

WINONA LAKES PROPERTY OWNERS ASSOCIATION
BY-LAWS
As Amended August, 2019

ARTICLE I - Name and Jurisdiction

Section 1.1 The name of this organization shall be the Winona Lakes Property Owners Association.

Section 1.2 Definitions

1. WINONA LAKES – Shall mean the Winona Lakes planned community which consists of all LOTS and COMMON PROPERTIES, including Sections 1 through 20, Eastern Pocono Park, Blocks 1,2,3, and the section known as Cakeout (Kahkout or Kakeout), as described in Books and Records of the Offices of the Recorders of Deeds in and for Monroe and Pike counties, Pennsylvania.
2. ASSOCIATION or (WLPOA); Shall mean Winona Lakes Property Owners Association, the duly organized lot/unit owners association for WINONA LAKES.
3. COMMON PROPERTIES; Shall mean all those real properties as are depicted on the subdivision maps or plots of WINONA LAKES, or any other name by which the development may have been known, which properties are not subdivided as individual residential lots.
4. LOT; Shall mean and refer to the residential lots within WINONA LAKES.
5. OWNER; Shall mean any person or entity who owns a LOT. The term does not include a person or entity having an interest in a LOT solely as security for an obligation.
6. MEMBER – A member of the ASSOCIATION. All OWNERS are MEMBERS.
7. VOTING MEMBER; Shall mean that OWNER who is designated by CO-OWNERS as being authorized to cast the vote for any LOT. In the event the OWNER is not a natural person, it shall designate which officer, director or partner thereof shall be and constitute the VOTING MEMBER. Nothing herein shall grant to any VOTING MEMBER more than one vote for each LOT owned.
8. BOARD; Shall mean and refer to the Board of Directors of the ASSOCIATION.
9. MEMBER IN GOOD STANDING; Shall mean a MEMBER who has timely paid financial obligations of membership and is otherwise compliant with rules, regulations and governing documents of the ASSOCIATION and WINONA LAKES.
10. VOTING MEMBER IN GOOD STANDING. Shall mean a VOTING MEMBER who is also a MEMBER IN GOOD STANDING.
11. CO-OWNER; A person who has a legal or equitable ownership interest in any LOT, other than a mortgagee or contract vendee, and who is not the designated VOTING MEMBER. CO-OWNERS are eligible to be members of the BOARD. However, no more than one member of a household may serve on the Board at the same time.

ARTICLE II - Purposes and Policies

Section 2.1 The ASSOCIATION was formed to

- (a) administer WINONA LAKES as a recreational and residential community;
- (b) foster, develop and promote the health, and safety of the members, convenience, and general welfare of the OWNERS and the maintenance of the COMMON PROPERTIES;
- (c) enforce WINONA LAKES' governing documents;
- (d) protect the value of property within WINONA LAKES;
- (e) provide information and a forum for discussion of programs and plans affecting WINONA LAKES; and
- (f) have unlimited power to engage in and to do any lawful business for which corporations may be incorporated under Pennsylvania Non-profit Corporation Law.

ARTICLE III – Office Location

Section 3.1 The registered office shall be located in the ASSOCIATION's Clubhouse, located on Ski Lodge Circle, Middle Smithfield Township, Monroe County, Pennsylvania, or at such other place as may be designated by the BOARD with notice to the MEMBERS of the location and address of such other offices. No office shall be maintained in any private residence.

ARTICLE IV – Membership and Amenity Use

Section 4.1 All OWNERS are members of the ASSOCIATION. Each LOT shall have only one VOTING MEMBER. A MEMBER may not resign or renounce membership while owning a LOT in WINONA LAKES. Membership will automatically cease when ownership of a LOT in WINONA LAKES ceases.

Section 4.2. Membership Cards/Guest Passes. Membership cards and guest passes allow holder to use the ASSOCIATION's amenities and social facilities. The VOTING MEMBER shall receive four (4) guest passes per LOT owned, and all the adults and children living in the home shall receive a membership card, so long as the VOTING MEMBER is a MEMBER IN GOOD STANDING. Membership cards and guest passes will be issued annually upon payment of dues and or assessments. In the event the OWNER is not a natural person, its designated VOTING MEMBER will receive two (2) membership cards, one for him/herself and one to be assigned to another designated natural person who must also be an officer, director or partner of the OWNER. All membership cards and guest passes will be considered null and void if the status of the OWNER involved changes to anything but a MEMBER IN GOOD STANDING.

Section 4.2(a) Membership Cards/Guest Passes and Renters. Renters may not be assigned voting rights or be eligible to hold any elected office in the ASSOCIATION. Nonetheless, a VOTING MEMBER may assign his/her/its membership card(s) and four (4) guest passes, to his/her/its LOT's long-term (30 or more consecutive

days) renter. Short-term (less than 30 days) renters may not be assigned membership cards or guest passes. A long-term renter may use a membership card or guest pass so long as all of the following criteria are met:

- i) The VOTING MEMBER landlord is a MEMBER IN GOOD STANDING;
- ii) The renter is properly registered with the Association office;
- iii) The VOTING MEMBER landlord provides the ASSOCIATION with a written, signed statement assigning all amenity use rights related to the LOT exclusively to the renter; And
- iv) Renters, their family members, guests and/or invitees remain in strict compliance with WINONA LAKES' Governing Documents, including but not limited to all Bylaws, Covenants, Rules and Regulations, etc. Failure to comply with the Governing Documents shall result in the immediate revocation of all assigned membership cards, guest passes and all other rights and or privileges.

