

BY-LAWS

The Commons At New Street, A Condominium
244-248 North Third Street and 217-225 New Street
City and County of Philadelphia
Commonwealth of Pennsylvania

These By-laws have been adopted this *28th* day of *December 1984*, ~~1983~~, by the persons constituting all of the members of the First Executive Board of The Commons At New Street Condominium Owners' Association, a non-profit organization.

W I T N E S S E T H:

ARTICLE I

SCOPE OF REGULATIONS

Section 1.1 Identification of the Property. These By-laws ("By-laws") shall relate solely to the Property called The Commons At New Street Condominium, located at 217-225 New Street and 244-248 North Third Street, City and County of Philadelphia, Commonwealth of Pennsylvania (hereinafter called the "Property"), more fully described in the Declaration of Condominium for The Commons at New Street Condominium dated *December 26, 1984*, and the Plats and Plans attached thereto (collectively called the "Declaration") recorded in the Office of the Philadelphia Department of Records in Deed Book *F4539*, Page *418*, as the same may be amended from time to time.

Section 1.2 Definitions. The capitalized terms used herein shall have the same definitions as such terms have in the Declaration and the Pennsylvania Uniform Condominium Act, 68 Pa. C.S. Section 3101 et seq. ("Act"), unless otherwise defined herein. In the event of inconsistencies between the Act and the Declaration, the Act shall control.

Section 1.3 Office. The office of the Condominium, the Association and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

ARTICLE II

OWNER'S ASSOCIATION

Section 2.1 Membership. The Commons at New Street Condominium Owners' Association (hereinafter called the "Association") is hereby organized on the date hereof as a non-

profit corporation, all of the members of which are the Residential Unit Owners and the Commercial Unit Owners of the Condominium. The Declarant, being the initial owner of all Units, shall initially constitute all of the members of the Association. A Person shall automatically become a member of the Association at the time he acquires legal title to a Unit and he shall continue to be a member as long as he continues to hold title to such Unit. A Person shall automatically cease being a member at such time as he no longer holds legal title to his Unit. A Unit Owner shall not be permitted to resign from membership in the Association prior to the time at which he transfers title to his Unit to another. No membership may be transferred in any way except as an appurtenance to the transfer of title to the Unit to which the membership pertains. Transfer of membership shall be automatic upon transfer of title, but the Association may treat the prior Unit Owner as the member for all purposes until satisfactory evidence of the recording of the instrument transferring title shall be presented to the Secretary. The date of recordation of an instrument of conveyance in the Office of the Philadelphia Department of Records shall be determinative of all disputes concerning the date of transfer of title to any Unit or Units.

Section 2.2 Meetings. Meetings of the Association shall be held in the following time, place and manner:

(a) Time and Location.

(1) Election Meetings. Unit Owners shall hold the First Election Meeting and the Second Election Meeting at the times specified in Sections 2.2(j) and 2.2(r) of the Declaration for the purpose of electing members of the Executive Board pursuant to Section 3.1 hereof. Following the Second Election Meeting members of the Executive Board shall be elected at the Annual Meeting (defined in Section 2.2(a)(2) hereof) of the Association pursuant to Sections 2.2(a)(2) and 3.1 hereof. Notwithstanding the foregoing, if the First Election Meeting or the Second Election Meeting could be held on the date an Annual Meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such Annual Meeting.

(2) Annual and Special Meetings. Unit Owners shall hold annual meetings for the purposes stated in Section 2.2(b) hereof ("Annual Meetings"). The first Annual Meeting of Unit Owners shall be held on the first Wednesday of March occurring after the date of recordation of the Declaration, unless such date is a legal or religious holiday, in which event such meeting shall be held on the next following day. Thereafter, the Association shall hold an Annual Meeting on the first Wednesday of March of each year at 8:00 P.M. or at such other time and date as the Executive Board may determine but not more than one hundred twenty (120) nor less than sixty (60) days after the end of the Association's fiscal year. Special meetings may be called at any reasonable time and from time to time if requested by at

least three (3) members of the Executive Board (or after conveyance of 75% of the Units to Unit Owners other than a Declarant) if Unit Owners who are entitled to cast at least ten per cent (10%) of the votes of all members of the Association shall send a written request to the Executive Board to call such a meeting ("Special Meetings"). The Executive Board shall hold such meetings not less than fifteen (15) days nor more than twenty-five (25) days after receipt of such request; provided, however, if the purpose includes consideration of the rejection of a budget or capital expenditure, such meeting shall be held within 15 days after such request. Both Annual and Special Meetings of the Association may be held at whatever location the Executive Board may deem convenient.

