

SPECIMEN

BYLAWS

MONARCH MILLS CONDOMINIUM ASSOCIATION

ARTICLE I

ADOPTION: DEFINITIONS: APPLICATION

1.01 Adoption of Bylaws. These Bylaws are adopted pursuant to the Uniform Condominium Act, Act of July 2, 1980, P.L. 286, No. 82, by the first members of the Executive Board of Monarch Mills Condominium Association, a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania, and by Monarch Mills Associates, being the sole member of Monarch Mills Condominium Association.

1.02 Purpose. These Bylaws are adopted as the Bylaws of Monarch Mills Condominium Association and for the regulation and management of Monarch Mills, a Condominium, which has been submitted to the Act by a Declaration made by Monarch Mills Associates and recorded in the Recorder's Office in and for York County, Pennsylvania. These Bylaws shall govern the administration and management of the Association and the Condominium.

1.03 Definitions. The following terms when used herein shall have the meanings ascribed to them in the Declaration identified in Section 1.02 above: "Act"; "Approved"; "Assessment"; "Association"; "Building"; "Common Interest"; "Condominium"; "Condominium Documents". "Declarant", "Declaration". "Declaration Plan". "Eligible Mortgagee". "Eligible Insurer"; "Executive Board"; "Land"; "Special Declarant Rights"; and "Owner". Other capitalized terms used herein shall have the meanings specified or used in the Act.

1.04 Application. All present and future Unit Owners, mortgagees, lessees and occupants of the Units and of the Common Elements and their respective agents and employees and any other person who is permitted to use the Condominium shall be subject to and bound by the Bylaws. The acquisition, lease, or occupancy of any Unit or acceptance of a mortgage thereon shall be deemed conclusively to mean that the Unit Owner, tenant, occupant, or mortgagee has accepted and ratified the Bylaws.

ARTICLE II

PRINCIPAL OFFICE

2.01 Principal Office. The initial principal office of the Association shall be P.O. Box 658, Delta, Pennsylvania 17314. The Executive Board may from time to time relocate the principal office.

ARTICLE III

THE EXECUTIVE BOARD

3.01 Qualifications and Compensation. The Executive Board, also known as Board of Directors, shall consist of three directors. Any natural individual who is at least twenty-one years of age shall be qualified to serve as a director. If a Unit is owned by a partnership or corporation, a general partner, director or officer of the Owner shall be deemed an Owner for this purpose. Directors shall serve without compensation.

3.02 Term of Office: Election Meetings.

(a) The members of the initial Executive Board shall be as from time to time designated by Declarant. Except as set forth in Sections 3.02(b), (c) and (d) hereof, the members of the initial Executive Board, or their respective successors from time to time appointed by Declarant, shall serve from the date of the first conveyance of a Unit to a Unit Owner other than Declarant until the "Date of Termination of Declarant Control", which shall be the earlier to occur of: (i) 180 days after the date on which title to 75% of the Units has been conveyed by Declarant to persons other than Declarant, (ii) five years after the date of the first conveyance of a Unit to a Unit Owner other than Declarant, or (iii) the date on which Declarant elects to relinquish control of the Executive Board.

(b) The President shall call a special meeting of the Association to be held not later than 60 days after title to 25 % of the Units has been conveyed to persons other than Declarant, at which time the Unit Owners other than Declarant shall elect one Unit Owner as a member of the Executive Board who shall serve until the next annual meeting of the Association and until his successor is elected and who shall replace one member previously appointed by Declarant (such member to be replaced shall be selected by Declarant). If such elected member shall resign, be removed, die, become incapacitated or shall no longer be a Unit Owner, the vacancy on the Executive Board thus created shall be filled by a vote of Unit Owners which shall be held within 45 days after such vacancy occurs.

(c) The President shall call a special meeting of the Association to be held on or before the Date of Termination of Declarant Control, at which meeting the members of the Executive Board appointed by Declarant and elected by the Unit Owners pursuant to Sections 3.02 (a) and (b) hereof shall resign effective as of the Date of Termination of Declarant Control and the Unit Owners (including Declarant, if applicable) shall elect three (3) persons to serve on the Executive Board, who shall be elected as provided in Section 3.03 hereof, and shall serve for the terms of office provided in Section 3.02 (d) hereof.

