

## Preface

The Code of Regulations governs the administration and management of Westwood Village Condominium and the Property and the actions of the Council and the Unit Owners. The original Code of Regulations was recorded on January 29, 1975. The first amendment was recorded on June 22, 1976. That amendment primarily concerned the Declarant, that is the organization creating Westwood Village. It did change the paragraph concerning the removal of Council members. The second amendment was recorded June 2, 2005. It changed aspects of financial reporting and recordkeeping.

This document is consolidation of the original with the two amendments into a single modern document. The original text is displayed with the standard Courier Font. The first amendment is displayed in *italics*. The second amendment is displayed in **Bold**.

Code of Regulations  
Of Westwood Village Condominium

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CODE OF REGULATIONS  
OF WESTWOOD VILLAGE CONDOMINIUM

THIS CODE OF REGULATIONS is made this 29<sup>th</sup> day of January 1975, by the following individuals, John E. Swan, Catherine Magill, Frank Wilson, Franklyn Failing, and Margaret Failing, all of whom constitute the first members of the Council of WESTWOOD VILLAGE CONDOMINIUM.

ARTICLE I

IDENTIFICATION OF THE PROPERTY  
AND DEFINITIONS

§1. Identification of the Property. This Code of Regulations is the Code of Regulations which is adopted pursuant to the Unit Property Act of Pennsylvania, Act of July 3, 1963, P.L. 196 (68 P.S. §700.101 et seq.) for the regulation and management of the Property known and identified as WESTWOOD VILLAGE CONDOMINIUM which was submitted to the provisions of the Act by Declaration Creating and Establishing Westwood Village Condominium bearing even date herewith made by M. L. W. Construction Corporation, a Maryland Corporation, and Recorded in the Office of the Recording of Deeds in and for Cumberland County, Pennsylvania, in Deed Book , Page , and the accompanying Declaration Plan which was Recorded in said Plan Book , Page .

§2. Definitions. The following terms when used in this Code of Regulations shall have the same meanings ascribed to them in §1 of the Declaration referred to in §1 of this Article I, viz. "Act"; "Assessment"; "Building"; "Code of Regulations"; "Common Elements"; "Common Expenses"; "Common Interest"; "Common Receipts"; "Common Profits"; "Condominium"; "Condominium Documents"; "Council"; "Declarant"; "Declaration"; "Declaration Plan"; "Documents"; "Land"; "Majority"; or "Majority of Unit Owners"; "Person"; "Property"; "Recorded"; "Revocation"; "Tract 1"; "Tract 2"; and "Tract 3"; "Unit"; "Unit Deed"; "Unit Designation"; "Unit Owner"; and "Voting Representative" of a Unit Owner means the person who is entitled pursuant to the provisions of §14 of the Declaration to cast votes for such Unit Owner.

ARTICLE II

ADMINISTRATION; APPLICABILITY

§1. Administration. The administration and management of Westwood Village Condominium and the Property and the actions of the Council and the Unit Owners shall be governed by the Code of Regulations.

§2. Applicability. All present and future Unit Owners, tenants, their licensees, customers, business invitees, servants, agents, employees and any other person or persons that shall be permitted to use the Property shall be subject to the Code of Regulations and to the Rules and Regulations (as defined in Paragraph M of §1 of Article VII of the Code of Regulations) made and promulgated by the Council.

Acquisitions, rental or occupancy of any Unit shall be conclusively deemed to mean that the Unit Owner, tenant or occupant has accepted and ratified the Code of Regulations and the Rules and Regulations of the Council and will comply with them.

ARTICLE III

PRINCIPAL OFFICE

§1. Principal Office. The Principal office of Westwood Village Condominium and the Council shall be located initially at 5082 Lilac Lane, Swatora Township, Harrisburg, Pennsylvania, but thereafter may be located at such other suitable and convenient place or places as shall be permitted by law and designated by the Council.

ARTICLE IV

THE COUNCIL

§1. Management of the Property; Number and Qualification. The Council shall manage the business, operation, and affairs of Westwood Village Condominium and the Property on behalf of the Unit Owners in compliance with and subject to the provisions of the Act, this Code of Regulations and Declaration. The Council shall consist of five natural individuals, each of whom shall be at least twenty-one years of age. A person need not be a Unit Owner to qualify for membership in the Council.

§2. Term and Compensation. The first members of the Council shall be persons designated as such in the Declaration, and they shall serve until their successors have been elected at the first annual meeting of the Unit Owners. At any annual election in which the Declarant shall be entitled to select a majority of the members of the Council as provided in §26(ii) of the Declaration all members of the Council shall be elected for a term of one year. At the first annual election in which the Declarant shall not be entitled to select a majority of the Council, two members shall be elected to serve a term of three years, two to serve for two years and one to serve for one year. At all subsequent elections the member or members of the Council to be elected at such elections shall be elected for a term of three years. Each member shall serve until his successor shall be elected and shall serve without compensation.

§3. Nominations and Elections. At least two months preceding the annual meeting of the Unit Owners the President shall appoint a nominating committee of three, at least one of whom (when possible) shall be a member of the Council whose term does not expire at the ensuing annual election. The nominating committee, after considering the qualifications of the individuals and consulting the Declarant while the Declarant owns five or more Units, shall select an individual or individuals to be elected as a member of the Council. Such Committee shall report its nominees to the President at least fifteen days prior to the date of the annual meeting.

Any ten Unit Owners, or the Unit Owner of ten or more Units, may nominate candidates to the Council by presenting such nominations in writing signed by them to the Secretary. Such petition shall be presented not less than fifteen days before the annual meeting.

At least ten days prior to the annual meeting the Unit Owners shall be notified in writing of all nominees to the Council and shall be furnished with ballots. The names of all nominees shall be typed or printed upon all ballots. Where there is more than one candidate such names shall be arranged in alphabetical order.

Those nominees receiving the greater number of votes out of the number to be elected shall be declared elected and in the case of a tie vote of the last place to be filled, a new ballot shall be cast in order to determine the last successful candidate excluding those with a smaller number of votes shall be declared defeated. Cumulative voting shall not be permitted.

Unit Owners or their Voting Representatives may cast their vote prior to the annual meeting by depositing their votes with the Secretary, to be opened by him at the meeting, and are not required to be present at the meeting to cast their ballots for the election of the members of the Council.

§4. Vacancies. If the office of any member of the Council shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining members of the Council, at a special meeting called for such purpose, shall choose a successor, who shall serve for the remaining unexpired term of the member replaced.

§5. Removal. *Members of the Council (except those selected by the Declarant pursuant to the provisions of §26(ii) of the Declaration, which Members of the Council of the Declarant may unilaterally remove with or without cause, and Declarant may unilaterally fill such vacancies with persons selected by Declarant) may be removed with or without cause, by the affirmative vote of the Unit Owners or their Voting Representatives have two-thirds of the votes cast at any annual or special meeting of the Unit Owners duly called for such purpose, in which case the provisions of §4 of this Article IV shall also apply.*

§6. Organizational Meeting. The first or organizational meeting of each newly elected Council shall be held immediately upon the adjournment of the meeting of the Unit Owners at which they were elected and at the same place where the meeting of the Unit Owners was held, provided a quorum is present. If a quorum of the Council is not present, such first or organizational meeting shall be held as soon there after as may be practical provided notice is given to each member of the Council as set forth in §7 of this Article IV or unless waived as provided in §8 of this Article IV.

§7. Meetings. The Council shall meet regularly at least once a month on the First Thursday of each month or on such other day as the Council may fix. At the meeting to be held on the first Thursday of November of each calendar year the Council shall adopt the budget

specified in Paragraph B of §1 of Article VII of the Code of Regulations. The meetings shall be held at the principal office of the Westwood Village Condominium or such other places as the Council may determine. The annual meeting of the Council shall be held immediately following the annual meeting of the Unit Owners at the place where such annual meeting of the Unit Owners is held. A special meeting may be called by the President or Vice President on two days notice given either in writing, in person by telephone, or by wire, to each member of the Council. Such special meetings must be called on the demand or request of two members of the Council.

§8. Regular Meetings. Regular meetings once established may thereafter be held without notice at the time and place agreed upon by the Council. If the time or place of a regular meeting be changed by circumstances beyond the control of the Council, notice of the change shall be given in the same manner as for a special meeting. Notice of a regular or special meeting need not be given to any member of the Council who submits a waiver of notice, whether such waiver be before or after the meeting. Attendance at the meeting shall be deemed to be a waiver of notice thereof.