(b) Purpose and Business. Annual Meetings of the Association shall be called to elect the members of the Executive Board unless such action is being taken pursuant to the provisions of Section 2.2(f) hereof or Section 3.4 hereof, and to conduct such other business as may be required or permitted by law, the Declaration or these By-laws or done by a vote of Unit Owners. The Treasurer of the Executive Board shall present at each Annual Meeting a financial report (prepared by an independent certified public accountant) of the receipts and the Common Expenses, for the Association's immediately preceding fiscal year, itemizing receipts and expenditures, the allocation thereof to each Unit Owner, and any changes expected for the present fiscal year. A copy of such financial report shall be sent to each Unit Owner not less than five (5) days prior to the Annual Meeting. Special Meetings of the Association shall be called for (i) the purpose of considering matters which shall be required or permitted by law, the Declaration or these By-laws, and (ii) by a vote of the Unit Owners. No business shall be transacted at a Special Meeting other than as specified in the notice thereof.

(c) Notice. Notices to Unit Owners of meetings of the Association or meetings of the Executive Board, which Unit Owners who are not Executive Board members are entitled or invited to attend pursuant to Section 3.2(d) hereof, shall be delivered either by hand or by prepaid mail to the Unit owned by each Unit Owner or to another mailing address designated in writing by the Unit Owner to the Executive Board. All such notices shall be delivered to all Unit Owners not less than ten (10) nor more than sixty (60) days in advance of the date of the meeting to which the notice relates and shall state the date, time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or By-laws. The Secretary of the Executive Board shall cause all such notices to be delivered as aforesaid. Notices sent by mail shall be deemed to have been delivered on the second day after the date of mailing, in the case of mailed notices or the date of deposit in the Unit Owner's mailbox in the case of hand delivery.

(d) Quorum and Adjournment. No official business may be transacted nor may any binding vote be taken at any meeting of the Association, either Annual or Special, unless a quorum of Unit Owners is present in person or by proxy. Except as set forth below, the presence in person or by proxy of Unit Owners entitled to cast 25% of the votes in the Association at the commencement of a meeting shall constitute a quorum. If a quorum is not present at any meeting, the Unit Owners present may reschedule the meeting for a later date and so give all Unit Owners notice thereof in accordance with provisions of Section 2.2(c) hereof. If no quorum is present at such second meeting, the notice procedure shall be repeated if the Unit Owners present decide to call a third meeting. The quorum at such third meeting shall be deemed present throughout any meeting of the Association if Persons entitled to cast 10% of the votes which may be cast for the election of the Executive Board are present in person or by proxy at the beginning of the meeting.

(e) Voting. At any meeting of the Association, the votes of the Unit Owners shall be calculated in accordance with the Declaration and voted in accordance with the provisions of Sections 3309 and 3310 of the Act. Except as otherwise provided by law, the Declaration or these By-laws, acts of the Association which require the approval of the Unit Owners shall require the approval of the Unit Owners together entitled to cast in excess of 50% of the votes of all Unit Owners present in person or by proxy at a meeting of the Association at which a quorum of Unit Owners is present in person or by proxy ("Majority"). Where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be the Person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named Person from the meeting, the Person who shall be entitled to cast the vote of such Unit shall be the Person owning such Unit who is present. If more than one Person owning such Unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 3310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the votes allocated to that Unit without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these By-laws, such approval or disapproval shall be made only by the Person who would be entitled to cast the vote of such Unit at any meeting of the Association. Subject to the Act, if the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting. Votes shall be cast in the following manner:

(1) Proxies. A vote may be cast in person or by proxy. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, Permitted Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked or void, in addition to situations set forth in the Act and in Section 2.1 above, only upon actual receipt by the Person presiding over the meeting of written notice of revocation from the grantor(s) of the proxy, or when the presiding officer receives written notice of the death or judicially declared incompetence of a grantor of such proxy. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

(2) Voting List. The voting list shall be kept at the office of the Association and may be inspected during normal business hours by any Unit Owner or by any Unit Owner's authorized representative and the voting list shall be produced and kept open for inspection during all meetings of the Association.

