reason on account of any Unit which has not been completed.

ARTICLE VII

Collection of Assessments and Charges

Section 1. Liability for Assessments. All sums assessed by Resolutions duly adopted by Council against any Unit for the share of Common Expenses chargeable to the Unit shall be a personal liability of the Unit Owner and also a lien and charge against the Unit and the interest of the Unit Owner in the Property. Each monthly payment of assessments shall bear interest at the rate of six (6%) per cent per annum from the thirtieth (30th) day after said payment was due.

Section 2. Enforcement of Assessments. Any charge or assessment against a Unit shall be enforceable by suit in assumpsit against such defaulting Unit Owner by the Council acting on behalf of the Unit Owners. Each such suit when filed shall refer to the Act and to the Unit and Unit Owner against which the assessment is made and shall be indexed by the Prothonotary as *lis pendens*. Any judgement against a Unit or Unit Owner, or both, shall be enforceable in the same manner as otherwise provided by law. The delinquent Unit Owner shall be obligated to pay all expenses of the Council, including reasonable attorney's fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise.

Section 3. Enforcement upon Judicial Sale. In the event that the title to Unit is transferred by judicial sale pursuant to execution upon any lien against such unit, the Council may give notice in writing to the sheriff of any unpaid assessments for Common Expenses which are a charge against the Unit but have not been reduced to liens pursuant to Section 703 of the Act, and the sheriff shall pay the assessments of which he has such notice out of any proceeds of the sale which remain in his hands for distribution after payment of all other claims which he is required by law to pay, but prior to any distribution of the balance to the former Unit Owner against whom the execution issued. The purchaser at such judicial sale and the Unit involved shall not be liable for unpaid assessments for Common Expenses which became due prior to the judicial sale of the Unit. Any such unpaid assessments which cannot promptly be collected from the former Unit Owner may be reassessed by the Council as a Common Expense to be collected from all the Unit Owners, including the purchaser who acquired title at the judicial sale, his successors and assigns.

Section 4. Enforcement upon Voluntary Sale. Upon the voluntary sale or conveyance of a Unit or any interest therein, the grantee thereof shall be jointly and severally liable with the grantor the amount of any such unpaid assessments which such grantee may pay, and until any such assessments are paid, they shall continue to be a charge against the Unit which may be enforced in the manner set forth in Section 703 of the Act. Any person who shall have entered into a written agreement to purchase a Unit shall be entitled to

obtain from the Treasurer of QUAIL RUN a written statement of the amount of unpaid assessments charged against the Unit and if such statement is not correct as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of more than the unpaid assessments shown thereon, but the seller of such Unit shall remain liable for such excess. Any such excess which cannot promptly be collected from the former Unit Owner may be reassessed by the Council as a Common Expense to be collected from all of the Unit Owners, including the purchaser, his successors and assigns.

ARTICLE VIII

Use Restrictions

Section 1. Unit Owners. Except with respect to the uses permitted by the Declarant, no Unit shall be used for any other purpose than as a private dwelling for the Unit Owner and his immediate family, or by a person and such person's immediate family to whom the Unit Owner shall have leased his Unit subject to all the provisions of this Code of Regulations and the Declaration. No Unit Owner or lessee of any Unit Owner shall permit or suffer anything to be done or kept upon the Property which will increase the rate of insurance on the Property which will increase the rate of insurance on the Property or on the contents thereof, or result in the cancellation or suspension of any such insurance, or which will obstruct or interfere with the rights of other occupants or annoy them by unreasonable noises or otherwise; and no Unit Owner will commit or permit any nuisance or commit or suffer any immoral or illegal act to be committed anywhere in or upon the Property.

Section 2. Declarant. Anything in this Code of Regulations or in the Declaration to the contrary notwithstanding, the Declarant shall have the right to utilize any Units owned by the Declarant as models or general or sales offices for sale and promotion purposes for the sales of Units in QUAIL RUN and shall have the right to utilize the Common Elements for such purposes and in such manner as the Declarant may reasonably require.

Section 3. Maintenance. Each Unit Owner shall maintain his own Unit in good condition, order, and repair at his own expense. No Unit Owner shall display, hang, store, or use any signs or articles whatsoever on his balcony or outside his Unit other than such draperies, curtains or shades as may be permitted in accordance with the rules established by the Council. No Unit Owner may paint, decorate, or otherwise alter or modify in any way the outside of his Unit, or install outside of his Unit any canopy, awning, covering, radio, CB or television antenna, or structure or addition of any kind whatsoever without the prior written consent of Council.