§9. Quorum. At all duly convened meetings of the Council, a Majority of the members of the Council shall constitute a quorum for the transaction of business except as otherwise expressly provided in the Code of Regulations or by law. Each member of the Council shall be entitled to cast one vote and the acts of the majority of the members of the Council present at such meeting at which a quorum is present shall be the acts of the Council. If at any meeting of the Council there shall be less than a quorum present, the members of the Council present may adjourn the meeting from time to time, and at any such adjourned meeting at a quorum is present, any business that might have been taken at the meeting as originally called, may be transacted without further notice to any such members.

§10. Unit Owners Attendance at Meetings. Except for the meeting to approve and adopt the budget of the Council as stated in §7 of this Article IV, Unit Owners shall have no right to attend meetings of the Council, but the Council may, in its sole discretion elect to allow the Unit Owners to attend a particular meeting or meetings. If the Council does elect to allow the Unit Owners to attend a particular meeting, the Secretary of the Council shall give notice of such meetings to the Unit Owners at least three days prior to the said meeting; provided however that the failure to give such notice neither invalidates any actions taken by the Council at the said meeting nor impose any liability on the Council or the members or officers of the Council for the failure to give said notice. Notwithstanding anything contained in this §10, all Unit Owners shall have the right to attend and be heard, but not the right to vote, at the meeting of the Council at which the budget of the Council and the Westwood Village Condominium shall be adopted by the Council. Unit Owners shall receive notice of said meeting in the manner provided in §4 of Article VI of the Code of Regulations by the Secretary of the Council at least ten days, but not more than twenty prior to said meetings.



ARTICLE V

OFFICERS OF THE COUNCIL

§1. Designation. The officers of the Council shall be President, Vice President, Secretary and Treasurer. The Secretary may be eligible to the office of Treasurer. All officers shall be members of the Council.

§2. Elections of Officers. The officers of the Council shall be elected annually by the Council at the organization of each new Council and shall hold office until their successor are elected or appointed by the Council and qualify.

§3. Duties of the President. The President shall be the chief executive officer of the Council and shall preside at meetings of the Unit Owners and the Council. He shall have the general powers and duties usually vested in the office of the President of a Pennsylvania business corporation including but not limited to, the power to appoint committees from the Unit Owners from time to time as he may deem appropriate to assist in the conduct of the affairs of the Council.

§4. Duties of the Vice President. The Vice President shall perform all duties as shall be delegated to him by the President. He shall serve as chairman of the respective committees which the President shall deem appropriate. The Vice President shall exercise the powers and perform the duties of the of the President in his absence or disability.

§5. Duties of the Secretary. The Secretary shall attend all meetings of the Council and all meetings of the Unit Owners and shall record all votes and minutes of all meetings and proceedings, including resolutions, in a minute book to be kept for that purpose. He shall have charge of the minute book and such records and papers as the Council shall direct and perform all duties incident to the office of Secretary of a Pennsylvania business corporation including sending notices of meetings to Unit Owners, the Council, and committees and such other duties as may be prescribed by the Code of Regulations or by the Council or the President. He shall keep at the Council's office a record of the names and addresses of all Unit Owners and the information specified in §11 of Article VI of the Code of Regulations, as well as copies of the Declaration, the Declaration Plan, Code of Regulations and the Rules and Regulations adopted by the Council for Inspection by Unit Owners or prospective Unit Owners during regular business hours. The Secretary shall keep or cause to be kept the register of holders of mortgages secured upon the Units referred to in Article XI hereof.

§6. Duties of the Treasurer. The Treasurer shall have charge and custody, and be responsible for, the funds and securities of the Council and shall deposit all monies, checks and other valuable effects in the name and to the credit of the Council in such depositories as may from time to time be designated by the Council. He shall disburse the funds of the Council as may be from time to time be ordered by the Council or by the President, making proper vouchers for such

disbursements. He shall keep or cause to be kept full, complete and accurate accounts and records of all financial transactions of the Council and shall submit or cause to be submitted to the Council and the Unit Owners such reports thereof as the law, the Declaration, the Council or the Code of Regulations may from time to time require. Such accounts and records shall include, without limitation, chronological listing of all Common Receipts and Expenses on the account of the Common Elements and each Unit, and any other expense incurred, the amount of each Assessment for Common Expenses and Assessment applicable to the Units, if any and the amount paid and the amounts due on such Assessments by the Unit Owners. Such records shall be specify and itemize the maintenance, repair and replacement expenses relating to the Common Elements and any other expenses incurred by the Council. The foregoing financial records shall be kept at the Council's office and shall be available there for inspection by Unit Owners or prospective Unit Owners during regular business hours. He shall direct and perform all duties incident to the office of Treasurer of a Pennsylvania corporation.

§7. Compensation. The officers of the Council shall serve without compensation unless such is approved by a Majority of Unit Owners. If any compensation shall be paid it shall be treated as a Common Expense. Appointment or election as an officer shall not carry with it an automatic contractual right to compensation. The officers of the Council shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

§8. Resignation and Removal. Any officer of the Council may resign at any time by written notice to the Council, such resignation to become effective at the next Council meeting. Any member of the Council who resigns or is removed as a member of the Council shall also be deemed to have resigned or been removed, ipso facto, from any Council office he may have held. Any officer of the Council may be removed from his office at any time by a majority vote of the Council whenever in the best judgment of the members of the Council the interests of the Unit Owners will be best served thereby, or by vote of the Unit Owners with or without cause, in the same manner set forth for removal of members of the Council in §5 of Article IV of the Code of Regulations.

§9. Filling Vacancies. Vacancies caused by resignation or removal of any officer shall be filled by majority vote of the members of the Council.

§10. Execution of Instruments. No agreement, contract, check, deed, lease, mortgage or other instrument shall be binding upon the Council and the Unit Owners unless signed by two officers of the Council, except as such power may be otherwise delegated to the Manager as provided in §1 of Article VII of the Code of Regulations. The liability of the Unit Owners, Council or any officer of the Council under instrument binding or purporting to bind the Unit Owners or the Council shall be governed by the provisions of §4 of Article VIII of the Code of Regulations.

## ARTICLE VI

### UNIT OWNERS

§1. Place of Meetings. All annual and special meetings of the Unit Owners shall be held at the principle office of Westwood Village Condominium or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Code of Regulations or the Council and designated in the notices of such meetings.

§2. Annual Meetings. The first annual meeting of the Unit Owners shall be held within thirty days after the date on which title to the Units then submitted to the provision of the Act and having Common Elements in excess of seventy percent shall have been conveyed by the Declarant to Unit Owners other than the Declarant or within one year following the date of the Conveyance of the first Unit, whichever shall first occur. Subsequent annual meetings shall be held at 7:30 P.M. on the first Monday of April of each year, or at such other date and time as the Council may determine but not more than one hundred fifty nor less than ninety days after the end of the fiscal year of Westwood Village Condominium as specified in Article XII of the Code of Regulations.

At the annual meeting, the Unit Owners (and, the Declarant pursuant to §26(ii) of the Declaration) shall elect the members of the Council unless such action is taken pursuant to the provisions of §10 of this Article VI. The Unit Owners also may conduct whatever other business may be required or permitted by law, the Declaration or the Code of Regulations, to be done by vote of the Unit Owners. The Treasurer of the Council shall present at each annual meeting an audit (certified by an independent certified public accountant) of the Common Expenses, Common Receipts and Common Profits and the allocation thereof to each Unit Owner, and the Treasurer shall report on any changes expected for the current fiscal year. Such audit shall be delivered to all Unit Owners not less than ten days prior to the annual meeting.

§3. Special Meetings. Special meetings of the Unit Owners may be called at any reasonable time and from time to time if requested by any two members of the Council and must be called by the Council upon receipt of written request from Unit Owners entitled to cast 15,000 votes. The Council shall designate the date, time and location of all special meetings of the Unit Owners. Special meetings of the Unit Owners shall be called for the purpose of considering matters which shall be required or permitted by law, the Declaration, or the Code of Regulations, to be done by the vote of the Unit Owners, for any other reasonable purpose. Action taken at a special meeting shall be confined to the purpose stated in the notice thereof.