(3) Election of Executive Board Members. In all elections for Executive Board members, each Unit Owner shall be entitled to cast the number of votes equal to the product of the number of Executive Board members to be elected multiplied by the number of votes allocated to each Unit pursuant to the Declaration. Those candidates for election receiving the greater number of votes cast in such elections shall be elected and if Executive Board members are being elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms.

(f) Actions of Association without a Meeting. Any action required or permitted to be taken by a vote of the Association may be taken without a meeting by the written consent, stating the action so taken, of at least that number of Unit Owners whose votes would otherwise have been sufficient to take the action if a meeting had been held at which all Unit Owners were present, provided, however, that all the Unit Owners be given notice of the proposed action.

(g) Conduct of Meetings. Meetings of the Association shall be conducted under such reasonable rules consistent with these By-laws as the Executive Board may adopt. The Executive Board is hereby authorized to promulgate such rules.

Section 2.3 Notices. All notices and other communications to either the Association or the Executive Board shall

be addressed to such body at such address as the Executive Board may have designated by written notice to all of the Unit Owners.

Section 2.4 Fiscal Year. The fiscal year of the Association shall be January 1 to December 31, unless changed by resolution of the Executive Board.

ARTICLE III

EXECUTIVE BOARD

Section 3.1 Composition. The Executive Board shall consist of five (5) natural individuals except for the first Executive Board (hereinafter called the "First Executive Board"), which shall consist of three (3) natural individuals. Each member shall be at least 18 years of age and following the Second Election Meeting, a majority of the Executive Board Members must be Unit Owners. The members of the First Executive Board shall be Persons designated as such in the Declaration, and shall serve until the Second Election Meeting of the Association. Notwithstanding the foregoing, the members of the First Executive Board reserve the right to resign at any time and the Declarant shall have the right to remove and replace any or all such members appointed by the Declarant at any time and from time to time. At the First Election Meeting of the Association, two (2) additional Persons shall be elected to the Executive Board. At the Second Election Meeting of the Association, three (3) Persons shall be elected to the Executive Board to replace the members of the First Executive Board. Except for the filling of vacancies as set forth in Section 3.4 hereof, each member of the Executive Board shall thereafter be elected by the Association, at the Annual Meetings of the Association, for staggered two (2) year terms. The two (2) Persons elected to the Executive Board at the First Election Meeting of the Association shall serve until the second Annual Meeting of the Association following the First Election Meeting, at which time the term of those individuals shall end and the two (2) Persons elected to succeed them shall each serve a two (2) year term. The three (3) Persons elected to the Executive Board at the Second Election Meeting shall serve until the next Annual Meeting of the Association at which an election to fill the other two (2) positions on the Executive Board is not scheduled to occur. At such meeting, the terms of those three (3) members shall end and the Persons elected to succeed them shall each serve a two (2) year term. Executive Board members shall serve until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

Persons qualified to be members of the Executive Board may be nominated for election only as follows:

(a) Any Unit Owner may submit to the Secretary at least thirty days before the meeting at which the election is to be held a nominating petition signed by at least three Unit Owners, a statement that the Person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting; and

(b) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one Person has been nominated by petition.

Section 3.2 Meetings. Meetings of the Executive Board shall be held at the following time, place and manner:

(a) Time and Location. The Executive Board shall hold an annual meeting within ten (10) days following the Annual Meeting of the Association for the purpose of electing officers, as more fully set forth in Article IV hereof, and for any other purpose which may be required or permitted by law, the Declaration or these By-laws to be done by a vote of the Executive Board. The Executive Board shall hold meetings at the call of the President or upon request to the President by at least two of the members of the Executive Board; provided, however, that:

(1) In any event, the Executive Board shall meet at least three (3) times each fiscal year (in addition to the annual meeting of the Executive Board), unless all members of the Executive Board shall waive such requirements as to a particular meeting or meetings;

(2) The first such Executive Board meeting shall be held promptly after the date on which the Declaration is recorded; and

(3) There shall be a meeting of the Executive Board during the second full calendar week of the last month of each fiscal year for the purpose of adopting the budget of the Association for the next following fiscal year of the Association.