Section 4. Rubbish and Storage. Trash, garbage, and other waste shall be kept in sanitary containers and shall be disposed of in such manner as may be prescribed from time to time in Rules established by the Council. No articles of personal property belonging to any Unit Owner shall be stored in any portion of the Common Elements without the prior written consent of Council.

Section 5. Equipment. No member shall overload the electrical wiring in his Building or operate any machinery, appliance, accessories, or equipment in such manner as to cause, in the judgement of the Council, any unreasonable disturbance, or make any alterations to or connections with the heating or air conditioning or plumbing systems without the prior written consent of Council.

Section 6. Rules. The Council may adopt such Rules concerning use of the Common Elements use or occupancy of the Units or other matters as it deems appropriate, and may alter such rules as from time to time it may determine.

Section 7. Enforcement. Failure to comply with this Code of Regulations and with such Rules governing the details of the use and operation of the Property and the use of Common Elements as may be in effect from time to time and with the covenants, conditions and restrictions set forth in the Declaration or in deeds of Units or in the Declaration Plan shall be grounds for an action for the recovery of damages or for injunctive relief, or both, maintainable by any member of the Council on behalf of the Council or the Unit Owners or, in a proper case, by an aggrieved Unit Owner or by any person who holds a mortgage lien upon a Unit and is aggrieved by any such noncompliance.

Section 8. Suspension of Use of Recreation Facilities. Upon failure of any Unit Owner to pay in full any assessment or charge then due and owing for forty-five (45) days or more, together with any interest, costs, attorney's fees, penalties and the like properly due or chargeable in connection therewith, the Council may suspend the right of such Unit Owner, his tenants, guests and invitees, to use the Recreation Facilities until payment thereof shall have been made.

ARTICLE IX

Liability and Indemnification

Section 1. Liability. Council members and Officers in their capacity as such shall not be liable or have any personal liability: (a) for the failure of any service to be obtained and paid for by the Council, or for injury or damages to persons or property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, water, rain, dust or sand which may leak or flow from the outside or any parts of any Building, or from any of their pipes, drains, conduits, appliances or equipment, or from any other places, unless such injury or damages are caused by knowing and intentional misconduct; (b) in contract to a Unit Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Unit Owners in their capacity as Council members or Officers; (c) in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them except for knowing and intentional misconduct; and (d) to any Unit Owner or any other person or entity arising out of the performance or nonperformance of their duties or any mistake of judgement, negligence or otherwise, except that which may arise from action or inaction in bad faith and as a result of knowing and intentional misconduct.

Section 2. Indemnity. QUAIL RUN shall indemnify and reimburse each Council member, Officer and employee of QUAIL RUN for or against all liabilities and expenses reasonable incurred by or imposed upon him in connection with or resulting from any claim, action, suit, or proceeding, civil, criminal, administrative, or investigative (hereinafter called "action"), in which he may have become involved as a party or otherwise by reason of his being or having been such Council member, Officer, or employee, or by reason of any action taken or not taken in such capacity, whether or not he continues to be such at the time such liabilities or expenses are incurred and whether or not such action or omission to act occurred before or after the adoption of this Code of Regulations, provided that, in respect to any action, such person acted in good faith and, in addition, in any criminal action, had no reasonable cause to believe that his 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 did not act in good faith and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 3. Advances. Expenses incurred with respect to any action may be advanced by QUAIL RUN prior to the final disposition thereof, upon receipt of an undertaking by such person to repay any amounts for which it shall ultimately be determined that he is not entitled to indemnification.

Section 4. Amounts. As used in this Code of Regulations the term "liabilities and expenses" shall include but not be limited to counsel fees and expenses and disbursements and amounts of judgments, fines, or penalties against, and amounts paid in settlement by a member of Council, Officer, or employee. Any such amounts, whether advanced or reimbursed, shall be paid by Council and shall constitute a Common Expense.

ARTICLE X

Agreements

Every agreement, deed, lease, or other instrument entered into by the Council on behalf of the Unit Owners shall provide: (a) that the individuals executing the same are acting only as agents for the Unit Owners and shall have no personal liability thereunder, except to the extent, if any, that they may also be Unit Owners at the time any such liability is assessed; (b) that any claim by the other party or parties thereto shall be asserted against the Council, which shall act on behalf of the Unit Owners in respect thereto; and (c) that any liability thereunder or in respect of the subject thereof shall be borne by those who are Unit Owners at the time such liability may be assessed by the Council as a Common Expense, for which assessment each such Unit Owner shall be liable only severally to the extent of his proportionate interest in the Common Elements.