Section 4.3 When a MEMBER ceases to be an OWNER, his/her/its membership shall cease, but he/she/it shall remain liable to the ASSOCIATION for all charges incurred prior to the giving of a written notice to the Association that such person is no longer an OWNER. Prior to the transfer of any LOT, the prospective grantor must provide the prospective grantee with a Resale Certificate in accordance with Pennsylvania's Uniform Planned Community Act. Upon transfer of title to any LOT, the grantor and grantee shall immediately provide the ASSOCIATION with a copy of the fully executed deed. The new OWNER shall pay all applicable transfer fees/Capital Improvement Fees.

ARTICLE V - Voting Rights

Section 5.1 Only VOTING MEMBERS IN GOOD STANDING may vote. Only one vote may be cast for any LOT. If more than one vote is casted for a LOT then all such votes are discarded and considered invalid in the voting count. There shall be no cumulative voting.

Section 5.2 An OWNER holding title to multiple LOTS may cast no more than ten (10) votes regardless of the number of LOTS actually owned.

Section 5.3 Any changes in VOTING MEMBER shall be reported in writing to the ASSOCIATION by August 1st so that the Association can properly establish the annual election's record date. Only VOTING MEMBERS who are recorded in the Association's books and records as of the record date will be entitled to vote in the annual election.

Section 5.4(a) Directed Proxies Allowed. Directed Proxies that are counted towards a quorum of attendance and directs the holder to cast a vote in specific manner on a specified issue, may be used by VOTING MEMBERS IN GOOD STANDING. No other proxy voting is permitted. Directed Proxy ballots when fully executed and directed shall count as the VOTING MEMBER'S legal vote.

Section 5.4(b) Restrictions to directed proxy voting include:

- i) The Directed Proxy must be submitted to the Secretary or Judge of Elections at least twenty-four (24) hours prior to the start of the meeting at which the vote is to take place.

- ii) The Directed Proxy must be on a ballot form provided by the ASSOCIATION and include the specific language of any motion for which it is to be cast.
- iii) The Directed Proxy must be executed only by a VOTING MEMBER IN GOOD STANDING.
- iv) The Directed Proxy must be dated and must include the VOTING MEMBER'S full name, signature, lot and section number.
- v) The Directed Proxy is limited only to the specific motion thereon and may not be cast for amended motions.
- vi) The Directed Proxy shall remain valid if the meeting is adjourned to a later date.
- vii) All Directed Proxies shall be cast by the Secretary as directed therein by the principal.

ARTICLE VI - Membership Meetings

Section 6.1 The BOARD shall determine the places of meetings of the MEMBERS. The location of the meeting shall be made part of the call to each MEMBER. All such meetings shall be held on weekend dates. The Secretary shall give notice of such meetings to the MEMBERS in the official publication or by special written or electronic notice.

Section 6.2 There shall be no less than two (2) general membership meetings each year; one to be held the third Saturday of July and the other to be held on the third Saturday of October. The July meeting shall be called the "Annual Membership and Budget Meeting" and the October meeting shall be called the "Annual Membership and Election Meeting." The Annual Membership and Budget Meeting shall be held prior to the BOARD's monthly meeting in July so as to receive comments from the MEMBERS IN GOOD STANDING on the proposed Budget for the next fiscal year. The Annual Membership and Election Meeting's agenda shall include the election of Directors and MEMBER COMMENT; and it may also include other items. The exact time that each meeting will convene shall be determined by the BOARD. In the event such meetings cannot be held on such dates, the BOARD shall determine alternative dates.

Section 6.3 Special meetings of the general membership may be called as follows:

- a) by the President in his/her discretion,
- b) upon written request of a majority of the Directors in office, or
- c) upon written petition, specifying the reason therefore, signed by at least fifteen percent (15%) of the VOTING MEMBERS IN GOOD STANDING, delivered to the Secretary of the ASSOCIATION. Upon receipt, the President shall fix the time of the meeting, which shall be held not less than fourteen (14) or more than thirty (30) days thereafter.

Section 6.4 Notice of all membership meetings shall be posted electronically and provided to VOTING MEMBERS IN GOOD STANDING in accordance with Pennsylvania's Nonprofit Corporation Law. Special membership meeting notices shall:

- a) state the date, time and location of the meeting,
- b) describe the general nature of the business to be transacted, and
- c) be given to each member entitled to vote at such address as appears on the books of the Association at least fourteen (14) days and not more than thirty (30) days before such meeting, unless a greater period of notice is required by statute.

Section 6.5 Business transacted at any special meeting and any adjournment thereof, shall be confined to the business stated in the original notice of the meeting.