(d).At the first election after the Date of Termination of Declarant Control, two directors shall be elected to serve for a term of two years and one shall be elected to serve for one year. In all subsequent elections, the directors shall be elected for a term of two years and until their successors are elected.

3.03 Nominations: Election.

(a) Directors selected by Declarant shall be deemed elected upon delivery to the Association of written notice of the selection.

(b) The Executive Board shall annually appoint a nominating committee of three, at least one of whom shall be a director. The nominating committee shall nominate one or more individuals for each seat to be filled at each annual and special election. The nominating committee shall report the nominees to the President at least twenty days before the election, and such report shall be open to inspection by any Unit Owner. Additional candidates may be nominated only on written nomination signed by Owners of 20% of the Units and presented to the Secretary at least fifteen days before the election.

(c) At least ten days before any election, the Unit Owners shall be notified in writing of all nominees for directors and shall be furnished with ballots listing all candidates in alphabetical order . Unit Owners may cast their Votes prior to the meeting by depositing their ballots with the Secretary to be opened by him at the meeting.

(d) Those nominees receiving the greatest number of Votes shall be declared elected. In the case of a tie vote for the last seat to be filled, a new ballot shall be cast to determine which of the nominees receiving a tie vote shall be elected.

3.04 Vacancies. The Declarant shall appoint a director to fill any vacancy in any seat on the Executive Board previously occupied by a designee of Declarant. Except as provided in Section 3. 02(b) hereof, the remaining Directors shall fill any other vacancy and the successor shall serve for the unexpired term of the Director replaced.

3.05 Removal. Directors (except those selected by the Declarant) may be removed by the affirmative vote of Unit Owners having two-thirds of the Votes cast at any annual or special meeting of the Association duly called for such purpose.

3.06 Meetings.

(a) Organization Meeting. The organization meeting of each newly elected Executive Board shall be held immediately upon adjournment of the meeting of the Association at

which the directors were elected, at the place of the meeting of the Association. No notice of such meeting need be given.

(b) Regular Meetings. The Executive Board shall meet regularly at least four times each calendar year at a fixed day, hour and place established by the Executive Board from time to time. Once the time and place of regular meetings is so established, such meetings may thereafter be held without further notice.

(c) Special Meetings. Special meetings of the Executive Board may be called by the President or by two directors on at least 48 hours notice given in writing, in person, by telephone, or by announcement at the regular meeting of the Executive Board preceding the special meeting.

(d) Waiver. Notice of any meeting may be waived either before or after the meeting and attendance at a meeting shall constitute a waiver of notice.

(e) Quorum. A quorum is deemed present throughout any meeting of the Executive Board if a majority of the directors are present at the beginning of the meeting. If a quorum is not established at any meeting of the Executive Board, the directors present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present any business that might have been transacted at the originally called meeting may be transacted without further notice.

(f) Action by Written Consent. The Executive Board may act by written consent of all directors in lieu of a meeting.

(g) Communication Equipment. One or more directors may participate in and be counted for quorum purposes at any meeting by means of conference telephone, or other communication equipment by means of which all persons Participating in the meeting can hear one another.

3.07 Unit Owners Attendance at Meetings. Except the meeting to adopt the budget of the Association, Unit Owners shall have no right to attend meetings of the Executive Board, but the Executive Board may, in its discretion, allow Unit Owners to attend. All Unit Owners shall have a right to attend and be heard, but not the right to vote, at the meeting of the Executive Board at which the budget of the Association is considered for adoption.

ARTICLE IV.
OFFICERS

4.01 Designation. The officers of the Association shall include a President, Secretary and Treasurer, all of whom shall be directors. One person may concurrently hold office as Secretary and Treasurer. The Executive Board may from time to time establish and fix the duties of a Vice President, and one or more Assistant Secretaries and Assistant Treasurers, who need not be directors.

4.02 Appointment of Officers. At all times prior to the Date of Termination of Declarant Control, all officers shall be appointed and reappointed by Declarant. Thereafter, officers shall be appointed annually by the Executive Board and shall hold office until their successors are appointed and qualify, and the Executive Board shall fill any vacancy in any office.