§4. Notices. Notice of meetings of the Unit Owners shall be in writing. The Secretary of the Council shall give or cause to given to the Unit Owners and all members of the Council any notice permitted or required by the Declaration or the Code of Regulations either by hand delivery, or mailing United States Postal Service first class mail address to the Unit Owner at such address as the Unit Owner may from time to time specify in writing to the Secretary. This notice shall be

deemed given if place in the Unit Owner's mailbox by hand or when the notice has been duly deposited in a receptacle therefor maintained by the United States Postal Service, posted prepaid. Notice of meetings need not be given to any Unit Owner who personally or by his Voting Representative, signs a waiver of notice whether before or after the meeting. The attendance at a meeting of any Unit Owner or his Voting Representative, without protesting prior notice to the conclusion of the meeting the lack of proper notice of such meeting, shall constitute a waiver of notice of the meeting by such Unit Owner. If there are co-owners of record of a Unit, notice shall be addressed to all of them, but need to be sent or delivered only to their Unit or to other address designated in writing by them in accordance with the provision of this §4.

Notice of annual and special meetings of the Unit Owners shall specify the date, time and location of the meeting, as well as the matters which will be the subject of discussion or vote at such meeting. All notices for annual meetings be given to Unit Owners at least ten days, but not more than twenty days, prior to such meeting. Notices for special meetings shall be given to the Unit Owners at least fifteen days, but not more than twenty-five days, prior to such meeting. Notices for postponed meetings shall be given at least ten days, but nor more than twenty days, prior to the date of the rescheduled meeting.

§5. Record Date. For the purpose of determining the Unit Owners entitled to notice of any meeting the Unit Owners, or any adjournment thereof, or for the purpose of any action, the Council shall fix in advance a date as the record date for such determination. Such date shall not be more than thirty nor less than twenty-five days before the date of the meeting. If no record date is fixed, then the date shall be deemed to be the twenty-fifth day before the meeting.

§6. Quorum. No official business may be transacted nor may any binding vote be taken at any meeting of the Unit Owners unless a quorum of Unit Owners is present. A quorum for all meetings shall exist if there is present, in person or by proxy, Unit Owners or their Voting Representatives together entitled to cast at least twenty-five percent of the total outstanding votes of the Unit Owners. The subsequent joinder of a Unit Owner or his Voting Representative in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Person for the purpose of determining a quorum. When a quorum is once present to organize the meeting, it cannot be broken by the subsequent withdrawal of a Unit Owner or Unit Owners or his or their Voting Representatives. If a quorum is not present at any meeting, the Unit Owners present may reschedule the meeting for a latter date, allowing time for the required notice which the Secretary shall give or cause to be given to all Unit Owners and which shall include notice that action may be taken at such rescheduled meeting of a normal quorum. A quorum at such rescheduled meeting shall consist of whatever number of Unit Owners and Voting Representatives is present, whether or not their combined votes equals the twenty-five percent of the total outstanding votes of the Unit Owners.

§7. Number of Votes. The number of votes which each Unit Owner (including the Declarant) or his Voting Representative shall be entitled to cast in any of the affairs of the Unit Owners requiring a vote, and which votes are assigned shall be provided in §14 of the Declaration.

A Unit which has been acquired by the Council on behalf of all the Unit Owners shall not be entitled to vote so long as it continues to be so held.

§8. Proxies. Any Unit Owner and any Voting Representative may attend all meetings of the Unit Owners either in person or by proxy. Such proxy shall be in writing and shall be delivered to the Council at least one day prior to the meeting for which the proxy has been given. The proxy may be revoked at any time by written notice to the Council. No proxy shall endure for more than one meeting and any postponements thereof, unless the proxy shall state some longer period of duration, which shall not exceed eleven months. Such proxy shall become void when the Council has received written notice, given by a responsible person who would have personal knowledge of the fact, of the death or judicially declared incompetence of the grantor of such proxy or of the recording of the transfer of title to the Unit from the grantor of such proxy.

§9. Action by Unit Owners. Except as otherwise provided by law, the Declaration or the Code of Regulations, acts of the Unit Owners shall require the approval of the Unit Owners or their Voting Representatives together entitled to cast in excess of fifty percent of the votes of all Unit Owners or their Voting Representatives present in person or by proxy at a meeting of the Unit Owners at which a quorum is present in person or by proxy.

§10. Actions of the Unit Owners Without a Meeting. Any action required or permitted to be taken by a vote of the Unit Owners may be taken without a meeting by the written consent, stating the action so taken, or at least that number of Unit Owners or their Voting Representatives whose votes would otherwise have been sufficient to take the action if a meeting had been held at which all Unit Owners or their Voting Representatives were present.

§11. List of Unit Owners. The Secretary of the Council shall compile and keep up to date at the principal office of the Council a complete list of the Unit Owners and their last known post office addresses. Such lists shall also show opposite each Unit Owner's name the Unit Designation of the Unit or Units owned by him, the percentage of Common Interest in the Common Elements assigned to the Unit or Units owned by him, the number of votes which the Unit Owner is entitled to vote at meetings of the Unit Owners and the Voting Representative, if any. This list shall be open to inspection by all Unit Owners and other persons lawfully entitled to inspect the same during regular business hours.

§12. Order of Business. The order of business at the annual meeting of the Unit Owners shall be:

- (a) Calling of the roll.
- (b) Proof of the notice of the meeting or certification as to waivers.
- (c) Reading of the minutes of the preceding meeting.
- (d) Reports of the officers.
- (e) Reports of the Council.
- (f) Reports of Committees
- (g) Selection and appointment of inspectors of election.
- (h) Election of members of the Council
- (i) Unfinished business
- (j) New business.
- (k) Adjournment.

The order of business at all other meetings of the Unit Owners shall as far as practical conform to the order of business at the annual meeting insofar as the special purpose of the meeting will permit.

#### ARTICLE VII

##### POWERS, AUTHORITY AND DUTIES OF THE COUNCIL

§1. Powers, Authority and Duties. The Council shall have and exercise all lawful powers, authority, and duties necessary for the proper conduct and the administration, management and operation of the affairs of Westwood Village Condominium and the Property, and may do or cause to be done all such other lawful acts and things as are not by law, the Code of Regulations and the Declaration or otherwise, directed or required to be done or exercised by the Unit Owners, or by others. In the performance of these duties as administering body of Westwood Village Condominium and the Property, the Council shall have powers, authority and duties set forth in the Act and the Documents, including, but not limited to, the following:

A. Operation of the Property. The Operation, management, maintenance, renewal, replacement, repair, care, cleaning, upkeep, protection, and surveillance of the Westwood Village Condominium and the Property, and all other property, real or personal, of the Council held for the benefit of the Unit Owners.

B. Preparation of the Budget. The preparation and adoption not later than the first Thursday of November of each calendar year of a budget or estimate of Common Expenses for the next succeeding fiscal year which shall include, but not limited to, a provision to establish

and maintain an adequate reserve fund for the replacement of the Common Elements. In connection with sale of each Unit, a working capital fund for the initial months of operation of the Westwood Village Condominium shall be established in the minimum of two months of the estimated annual Common Expenses for each such Unit. The total amount of such budget or estimate shall be assessed against all of the Units and the respective Unit Owners thereof, in the same proportion as their respective undivided Common Interest in the Common Elements as set forth in the Declaration. The proportionate amounts thus found applicable to each Unit shall be payable the Unit Owner there of to Council in twelve equal monthly payments on the first day of the month of each year. On or before the due date of the first monthly installment, the Council shall prepare and delivery or mail to each Unit Owner and the person holding a first mortgage upon a Unit who has given the information set forth in §1 of Article XI of the Code of Regulations, a statement showing the amount thereof and amount assessed against such Unit for the entire fiscal year, and shall not be obligated to give notice of any subsequently accruing monthly payments for such fiscal year; and the omission of notice of such installment shall not relieve the Unit Owner from his obligation to pay such monthly installments promptly when and as they become due and payable. The omission by the Council to fix the Assessment for the next fiscal year shall not be deemed a waiver or modification in any respect of the provisions of the Code of Regulations or of the other Documents, or a release of the Unit Owners from the obligation to pay the Assessment, or any installment therefor for any such year, but the Assessment fixed for the preceding fiscal year shall continue until a new Assessment is fixed.

C. Increases in Assessments. To adjust or increase the amount of any annual Assessment for Common Expenses and the monthly installments thereof, and to levy and collect in addition thereto, special Assessment for Common Expenses in such amounts as the Council may deem proper, whenever the Council is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs, or additional capital expenses, or because of emergencies; provided, however, that all such increased or special Assessments shall be made or levied against the Unit Owners and the Units owned by them respectively, in the same proportions or percentages as provided in Paragraph B of §1 of this Article VII.

