

LAKE IN THE CLOUDS PROPERTY OWNERS ASSOCIATION

BYLAWS

(Last revised on May 14, 2004)

ARTICLE I

Section 1. Name.

The name of this corporation shall be *Lake in the Clouds Property Owners Association*, hereinafter the Association.

Section 2. Address.

The address of the corporation is RR 1 Box 595-C, Canadensis, PA 18325.

ARTICLE II

Section 1. Purpose.

The purpose of this corporation is to engage in such activities as will serve to protect, support, and enhance the general health, safety, and welfare of the entire Lake in the Clouds community, including, but not limited to, the operation of non-residential and non-commercial community centers, the repair and maintenance of community roads, the extension of lifeguard protection, the administration and enforcement of community covenants, and such other related activities so as to carry out the general purpose of providing for the common good of the community know as Lake in the Clouds, and more particularly described in a deed from Avalon Operating Corporation dated December 22, 1964 and recorded in the Office of the Recorder of Deeds of Pike County in Deed Book Volume 190 at Page 130, and in the Office of the Recorder of Deeds of Monroe County in Deed Book Volume 322 at Page 1148, and as further described in Deed to Empire Clay Products, Inc., recorded in the Office of the Recorder of Deeds of Pike County in Deed Book Volume 224 at Page 573, and recorded in the Office of the Recorder of Deeds of Monroe County in Deed Book Volume 374 at Page 52. This corporation does not contemplate that any pecuniary gain, profit or benefit shall inure to the benefit of, or be distributed to, its members, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article.

ARTICLE III

Section 1. Membership.

- (a) This association shall be owned and operated by members who are persons who have acquired by deed, the title to one or more lots in the development as described in Article II. Lots are defined as those plots of the subdivisions approved by the Association or its nominee, and filed in the Recorder's Office for Pike and Monroe Counties, Pennsylvania.

- (b) A member may not be privileged to resign or transfer his membership, so long as he continues to own or control property in the community development.

Section 2. Membership Fees.

The amount of annual dues and any assessments shall be recommended by the Board of Directors and shall be approved by a majority vote of the members present at a regular scheduled General Meeting, including any/or all absentee ballots. Annual dues and/or assessments will be paid by all members who own property with or without a dwelling that is located in the community.

Section 3. Voting.

- (a) At the meeting of the association membership, all members shall have two (2) votes per membership fee.
- (b) Votes may be cast in person or absentee ballot only. Members must be in good standing to be eligible for voting. An absentee ballot is defined as “a ballot sent by a property owner in good standing of record,” thirty (30) days before a General Meeting or Special Meeting is called for a particular purpose and who requests in writing at the office of the Association an absentee ballot. Application for an absentee ballot must be made within fifteen (15) days of the date of the notice of the meeting. Such ballot is deemed as a validity in the event the property owner is actually at said meeting.

ARTICLE IV

Section 1. Membership Meetings.

- (a) General Association Membership meetings shall be held on the second Saturday of May and on the second Saturday of October in the Community Center of Lake in the Clouds at 1 PM.
- (b) On request of at least one hundred (100) votes of membership, the officers must call a special meeting of the membership. The President of the Board of Directors may also call a special meeting.

Section 2. Notice of Meetings.

Written notice shall be given to each member at least ten (10) days prior to any regular or special meeting. In the event that a proposed amendment to the Constitution or Bylaws is to be acted upon, said notice will include a summary of the proposed amendment.

Section 3. Quorum.

Fifty (50) votes other than those of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting.

ARTICLE V

Section 1. Powers.

The affairs of the Association shall be governed and administered by the Board of Directors. They shall have full power and it shall be their duty to carry out the purpose of the Association, according to its Articles of Incorporation, Bylaws, and Rules. In addition to and not in limitation of the powers granted the Board of Directors by law, they shall have these powers.

- (a) To sue or defend suit in the Association name.
- (b) To have a seal, which may be altered at pleasure, and to use the same in any proper manner.
- (c) To purchase, take, receive, lease, or sub-lease, take by gift or bequest, or by 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 Commonwealth, which may be necessary and proper.
- (d) To borrow money, enter into long-term contracts, issue its notes, bonds or other evidences of debt, for money or labor done, or money or property actually received, and to secure any of its obligations by mortgage, pledge, security agreement, or deed of Trust of any of its property franchise and income.
- (e) To elect or appoint and remove officers and agents of the Association, and to define their duties and fix their compensation.
- (f) 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.
- (g) To make transfers, in trust, of its property and assets, make contributions and donations for the public welfare, charity, religious, scientific or educational purposes.
- (h) To appoint policemen.
- (i) To appoint committees and define their duties.
- (j) To fix the time and place of all meetings of the membership.
- (k) To establish and enforce rates for community services, and to make levies and assessments upon the members for maintenance of roads, but not for any other purpose, except upon approval of the membership obtained at a meeting thereof, of which notice

of the substance of the proposed levy or assessment was stated in the notice of the meeting.