4.03 Duties of the President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Executive Board. He shall have the powers and duties specified in the Act and in the Condominium Documents and those usually vested in the office of the President of a Pennsylvania corporation, including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as he may deem appropriate to assist in the conduct of the affairs of the Association.

4.04 Duties of the Secretary. The Secretary shall attend all meetings of the Executive Board and of the Association and shall record all votes and the minutes of all meetings and proceedings. The Secretary shall have the powers and duties specified in the Act and the Condominium Documents and those usually vested in the office of the Secretary of a Pennsylvania corporation. The Secretary shall keep at the Association's office all records and other information required by the Condominium Documents, as well as copies of the Condominium Documents. Any or all of the duties of the Secretary may be delegated by the Executive Board to a Manager or Employee.

4.05 Duties of the Treasurer. The Treasurer shall be the chief financial officer of the Association and shall have the powers and duties specified by the Act and the Condominium Documents and those usually vested in the office of Treasurer of a Pennsylvania corporation. The Treasurer shall have custody of all funds of the Association and shall deposit all funds in such depositories as the Executive Board from time to time designates. The Treasurer shall disburse all funds as the Executive Board shall from time to time direct. The Treasurer shall keep or cause to be kept fully complete and accurate records and books of account specifying and itemizing all Assessments, Common Expenses, Common Receipts, assets, liabilities, receipts, disbursements, reserves and transactions of the Association. The Treasurer shall prepare and submit to the Executive Board and Association annual accountings and other reports as the Executive Board may from time to time require. Any or all of the duties of the Treasurer may be delegated by the Executive Board

to a Manager or Employee.

4.06 Compensation. The officers of the Association shall serve without compensation unless such is Approved by the Association. The officers of the Association shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

4.07 Resignation and Removal. Any officer of the Association may resign at any time by written notice to the Executive Board. Any officer may be removed from office by vote of a majority of the directors at any meeting of the Executive Board. Any director who resigns or is removed as a director shall also be deemed to have resigned or been removed, ipso facto, from any office he may have held.

4.08 Execution of Instruments. Agreements, contracts, deeds, mortgages, leases and other documents and instruments to which the Association is a party may be executed on its behalf by any two of the President, Secretary and Treasurer, or in any other manner approved by the Executive Board. . Any two of the President, Secretary and Treasurer may prepare, execute, certify and Record amendments to the Declaration on behalf of the Association. Any certificates of unpaid assessments affecting a Unit or other certification required by the Act or Condominium Documents to be given by the Association to any Unit Owner or prospective Unit purchaser may be prepared, executed, certified or recorded by anyone of the President, Secretary or Treasurer, or any officer, employee of the Association, or a Manager, authorized by any general or special resolution of the Executive Board to do so.

ARTICLE V

UNIT OWNERS

5.01 Members of Association. Every person who is a Unit Owner shall, while having the status of a Unit Owner, be a member of the Association. Membership in the Association shall be inseparable from status as a Unit Owner. No person other than a Unit Owner shall be a member of the Association.

5.02 Meetings of Association. All references in the Condominium Documents to meetings of the Association (as opposed to meetings of the Executive Board) shall mean and refer to meetings of the Unit Owners as the members of the Association. Meetings of the Association shall be held at the place and time designated in the notice of the meeting.

5.03 Annual Meetings. The first annual meeting of the Association shall be held at the call of the Executive Board, but in any event within 60 days after the date on which title to 25% of the Units have been conveyed by the Declarant. Subsequent annual meetings shall be held at 7:30

p.m. on the first Monday of April of each year, or at such later date and time prior to June 1 of each year as the Executive Board may fix.

At the annual meeting the Unit Owners shall elect directors and may transact any other business as may be required or permitted by law to be the members of the Association. At each annual meeting the Treasurer shall report on the financial statements of the previous fiscal year and any changes in the financial affairs of the Condominium and the Association expected for the current fiscal year.

5.04 Special Meetings. Special meetings of the Association may be called at any reasonable time by the President and within 30 days after written request by any two directors or the Owners of Units having 25% or more of the Votes. The Executive Board shall designate the date, time and location of all special meetings. Action taken at a special meeting shall be confined to the purposes stated in the notice thereof.