The President shall call any Executive Board meeting requested by two of the members of the Executive Board for a date occurring not less than five (5) nor more than twenty (20) days after receipt of such request. The President shall designate the time and location of Executive Board meetings. No business shall be transacted at Executive Board meetings other than as specified in the notice thereof.

(b) Notice. Not less than forty-eight (48) hours prior to the time of any Executive Board meeting, a written notice stating the date, time and place of such meeting shall be delivered, either by hand or by mail or telegram, to each Execu-

tive Board member at the address given to the Executive Board by such Executive Board member for such purpose. Any Executive Board member may waive notice of a meeting, or consent to any action of the Executive Board without a meeting. An Executive Board member's attendance at a meeting shall constitute his waiver of notice of such meeting.

(c) Voting and Quorum. Each Executive Board member shall be entitled to cast one vote. A vote in excess of 50% of the members of the Executive Board present at any meeting at which a quorum is present shall bind the Executive Board for all purposes unless otherwise provided in the Declaration or these By-laws. A majority of the members shall constitute a quorum. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment if all Persons participating in the meeting can hear each other.

(d) Organization. Executive Board meetings may be held under such reasonable rules consistent with these By-laws as the Executive Board may determine. The Executive Board is hereby entitled to promulgate such rules. Except for the meeting to approve the budget of the Association referred to in this Section 3.2(d), Unit Owners who are not Executive Board members shall have no right to attend Executive Board meetings, but the Executive Board may, in its sole discretion, elect to allow such Unit Owners to attend a particular meeting or meetings. If the Executive Board does elect to allow Unit Owners who are not Executive Board members to attend a particular meeting or meetings, the Secretary of the Executive Board shall give prior notice, in the manner provided in Section 2.2(b) hereof, to all Unit Owners of each meeting at which Unit Owners are entitled or invited to be present; provided however that the failure to give such notice shall neither invalidate any actions taken by the Executive Board at such meeting nor impose any liability on the Executive Board or its officers and/or members for the failure to give such notice. All Unit Owners shall have the right to attend and be heard, but not the right to vote, at the Executive Board meeting at which the fiscal year budget of the Association shall be presented to the Executive Board for adoption. The Secretary of the Executive Board shall give Unit Owners notice of such meeting, accompanied by a copy of the proposed budget, in the manner provided in Section 2.2(b) hereof.

Section 3.3 Resignation and Removal. Any member of the Executive Board may resign from the Executive Board at any time by written notice to the Executive Board. Except as hereinafter provided, any member (other than members designated by Declarant under Section 3.1 hereof, who may be removed and replaced only by the Declarant, which removal and replacement may occur at any time and from time to time) may be removed from the Executive Board with or without cause by a vote for such removal by Unit Owners entitled to cast at least fifty percent (50%) of the votes of all members of the Association, such votes having been cast at

any meeting of the Association the notice for which shall contain the name of each member of the Executive Board whose removal is being sought. Any member whose removal has been proposed shall be given notice of the meeting and an opportunity to be heard.

Section 3.4 Vacancies. Any vacancy or vacancies on the Executive Board, whether caused by death, adjudication of incompetency, resignation, removal, or an increase in size of the Executive Board (other than at the First Election Meeting), shall be filled by the Executive Board with an interim appointee who shall serve until the next Annual Meeting of the Association, at which time such vacancy may be filled by the vote of a Majority of the Unit Owners; provided, however, that until the Second Election Meeting of the Association, the Declarant shall have the exclusive right to fill any vacancy created by the resignation or removal of an Executive Board member who had not been elected to such position by the members of the Association at the First Election Meeting or at an Annual or Special Meeting called for such purpose; and further provided that if the Declarant does not exercise its right to fill such vacancy within ten (10) days after such vacancy occurs, such vacancy shall be filled by the Executive Board and the Unit Owners in the manner provided in this Section 3.4. If the vacancy results from removal by the Association, the election of a new member or members may be held at the same meeting where such removal takes place and notice of an election for removal shall be considered notice of an election to fill each vacancy so caused. The vote of more than fifty per cent (50%) of the Unit Owners present at such meeting in person or by proxy shall cause the postponement of the election to a later date, but if such vacancy is not filled within sixty (60) days after it occurs, the Executive Board shall promptly thereafter elect a replacement.