ARTICLE XI

Litigation and Notices

Section 1. Service on QUAIL RUN. All suits, actions, claims, demands,

and notices directed to or against QUAIL RUN may be given, made or served upon any member of Council or any Officer of QUAIL RUN.

Section 2. Actions by QUAIL RUN. Any suit or action by the Council on behalf of the Unit Owners or the Property, including any action to collect any assessment, charge or lien, shall be instituted by the Council members or a Council member as Trustees ad litem for the Unit Owners.

Section 3. Defense or Claims. Complaints brought against the Unit Owners as a group or class, or the Council, or the Officers, employees or agents thereof, in their respective capacities as such, or the Property, shall be directed to the Council, which shall defend the same, and Unit Owners shall have no right to participate other than through the Council in such defense. Any complaint against one or more but less than all Unit Owners, or Units, alleging liabilities arising from the individual conduct of the defendant, or his ownership of a particular Unit, as distinguished from a condition generally affecting the Property shall be directed to such Unit Owner who shall promptly give written notice thereof to the Council and shall defend the same at his expense.

Section 4. Claims by Unit Owners. Should the person or property of any Unit Owner be injured or damaged as a result of negligent maintenance of the Common Elements by the Council or its employees or agents, such Unit Owner shall not bring or maintain any claim, action or suit against any Unit Owner or group of Unit Owners as a result of such negligence, but shall bring and maintain any claim, action, or suit based upon such negligence against the Council in its capacity as manager of the Property on behalf of all Unit Owners. In any claim, action or suit, such Unit Owner shall not be precluded from recovering from the Council in its capacity as manager of the Property on behalf of all Unit Owners solely by virtue of: (a) the fact that the Unit Owner may be a member of an unincorporated association of Unit Owners; (b) any imputation of negligence to the Unit Owner by reason of the fact that he may be a member of an unincorporated association of Unit Owners; (c) any theory that the Unit Owner is engaged in a joint enterprise with all other Unit Owners; or (d) the fact that the Unit Owner may be a member of Council or Officer of QUAIL RUN.

ARTICLE XII

Ownership of Personal Property

The Council may acquire, hold, and lease in the name of QUAIL RUN, on behalf of the Unit Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise. The beneficial interest in such personal property shall be in the Unit Owners and shall be deemed part of the Common Elements and shall not be transferable except as part of the transfer of a Unit. The transfer of a Unit shall transfer to its transferee ownership of the transferor's share of the beneficial interest in such personal property.

ARTICLE XIII

Amendments

This Code of Regulations may be amended only by Resolution duly adopted by a majority of the Unit Owners and also adopted by the Council. No such Amendment shall be effective until duly recorded.

ARTICLE XIV

Miscellaneous

Section 1. No Waiver. The failure of the Council to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of the Declaration, this Code of Regulations or the Rules adopted by the Council, or to exercise any right or option herein or therein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, conditions, restriction, option or right, but such term, covenant, restriction, option or right shall remain in full force and effect. The receipt by the Council of any payment of assessments from any Unit Owner with knowledge of the breach of any covenant hereof or thereof, shall not be deemed a waiver of such breach, and no waiver by the Council of any provision hereof or thereof shall be deemed to have been made unless expressed in writing and signed by a duly authorized Officer thereof.

Section 2. Conflicts. In the case of any conflict between any provisions contained in this Code of Regulations and any provision of either the Act or the Declaration, the provisions of the Act or the Declaration, as the case may be, shall control. In the case of any conflict between any provision of any Rule adopted by the Council and any provision contained in this Code of Regulations the provisions of this Code of Regulations shall control.

Section 3. Gender. As used herein, the masculine shall be deemed to mean and refer to the feminine or the neuter gender, whenever appropriate.

Section 4. Captions. The captions herein are inserted only as a matter of convenience and in no way define, limit or describe the scope of this Code of Regulations nor the intention of any provisions hereof.

IN WITNESS WHEREOF, the undersigned, being all the first members of the Council of QUAIL RUN, have adopted the foregoing Code of Regulations and have set our hands and seals hereto this _____ day of _____, 1978.