5.05 Notices. The Secretary shall give notice of all meetings of the Association to the Unit Owners not less than ten (10) nor more than sixty (60) days in advance of the meeting. Notices shall be given in the manner specified in these Bylaws and shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws. The record date for determination of Owners entitled to notice shall be fixed by the Executive Board, and if not otherwise specified shall be ten days before the actual mailing or delivery of notices begins.

5.06 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Unit Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than 48 hours after the time for which the original meeting was called.

5.07 Quorum. A quorum is deemed present throughout a meeting of the Association if Owners together entitled to cast at least 25 % of the Votes are present in person or by proxy at the beginning of the meeting. If a meeting is adjourned pursuant to Section 5.06 above, the quorum at such second meeting shall be deemed present throughout any meeting of the Association if persons entitled to cast 15 % of the Votes are present in person or by proxy at the beginning of the meeting.

5.08 Voting Rights. The number of Votes which each Unit Owner shall be entitled to cast in any of the affairs of the Association shall be as provided in Section 7.03 of the Declaration.

A Unit which has been acquired by the Association shall not be entitled to vote while it is so held.

The Unit Owner entitled to cast the Votes pertaining to a Unit shall be the record titleholder

thereof as identified in the list of Unit Owners maintained by the Secretary, which shall be closed for each meeting at the close of the last business day before the meeting.

If a Unit is owned by a corporation or partnership, the individual authorized to cast the Votes of the Unit shall be designated by a certificate of appointment filed with the Secretary and signed by two officers of the corporation or all general partners, as the case may be. If the Unit is held by one or more fiduciaries, the individual authorized to cast the Votes shall be designated by a certificate filed with the Secretary and signed by all fiduciaries.

In cases of co-ownership of a Unit, and if only one co-owner of such Unit is present at the meeting, such co-owner is entitled to cast all of the Votes allocated to that Unit. If more than one co-owner is present, the Votes allocated to that Unit must be cast only in accordance with their unanimous agreement. There is unanimous agreement if any one of the co-owners cast the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any other co-owner of the Unit. If the Votes allocated to that Unit are not cast, the Unit Owner of such Unit shall be deemed to be present at such meeting for the purpose of determining the presence of a quorum only, and not for the purpose of determining the result of the Vote on such question. If any proposal being voted upon by the Association requires the unanimous consent of the Association, all Votes deemed not cast hereunder shall be deemed to have been voted in favor of such proposal.

Any certificate of appointment filed with the Secretary shall be valid until revoked or superseded by subsequent certificate. A certificate of appointment may be revoked by any party originally executing the certificate.

The Votes applicable to a Unit shall not be divided and cumulative and class voting shall not be permitted.

5.09 Proxies. Any Unit Owner may attend meetings by duly executed proxy filed with the Association at or before the meeting begins. If a Unit is owned by more than one person, each person may vote or register protest to the casting of Votes through a duly executed proxy. A Unit Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter term.

5.10 Action by Unit Owners. Unless a greater or lesser number of votes is specifically required by the Act or the Condominium Documents, an act of the Association is Approved by the Unit Owners on the affirmative vote of a majority of the votes of Unit Owners present at the meeting at which the vote is taken.

5.11 List of Unit Owners. The Secretary shall keep a complete list of the Unit Owners and their last known post office addresses, identifying the Units owned by each Owner, and the number of Votes which the Owner is entitled to cast.

ARTICLE VI

POWERS, AUTHORITY AND DUTIES OF THE EXECUTIVE BOARD

6.01 General Powers, Authority, and Duties. The business and affairs of the Association and the Condominium shall be managed by the Executive Board. Subject to the limitations expressed in the Act and in the Condominium Documents, the Executive Board may act in all instances on behalf of the Association and may exercise on behalf of the Association all powers conferred upon an association by the Act and upon a corporation organized under the Nonprofit Corporation Law of Pennsylvania.

6.02 Budget. The Executive Board shall prepare and adopt an annual budget of Common Expenses for each calendar year, which may include working capital funds and reasonable reserves for depreciation, retirements and renewals. Each annual budget shall be adopted by the Executive Board at a meeting held not later than the last day of November preceding the budget year. Notice of the meeting for consideration and adoption of the budget shall be given to each Unit Owner in the same manner as notice of Association meetings. A copy of the tentative or proposed budget shall be given to each Unit Owner together with the notice of the meeting. The Unit Owners, at a meeting of the Association duly held within 30 days of approval of the annual budget or any capital expenditure by the Executive Board, may reject such budget by vote of a majority of the Votes. If the initial budget of the Association or any subsequent budget adopted by the Executive Board is rejected by the Unit Owners, the Executive Board shall adopt a new budget within 15 days after the rejection by the Unit Owners occurs.