Section 6.6 The presence, in person or by directed proxy, of at least ten (10%) percent of the VOTING MEMBERS IN GOOD STANDING shall constitute a quorum for the conduct of business at any membership meeting. The VOTING MEMBERS IN GOOD STANDING present at a duly organized meeting can continue to conduct business until adjournment, notwithstanding the withdrawal of enough VOTING MEMBERS IN GOOD STANDING to leave less than a quorum. If a membership meeting cannot be organized because of lack of a quorum, the those VOTING MEMBERS IN GOOD STANDING present may adjourn the meeting to such time and place as they determine in accordance with the Pennsylvania Nonprofit Corporation Law. No quorum shall be necessary for the announcement of voting results at a meeting.

ARTICLE VII - Board of Directors

Section 7.1 Composition and Term. The BOARD shall consist of nine (9) Directors who shall serve without compensation. Directors shall be elected at the “Annual Membership and Election Meeting and shall serve staggered three (3) year terms. Each term shall commence immediately following the meeting at which of the Director is elected and shall end when a successor is elected/appointed and seated. Directors must be, and at all times in office remain, a MEMBERS IN GOOD STANDING. Any Director who loses such standing shall be notified in writing or electronically and given ten (10) business days from the date of the notice to cure the debt. If the debt is not paid within the ten (10) day period, the seat is vacated..

Section 7.2 BOARD Authority. The BOARD shall be vested with the duty and obligation of determining all matters of policy and decisions of the ASSOCIATION and such other duties as set forth by these By-Laws. The BOARD shall have the following powers and duties:

- (a) Hire a Community Manager or a Management Company.
- (b) Set policy by which the business and affairs of the ASSOCIATION shall be managed in trust for the members.
- (c) Promulgate Rules and Regulations for the general welfare, health and safety of the MEMBERS and guests.
- (d) Levy dues, fees, charges, and other financial obligations of membership as authorized in the budgets, these By-Laws, and the ASSOCIATION’s Rules and Regulations.
- (e) Adopt appropriate procedures to put into effect the provisions of these By-Laws.

- (f) To sue or defend suit in the ASSOCIATION's Name and/or in a representational capacity of the OWNERS.
- (g) To purchase, take, receive, lease as lessee, take by gift or bequest, or devise or otherwise acquire and to own, hold, use and otherwise deal with any real or personal property or any interest therein, situated in or out of this State, which may be necessary or proper.
- (h) To borrow money, enter into contracts, issue notes or other evidence of debt, for money or labor done or money or property actually received, and to secure any of its obligations of mortgage, pledge security agreement or deed of Trust to any of its property franchises and income.
- (i) To purchase, take by gift or bequest or otherwise acquire and to hold shares, bonds, securities or other evidences of debt of any other person or corporation and to exercise all rights and privileges of such ownership, subject to limitations imposed by law.
- (j) To determine whether the conduct of any MEMBER, household member or guest has violated any rules or Bylaws of the Association and if so, to fix the penalty for such violation.
- (k) To set pay scales for employees of the ASSOCIATION within budgetary limits.
- (l) To take such action and steps as are necessary to enforce any deed covenants, reservations or restriction, or By-Laws, Rules or Regulations promulgated by the ASSOCIATION.
- (m) To prepare and adopt a budget at the regularly scheduled July Board meeting for the ensuing fiscal year. Said budget shall be adopted following the Annual Membership and Budget Meeting where the MEMBERS IN GOOD STANDING have the opportunity to review the Budget proposed for the coming fiscal year, and provide comments/suggestions. Opening/operation of the ski hill shall be within the BOARD's discretion as reflected in the adopted budget.
- (n) To cause to be conducted an annual audit of the ASSOCIATION's financial affairs by a certified public accountant,
- (o) To impose and collect annual dues and assessments from the OWNERS. The BOARD may increase the annual dues each year no more than eight (8%) percent from the previous year's dues. Any increase of the dues to more than eight percent (8%) must be voted and approved by a majority vote of the VOTING MEMBERS IN GOOD STANDING, voting at the Annual Membership and Budget Meeting or via secured electronic vote with results announced at the Annual Membership and Budget Meeting
- (p) To impose and collect special assessments. A special assessment not exceeding thirty percent (30%) of the current year's dues may be approved by the BOARD for Capital Projects necessary for the safety of the members or maintenance and repair of Associations Assets. Any special assessment to fund a shortfall in the ASSOCIATION's annual operating budget, irrespective of the amount, or thirty percent (30%) of the current year's dues, must be approved by a majority of the VOTING MEMBERS

IN GOOD STANDING. The vote may be conducted at a membership meeting or via secure electronic vote with results announced to the membership.

Section 7.3 Election of Directors. Elections applications shall be made in person at the ASSOCIATION office using the BOARD approved filing form and with the candidate personally signing the form in the presence of the Community Manager or, if the Community Manager position is vacant, in front of the Secretary or his/her designee. Any MEMBER IN GOOD STANDING may apply to run for any elected position until the third Saturday of August at 12:00 noon.

Section 7.3a Judge of Elections. Prior to June 1st each year, the BOARD shall appoint a Judge of Elections to tabulate votes and certify results. The Judge of Elections shall investigate and report to the BOARD on any and all election challenges and shall have all other powers and duties as provided by law.