Section 3.5 Compensation. No member of the Executive Board shall receive compensation for performing his duties as a member of the Executive Board unless such compensation is expressly authorized or approved by a vote of more than fifty (50%) per cent of the votes of all Unit Owners, at any Annual or Special Meeting of the Association. Any member of the Executive Committee may be reimbursed for any expenses incurred in the performance of his duties.

Section 3.6 Action Without Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

ARTICLE IV

OFFICERS

Section 4.1 Election. At the first meeting of the Executive Board, and at every Annual Meeting of the Executive Board thereafter, the Executive Board members shall, if a quorum is present, elect officers of the Association for the following year, such officers to serve at the pleasure of the Executive Board for a one (1) year term and until their respective successors are elected. The officers to be elected are: President, Secretary, Treasurer and such other officers as the Executive Board may from time to time find necessary or desirable. The President and Vice-President shall be members of the Executive Board. Officers may serve an unlimited number of terms. Any member may hold two offices simultaneously, except that the President shall not hold any other office.

Section 4.2 Duties. The duties of the officers shall be as follows:

(a) President. The President shall be the chief executive officer of the Association and the chairman of the Executive Board. The President shall be responsible for implementing the decisions of the Executive Board and in that capacity shall direct, supervise, coordinate and have general control over the affairs of the Association and the Executive Board, subject to the limitations of the laws of the Commonwealth of Pennsylvania, the Condominium Documents and the actions of the Executive Board. The President shall have the power to sign checks jointly with the Treasurer and such other documents on behalf of the Association and the Executive Board, or both, with or without the signatures of any other officers, as may be determined by the Executive Board. The President shall preside at all meetings of either body at which he is in attendance and shall be a member of all committees. If the President is absent from such meeting the senior officer of the Association present at such meeting shall preside, and in the absence of any officer, the body holding the meeting shall elect a Person to preside. If the Executive Board so provides, the President shall also have any or all of the powers and duties ordinarily attributable to the chief executive officer of a corporation domiciled in Pennsylvania.

(b) Secretary. Unless otherwise determined by the Executive Board, the Secretary shall keep or cause to be kept all records (or copies thereof if the original documents are not available to the Association) of the Association and the Executive Board and shall have the authority to affix the seal of the Association to any documents requiring such seal. The Secretary shall give or cause to be given all notices as required by law, the Declaration or these By-laws, shall take and keep or cause to be taken and kept minutes of all meetings of the Association, the Executive Board and all committees, and shall take and keep or

cause to be taken and kept at the Association's office a record of the names and addresses of all Unit Owners and the voting lists referred to in Section 2.2(e)(3) hereof as well as copies of the Declaration, the Plats and Plans, these By-laws and the Rules and Regulations, all of which shall be available at the office of the Association for inspection by Unit Owners, prospective Unit Owners or Permitted Mortgagees during normal business hours and for distribution to them at such reasonable charges (if any) as may be set from time to time by the Executive Board. The Secretary shall keep or cause to be kept the register of holders of Permitted Mortgages. The Secretary shall also perform all duties and have such other powers as are ordinarily attributable to the Secretary of a corporation domiciled in Pennsylvania.