6.03 Assessments. The Executive Board shall fix Assessments for each Unit, which Assessments in the aggregate shall equal the Common Expenses estimated in the annual budget adopted by the Executive Board. The Assessments shall be imposed upon and be payable by each Unit Owner to the Association in 12 equal monthly Assessments payable on the first day of each month in advance. On or before January 1 of each year, the Association shall deliver or mail to each Unit Owner, a statement setting forth the monthly Assessments of the Unit for the calendar year. The Association shall not be required to give any other notice of the subsequent accrual of monthly Assessments and the failure of the Association to give any required notice shall not discharge any Unit Owner from the obligation to pay Assessments. The failure of the Executive Board to comply strictly with the requirements of the Bylaws concerning adoption of the budget or fixing of Assessments shall not release or relieve any Unit Owner from the obligation to pay the Unit Owner's proportionate share of Common Expenses or any Assessment. In the event the Executive Board shall

fail to fix the Assessments for any year, the Assessments as fixed for the preceding year shall continue in effect until a new Assessment is fixed.

The Executive Board may adjust or increase the amount of monthly Assessments, and may levy and collect in addition thereto special Assessments in such amounts as the Executive Board may deem proper, whenever it determines it is necessary to do so. Assessments may likewise be reduced when circumstances permit.

The monthly Assessments of each Unit shall include such Unit's share of Limited Common Expenses estimated in the annual budget. Charges by the Association to a Unit for its share of any other limited expenses, or for fees, charges, late charges, fines or interest due the Association and enforceable as Assessments shall be billed to the Unit Owner monthly or at such other intervals as the Executive Board may determine and shall be due on the first day of the month succeeding the month in which the bill is rendered.

Any assessment not paid within ten days after the date due shall accrue a late charge in the amount of 5% of the overdue assessment and shall bear interest at the annual rate of 15% from the first day of such month.

It shall be the obligation of the Executive Board to take prompt action to collect assessments for Common Expenses, Limited Expenses and for any other sums owed by Unit Owners to the Association, together with late charges and accrued interest as aforesaid, which remain unpaid after 30 days from the date on which they became due and payable, or from the date incurred or advanced, as the case may be. Any such delinquent assessment, together with such accrued interest, may be recovered by suit instituted by the Executive Board acting on behalf of the Association in an action in assumpsit. Such suit when filed shall refer to the Act, to the Unit against which the assessment is made and to the delinquent Unit Owner, and shall be indexed by the prothonotary as a lis pendens against the appropriate Unit. Any judgment against a Unit Owner shall be enforceable in the same manner as is otherwise provided by law. The delinquent Unit Owner shall be obligated to pay (i) all expenses of the Association, including reasonable attorneys' fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (ii) all amounts paid by the Association for taxes or on account of superior liens or otherwise to protect its lien.

6.04 Rules and Regulations. Subject to Notice and Comment, the Executive Board may make, promulgate, amend, rescind and enforce compliance with such reasonable rules and regulations governing the operation, use and occupancy of the Units, the Common Elements and other portions of the Condominium as the Executive Board shall deem necessary or appropriate from time to time. All such rules and regulations shall be binding on the Unit Owners, and all tenants and occupants of Units. In addition to other matters, the rule making authority of the Executive Board includes the authority to fix the terms and conditions on which pets may be kept

and to restrict or prohibit the keeping of pets or animals. The Executive Board may levy reasonable fines for violations of the Condominium Documents or rules and regulations. A copy of all rules and regulations shall be delivered or mailed to each Unit Owner promptly upon the adoption thereof.

6.05 Purchase of Units. The Executive Board may authorize the purchase of a Unit by the Association from time to time on such terms as it determines to be appropriate, but any purchase must be Approved by the Unit Owners.

The Executive Board may sell or lease any Unit which the Association has purchased on such terms as the Executive Board deems appropriate, and no sale or lease need be Approved by the Unit Owners.