Section 7.3b Director and Candidate Eligibility. Every Director and Candidate, at all times, must:

- (i) be at least (18) eighteen years of age;
- (ii) be a MEMBER IN GOOD STANDING;
- (iii) not be an active supplier of goods or services to the Association, or an employee of such supplier;
- (iv) not have any felony conviction; and
- (v) not belong to the same household as any seated Director, although Candidates may run for office so long as they do not violate this provision when they take office.

Section 7.3c Election Process. The election shall be conducted by mail ballot or secure electronic voting completed prior to the Annual Membership and Election Meeting with results announced at that meeting.

Section 7.3d The Election Committee, without a quorum requirement, shall be present to observe the counting of the votes and report any irregularities to the Secretary. No Election Committee member may be a Candidate or an immediate family member of a Candidate.

Section 7.3e Should there be a tie for any of the Directors positions, the disinterested Directors (those not involved in the tie) of the reconstituted BOARD shall select the winner at the start of the BOARD's Re-Organizational meeting.

Section 7.3f In the event that the number of qualified Candidates is less than or equal to the number of Director seats up for election, ballots for the election shall not be mailed to the membership and the presiding officer shall declare the Candidates elected by acclamation at the Annual Membership and Election Meeting.

Section 7.4 Vacancies. Vacancies in the Office of Director shall be filled by the remaining members of the BOARD, as soon as possible, and the person or persons appointed as Director(s) shall serve the balance of the unexpired term(s). The BOARD shall have the right to appoint any qualified MEMBER IN GOOD STANDING to the vacant director seat.

Section 7.5 Removal of Directors.

Section 7.5a Directors may be removed from office as follows:

- i) By the BOARD. A Director may be removed from office for good cause by a two-thirds majority of the other seated Directors at a special BOARD meeting called for that purpose. The BOARD may adjourn to executive session to consider the motion and examine the evidence relating to cause, provided that the vote on the motion to remove shall be made by roll call and recorded in open meeting. The BOARD may suspend the authority of a Director pending resolution of the motion to remove said Director from office. Or

- ii) By the MEMBERS. A Director may be removed from his/her office, with or without cause, by a majority vote of the VOTING MEMBERS IN GOOD STANDING. In order for such removal by the MEMBERS, a petition to remove the Director must be signed by at least (15%) percent of the VOTING MEMBERS IN GOOD STANDING and submitted to the BOARD at a monthly meeting. Upon receipt of a petition, the President shall deliver it to the ASSOCIATION's Solicitor along with a list of VOTING MEMBERS IN GOOD STANDING so as to verify and qualify all signatures. The Association's Solicitor shall present the petition to the BOARD along with a recommendation to either ratify or reject the petition. Should the petition be recommended for ratification by the Solicitor, the BOARD shall ratify the petition at that meeting. Upon the ratification of a petition, the President shall call a special membership meeting on the matter. The vote on removal may be conducted at the special membership meeting or via secured electronic vote with results announced at the meeting.

Section 7.5b Removal of the BOARD. Should the entire BOARD be removed, the ASSOCIATION's Solicitor shall, within seven (7) days, send a notice to all VOTING MEMBERS IN GOOD STANDING notifying them of the vacancies. For a period of 21 days from the vacancy notice mailing date, any VOTING MEMBER IN GOOD STANDING may submit a completed application, on an approved form, along with an optional biography of 250 words or less, in person at the ASSOCIATION's Office during regularly scheduled hours of operation. At the end of the application period, the Community Manager shall call a special membership meeting for the purpose of electing new Directors. Notice of such meeting shall include the names of the eligible Candidates along with their uncensored biographies. The ASSOCIATION's Solicitor and the Community Manager shall administer the affairs of the Association and have full financial signature authority until such time as a new Board of Directors can be elected and seated.

Section 7.5c Removed Directors Not to Hold Office. Anyone who has been removed from office as a Director, as well as any of his/her household members, shall not be eligible to serve again on the BOARD for six (6) years from the date of the removal. This provision shall apply prospectively and retroactively from the date of its adoption.

ARTICLE VIII – BOARD Meetings

Section 8.1 Re-Organizational Meeting. The BOARD's annual Re-Organization meeting shall be held no more than (2) hours after the adjournment of the Annual Membership and Election Meeting. The agenda shall include:

1. Election of officers.
2. Setting the calendar of regular meetings for the coming year.
3. Approval of members of standing committees appointed by the President.

A Candidate for an Officer position may submit “a letter of acceptance if nominated” to the Association Secretary in advance of the Re-Organizational Meeting and can be elected in abstensia.

Section 8.2 Monthly Meetings. The BOARD shall meet monthly with meetings held on the 3rd Saturday of each month or an alternative weekend date as chosen by the BOARD. BOARD meetings shall be open to MEMBERS IN GOOD STANDING who, at the sole discretion of the BOARD, may voice comments and participate .