(c) Treasurer. Unless otherwise determined by the Executive Board, the Treasurer shall have the charge and custody of, and be responsible for, all funds and securities of the Association, shall deposit or cause to be deposited all such funds in such depositories as the Executive Board may direct, shall keep or cause to be kept correct and complete accounts and records of all financial transactions of the Association and the Executive Board and shall submit or cause to be submitted to the Executive Board and the Association such reports thereof as the law, the Declaration, the Executive Board, or these By-laws may from time to time require. Such records shall include, without limitation, chronological listings of all receipts and Common Expense expenditures, the amount of each assessment for Common Expenses and expenses assessable to individual Units, if any, and the amount paid and the amounts due on such assessments. Such records shall specify and itemize the maintenance, repair and replacement expenses relating to the Common Elements and the Limited Common Elements and any other expenses incurred by the Association. The foregoing financial records shall be kept at the Association's office and shall be available there for inspection by Unit Owners, prospective Unit Owners or Permitted Mortgagees during normal business hours. The Treasurer shall, upon request, provide any Person who shall be entitled thereto with a written statement or certification of the information required to be provided by the Association pursuant to Sections 3315(g), 3407(a) and 3407(b) of the Act. The Treasurer shall have the power to sign checks jointly with the President and to also perform such duties and have such powers as are ordinarily attributable to the Treasurer of a corporation domiciled in Pennsylvania.

(d) Vice-Presidents and Assistant Officers. Unless otherwise determined by a resolution of the Executive Board, any Vice-President and any assistant officer shall have the powers and perform the duties of his respective superior officer, the President being any Vice-President's superior officer, the Secretary being any Assistant Secretary's superior officer, and the Treasurer being any Assistant Treasurer's superior officer.

Section 4.3 Compensation. The officers of the Executive Board shall serve without compensation for their services in such capacity unless such compensation is expressly authorized or approved by a vote of more than 50% of the votes of all Unit Owners, at any Annual or Special Meeting of the Association. Officers may be reimbursed for any out-of-pocket expenses incurred in performing their duties.

Section 4.4 Resignation and Removal. Any officer may resign at any time by written notice to the Executive Board, such resignation to become effective at the next Executive Board meeting. Any President who ceases to be a member of the Executive Board for any reason shall also be deemed to have resigned or been removed, ipso facto, from such office. Any officer may be removed from his office at any time by a majority vote of the Executive Board whenever in the judgment of the Executive Board members the interests of the Association will be best served thereby, or by the vote of the Association with or without cause, in the same manner as set forth for the removal of Executive Board members in Section 3.1 hereof.

Section 4.5 Vacancies. Vacancies caused by resignation or removal of officers or by creation of new offices may be filled by a majority vote of the Executive Board members.

ARTICLE V

POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 5.1 Enumeration. The Executive Board shall have all of the powers and duties granted by the Act, the Condominium Documents and the Corporation Law.

Section 5.2 Limitation. Nothing in this Article or elsewhere in these By-laws shall be considered to grant to the Executive Board or to the officers of the Association any powers or duties which, by law, are possessed by the Unit Owners. Unless otherwise provided herein or in the Declaration, the Executive Board shall comply with the instructions of more than fifty (50%) per cent of the Unit Owners present in person or by proxy, as expressed in a resolution duly adopted at any Annual or Special Meeting of Unit Owners.

ARTICLE VI

BUDGET

Section 6.1 Annual Budget. The Executive Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated Common Expenses and cash requirements for the forthcoming year (including, by way of illustration and not limitation, reserves, salaries, wages, payroll and other applicable taxes, legal and accounting fees, supplies, materials,

parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other Common Expenses) as deemed necessary by the Executive Board. The annual budget shall also take into account the estimated net available cash income for the year from the operation or use of the Common Elements, if any. To the extent that the assessments and other cash income collected from the Unit Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account.

Section 6.2 Collection of Assessments. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment not paid within five days after due shall accrue interest at the rate of 15% per annum or such other rate as may be determined by the Executive Board.