In any instance in which the Association purchases any Unit or other real property, it may borrow any or all funds the Executive Board determines to be necessary to effect the purchase and may mortgage the property purchased as security for repayment of the debt, and such actions need not be Approved by Unit Owners.

During the period when the Association is in title to a Unit:

(i) All taxes and municipal claims and all expenses of purchasing, holding, selling, owning and caring for the Unit shall be Common Expenses;

(ii) The Votes appurtenant to the Unit shall be suspended and such Unit shall not be counted in determining a quorum for meeting purposes;

(iii) The Common Expenses otherwise assessable to the Unit shall be assessed among the other Units.

(iv) No notice otherwise required by the Condominium Documents need be sent to the Association in its capacity as Unit Owner.

6.06 Additions and Improvements.

(a) Subject to the provisions of the Condominium Documents, the Association may make such alterations, additions and improvements to the Common Elements as are determined by the Executive Board to be beneficial or necessary or which are requested in writing by a Unit Owner. The Executive Board shall obtain the consent in writing before undertaking such work of such Unit Owners and the holders of first mortgages thereon, whose rights the Executive Board determines may be affected adversely by such alterations, additions or

improvements.

(b) When the Executive Board determines the alteration, addition or improvements is general in character, the costs therefor shall be assessed as Common Expenses.

(c) When the Executive Board determines the alteration, addition or improvement is exclusively or substantially exclusively for the benefit of one or more Unit Owners, the cost shall be assessed against such Unit Owner or Unit Owners in such proportion as the Executive Board shall determine is fair and equitable.

6.07 Employees: Manager. The Executive Board may hire and discharge employees to operate and manage the Condominium and may engage a managing agent (Manager) to do so subject to the direction and control of the Executive Board. The duties and responsibilities of employees of the Association and of a Manager shall be such as the Executive Board shall authorize and establish from time to time. Any contract for engagement of a Manager shall be in writing, shall be terminable by the Association with or without cause on no more than 90 days notice, and shall have a term not exceeding one year (exclusive of annual or shorter renewal terms).

The Executive Board may delegate to any employee of the Association or the Manager such authority and such of the powers of the Association as the Executive Board determines from time to time to be necessary or appropriate for the routine operation, management and administration of the Condominium and the Association, and to implement decisions, actions and policies of the Association approved by the Executive Board. However, the Executive Board shall not delegate to a Manager or to any employee the powers to:

(i) Acquire, encumber or convey any right, title or interest to real property or to grant any easement, lease, license or concession through or over the Common Elements without the express prior approval of the Executive Board of such action;

(ii) Acquire or dispose of any interest in personal property having a cost or value in excess of \$1,000.00 or incur any liability for any goods or services in any instance in excess of \$1,000.00 unless the expenditure is within a budget adopted by the Executive Board or is expressly approved in advance by the Executive Board;

(iii) Borrow money on behalf of the Association;

(iv) Cause any additional improvements to be made as part of the Common Elements, or grant the consent of the Association to any alteration, addition, or improvement of any Unit or Limited Common Element or to any combination, subdivision or adjustment in the boundary lines of any Units, without the express prior consent of the Executive Board;

(v) Adopt and amend the Bylaws and rules and regulations of the Association, to elect the officers of the Association, or fix assessments;

(vi) Impose fees or charges for the use, rental or operation of the Common Elements or for any service rendered by the Association, or impose charges for the late payment of Assessments, or levy fines for violation of the Condominium Documents or rules and regulations, except in accordance with general policies and procedures approved by the Executive Board; or

(vii) Initiate or intervene in litigation unless such action is approved by the Executive Board.

An officer of the Association may delegate to any employee or manager such powers within the scope of the authority of such officer as a purely ministerial or routine in nature provided that such delegation is not inconsistent with the limitations expressed above or with any other limitation fixed by the Executive Board.

6.08 Transactions with Members of the Executive Board. The Executive Board, on behalf of the Association, may enter into contract or other transactions with members of the Executive Board or with any entity in which a member of the Executive Board is an officer or director or has a financial interest (either directly or indirectly through any spouse, parent, child or sibling), and such contracts and transactions shall be valid and enforceable obligations of the Association; provided that (i) the fact that such member of the Executive Board is such an officer or director or has such a financial interest is disclosed to the Executive Board prior to the entering into of such contract or transaction, (ii) such fact is entered into the minutes of the meeting of the Executive Board at which such contract or transaction is approved, and (iii) such contract or transaction is approved in good faith by the requisite number of votes (counting such interested member of the Executive Board as present for purposes of determining a quorum but not for purposes of determining approval).