Section 8.2a The Agenda. The monthly BOARD meeting agenda shall include, but not be limited to, the following:

1. Quorum roll call
2. Approval of the minutes of previous meetings
3. Treasurer’s report
4. Manager’s report
5. Committee reports
6. Awarding contracts (as needed)
7. Hearing upon, adoption or amendment of proposed changes to the Rules & Regulations or policies on second reading (as needed)
8. Other unfinished business
9. Proposed changes (additions, deletions and modifications) to the Administrative Code, Rules and Regulations and Policies on first reading.
10. Communication (a petitions, and Open Forum for comments by members
11. Secretary’s report
12. Miscellaneous
13. Adjournment

Motions affecting the Rules & Regulations or Policies shall be introduced on first reading and shall not be acted upon until a subsequent meeting of the BOARD. The agenda for each regular meeting shall be prepared and posted both electronically and at the offices of the Association prior to the date of the meeting. All motions affecting the Rules & Regulations or policies of the Association shall be published with the agenda.

Section 8.3 Special BOARD Meetings. Special meetings of the BOARD shall be called at the request of the President, the Community Manager or three (3) Directors, on at least Seventy-two (72) hours’ notice to each Director. In the event of an emergency, a special BOARD meeting may be called upon Twenty-four (24) hours’ notice. Special Meeting notice may be provided by email or personal delivery. The request and the notice shall specify the purpose, time and place of the meeting, and no other business may be transacted.

Section 8.4 Quorum and Use of Conference Telephone or Other Technology. A majority of the seated Directors shall constitute a quorum at a BOARD meeting. Any Director may participate in a BOARD meeting by means of a conference telephone or other electronic technology by means of which all persons participating at the meeting can hear each other. Participation in a meeting pursuant to this provision shall constitute presence at the meeting.

Section 8.5 Absenteeism. In the event that any Director is absent from three (3) consecutive monthly meetings or a total of five (5) BOARD meetings in a fiscal year (measured from the Annual Membership and Election Meeting), the BOARD may declare the office of said absent Director to be vacant.

Section 8.6 Executive Sessions. Upon resolution of a majority of the Directors present at any BOARD meeting, the BOARD may adjourn into executive session closed to the MEMBERS. Executive sessions may be called for the following purposes (providing that said motion shall specify the purpose of the closed meeting and only those matters referred to in said motion may be discussed):

- a) To discuss personnel issues. To consider the removal from office, discipline or dismissal of, or to hear complaints brought against a director or officer or to consider the discipline of individual members of the Association. The meeting shall be opened if the individual accused so requests and the accuser consents.
- b) To discuss litigation or potential litigation .
- c) To consider the purchase, exchange, lease or value of real or personal property, if open discussions are believed to have a detrimental effect on the negotiating position of the Association.
- d) Or any such other emergency matters as deemed necessary by the majority of the Directors present.

Section 8.7 Use of Proxies by BOARD Prohibited. Directors may not vote via proxies at BOARD Meetings.

ARTICLE IX – Officers

Section 9.1 The officers of the Association shall be the President, Vice President, Secretary and Treasurer. Officers must be Directors and shall be elected by the BOARD at the Re-Organizational meeting. Officers shall serve one (1) year terms without salary. Any officer may attest bonds, mortgages and contracts of the Association.

Section 9.2 Any Officer may be removed by the BOARD without cause.

Section 9.3 Duties.

Section 9.3a President. The President shall be Chief Executive Officer of the Association. He/she shall:

- a) preside at all the meetings of the BOARD and the MEMBERS;
- b) see that all orders and resolutions of the BOARD are carried out;
- c) with approval by the BOARD, execute all bonds and mortgages and all contracts of the ASSOCIATION and affix the Corporate seal thereto;
- d) generally coordinate the activities of all other Officers and see that duties are properly performed;
- e) appoint Directors and other MEMBERS IN GOOD STANDING to serve on committees and subject to the approval of the Board;

- f) serve as an ex-officio member of all committees;
- g) after conferring with the BOARD, evaluate the performance of the community manager or Management Company within the first six (6) months of his/her employment or contract and at least annually thereafter; and
- h) report to the BOARD all matters within his/her knowledge that may affect this ASSOCIATION.

Section 9.3b Vice President. The Vice-President shall, in the absence of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the BOARD may prescribe or the President may delegate.

Section 9.3c Secretary. The Secretary shall:

- a) be the official custodian of the Association's records and Corporate Seal;
- b) attend all meetings of the BOARD and MEMBERS and act as a clerk thereof,
- c) record all votes and minutes of all proceedings;
- d) keep and maintain all such records in a permanent file;
- e) cause meeting notices to be sent to the MEMBERS and/or BOARD; and
- f) perform such other duties as may be prescribed by the BOARD or the President.

Section 9.3d Treasurer. The Treasurer shall be qualified to be and shall be appropriately bonded at the expense of the Association. Further, the Treasurer, under the direction of the BOARD, shall:

- a) oversee the handling and disbursements of the funds of the ASSOCIATION;
- b) ensure that staff responsible for bookkeeping of all OWNER and vendor accounts shall follow acceptable accounting procedures for the full and accurate accounts of receipts and disbursements; and
- c) ensure that financial records are properly safeguarded and all monies and valuables are kept in depositories designated by the BOARD.

Section 9.4 Any disbursements of the funds of the ASSOCIATION must first be requested via a proper voucher and payment instruments must be signed by two of the four signatories which are the President, the Vice-President, the Treasurer and/or the Community Manager.

Section 9.5 The BOARD may require any officer or employee to be bonded in such amount as it deems desirable, at the expense of the ASSOCIATION.

Section 9.6 No person shall hold more than one Officer position at a time.