D. Expenditures. To use and expend any sum collected from such Assessments for the operation, management, maintenance, renewal, replacement, repair, care, cleaning, upkeep, surveillance and protection of the Property and all the real and personal property of the Council held for the benefit of the Unit Owners. No expenditure for capital improvement in excess of \$5,000 for any one item shall be made by the Council without the affirmative vote of the Unit Owners or their Voting Representatives representing a majority of the total votes at an annual meeting or special meeting called for that purpose at which a quorum was present. In the event there shall be any Common Profits remaining at the end of each fiscal year, then the same shall, in the discretion of the Council, either be returned to the Unit Owners in the same proportion as their respective Common Interests therein or be credited in said proportion to the next monthly installments due

from the Unit Owners under the current fiscal year's budget, until exhausted.

E. Employment of Manager. To employ a professional Management Agent (herein called the "Manager") to manage the Property. The Manager shall be subjected to the control of the Council at all times. The Council shall have the power to fix the Managers compensation and to set forth and define the details of the Manager's powers and duties; provided, however, that any agreement with the Manager shall be in writing and shall provide that it may be terminated for cause in ninety (90) days' written notice and that the term of any such agreement shall not exceed three years. The compensation of the Manager shall be paid by the Council as part of the Common Expenses. Notwithstanding the foregoing, until the satisfaction of the Mortgage referred to in §27 of the Declaration, the Council shall not select any manager without the prior written consent and approval of the Trustees of HNC Mortgage and Realty Investors which consent and approval shall be required as to the form and substance of any agreement with a Manager; provided, however, that such consent and approval may not be withheld unreasonably.

F. Fidelity Bonds. To obtain fidelity insurance coverage as required by §3 of Article VII of the Code of Regulations. The premiums on such insurance shall be paid by the Council as part of the Common Expenses.

G. Taxes; Water and Sewer Costs. To pay all taxes and assessments levied or assessed against any property of the Council held for the benefit of the Unit Owners, exclusive of any taxes or assessments levied against any Unit or otherwise properly chargeable to the Unit Owner or Unit Owners thereof.

Taxes and assessment (if any) which may be levied against the Property as a whole before separate assessments for each Unit are made as provided by Section 701 of the Act shall be paid by the Council and shall be included in the budget and paid by the Unit Owners as a Common Expense. All liens against the Common Elements of any nature including taxes and special assessments levied by governmental authorities shall be paid by the Council and shall be assessed by the Council against the Unit or Units in accordance with their respective Common Interest or to the Common Expense account, whichever in the judgment of Council is appropriate.

The costs of electricity for common facilities (other than as supplied to individual Units which are assessed, levied and charged against the Property as a whole shall be paid by the Council and shall be included in the budget and paid by the Council as a Common Expense.

The costs of water or sewer which are provided and separately metered to individual Units shall be billed to those Units; the cost of water or sewer which are provided to Buildings and are not separately metered to the Units within those Buildings shall be assessed by the Council against the Units in such Buildings in proportion to their respective Common Interests. The costs of water sewer for common



facilities (and not supplied to Units) shall be paid by the Council as a Common Expense.

H. Hire Employees. To employ and dismiss such clerks, workmen, janitors, watchmen, and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Council may from time to time be necessary for the proper operation and maintenance of Westwood Village Condominium and the Property, except the portions thereof required to be maintained by Unit Owners.

I. Collection of Delinquencies. To collect delinquent levies or Assessments made by the Council against any Units and the respective Unit Owners thereof, and interest thereof, together with such costs and expenses incurred in the connection therewith, including but not limited to filing fees, court costs and attorneys' fees whether by suit or otherwise, and to abate nuisances and enforce observances of the Rules and Regulations (as defined in Paragraph M of this §1) relating Westwood Village Condominium and the Property, by injunction or such other legal action or means as the Council may deem necessary or appropriate.

J. Legal Council, etc. To employ or retain legal council, engineers and accountants, and to fix their compensation, whenever such professional advice or services may be deemed necessary by the Council for any proper purposes, including but not limited to those hereinbefore referred to in the Code of Regulations or the Declaration.

K. Operating Accounts. To cause such operating accounts, and escrow and other accounts, if any, to be established and opened as the Council may deem appropriate from time to time and as may be consistent with good accounting practices.

L. Audit and Books of Account.

**(1) To cause a tax return and inspection of the books and accounts of the Council to be made by a competent Certified Public Accountant at the end of each fiscal year, and at such other time or times as may be deemed necessary. The Council shall also prepare at the end of each fiscal year and furnish to all unit owners a report of the business affairs of the Council showing its transaction and reflecting fully and accurately its financial condition. Upon a showing of a compelling need, a complete audit of the books and accounts of the Council may be obtained.**

(2) To keep detailed books of account, in chronological order, or the receipts and expenditures affecting Westwood Village Condominium and the Property and its administration, and specifying the amount of the Common Expenses, Common Receipts and Common Profits and the portions thereof attributed to each Unit.

M. Rules and Regulations. To make, promulgate and enforce compliance with such reasonable rules and regulations (herein called the "Rules and Regulations") relative to the operation, use and occupancy of the Units, the Common Elements and other portions of the

Property (including (1) the assignment to each Unit of the exclusive right to use certain parking spaces on a uniform, reasonable and equitable basis and (2) the assignment of storage areas within a Building to Units in that Building where no individual storage area is adjacent to a Unit and for the exclusive use of such Unit), and to amend the same from time to time as the Council shall deem necessary or appropriate, which Rules and Regulations when approved by appropriate resolutions shall be binding on the Unit Owners, and the tenants and occupants of the Units. A copy of such rules and Regulations and copies of any amendments thereof shall be delivered or mailed to each Unit Owner promptly upon the adoption thereof. The Rules and Regulations shall be subject to change by the affirmative vote of a Majority of all the Unit Owners.

N. Insurance. To procure and maintain the insurance and the Property insured as provided in Article VIII of the Code of Regulations. The Council shall review the insurance requirements and limits thereof once each year. The Council shall pay the premiums on the aforementioned policies as Common Expenses. In the event the amount of any premium on such insurance shall be increased above the normal premium because of a particular use of, or hazard or risk in, a Unit then the Unit Owner of such Unit shall be solely liable for the increase, and the same shall not constitute a Common Expense.

O. Collection of Proceeds. To collect all proceeds of all casualty or physical damage insurance and apply the same towards the cost of repair, restoration or replacement of any damaged Property in accordance with the provisions of the Code of Regulations and the Declaration.

P. Prosecution of Eminent Domain Proceedings. To prosecute all proceeding with respect to taking, injury or destruction by eminent domain of the Common Elements or any part thereof, or any part of the Property, provided, however, that the Council shall not compromise any claim without the affirmative vote of Unit Owners or their Voting Representatives representing at least a majority of the total outstanding votes of the Unit Owners at an annual meeting or special meeting thereof called for that purpose. The Council shall give notice to each Unit Owner and the first mortgagee of each Unit of any such proceeding and each Unit Owner shall be entitled to participate in any such proceedings. The Council shall also determine whether it shall be appropriate to apply any sums payable with respect to such taking, injury or destruction to the repair or replacement of the Common Elements or Property injured or destroyed as a result thereof and shall distribute any sums not so applied as provided in Article IX of the Code of Regulations.

Q. Purchase of Units. In order to protect the Council's right to collect unpaid Assessments which are charged against a Unit, it shall have the right to purchase, on behalf of the Unit Owners, at sheriff's sale any Unit in Westwood Village Condominium, provided that action shall be authorized by affirmative vote of a majority of the members of the Council. To purchase a Unit for use by the superintendent employed by the Council and to purchase, hold, lease, sublet, sell, convey and mortgage such Units acquired pursuant to the

provisions of the preceding sentence. The Council may borrow all or part of the funds necessary to effect any such purchase. Payment of the purchase price shall be made from the Common Receipts and any income from any resale, mortgage or lease shall be deemed to constitute Common Receipts.

R. Lease or License of Common Elements. To lease or license the use of Common Elements in a manner not inconsistent with the rights of the Unit Owners, including, but not limited to leases of portions of the Common Elements to the Declarant.

S. Designation of Title Holder. To designate a nominee for the purpose of acquiring title to any Unit and/or to designate and enter into a trust agreement with two or more members of the Council to act as trustees on behalf of the Council and Unit Owners for the purpose of holding title to any Units purchased by the Council in trust for the Council and the Unit Owners and/or to execute mortgages and leases as such trustees.