ARTICLE VII

PERSONAL LIABILITY OF DIRECTORS

7.01 General Rule. A director of the Association shall not be personally liable for monetary damages for any action taken or any failure to take any action, except to the extent that exemption from liability for monetary damages is not permitted under the laws of the Commonwealth of Pennsylvania as now or hereafter in effect. The provisions of this Article are intended to exempt the directors of the corporation from liability for monetary damages to the maximum extent permitted under the Pennsylvania Directors' Liability Act (42 Pa. C.S. 8361 et

seq.) or under any other law now or hereafter in effect.

7.02 Specific Rule Under Directors' Liability Act. Without limitation of Section 7.01 above, a director of the Association shall not be personally liable for monetary damages for any action taken or any failure to take any action, unless: (i) the director has breached or failed to perform the duties of his office under Section 8363 of the Directors' Liability Act, and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of the preceding sentence shall not exempt a director from: (i) the responsibility or liability of a director pursuant to any criminal statute; or (ii) the liability of a director for the payment of taxes pursuant to local, state or federal law .

7.03 Modification or Repeal. The provisions of this Article may be modified or repealed in accordance with the procedures for amending these Bylaws; provided, however, that any such modification or repeal shall not have any effect upon the liability of a director relating to any action taken, any failure to take any action, or events which occurred prior to the effective date of such modification or repeal.

ARTICLE VIII

INDEMNIFICATION

8.01 General Rule. The Association shall, to the fullest extent permitted under the laws of the Commonwealth of Pennsylvania as now or hereafter in effect, indemnify any person (and his heirs, executors and administrators) who was or is a party, witness or other participant or is threatened to be made a party, witness or participant to any threatened, pending or completed action, suit or proceeding, whether civil, criminal administrative or investigative (including, without limitation, actions by or in the right of the corporation) by reason of the fact that he is or was a director or officer of the Association against all expenses (including attorneys' fees, court costs, transcript costs fees of experts and witnesses, travel expenses and all other similar expenses), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

8.02 Advance Payment of Expenses. The Association may advance all reasonable expenses (including attorneys' fees, court costs, transcript costs, fees of experts and witnesses, travel expenses and all other similar expenses) reasonably incurred in connection with the defense of or other response to any action, suit or proceeding referred to in Section 8.01 above upon receipt of an undertaking by or on behalf of the person seeking the advance to repay all amounts advanced if it shall ultimately be determined upon final disposition of such action, suit or proceeding that he is not entitled to be indemnified by the corporation.

8.03 No Duplication of Payments. The Association shall not be liable under this

Article to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the person seeking indemnification has otherwise actually received payment therefor under any insurance policy, contract, agreement or otherwise. In the event that the Association makes an advance payment of expenses to a person, such person shall repay to the corporation the amount so advanced, if and to the extent that he subsequently receives payment therefor under any insurance Policy, contract, agreement or otherwise.

8.04 Insurance. The Association may purchase and maintain at its own expense one or more policies of insurance to protect itself and to protect any director, officer, employee or agent of the Association against any expense, liability or loss incurred by such person in such capacity, whether or not the Association would have the authority to indemnify such person against any such expense, liability or loss under this Article or under the laws of the Commonwealth of Pennsylvania.

8.05 Non-exclusivity. The right to indemnification and to the payment of expenses incurred in defending against or otherwise responding to any action, suit or proceeding in advance of its final disposition as set forth in this Article shall not be exclusive of any other rights which any person may now have or hereafter acquire under any agreement, vote of shareholders, vote of disinterested directors, or under any applicable law or under the Articles of Incorporation of the corporation, or otherwise.

8.06 Survival of Rights. The indemnification rights provided to a person under the provisions of this Article shall continue after such person ceases to be a director or officer of the Association, as to any action taken, any failure to take action, or any events which occurred while such person was a director or officer of the Association.