Section 9.7 Vacancies in the positions of Officers shall be filled by the BOARD as soon as possible and the person(s) appointed to the vacant position(s) shall serve the unexpired term of the Officer..

ARTICLE X – Committees

Section 10.1 The standing committees of the ASSOCIATION shall be as follows:

- a. Management
- b. Ethics
- c. Architectural
- d. Election
- e. Recreation
- f. Maintenance
- g. Finance
- h. Strategic Planning
- i. Communications
- j. Roads

Section 10.2 Ad Hoc Committees. The President or the BOARD may from time to time establish ad hoc committees and designate their purposes, powers and terms

Section 10.3 Committee Chairs and Secretaries. All committees shall have a Chairperson and secretary, elected by the committee's members.

Section 10.4 Composition. All committees, with the exception of the Recreation Committees, shall be limited to a maximum of seven (7) members. The President shall appoint committee members from the MEMBERS IN GOOD STANDING, subject to the approval of the BOARD. The Treasurer shall be a member of the Finance Committee.

ARTICLE XI – FINANCES

Section 11.1 Annual Budget. The Association's Annual Budget shall contain two parts, an Operating Budget and a Capital Budget. Each part shall be itemized as to expenditures, revenues and surplus, following generally accepted accounting principles and AICPA guidelines.

Section 11.2 Budget Development. The Community Manager or Management Company shall work with the Finance Committee to prepare a draft Operating Budget and a Capital Budget for the upcoming fiscal year by the third Saturday of June. The draft Operating and Capital Budgets shall be posted electronically at the WLPOA Clubhouse and for soliciting written comments from the OWNERS. At the Annual Membership and Budget Meeting, MEMBERS IN GOOD STANDING may comment on the draft Budgets. At its monthly meeting in July, the BOARD shall vote on the Budgets for the coming fiscal year. The resolution to approve the Budgets shall also establish and levy the annual dues for the next fiscal.

Section 11.3 Reserves. The ASSOCIATION shall maintain separate Operating, Replacement and Capital Improve Reserve Accounts as follows:

- a) Operating Reserve Account – The purpose of the Operating Reserve Account is to have funds available in the event that expenses exceed revenue in a given year. The account shall be funded through unexpended operating funds from prior years as well as investment earnings from the account balance. The Operating Reserve Account shall be maintained at not less than 10% of the prior year’s operating budget and, to the extent the account falls below this level, a special assessment may be required.
- b) Replacement Reserve Account – The purpose of the Replacement Reserve Account is to have funds available to meet expenses associated with the repair and replacement of existing assets, which are identified in the ASSOCIATION’s Reserve Study, and not for significant additions to or expansion of existing assets or facilities. The Replacement Reserve Account shall be funded through Annual Dues, Special Assessments and/or as provided in Section C below, as well as investment earnings from the account balance.
- c) Capital Improvement Account – The Capital Improvement Account will be funded through transfer of excess funds in the Operating and Replacement Reserve Accounts. Excess funds in the Operating Reserve Account will be determined by the BOARD after conferring with the Finance Committee the Community Manager or Management Company and the ASSOCIATION’s accountant. The Account shall be funded through Capital Improvement fees charged upon each transfer of title to a lot/home as well as investment earnings from the account balance. This account will be used to fund new capital assets which are not included in the Reserve Study inventory and for significant addition to or expansion of existing assets not specifically provided for in the Reserve Study inventory.

Section 11.4 Surplus All surplus operating funds as stated in the audited year-end financial statements and excluding depreciation expense shall be appropriated by the BOARD in order to (1) maintain required capital and operating reserve funding and/or; (2) fund new equipment, facilities and common elements (new assets) not included in the current 30-year Reserve Study Component Inventory. All surplus operating funds not appropriated as provided in (1) or (2) in this section shall be included in the following year’s budget as anticipated revenue to reduce annual assessment.

Section 11.5 Unbudgeted Capital Expenditures. Notwithstanding any other provisions contained herein, the BOARD may make financial expenditures, other than for routine and emergency maintenance matters, not accounted for in the budget, exceeding \$40,000 only with the roll call vote approval of seven (7) Directors at a BOARD meeting.

ARTICLE XII - Damage to Property

Section 12.1 When property of the ASSOCIATION is damaged by a MEMBER or his/her guest, tenant, or family, such damages will be repaired by the ASSOCIATION, and the MEMBER shall be responsible for reimbursement within thirty (30) days. Such reimbursement shall be in addition to any fines imposed by the ASSOCIATION.

ARTICLE XIII - Seal

Section 13.1 The ASSOCIATION shall have a seal which shall be inscribed with its name, the year of its organization, and the words, “Corporate Seal, Pennsylvania.”

ARTICLE XIV - Amendments

Section 14.1 Amendments to these by-laws may be proposed by the BOARD or by petition of at least fifteen (15%) percent of the VOTING MEMBERS IN GOOD STANDING. Adoption of an amendment requires a favorable vote by at least sixty-seven (67%) percent of the VOTING MEMBERS IN GOOD STANDING voting via mail ballot or secured electronic voting.