T. Leases. To enforce the provisions regarding leases as provided in Article X of the Code of Regulations.

U. Personal Property. To acquire, hold and lease in the name of the Council, the Council's nominee, or the trustees appointed by the Council pursuant to Paragraph S of this §1, for the benefit of the Unit Owners, tangible and intangible personal property and to dispose of the same by sale or otherwise. The beneficial interest in such personal property shall be in the Unit Owners and shall be deemed part of the Common Elements and shall not be transferable except as part of the transfer of title to a Unit. The transfer of title to a Unit shall transfer to the grantee ownership of the grantor's share of the beneficial interest in such personal property.

V. Additions and Improvements.

(1) Subject to the provisions of the Documents, the Council shall have the right to make or cause to be made such alterations, additions and improvements to the Common Elements as in the Council's opinion may be beneficial and necessary or which are requested in writing by a Unit Owner or Unit Owners and the holders of first mortgage thereon. The Council may require the consent in writing before undertaking such work of such Owners and the holders of first mortgages thereon, whose rights, in the sole opinion of the Council, may be prejudiced by such alterations, addition or improvements.

(2) When, in the sole opinion of the Council, the alteration or improvement is general in character the costs therefor shall be assessed as Common Expenses.

(3) When, in the sole opinion of the Council, the alteration, addition or improvement is exclusively or substantially exclusively for the benefit of one or more Unit Owners who requested it, the cost shall be assessed against such Unit Owner or Unit Owners in such proportion as the Council shall determine is fair and

equitable. Nothing herein contained shall prevent the Unit Owners affected by such alteration, addition or improvement from agreeing in writing, either before or after the Assessment is made, to be assessed in different proportions.

W. Incidental Duties. To perform such other duties as contained in the Act and Documents or any amendment or supplement thereto.

§2. Limitation of Council's Liability. The Council and the members of the Council in their capacity as Council member and/or officers of the Council: (a) shall not be liable for the failure of any service to be obtained and paid for the Council hereunder, or for injury or damage to persons or property caused by the elements or by another Owner or person on the Property, or resulting from electricity, water, rain or dust which may leak or flow from outside or from any parts or any Building or other improvements constructed on the Property, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place unless caused by willful misconduct or gross negligence of the Council; (b) shall not be liable to Unit Owners as a result of the performance of their duties for any mistake of judgment, negligence, or otherwise, for their own individual willful misconduct or gross negligence; (c) shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Council or the Unit Owners in the performance of their duties; (d) shall have no personal liability in tort to a Unit Owner or any other person or any other person or entity direct or imputed, by virtue of acts performed by them, except for their own individual willful misconduct or gross negligence in the performance of their duties or acts performed for them; and (e) shall have no personal liability arising out of the use, misuse or condition of the Property, or which might in any other way be chargeable against or imputed to them as result or by virtue of their performance of their duties except for their own individual willful misconduct or gross negligence.

§3. Indemnification of Council Members. Each member of the Council in his capacity as a Council member and/or officer and his heirs, executors and administrators shall be indemnified by the Unit Owners against all liabilities and expenses, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member/or officer of the Council, or any settlement thereof, whether or not he is a Council member and/or officer at the time such expenses are incurred, except in such cases wherein the Council member and/or officer is adjudged guilty of gross negligence or willful misconduct in the performance of his duties; provided that, in the event of a settlement, the indemnification shall apply only if and when the Council (with the affected member abstaining) acting upon advice of legal counsel, approves such settlement and reimbursement as being in the interests of the Unit Owners. The indemnification by Unit Owners set forth in this §3 of this Article VII shall be paid by the Council on the behalf of the Unit Owners and shall constitute a Common

Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any rights to which such Council member and/or officer may be entitled as a matter of law or agreement or vote Unit Owners or of the Council otherwise.

§4. Language Concerning Liability in Agreement. Every agreement, deed, lease, mortgage, instrument or other transaction entered into by the Council on behalf of the Westwood Village Condominium and the Property shall provide that the Council and the officers executing the same are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except to the extent, if any, that they may also be Unit Owners at the time any such liability is assessed), that any claim by the other party or parties thereto respect thereto or to the subject matter thereof shall be asserted against the Council, which shall act on behalf of the Unit Owners in respect thereto, that any liability thereunder or in respect of the subject matter thereof shall be borne by those Persons who are Unit Owners at the time such liability is assessed by the Council as a Common Expense, for which Assessment each such Unit Owners shall be liable only severally to the extent of his Common Interest in the Common Elements.

§5. Notice of Suit and Opportunity to Defend. Complaint brought against the Council, or the officers, employees or agents thereof, in their respective capacities as such, or the Property as a whole, or the Unit Owners as a class, shall be directed to the Council, which shall give written notice thereof promptly to Unit Owners and the mortgagees who shall have registered with the Council pursuant to the provisions of §1 of Article XI of the Code of Regulations, and shall be defended by the Council. The Unit Owners and such mortgagees shall have no right to participate other than through the Council in such defense.

#### ARTICLE VIII

##### INSURANCE; DAMAGE AND DESTRUCTION

§1. Insurance for the Benefit of Unit Owners. Except for title insurance, the Council shall obtain and maintain, to extent available, insurance on the Buildings and all other insurable improvements upon the Land, including but not limited to, all of the Units, the heating and air cooling apparatus therein as supplied by the Declarant, together with the service machinery and equipment and all other personal property as may be held and administered by the Council for the benefit of the Unit Owners, covering the interest of the Council and all Unit Owners and their mortgagees as their interest may appear. The insurance shall be purchased from recognized insurance companies duly licensed to operate in the Commonwealth of Pennsylvania and holding a financial rating of "AAA" or better and a policyholders' rating of "A" or better according to the latest Best's Insurance Reports.

§2. Master Policies. The Council shall obtain master policies of insurance which shall provide the loss thereunder shall be paid to the Council if the net proceeds are \$25,000 or less and to bank or trust company regularly doing business in Pennsylvania designated by the Council as insurance trustee under the Code of Regulations, if net

proceeds exceed \$25,000. The master policies shall contain a proper mortgagee endorsement (without contribution) which shall provide that any proceeds shall be paid to the Council for the use and benefit of the holders of mortgages on the Units as their interests may appear. Under the same master policies, certificates of insurance shall be issued which indicate on their face that they are a part of such master policies of insurance covering each and every Unit of Westwood Village Condominium and the Common Elements. A certificate of insurance shall be issued to each Unit Owners and the original thereof shall be delivered to the mortgagee, if there be one, or retained by the Unit Owner if there is no mortgagee. The certificate of insurance shall show the relative amount of insurance covering the Unit and Common Interest in the Common Elements and shall provide that improvements to a Unit or Units which may be made by the Unit Owners shall not affect the valuation for the purpose of this insurance of Buildings and other improvements upon the Land. Such master insurance policies and certificates shall contain provisions to the extent obtainable by the Council, using its best efforts, that the insurer waives its right to subrogation as to any claim against the Council or Unit Owners, their respective servants, agents, tenants or guests, and of any defense based upon coinsurance or upon the invalidity arising from acts of the insured, and providing further that the insurer shall not be entitled to contribution from casualty insurance which may be purchased by individual Unit Owners or their mortgagees as hereinafter permitted. The original master policies of insurance shall be deposited with the insurance trustee and memoranda thereof shall be retained by the Council and deposited with any first mortgage who may require the same. The insurance trustee must acknowledge that the insurance policies and any proceeds thereof will be held in accordance with the terms of Code of Regulations. The aforesaid policies shall, to the extent obtainable, provide that coverage shall not be prejudiced by any act or neglect of the Unit Owners when not within the control of the Council or by failure of the Council to comply with any warranty or condition with regard to any portion of the premises over which the Council has no control. All policies of insurance shall provide that such policies may not be cancelled or substantially modified without thirty days prior written notice of all insureds, including all first mortgagees of the Units, and certificates of such insurance and all renewals thereof, together with proof of payment of premiums, shall be delivered to all Unit Owners and their mortgagees at least thirty days prior to the expiration of the current policies.

In addition to the foregoing and in the event that Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation become the holders of any first mortgages on the Units, the Council shall obtain and maintain, to the extent available, such insurance coverage as shall meet the minimum requirements of whichever of said organizations are the holder of any such mortgages.

§3. Types of Insurance. The Property shall be covered by:

(i) Casualty or physical damage insurance in an amount equal to the full replacement value of the Building and all other insurable improvements referred to in §1 of this Article VIII, as determined annually by the Council with the assistance of the company

affording such coverage. The policies which provide such coverage shall contain, to the extent obtainable an "agreed amount endorsement" or its equivalent, a "demolition endorsement" or its equivalent, and, if necessary an "increased cost of construction endorsement" or "contingent liability from operation of building laws endorsement" or equivalent.