ARTICLE VII

REPAIR OR RECONSTRUCTION

Section 7.1 Restoration of Property Out of Common Expense Fund. Damage to or destruction of the Buildings shall be promptly repaired and restored by the Association in accordance with the provisions of the Declaration and Section 3312(g) of the Act. The Executive Board shall be responsible for accomplishing the full repair or reconstruction which shall be paid out of the Common Expense fund. The disbursements of funds for such repair or reconstruction shall, at the option of the Executive Board, be made only as the work progresses upon approval of a qualified architect who shall have furnished a description satisfactory to the Executive Board of the costs involved and the services and materials to be furnished by the contractors, subcontractors and materialmen. Unit Owners may apply the proceeds from their individual property insurance policies, if any, to the share of such Common Expenses as may be assessed to them. The Executive Board shall be responsible for restoring the Premises only to substantially the same condition as existed immediately prior to the damage, and each Unit Owner shall personally assume the additional expense of any improvements to his Unit if he desires to restore it beyond such conditions. If any physical changes are made to any restored Unit or the Common Elements, or any combination of them, which renders inaccurate the Plats and Plans which are then of record, the Executive Board shall record amended Plats and Plans showing such changes with such recording cost being assessed against the Unit Owner if his restoration caused such need.

ARTICLE VIII

CONTRACTUAL POWERS

Section 8.1 Validity of Contracts with Interested Executive Board Members. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm or association in which one or more of the Executive Board members of the Association are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board or a committee thereof which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) The fact that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board or committee and is noted in the minutes thereof, and the Executive Board or committee authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Executive Board member or members; or

(b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

Section 8.2 Inclusion of Interested Executive Board Members in the Quorum. Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 8.1 hereof.

Section 8.3 Terms of Management Contracts.

(a) If and when required by any one or more of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or their respective successors, or any holder of a Permitted Mortgage, any agreement for professional management of the Premises on behalf of all Unit Owners:

(1) Shall be terminable by the Executive Board for cause upon not more than thirty (30) days' written notice thereof;

(2) Shall be terminable by either party without cause (and without payment of any termination fee) upon not more than ninety (90) days' written notice; and

(3) Shall have a term which does not exceed three (3) years.

Notwithstanding the foregoing, any management contracts entered into before the Second Election Meeting shall also be cancellable pursuant to the provisions of Section 3305 of the Act.

(b) The Executive Board and/or the officers of the Association may delegate one or more of the following duties to a managing agent employed by the Executive Board:

(1) Collection of assessments due from Unit Owners, rents due from users or lessees of the Common Elements or Units owned by the Association, and all sums due from concessionaires (if any) in consequence of the authorized operation of facilities in the Common Elements maintained primarily for the benefit of the members of the Association.

(2) Interviewing, hiring, paying, supervising and discharging of the personnel necessary to be employed in order to maintain and operate the Common Elements. The Executive Board may request a managing agent to negotiate, on behalf of the Association, collective bargaining agreements with unions representing any of the foregoing Persons.

(3) Maintenance of minute books of the Executive Board and the Association, transmittal of notices of meetings of the Association or the Executive Board, recordation of minutes of such meetings and maintenance of records required to be kept by the Executive Board pursuant to the Declaration.

(4) Preparation and filing with the appropriate body, in the name of the Association, of all forms, reports and returns required with respect to the Association's employees and perform all acts of an employer required by law with respect to the Association's employees.

(5) Collection of all charges, assessments or rents which may at any time become due to the Association, by way of legal process or as may be required for the collection of delinquent assessments from the Owners or otherwise.

(6) Maintenance of the Common Elements and Limited Common Elements in the Property.

(7) Contracting with respect to the Property for a period of less than one year and incurring liabilities of not more than \$10,000.00 and maturing less than one year from the creation thereof.

(8) Compliance with orders and requirements affecting the Premises from any Federal, State, County or municipal authority having jurisdiction thereover.

(9) Contracting for water, electricity, telephone, elevator maintenance service, HVAC system, maintenance, vermin extermination, trash, and snow removal and other necessary services, or such of them as the Executive Board may deem advisable.

(10) Placement of orders for such equipment, tools, appliances, materials and supplies as are necessary to properly maintain the Common Elements.

(11) Placement of and maintaining in effect all forms of insurance authorized by the Executive Board.

(12) Disbursement of salaries or any other compensation due and payable to the employees of the Association, or to agents or independent contractors hired by or on behalf of the Association, and payment of any taxes, fire and other insurance premiums and amounts specified for allocation to any reserve fund for replacements or any general operating funds.