WITNESS:

_____	_____ (SEAL)
_____	_____ (SEAL)
_____	_____ (SEAL)
_____	_____ (SEAL)
_____	_____ (SEAL)

AMENDMENT NO. 1 TO CODE OF REGULATIONS FOR QUAIL RUN

WHEREAS, a Code of Regulations for QUAIL RUN, a Condominium, located on Sugar Camp Road, Peters Township, Washington County, Pennsylvania, with its principal office located at 199 Quail Run Road, Venetia, Pennsylvania 15367, was recorded in Washington County, Pennsylvania, at Deed Book Volume 1535, page 236;

WHEREAS, in the operation and governance of QUAIL RUN, it has been found to be desirable to amend and modify this Code of Regulations; and

WHEREAS, under ARTICLE XIII, of the Code of Regulations, by a majority of the Unit Owners vote, a Resolution was duly adopted to amend the Code of Regulations;

NOW THEREFORE, WITNESSETH, the Code of Regulations of QUAIL RUN, hereinafter and hereinabove referred to as QUAIL RUN, is hereby amended to read as follows:

1. Delete the section under ARTICLE III, Section 2, Paragraph (d), page no 2, and insert in its place the following:

"(d) To develop a proposed annual operating budget, which is submitted to Unit Owners for review and adoption by Resolution. Implements the adopted budget, and maintains the necessary cost control procedures and reports to manage spending within the total amount of anticipated expenditures of the annual budget adopted by Unit Owners."

2. Amend the last sentence under ARTICLE VI, Section 2, Estimate of Expenses, page no. 11, by adding the following:

".....within the total receipt and expenditures adopted by Unit Owners."

3. Delete the section under ARTICLE VI, Section 3, Budget, page no. 11, and insert in its place the following:

"Section 3. Budget. The Council shall cause a budget to be prepared which shall be based on its estimates of annual expenses for the ensuing calendar year, and shall estimate the required total assessments for the year. The proposed budget shall be mailed to each Unit Owner, via U. S. Postal Service, prior to June 15 of the current year, to provide Unit Owners with sufficient time to review the proposed budget. Council shall review the budget and assessment proposal with Unit Owners on a preliminary basis at the July Council meeting which is scheduled on the second Monday. Council shall call for a Special Meeting of the Unit Owners at the August Council meeting which is scheduled on the second Monday evening. Budget and assessment shall be adopted by Unit Owner resolution determined by a majority vote of those Unit Owners present, or proxy filed by Unit Owners with the Secretary of Quail Run Council consistent with the provisions of Article IV, Section 8, Voters, of this Code of Regulations. Council shall manage the affairs of the Common Elements of Quail Run consistent with the total amount of the approved budget obtained from the approved assessment and other income."

4. Delete the section under ARTICLE VI, Section 5, Revision of Budget, page no. 12, and insert in its place the following:

"Section 5. Revision of Budget. If at any time during any year the Council shall deem the amount of the monthly assessments to be inadequate by reason of a revision in its estimate of either expenses or receipts, the Council shall prepare and cause to be delivered to the Unit Owners a proposed revised budget for the balance of the year for review and adoption by resolution of the majority of Unit Owners as specified in ARTICLE VI, Section 3, Budget. Upon adoption of revised annual budget, Council shall make an assessment on the basis thereof and, thereafter, monthly assessments shall be determined and paid on the basis of such revision."

5. Delete the section under ARTICLE VI, Fiscal Management, Section 8. Declarant's Assessments., page no. 13.

This Section is not republished and repealed because the Declarant no longer owns any units, more than ten {10} years have elapsed since the inception and Declaration of Quail Run, and all Declarant's rights have lapsed.

6. Delete the section under ARTICLE VIII, Use Restrictions, Section 2. Declarant, page no. 17.

This Section is not republished and repealed because the Declarant no longer owns any units, more than ten {10} years have elapsed since the inception and Declaration of Quail Run, and all Declarant's rights have lapsed.

7. Amend the first sentence under ARTICLE XIII, Amendments, page no. 24, to read as follows:

"This Code of Regulations may be amended only by Resolution duly adopted by a majority of the Unit Owners."

8. Unless the context clearly indicates otherwise, the words and phrases used in this Amendment to Code of Regulations have the same meaning as the identical words and phrases have in the Code of Regulations, recorded with respect to the Property known as Quail Run.