(a) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement together with coverage for the payment of Common Expenses with respect to damaged Units during the period of reconstruction.

(b) Such other risks as from time to time customarily shall be covered with respect to property similar in construction, location and use as the Building and other insurable improvements, including but not limited to sprinkler leakage (if applicable), debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage, and such other insurance as the Council may determine. The policies providing such coverage shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such options shall not be exercisable without the approval of the Council or where in conflict with the terms of the Documents.

(ii) Public liability insurance against claims for bodily injury, death or property damage, such insurance to afford minimum protection in respect of bodily injury or death and/or property damage of not less than \$1,000,000 arising out of a single occurrence, which such insurance shall include, to the extent obtainable, protection against water damage liability, liability for non-owned and hired automobiles an liability of property of others and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Council or other Unit Owners.

(iii) Workmen's compensation insurance to meet the requirement of law.

(iv) Fidelity insurance coverage against dishonest acts of the part of members, officers, employees or agents of the Council or the Manager or volunteers who are responsible for handling funds collected and held for the benefit of the Council as the insured and shall be written in an amount which is sufficient to provide protection which is at least equal to one and one-half times the estimated annual Common Expenses (unless a greater amount is required by FNMA); any such policies shall have added thereto an endorsement covering any person who serve the Council or the Manager without compensation if the policy would not otherwise cover volunteers.

§4. Unit Owner's Insurance. Each Unit Owner may obtain insurance at this own expense affording coverage upon his personal property and for his personal liability, but all such insurance shall contain the same waiver of subrogation as that referred to in §2 of this Article VIII. Each Owner may obtain physical damage insurance at his own expense upon his Unit, but such insurance shall provide that it shall

be without contribution as against the casualty insurance purchased by the Council or shall be written by the same carrier; a copy of such policy shall be filed with the Council within thirty days after the purchase thereof. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which otherwise be payable on the insurance purchased by the Council pursuant to §3 of this Article VIII due to proration of insurance purchased by the Unit Owner under this §4, the Unit Owner agrees to assign the proceeds to this latter insurance, to the extent of the amount of such reduction, to the insurance trustee to be distributed as provided in the Code of Regulations.

§5. Improvements by Unit Owners. Each Unit Owner shall be required to notify the Council of all improvements made by him to his Unit, the value of which is in excess of One Thousand Dollars.

§6. Proceeds of Insurance. All proceeds payable as a result of casualty losses sustained which are covered by insurance purchased by the Council as hereinabove set forth shall be paid as provided in §2 of this Article VIII. The sole duty of the insurance trustee, and the duty of Council with respect to insurance proceeds paid to the Council shall be to receive such proceeds as are paid and hold the same in trust for the purpose elsewhere stated in the Code of Regulations, and for the benefit of the Unit Owners and their respective mortgagees.

§7. Adjustment of Loss. Each Unit Owner shall be deemed to have delegated to the Council his right to adjust with the insurance companies all losses under policies purchased by the Council.

§8. Distribution of Proceeds. No Unit Owner, or any other party shall have priority over any rights of the first mortgagees of the Units pursuant to their mortgages in the event of a distribution to the Unit Owners if any insurance proceeds resulting from losses to the Units or the Common Elements. In no event shall any distribution of proceeds be made by the Council or the insurance trustee directly to a Unit Owner where there is a mortgagee endorsement on the certificate of insurance. In such event, any remittance shall be to the Unit Owners and his mortgagee jointly. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by him.

§9. Repair or Reconstruction of Casualty Damage. Except as otherwise provided by law or in the Documents, damage to or destruction of the Buildings or any of the other improvements constructed on the Property shall promptly be repaired and restored by the Council using the proceeds of insurance, if any held by the Council or the insurance trustee for that purpose, and the Unit Owners directly affected thereby shall be liable for Assessment for any deficiency in such proceeds in proportion to their respective Common Interest in the Common Elements. The Council shall be responsible for accomplishing the full repair or reconstruction which shall be paid out of the Common Receipts and assessed as above provided. The Unit Owners may apply the proceeds from their individual fire or casualty insurance policies, if any to the share of the Common Expense as may be assessed to them. The Council shall be responsible for restoring the Property only to substantially the same condition as it was immediately prior to the



damage, and each Unit Owners shall personally assume the additional expense of any improvements to his Unit which he desires to make to his Unit beyond such condition. If any changes are made in the basic construction of any restored Unit or the Common Elements, or both, the Council shall record an amended Declaration Plan encompassing such changes.

Immediately after a casualty causing damage to the Property for which the Council has responsibility of maintenance and repair, the Council shall obtain reliable and detailed estimates of the costs to place the damaged Property in condition hereinbefore specified. Such costs may include professional fees and premiums for such bonds as the Council desires.

The proceeds of insurance collected on account of casualty, and the sums received by the Council from collections of Assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed by the Council or the insurance trustee, as the case may be, in payment of the costs of reconstruction and repair in the following manner:

(i) If the amount of the estimated costs of reconstruction and repair of the damaged or destroyed Property is less than \$25,000.00, then the construction fund shall be disbursed in payment of such costs upon order of the Council, provided however, that upon request of a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction, such fund shall be disbursed in the manner hereafter provided in the following paragraph (ii).

(ii) If the estimated cost of reconstruction and repair of the damaged or destroyed Property is more than \$25,000.00 the construction fund shall be disbursed in payment of such costs upon approval of an architect licensed to practice in Pennsylvania and employed by the Council to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in the connection with the work: (a) that the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) that there is no other outstanding indebtedness to the said architect for services and materials described; and (c) that the cost as estimated by said for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested. In addition, when the estimated cost of reconstruction and repair exceeds \$1000,000.00, the contractor, which is retained to make the repairs shall be required to obtain, if possible, corporate surety performance and labor and material bonds from a surety licensed to do business in Pennsylvania.

In the event there are any surplus moneys in the construction fund after the reconstruction or repair of the casualty damage has been fully completed and all costs paid, such sums shall be distributed to

the Unit Owners and their mortgagees who are the beneficial owners of the fund.

§10. Substantial Total Destruction. A. If (i) there is substantially total destruction of a Building or Buildings, the existence of which shall be conclusively determined by a unanimous vote of the members of the Council rendered within thirty days after the damage; and (ii) the Unit Owners directly affected by damage to the destruction of one or more of the Buildings and entitled to cast seventy-five percent of the votes of all said Unit Owners directly affected thereby duly resolve, within sixty days after receipt of at least three contractor's bids and final insurance adjustment, not to proceed with repair or restoration, then only in those events, the Property shall be removed from the provisions of the Act upon the proper recording of a Revocation not less than thirty days after the determination to remove the Property from the provisions of the Act. Upon the recording of the Revocation the salvage value of the Property shall be subject to partition at the suit of any Unit Owners, in which event the net proceeds of sale, together with the net proceeds of insurance policies held by the Council or the insurance trustee, shall be considered as one fund and shall be divided among all the Unit Owners in proportion to their respective Common Interest in the Common Elements, after discharging, out of the respective shares of Unit Owners, to the extent sufficient for the purpose, all liens against the Unit of such Unit Owners.