8.07 Modification or Repeal. The provisions of this Article may be modified or repealed in accordance with the procedures for amending these Bylaws; provided, however, that any such modification or repeal shall not have any effect upon the indemnification rights of any person as they relate to any action taken, any failure to take action, or events which occurred prior to the effective date of such modification or repeal.

ARTICLE IX

FISCAL YEAR

9.01 Fiscal Year. The fiscal year of the Association shall be the calendar year.

ARTICLE X

AMENDMENTS TO BYLAWS

10.01 Proposal. Amendment to the Bylaws shall be proposed by either the Executive Board or by Unit Owners having at least 20% of all Votes. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

10.02 Vote Required. Except as otherwise provided in the Declaration, the affirmative vote of Unit Owners having a majority of the Votes shall be required to amend the Bylaws; provided, however, no such amendment shall be deemed approved prior to the Date of Termination of Declarant Control unless such amendment has been approved by the Declarant.

10.03 Corrective Amendments. If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to condominium projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on any Unit, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this Article.

10.04 Effective Date. All amendments shall be evidenced by a written instrument, executed and acknowledged by the President or other authorized officer of the Association, which shall contain a certification that the amendment was approved in accordance with the provisions of this Article. Copies of such instrument shall be sent to each Unit Owner but the same shall not constitute a condition precedent to the effectiveness of such amendment.

ARTICLE XI

MISCELLANEOUS

11.01 Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of proceedings of the Unit Owners and the Executive Board.

11.02 Books and Records. All books and records of the Association pertaining to the affairs of the Association, Executive Board and the Condominium, including but not limited to the Declaration, Articles of Incorporation of the Association, Bylaws, rules and regulations, all financial records, lists of Unit Owners and lists of Unit Mortgagees, shall be available for

examination by any Unit Owner, Eligible Mortgagee, Eligible Insurer or other first mortgagee of a Unit, at the principal office of the Association during regular business hours. During any year in which the Condominium shall contain 50 or more Units, the Association shall cause to be prepared an audited financial statement for such fiscal year which shall be provided upon written request, to any Unit Owner, Eligible Mortgagee or Eligible Insurer.

11.03 Notice. Any notice required or permitted to be given hereunder shall be given in writing. Notice shall be deemed given when hand delivered, placed in a Unit Owner's mailbox by hand, or when deposited in the United States mails, first class, postage prepaid. Notice shall be addressed as follows:

(i) to the Association, at the principal office of the Association.

(ii) to a Unit Owner, at the last known address of the Unit Owner as it appears on the books of the Association.

(iii) to Eligible Mortgagees, at their addresses on the register to be maintained as provided in these Bylaws, or at such other addresses as they may from time to time designate by notice to Association.

11.04 Failure of Association to Insist Upon Strict Performance is No Waiver.

The failure of the Association to insist in any instance upon the strict performance of any of the terms, covenants, conditions or restrictions of the Condominium Documents or to exercise any right or option therein contained, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition, restriction, option or right. The receipt of any payment of Assessments from any Unit Owner with knowledge of the breach of any covenant of the Condominium Documents shall not be deemed a waiver of such breach.

11.05 Captions. Captions are inserted solely as a matter of convenience and shall not be relied upon or used in construing the text of the Documents.

11.06 Gender Singular. Plural. Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural, and any gender shall be deemed to include all genders.

11.07 Severability. If any provision of these Bylaws or any section, sentence, clause, phrase or word, or the application thereof in any circumstances be judicially held in conflict with the laws of the Commonwealth of Pennsylvania, then the said laws shall be deemed controlling and the validity of the remainder of the Bylaws and the application of any such provision, section, sentence, clause, phrase, or word in other circumstances shall not be affected thereby.

11.08 Effective Date. These Bylaws shall become effective on the date of adoption.

The foregoing were adopted as the Bylaws of the Monarch Mills Condominium Association at the first meeting of its Board of Directors.

ATTEST:

MONARCH MILLS
CONDOMINIUM ASSOCIATION

Secretary

President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF YORK : SS

On this, the _____ day of June, 2006, before me, a Notary Public, the undersigned Officer, personally appeared _____ who acknowledged himself to be the President of Monarch Mills Condominium Association, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Condominium Association by himself as President.

In Witness Whereof, I have hereunto set my hand and notarial seal.

Notary Public