9. In all other respects, the provisions of the aforesaid original Code of Regulations, recorded in the Recorder of Deeds Office, Washington County, Pennsylvania on November 22, 1978 in Deed Book Volume 1888, page 126. are confirmed.

IN WITNESS WHEREOF, the undersigned, being all the current members of the Council of QUAIL RUN, have adopted the foregoing First Amendment to the Code of Regulations and have set our hands and seals hereto this 13TH day of February, 1990.

WITNESS:

QUAIL RUN

Charlotte A. Present
Review Committee Member

James K. Carpenter {SEAL}
President, Quail Run Council

Lisa Reed
Review Committee Member

Victoria R. Custer {SEAL}
Secretary, Quail Run Council

[Signature]
Review Committee Member

[Signature] {SEAL}
Treasurer, Quail Run Council

[Signature]
Review Committee Member

Frank Stevens {SEAL}
Member, Quail Run Council

[Signature]
Review Committee Member

[Signature] {SEAL}
Member, Quail Run Council

[Signature]
Review Committee Member

AMENDMENT NO. 2 TO CODE OF REGULATIONS FOR QUAIL RUN

WHEREAS, a Code of Regulations for QUAIL RUN, a Condominium Association, located on Sugar Camp Road, Peters Township, Washington County, Pennsylvania, with its principal office located at 199 Quail Run Road, Venetia, Pennsylvania 15367, was recorded in the Recorder of Deeds Office of Washington County, Pennsylvania, at Deed Book Volume 1955, page 236; and

WHEREAS, in the operation and governance of QUAIL RUN CONDOMINIUM ASSOCIATION, it has been found to be desirable to amend and modify this Code of Regulations by adding thereto this Amendment; and

WHEREAS, pursuant to the provision of ARTICLE VIII of the Code of Regulations, this Amendment was adopted by a majority of Unit Owners by written ballot submitted to counsel at a duly called meeting of the Association held on July 22, 2004. Said ballots are on file with the Association and are subject to review by any unit owner.

NOW THEREFORE, WITNESSETH, the Code of Regulations of QUAIL RUN CONDOMINIUM ASSOCIATION is hereby amended by adding thereto the following:

1. On all future sales or other transfers of ownership of any condominium unit, in Quail Run, the Grantee(s), at the time of settlement or closing of the real estate transaction, will be required to remit to the Quail Run Condominium Association a sum of money equivalent to 6 (six) months of the monthly assessment in effect at the time of said transaction. Said sum of money shall be paid to the Quail Run Condominium Association and deposited in the association's reserve fund. This payment at settlement is separate and apart from and does not replace the required monthly condominium fee.

2. This Amendment to the Declaration shall be and remain in full force and effect unless and until changed or deleted by a duly voted upon and passed resolution or amendment.

3. A copy of this Amendment shall be mailed to each unit owner within thirty (30) days after it has been adopted by Quail Run Council.

4. This Amendment shall take effect thirty (30) days after it is adopted by Quail Run Council.

5. Any written sales transaction that is pending at the time that this Amendment is adopted by Quail Run Council shall be exempt from this Amendment.

IN WITNESS WHEREOF, the undersigned, being all the current members of the Council of QUAIL RUN, have reviewed the ballots submitted to this Council by the Unit Owners concerning this Amendment and we hereby attest and affirm that the majority of the Unit Owners voted in favor of this Amendment; therefore, we hereby adopt the foregoing 2nd Amendment to the Code of Regulations and hereunder set our hands and seals this 14th day of May, 2006.

WITNESS:

QUAIL RUN

[Signature] [Signature] (SEAL)
President, Quail Run Council

[Signature] [Signature] (SEAL)
Secretary, Quail Run Council

[Signature] [Signature] (SEAL)
Treasurer, Quail Run Council

[Signature] [Signature] (SEAL)
Member, Quail Run Council

[Signature] [Signature] (SEAL)
Member, Quail Run Council

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WASHINGTON)

No.

Before me, a Notary Public, the undersigned officer personally appeared Thomas D. Frank, Robin C. Raymond, Margaret Bitten, Dennis Dolar, and John B. Zywan, who acknowledged themselves to be all the current members of the Council of Quail Run Condominium Association, and that they, being authorized to do so, executed the foregoing First Amendment to the Code of Regulations for Quail Run for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 24th day of May, 2006.

[Signature]
Notary Public

NOTARIAL SEAL
Robert A. Maceiko, Notary Public
Canonsburg Boro., Washington County
My commission expires December 16, 2006