(13) Providing Unit Owners and Mortgagees with copies of condominium documents and such notices to Unit Owners or Mortgagees or both as may be promulgated by the Executive Board from time to time and enforcement of the rules and regulations relating to the operation and use of the Common Elements (including, but not limited to, the Limited Common Elements).

(14) Establishment and maintenance, in a manner which indicates the custodial nature thereof, of one or more separate accounts for the deposit of monies of the Association.

(15) Maintenance of all data, receipts and records necessary to allow the Association to comply with the requirements of Section 3315(g) and 3407 of the Act and to provide further information upon request.

(16) Complying with the Executive Board's responsibilities to Permitted Mortgagees under Sections 8.2 and 8.3 of the Declaration.

ARTICLE IX

SEPARATE REAL ESTATE TAXES

Section 9.1 Assessments Against Individual Units.

In the event that, during the taxable period during which occurs the first conveyance of a Unit to a Person other than the Declarant, real estate taxes are not separately assessed against each Unit Owner, but rather are assessed against the Property as a whole, then each Unit owner (including the Declarant, as to the Units then owned by it) shall pay his proportionate share thereof in accordance with his respective Percentage Interest in the Common Elements.

ARTICLE X

AMENDMENTS

Section 10.1 General Requirements; Consent of Declarant or Holders of Permitted Mortgages; Curative Amendments to By-laws. Except as otherwise provided in any one or more of these By-laws, the Declaration or the Act, the provisions of these By-laws may be amended by the vote of the Unit Owners holding at least sixty seven percent (67%) of the proportionate undivided interests in the Common Elements (i.e. the "Percentage Interests"), cast in person or by proxy at a meeting duly held in accordance with the provisions of these By-laws; provided, however, that if such amendment shall make any change which would have a material effect upon any of the rights, privileges, powers and options of the Declarant, then the consent of the Declarant shall be required; and further provided that no amendment seeking (i) to abandon, partition, subdivide, encumber, sell or transfer any portion of the Common Elements, (ii) to effectuate any decision by the Association to terminate professional management and assume self-management of the Premises or (iii) to abandon or terminate the condominium form of ownership of the Premises except as otherwise provided in the Declaration, shall be effective without the prior written approval of the holders of all Permitted Mortgages. Additionally, 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 By-laws 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 all or any part of the Premises, 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 sentence. Each amendment of these By-laws shall be effective upon its due adoption as aforesaid. These By-laws contain provisions concerning various rights and interests of record holders of Permitted Mortgages on Units. Such provisions in these By-laws are to be construed as covenants for the protection of such holders on which they may rely in making loans secured by mortgages. Accordingly, no amendment or modification of these By-laws impairing or affecting such rights, priorities, remedies or interests of such a holder or any material provision hereby shall be adopted without the prior written consent of such holders who have registered an address with the Secretary.

Section 10.2 Amendments to the Declaration. The Declaration may be amended pursuant to the provisions of the Act and the Declaration. The President or any Vice-President is empowered to prepare and execute any amendments to the Declara-

tion on behalf of the Association and the Secretary or any Assistant-Secretary is empowered to attest, affix the Association's corporate seal and record any such amendments on behalf of the Association.

ARTICLE XI

FACADE EASEMENT DONATION

Immediately upon the closing of no fewer than fifteen (15) Units, the President of the Association is empowered to donate an easement over the facade of the structure to the Philadelphia Historic Preservation Corporation. Each Unit Owner agrees to execute any and all documents and instruments necessary or desirable to effectuate the above.

ARTICLE XII

COMPLIANCE AND DEFAULT

Section 12.1 Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these By-laws, the Rules and Regulations and the Act, as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

a. Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any members of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance rates occasioned by improper use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

b. Cost and Attorney's Fees. In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

c. No Waiver of Rights. The failure of the Association, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these By-laws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce

such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these By-laws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these By-laws, the Rules and Regulations or the Act or at law or in equity.

d. Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any By-law contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Notices. All notices, demands, bills, statements or other communications under these By-laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, postage prepaid (or otherwise as the Act may permit), (i) if to a Unit Owner, at the single address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 13.2 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-laws or the intent of any provision thereof.

Section 13.3 Gender. The use of the masculine gender in these By-laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.