- (1) To stop the services to any member who fails to pay the proper rates or assessments and to revoke the privileges of membership and to levy and enter a lien against the land and/or home of any member who upon thirty (30) days written notice fails to pay any proper dues or assessments. If legal action is taken to collect back dues or assessments, said member shall be responsible for all court costs and legal fees.

Section 2. Number and Qualification of Directors.

The Board of Directors shall consist of not less than five (5) persons at least 21 years of age who must be members of the Association. The number shall be determined yearly at the Annual Membership Meeting.

Section 3. Election and Terms.

The board of Directors shall be elected at the Annual Membership Meeting in October for a two (2) year term by the membership attending and any or all absentee ballots. To provide continuity, half of the Board shall be elected each year. A Director/Officer missing three (3) consecutive meetings or 75 percent of regular scheduled meetings without just cause will be automatically relieved of his/her office.

Section 4. Vacancies.

Vacancies on the Board of Directors may be filled by a majority of the remaining members, though less than a quorum, and each person so elected shall serve until a successor is elected by the members at their next annual meeting or at a special meeting called for that purpose.

Section 5. Time and Place of Meetings.

Meetings of the Board of Directors shall be held the second Saturday of each month.

Section 6. Quorum.

A majority of directors in office shall be necessary to constitute a quorum for the transaction of business and their acts as a majority present shall be acts of the directors.

Section 7. Executive Committee.

The Board of Directors may delegate its authority to an executive committee consisting of three (3) of its members, which must be done by majority vote of the entire board.

Section 8. Election of Officers.

The Board of Directors at a meeting to be held within five (5) days after the annual meeting of members shall elect the officers of the Association from among members of the Board of Directors, which officers shall include a President, one or more Vice-Presidents, a Secretary, and a Treasurer and such assistants as may be desired.

Section 9. Action by Written Consent.

Any action which may be taken at a meeting of the Directors may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all the Directors and shall be filed with the Secretary.

ARTICLE VI

Section 1. President.

The President shall be the chief executive officer; he shall preside at all meetings of the members and directors; he shall have general and active management of the business; he shall see that all orders and resolutions of the Board of Directors are carried out; he shall execute all bonds, mortgages, and all contracts affixing the corporate seal thereto; he shall have general superintendence and direction of all other officers and see their duties are properly performed; he shall submit a report of the operations of the Association for the fiscal year to the Board of Directors and members at their annual meeting; and from time to time report to the Board of Directors all matters within his knowledge that may affect this Association; he shall be ex officio a member of all committees and shall have the powers and duties and management usually vested in the office of President in a corporation; he shall appoint all committees, except as herein otherwise provided.

Section 2. Vice President.

The Vice President shall be vested with all the powers and shall perform all the duties of the President during the absence of the latter and shall have such other duties as may, from time to time, be determined by the Board of Directors. In the event that there shall be more than one Vice President, then there shall be a first Vice President, second Vice President, and third Vice President, depending upon whether or not there shall be that many Vice Presidents. In the event that the President be absent at any meeting, the first Vice President shall preside; and if neither are present at a meeting, then the second Vice President shall preside, and so on.

Section 3. Recording Secretary.

The Recording Secretary shall attend all sessions of the Board of Directors and all meetings of members and act as a clerk thereof; and shall record all votes and minutes of all proceedings in a book to be kept for that purpose; shall, when required, perform a like service for all standing committees; shall send notice of all meetings to the members of Board of Directors; and shall perform such other duties as may be prescribed by the Board of Directors or the President under whose supervision he shall be and he/she be the custodian of the corporate seal and all of the books and records of the Association, except as may be otherwise provided.

The Corresponding Secretary shall handle all correspondence and notices to the membership and publish the newsletter.

Section 4. Treasurer.

The Treasurer under the direction of the Board of Directors shall have charge of the funds of this Association and shall deposit the same in the name of Association in depositories designated by the Board of Directors; he/she shall pay all the vouchers or orders properly attested by the President and Secretary and shall make a complete and accurate report of the finances of the Association at each annual meeting of the members or at any other time upon request by the Board of Directors.