ARTICLE XV - Community Manager/Management Company

Section 15.1 The Community Manager or Management Company shall be responsible to the Board of Directors for the day to day operations of the ASSOCIATION, the maintenance of its property, and the execution of all policies and procedures, resolutions and the Rules and Regulations. The Manager reports directly to the President and assists the Treasurer to ensure the fiscal goals are achieved or budgetary adjustments are made to ensure the fiscal viability of the ASSOCIATION. No MEMBER may be hired as Community Manager nor own any stake in a Management Company hired by the ASSOCIATION.

ARTICLE XVI - Architectural Approval of Construction

Section 16.1 No building or structure shall be erected upon any LOT without first obtaining all required permits from any applicable public body or governmental unit and the ASSOCIATION’s Architectural Committee as to the location, elevation, plan and design.

Section 16.2 An OWNER who plans to construct a dwelling or any other improvements upon a LOT shall apply to the Middle Smithfield, or Lehman Township for a construction permit prior to submitting an application to the Architectural Committee and prior to the commencement of any work.

Section 16.3 All applications for approval of construction shall be submitted on forms approved by the Architectural Committee and shall be accompanied by construction plans, municipal permits, a deposit agreement and the monetary escrow deposit required by the BOARD, in order to secure the adequate clean-up of the lot after the completion of construction and the building permit fee.

Section 16.4 All construction shall be in accordance with applicable Building Regulations as may be adopted and approved by the BOARD from time to time.

Section 16.5 All construction must be completed within twelve (12) months from the date of issuance of WLPOA building permit, or a new permit must be obtained from WLPOA Community Manager and payment of applicable fees.

Section 16.6 The Architectural Committee shall approve or disapprove all permit applications within 30 days of submission.

ARTICLE XVII – Dues/Assessments /HOA Notices and Collections

Section 17.1 Dues Notices shall be submitted to the membership no later than thirty (30) days prior to the beginning of the fiscal year.. Said notices shall include the lot, block and section number, the MEMBER's name and permanent address, the amount due for the current ensuing fiscal year and all unpaid prior balances. All such amounts shall be due and payable in full within thirty (30) days from the due date thereof, except as otherwise provided by the BOARD. Interest at the highest rate allowed by law and late fees as set by the BOARD shall be added to the amount due for all untimely payments. In the event full payment has not been received, the ASSOCIATION shall employ all appropriate methods for securing collections of the same, including, but not limited to the filing of suits and the seizure and/or sale of the delinquent member's real and/or personal property. In the event any such proceedings are brought, there shall be added to the amount due the ASSOCIATION's reasonable costs of collection, including court costs and attorney's fees.

ARTICLE XVIII Conduct of Meetings

Section 18.1 All meetings of the BOARD and MEMBERS shall be conducted in accordance with The Modern Rules of Order, A Guide for Conducting Business Meetings (as currently revised).

ARTICLE XIX Conflict of Interest

Section 19.1 Conflict of Interest. To safeguard the activities and assets of the ASSOCIATION, the Director may not have interests in outside businesses which conflict or appear to conflict with their ability to act and make independent decisions in the best interest of WLPOA.

Section 19.2 A contract or transaction between the ASSOCIATION and one or more Directors or company in which one or more Directors have a financial or other interest, shall not be void or voidable solely for that reason, or solely because the Director is present at or participates in the BOARD meeting that authorizes the contract or transaction, or solely because the vote of the Director is counted for that 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 and it 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 the Director's relationship or interest and as to the contract or transaction are disclosed or are known to the MEMBERS entitled to vote thereon, if any, and the contract or transaction is specifically approved in good faith by vote of those 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 or MEMBERS.

Section 19.3 Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the BOARD authorizes a contract or transaction specified in Section 20.2 above.

ARTICLE XX Standard of Care and Personal Liability of Directors

Section 20.1 Standard of Care.

- a) Each Director shall stand in a fiduciary relation to the ASSOCIATION.
- b) Each Director shall perform the duties as such Director (including the duties as member of any committee or committees), or refrain from performance of such duties, in good faith and in a manner reasonably believed to be in the ASSOCIATION's best interests. Furthermore, in performing or refraining from performing such duties, each Director shall exercise that degree of care as an individual of ordinary prudence would exercise under similar circumstances.
- c) In determining whether a Director acted or refrained from acting in good faith, the Director shall be entitled to rely on information, reports, statements, and the like, including financial data as prepared by ASSOCIATION employees, Officers and committees whom the Director reasonably believes to be competent in the matter presented. Also, a Director may rely upon information, reports, data, accounts and similar materials as prepared by legal counsel and accountants whom the Director reasonably believes to exercise professional and/or expert competence in the matter presented. .
- d) A Director shall not be considered to be acting in good faith when that Director has knowledge regarding the matter in question that would cause such Director's reliance to be unwarranted.
- e) When a breach of fiduciary duty, lack of good faith, and self-dealing are absent, it shall be presumed that a Director's actions or a Director's failure to act shall be in the best interests of the ASSOCIATION.

Section 20.2 Personal Liability. A Director shall not be personally liable for monetary damages as such for any action taken or for the failure to act unless:

- a) The Director has breached or failed to perform the duties as Director under the standard of care described herein above; and
- b) The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

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**WINONA LAKES
SCHEDULE "A"**

Under and subject to the following covenants, easements, reservations, charges and conditions, which are part of a general development scheme of the land referred to herein, and shall run with and bind the land to be conveyed hereunder.