B. Notwithstanding anything contained in Paragraph A of this §10 to the contrary, the Property will not be removed from the provisions of the Act in spite of a decision by the Unit Owners directly affected by such damage or destruction to do so pursuant to Paragraph A of this §10 if the Unit Owners in the undamaged Building or Buildings, if any (herein in this Paragraph B collectively called the "Remaining Unit Owners") entitled to cast in excess of fifty percent (50%) of the votes of all Remaining Unit Owners, with the consent of all the holders of mortgages on their Units, within thirty days after the determination is made to remove the Property from the provision of the Act pursuant to Paragraph A of this §10: (i) authorize and direct the Council to purchase all, but not less than all of the Units in the damaged Building or Buildings (herein in this Paragraph B collectively called the "Damaged Units"), and (ii) also offer in writing to purchase the Units of all Remaining Unit Owners who vote against purchasing the Damaged Units (herein called the "Dissenting Unit Owner or Owners") for a purchase price equal to the most recent appraised value of the Damaged Unit and the Units of the Dissenting Unit Owner or Owners as determined in the appraisal made pursuant to §3 of this Article VIII, with the value of each such Unit being conclusively deemed to be an amount of money equal to the appraised value of the Property multiplied by such Unit's Common Interest in the Common Elements. If the Council does offer in writing to purchase the Damaged Units and the Units of the Dissenting Unit Owners or Owners pursuant to the Paragraph B, the Unit Owners of the Damaged Units and the Dissenting Unit Owner or Owners shall be obligated to accept the said offer and to cooperate in the consummation of the sale their Units as herein provided. The Persons who are Remaining Unit Owners acting as a group shall have the right, at the group's option to (to be exercised in the offer to

purchase the Damaged Units and the Units or Units of Dissenting Unit Owner or Owners referred to in the immediately preceding sentence), of either (i) requiring any or all of the Unit Owners to convey a good and marketable title to each Unit purchased pursuant to this Paragraph B, free of all liens and encumbrances except for such encumbrances as may be in existence at the time of the delivery of the original deed to such Unit from the Declarant to the first purchaser of such Unit, or (ii) if a Unit is subject to liens and encumbrances at the time of the closing for the purchase made pursuant to this Paragraph B, taking title to any such Unit under and subject to such liens or encumbrances and deducting from the purchase price the sum necessary to discharge all such liens or encumbrances. If the Remaining Unit Owners elect to have the Council purchase the Damaged Units, the Council shall be entitled to receive all net proceeds of insurance arising from the Council's insurance policies attributable to the Damaged Units, which proceeds shall be used to pay the purchase prices of the Damage Units. If the net proceeds of the insurance are insufficient to pay the aggregate purchase prices of all Damaged Units, such deficiency shall be assessed against the Remaining Unit Owners as Common Expense. All closing pursuant to this Paragraph B shall be held not later than of (i) sixty days following the Council's receipt of all insurance proceeds, and (ii) sixty days after the Remaining Unit Owners shall have voted not to remove the Property from the provisions of the Act. All realty transfer taxes payable with respect to the transaction contemplated hereby shall be divided equally between the sellers and buyer of the Units.

C. The implementation of the provision of this §10 requires the written approval of the first mortgagees of the Units in accordance with the provisions of §6 of Article XI of the Code of Regulations. For the purposes of this §10 and Section 807 of the Act only, the term "Unit Owners directly affected thereby" shall mean all Unit Owners in the damaged Building or Buildings.

## ARTICLE IX

### EMINENT DOMAIN; OBSOLESCENCE

§1. Eminent Domain. A taking of, injury to, or destruction of part or all of the Property by the exercise of the power of eminent domain shall be considered to be included in the term "damage or destruction" for purpose of this Article IX and the award or settlement made in lieu thereof, or any other compensation arising out of any taking or condemnation shall be treated in the same manner as insurance proceeds arising from a casualty loss. Whenever all or part of the Common Elements shall be taken, injured or destroyed by the exercise of the power of eminent domain, each Unit Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto, but in any proceeding for the determination of damages, such damages shall be determined for such taking, injury or destruction as a whole and not for each Unit Owner's interest therein. No Unit Owner, or other party, shall have priority over rights of the first mortgagees of Unit Owners pursuant to their mortgages in the event of a distribution to the Unit Owners pursuant to the provisions of this §1. Any such damages, settlement or compensation shall be collected by the Council

and distributed by it among the Unit Owners and the holders of liens against the Units of such Unit Owners in proportion to each Unit Owners Common Interest in the Common Elements, except to the extent that the Council deems it necessary or appropriate to apply them to the repair or restoration of any injury or destruction.

§2. Obsolescence. In the event the Council by unanimous vote of the members thereof shall determine that the Buildings are obsolete, the Council, at any regular or special meeting of the Unit Owners, may call for a vote to determine whether or not the Property shall be removed from the provisions of the Act and sold; subject, however to the written approval of the first mortgagees as required by §6 of the Article XI of the Code of Regulations. In the event at least seventy-five percent of the Unit Owners voting in accordance with the procedures established by the Code of Regulations shall determine that the Property shall be removed from the provisions of the Act and sold, then the provisions of Paragraph B of §10 of Article VIII of the Code of Regulations shall become applicable as if there had been substantially total destruction of the Property and the Unit Owners who voted for such sale shall be deemed to the "Dissenting Unit Owner or Owners" and the Unit Owners who voted against such shall be deemed to be the "Remaining Unit Owners" and the Remaining Unit Owners shall be entitled to purchase the Units of the Dissenting Unit Owner or Owners upon the terms and conditions specified in said Paragraph B.

#### ARTICLE X

##### LEASE OF UNITS

§1. Lease of Units. Any Unit Owner may lease his Unit provided (i) that a fully conformed copy of said lease or renewal shall be delivered to the Council within 10 days of its execution; (ii) that such lease shall be consistent with and, by its terms specifically subject to, the provisions of the Declaration, Code of Regulations and other Condominium Documents, as the same may be amended from time to time; and (iii) that the Board of Directors shall have the power to terminate such lease and/or bring summary proceeding to evict the tenant in the name of the lessor thereunder, in the event of a default by the tenant in the performance of such lease.

Notwithstanding anything to the contrary herein, the provisions of the Article X shall not be applicable to a judicial sale of any Unit, nor a voluntary conveyance to a mortgagee in lieu of foreclosure, nor any sale of lease by any mortgagee after such mortgagee shall have acquired title to a Unit pursuant to a foreclosure of its mortgage or by virtue of a deed in lieu of foreclosure, nor to the Declarant until after the Declarant has initially conveyed or disposed of all Units in Westwood Village Condominium.

#### ARTICLE XI

##### MORTGAGES

§1. Notification of Council. A Unit Owner who mortgages his Unit

shall notify the Council of the name and address of his mortgagee and the Council shall maintain such information in a book entitled "Mortgages of Units." A person hold a mortgage may supply such information to the Council.

§2. Reporting of Unpaid Assessments. The Council whenever so requested in writing by a mortgagee of a Unit shall promptly report any then unpaid Assessments for Common Expenses due from, or any other default by, the Unit Owner of the mortgaged Unit.

§3. Copies of Notices. The Council when giving notices to a Unit Owner of a default in paying Assessments for Common Expenses or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Council within thirty days of the date of default.

§4. Notice of Damage. The Council shall notify: (a) the mortgagee of a Unit whenever damage to the Unit covered by the mortgage exceeds \$1,000; and (b) all the mortgagees of all of the Units whenever damage to the Common Elements exceeds \$10,000 or whenever any condemnation proceeding has commenced as to any part of all of the Property.

§5. Examination of Books. Each mortgagee of a Unit who shall have given the aforesaid information to the Council shall be permitted to examine the books of account of the Council during regular business hours.

§6. Rights of First Mortgagees. Unless at least 75 percent of the first mortgagees (based upon one vote for each first mortgage owned) of Units have given prior approval, the Council shall not be entitled to:

A. Change any Unit's percentage interest in the Common Elements, Common Expenses, Common Receipts or Common Profits except as provided in §7 of the Declaration;

B. Modify the method of determining and collecting assessment except as a Unit's percentage interest changes under provisions of §7 of the Declaration;

C. Modify the method of allocating distributions of casualty insurance proceeds or condemnation awards except as a Unit's percentage interest changes under the provisions of §7 of the Declaration;

D. Subdivide or combine any unit with another Unit;

E. By act or omission, abandon, partition, subdivide, encumber, sell or transfer the Common Elements; provided, however, that the granting or easements for public utilities or for other public purposes which are consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this provision.

F. Use the proceeds of casualty insurance for any purpose other than the restoration of the Units or Common Elements affected by the casualty loss.

§7. No Participation in Adjustment of Losses. The mortgagees of Units shall have no right: (a) to participate in the adjustment of losses with insurers or in the decision as to whether or how to repair or restore damage or destruction of the Property; or (b) to receive or apply the proceeds of insurance to the reduction of the mortgage debt secured by such mortgages or otherwise, except in the event and to the extent either of a distribution thereof to Unit Owners pursuant to Section 802 of the Act or of insurance proceeds or condemnation awards being received in excess of the cost of repair or restoration.