ARTICLE VII

Section 1.

These Bylaws may be adopted, amended or repealed by the majority vote of members and represent at least 10 percent of the Association membership votes at any regular or special meeting duly convened after notice to the members of that purpose, provided that such notice shall have been given at least two (2) weeks prior to the date of the meeting.

ARTICLE VIII

Section 1.

In the event of the dissolution of the Lake in the Clouds Property Owners Association, the sums of monies resulting from the process of liquidation of the Association, i.e., all properties and real estate and all assets shall be distributed equally to members of the Association in good standing. The Board of Directors will be responsible for selecting an equitable system of payment.

Section 2.

Roberts Rules of Order (revised) shall govern the proceedings of the Association and the Board of Directors except where otherwise specified in the Bylaws.

Section 3. Personal Use of Picnic Area.

Clubhouse and Beach Areas for private events will be limited to members in good standing and their immediate family members. Limit to be established by the Board of Directors. Said members will be responsible for cleanup and repair of any or all damages incurred during the use of facilities.

Section 4.

Building permits must be received from Lake in the Clouds Property Owners Association prior to any new construction, clearing of trees, or excavation work is to begin. After approval, all construction work by contractors is to be done during the hours of 8 AM to 7 PM, Monday through Saturday.

Section 5.

Exterior color scheme of homes is to be in keeping with the natural scheme of the area.

Section 6.

No fencing is to be erected on a property without written permission from the Board of Directors.

Section 7.

No burning of leaves and/or trash unattended at any time without the approval of Local Fire Authorities and Lake in the Clouds Property Owners Association.

Section 8. Sluice Gate (Dam).

- (a) Maintenance and repairs of the Sluice Gate shall be the responsibility of the Association. No person shall make repairs or improvements to the Sluice Gate without permission granted by the President of the Board of Directors.
- (b) The operation of the Sluice Gate falls under the regulations of the Department of Environmental Conservation and shall only be operated by those persons who are authorized by the President.

Section 9.

The Board of Directors individually and collectively shall be held harmless for any actions taken on behalf of the Association. The Association shall intervene on behalf of the Officers and/or Directors, including all costs of defense and payment of damages, if any, unless said Officer and/or Director is convicted of exceeding his/her authority under these Bylaws, or is found guilty of an act punishable by criminal law.

ARTICLE IX

Section 1. Enforcement of Community Documents.

- (a) Upon discovery of a violation of any of the LITC community documents (Covenants, Bylaws, Rules and Regulations), the Board of Directors shall notify the violating member, via certified and regular mail, of the following information.

- (1) The facts relating to the violation(s);

- (2) The relevant section(s) of the community documents establishing the violation(s);
 - (3) A proposed deadline to remedy the violation(s);
 - (4) An explanation of the proposed penalty(s);
 - (5) The member's right to a hearing before the Board of Directors to present any defenses concerning the Notice of Violation;
 - (6) During any period that a member is in violation of the community documents, such member shall be designated as a member not in good standing and shall not be eligible to use any of the Association Amenities.
- (b) Upon receipt of a Notice of Violation, the violator has the ability to appeal the violation to the Board of Directors. Such appeal must be submitted in writing and be received no later than five (5) days from the date of receipt of the Notice of Violation.
- (c) Upon receipt of the request for hearing, the Board of Directors shall schedule a hearing to be held within thirty (30) days of the request. The hearing shall be held at a reasonably agreeable time and location, and the alleged violator shall have the opportunity to have counsel present for the hearing.
- (d) The ruling of the Board of Directors shall be final. The Board of Directors must issue a written ruling within five (5) days of the hearing. Such ruling shall explain the nature of the violation and the penalty imposed. The penalties permitted for any violation are left to the discretion of the Board as the situation may dictate; however, no fine shall be less than \$25.00, nor exceed \$500.00 per occurrence.
- (e) Repeated violations, upon notice, shall constitute a continuing violation and shall be subsequently subject to additional fines not to be less than \$25.00, nor exceed \$500.00 per occurrence.
- (f) The penalty shall be imposed after the hearing or, if the violator does not request a hearing, the day after the compliance period (as referred to in the Notice of Violation) ends.
- (g) Any fines imposed per this rule shall constitute an automatically perfected statutory lien on the member's property. Any enforcement costs, i.e., attorney's fees, filing fees, etc., incurred during the course of an enforcement proceeding under this rule, or in an assessment collection matter, shall be added to the automatic lien granted per Section 5315 of the Pennsylvania Uniform Planned Community Act. 68 Pa. C.S. § 5315.