1. The premises hereby conveyed shall be used for private, single family residential purposes only. Private garages in harmony with main buildings may be erected.
2. No building, structure or fences shall be erected upon the premises hereby conveyed without first obtaining the approval, in writing, of the grantor, as to location, elevation, plan and design. A structure or construction must be completed within twelve months after same is started.
3. Any building erected on the premises shall be subject to all governmental regulations relative to construction, in addition to the covenants, easements, reservations, charges and conditions herein contained.
4. No building shall be erected on any lot within twenty-five feet of any road, nor within fifteen feet of the side or rear lines of said lot, except in the case of corner lots, whereon no building shall be erected within twenty-five feet of the side road. In the event of a conflict of the provisions of this paragraph with any local subdivisions or zoning ordinances, such ordinances, such ordinances shall control.
5. Water supply and sewage disposal systems must conform to all applicable health and building codes. Installations of said systems shall be performed simultaneously with the construction of a residence on the lot.
6. Grantor reserves the right to grant easements for utilities over, under and across a ten-foot strip along the boundary lines of the premises hereby conveyed.
7. Grantor grants and conveys to grantee the right of ingress, egress and regress to and from grantor's lot and upon that portion of grantor's land shown as streets on the recorded map of the land of which the premises hereby conveyed are a part; provided, however, that such use shall be subject to the following;
 - a. Grantor's right to convey the ownership, or the control of said streets to the property owners' association, with reservations, or to dedicate said streets to public use, but no dedication to public use is intended to be made by this instrument.
8. No animals shall be kept on any lot other than commonly accepted domestic pets.
9. No signs of any type shall be erected or maintained on the premises. The grantee agrees to remove any signs within five days after notice from the grantor, and in the event same are not removed within five days, the grantor reserves the right to enter onto the premises hereby conveyed, for the purpose of removing such signs, and the grantee agrees to pay the reasonable cost of Said removal.
10. The grantee by acceptance of this instrument, and fulfillment of his obligations hereunder, will become a voting member of the Winona Lakes Property Owners' Association, with the right to participate in its proceedings and decisions, and agrees to comply with its by-laws, charges and dues.
11. All garbage, trash and rubbish shall be kept in sanitary containers at all times, and promptly removed. No unlicensed motor vehicles or farm implements, and no junk, building materials, or other items that would tend to degrade the Winona Lakes Development, shall be kept on the premises. The grantee agrees to remove any such items within five days after notice from the grantor, and in the event same are not removed within five days, the grantor reserves the right to enter onto the premises hereby conveyed, for the purpose of removing any said items, and the grantee agrees to pay the reasonable cost of said removal.
12. No tent, trailer, mobile home or temporary type of structure of any kind shall be placed or used upon any part of the premises hereby conveyed, at any times. The grantee agrees to remove any such tent, trailer, mobile home or temporary structure, within five days after such notice from the grantor, and in the event same are not removed within five days, the grantor reserves the right to enter onto the premises hereby

conveyed, for the purpose of removing any said objects, and the grantee agrees to pay the reasonable cost of said removal.

13. Firing of guns of any kind is prohibited at all times on the premises hereby conveyed, and on the premises of which this lot is a part, except in areas specifically reserved for that purpose.
14. The grantee is hereby granted the privilege of boating, bathing, fishing and ice skating in and on the waterways on the premises of which this lot is a part of the privilege of using the playgrounds and public areas shown on the filed maps of Winona Lakes. None of the foregoing privileges shall be engage in for any commercial purpose whatsoever, and no boats powered by internal combustion engines shall be used on the waterways. The grantees of waterfront lots are hereby granted the privilege of erecting and maintaining a dock into the waterways, adjoining each such waterfront lot, subject to having first obtained written approval of the grantor as to design, size, location and specifications of said dock, and thereafter the said dock shall be maintained in attractive manner. The grantee agrees to remove any nonconforming dock or similar structure within fifteen days after notice from the grantor, and in the event same are not removed, the grantor reserves the right to enter onto the premises hereby conveyed, for the purpose of removing said dock or structure, and the grantee agrees to pay reasonable cost of said removal. The grantor reserves the right to convey the ownership or control of said waterways and/or playgrounds and public areas to the property owners' association, with reservations.
15. Failure to enforce promptly any of the above provisions shall not be deemed a waiver of the right to do so thereafter, and the invalidation of any of the above provisions by decision of any competent Court shall in no way affect any of the other provisions, which shall remain in full force and effect.
16. The provisions of this instrument shall bind the grantor and the grantee and their respective successors, heirs, executors, administrators and assigns.
17. Seller grants to the Purchaser a minimum grace period of 60 days after the due date of any payment before the purchaser may be declared in default and at least 14 days before the expiration of such grace period the Seller shall notify the Purchaser in writing by certified or registered mail of the amount then due under the contract and the exact expiration date of said grace period and the Purchaser shall not be deemed in default in the payment of any installment due under the contract unless and until such notice shall have been given.
18. The use of ATV's on Winona Lakes roadways is strictly prohibited.

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