§8. Provisions for the Protection of the Construction Mortgagee. *Notwithstanding anything contained in the Declaration of Condominium, Code of Regulations, the Rules and Regulations of the Council, and all other Condominium Documents to the contrary, whenever HNC Mortgage and Realty Investors, a Massachusetts business trust, or any bank, savings and loan association, trust company, mortgage company, pension trust, business trust, insurance company or other institutional lender, or its successors and assigns (hereinafter referred to as "Construction Mortgagee"), has an "interest" in five or more Units now or hereafter submitted to the provisions which follow shall be a part of the Declaration of Condominium and the Code of Regulations and all other Condominium Documents and shall supersede any inconsistent provisions contain therein. The Construction Mortgagee's "interest" in the Units shall include, but not limited to:*

*(i) The Construction Mortgagee's interest as mortgagee under any present or future mortgages, as such mortgages may be amended or modified from time to time, that may be granted on some or all of the Units, excluding, however any long term permanent mortgages that may be granted to a residential purchaser of an individual Unit. (The mortgages included in this subparagraph (i) shall hereinafter be referred to collectively as the "Mortgage").*

*(ii) The ownership or possession of any of the Units by foreclosure sale, by deed in lieu of foreclosure, receivership, court order, mortgagee in possession, purchase, lease or otherwise.*

A. Whenever the consent of the Declarant is required by any of the Condominium Documents, the written consent and joinder of The Construction Mortgagee shall also be required.

B. The Council shall be required to give The Construction Mortgagee written notice of any default by the Declarant under the Declaration, the Code of Regulations or any other Condominium Document, and shall be prohibited from pursuing any remedy which the Council may have against the Declarant with respect to such default until it has given The Construction Mortgagee ten days prior written notice of its intent to exercise such remedy, during which time The Construction Mortgagee shall have the right to cure any such default.

C. The *Construction Mortgage* shall be given written notice of any meeting of the Council or Unit Owners, together with the agenda of such meeting. Such notices shall be given in the same manner as notices are given to the members of the Council or the Unit Owners, as the case may be, under the provisions of the Code of Regulations.

D. No amendment shall be made to the Declaration or the Code of Regulations which would reduce the amount of the insurance coverage presently required, which would alter the rights of The *Construction Mortgage* or which would in any other way, affect the security of the Mortgage, without the written consent and joinder of The *Construction Mortgage* to any such amendment.

E. If The *Construction Mortgage* should accept a deed from the Declarant in lieu of foreclosure of the Mortgage, The *Construction Mortgage* shall not be liable for unpaid Assessments of the Declarant which accrued prior to the conveyance by deed in lieu of foreclosure.

F. If The *Construction Mortgage* declare the Declarant to be in default under the Mortgage and either assume possession of the unsold Units or acquire title to the unsold Units upon foreclosure of the Mortgage (whether by purchase of the unsold Unit at foreclosure sale, by deed in lieu of foreclosure or otherwise), The *Construction Mortgage* or their successors and assigns shall have and enjoy all of the rights, privileges and immunity granted to the Declarant under the Declaration, the Code of Regulations and the other Condominium Documents; provided, however, that this provision will not in any way limit the provisions of the Act, the Declaration or the Code of Regulations which provide that the purchaser of a Unit at foreclosure sale or by deed in lieu of foreclosure shall not be liable for unpaid assessments against such Unit which accrued prior to such sale or transfer.

G. Without the prior written consent of the *Construction Mortgage*, which consent shall not be withheld unreasonably, the Council shall neither select an insurance as required under the provisions of the Code of Regulations nor enter into an Insurance Trust Agreement with such insurance trustee. The Council shall obtain the written consent and approval of the *Construction Mortgage*, which consent and approval shall not be withheld unreasonably, as to the form and substance of the Insurance Trust Agreement. In addition, the Council shall be required to establish an escrow account in a bank approved by The *Construction Mortgage* and to deposit therein on a monthly basis in advance one-twelfth of the estimated insurance premiums for the insurance policies which the Council is required to maintain. The escrow account shall be a joint account in the names of the Council and the insurance trustee and shall provide that, if the Council shall fail to pay the aforesaid insurance premiums when due, the insurance trustee is authorized unilaterally to withdraw funds sufficient for the payment of the insurance premiums.

H. Whenever the Property suffers destruction or damage, the cost of reconstruction or repair of which exceeds \$100,000.00 the Council shall request and obtain the prior written consent and approval of its selection of an architect and contractor to oversee and make repairs.

ARTICLE XII

FISCAL YEAR

§1. Fiscal Year. The fiscal year of Westwood Village Condominium and the Council shall begin on the first day of January in each year and shall end on the thirty-first day of December of each year.

ARTICLE XIII

AMENDMENTS TO CODE OF REGULATIONS

§1. Proposal. Amendment to the Code of Regulations shall be proposed by either the Council or by Unit Owners of all such interest having Common Interests in the Common Elements aggregating at least twenty-five percent. 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.

§2. Vote Required. Except as otherwise provided in the Declaration, the affirmative vote of Unit Owners of their voting Representatives representing two-thirds of the total outstanding votes of the Unit Owners shall be required to amend the Code of Regulations; provided however, that if any such amendment would affect the Declarant's ability to sell or lease Units owned by the Declarant, such amendment shall require the written approval of the Declarant, and if such amendment would affect in any way the rights of any first mortgages on any the Units as set forth in the Code of Regulations, any such amendment shall also require the written approval of seventy-five percent (75%) of the holders of such first mortgages (based upon one vote for each first mortgage owned).

§3. Effective Date. All amendments to the Code of Regulations made as hereinabove provided shall be evidenced by a written instrument, executed and acknowledged by all members of the Council, which shall contain a certification that the amendment was approved in accordance with the provisions of this Article XIII. Such instrument shall be Recorded and the amendment to the Code of Regulations shall become effective on the date upon which such instrument shall have been Recorded. Copies of such instrument shall be sent to each Unit Owner in the manner provided in the Code of Regulations for the giving of notices to Unit Owners, but the same shall not constitute a condition precedent to the effectiveness of such amendment.

ARTICLE XIV

PARLIAMENTARY RULES

§1. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of proceeding of the Unit Owners and the Council.



ARTICLE XV

MISCELLANEOUS

§1. Failure of the Council to Insist Upon Strict Performance is No Waiver. The failure of the Council to insist in any one or more instances upon the strict performance of any terms, covenants, or restrictions of the Documents or the Rules and Regulations, or to exercise any right or option therein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, restriction, option or right, but such term, covenant, restriction, option or right shall remain in full force and effect. The receipt by the Council of any payment of Assessment from any Unit Owner with knowledge of the breach of any covenant of the Documents or Rules and Regulations shall not be deemed a waiver of such breach, and no waiver by the Council of any provision of the Documents or the Rules and Regulations shall be deemed to have been made unless expressed in writing and signed by duly authorized officers of the Council.

§2. Captions. Captions used in the Code of Regulations, and the table of contents, if any, are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any text of the Documents.

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

§4. Severability. If any provision of the Code of Regulations or any section, 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, the said laws shall be deemed controlling and the validity of the remainder of the Code of Regulations and the application of any such provision, section, sentence, clause, phrase or word in circumstances shall not be affected thereby.

§5. Effective Date. The Code of Regulations shall become effective on the date when it is Recorded.

§6. *The exercise of the rights and privileges of the Declarant under the Declaration and the Code shall be exercised by HNC, and this Amendment is executed by HNC, a business trust existing under the laws of Massachusetts, though or by one or more of its trustees or officers in his or their capacity as such under an Agreement and Declaration of Trust dated September 27, 1971, as amended from time to time, and not individually. Neither the trustees, nor the officers, employees, agents or shareholders of HNC Mortgage and Realty Investors shall be personally liable under the Declaration, as amended or the Code, as amended; the Unit Owners and/or the Council and all others shall look solely to the Trust Estate of HNC Mortgage and Realty Investors for payment of any claim under the Declaration, as amended, or the Code, as*

*amended, or for the performance of any obligation, agreement, condition or term to be performed or observed by HNC Mortgage and Realty Investors under the Declaration, as amended, or the Code, as amended, or under any other agreement or document collateral thereto.*

IN WITNESS WHEREOF, the undersigned, constituting all the first members of the Council, have executed this Code of Regulations in such capacity, under their hands and seals, the day and year first above written.

\_\_\_\_\_/s/\_\_\_\_\_(SEAL)  
Jack E. Swan

\_\_\_\_\_/s/\_\_\_\_\_(SEAL)  
Catherine Magill

\_\_\_\_\_/s/\_\_\_\_\_(SEAL)  
Frank Wilson

\_\_\_\_\_/s/\_\_\_\_\_(SEAL)  
Franklyn Failing

\_\_\_\_\_/s/\_\_\_\_\_(SEAL)  
Margaret Failing

COMMONWEALTH OF PENNSYLVANIA     )  
   ) ss:  
COUNTY OF                                     )

On this 29<sup>th</sup> day of January 1975 before me, the subscriber, a Notary Public in and for the Commonwealth of Pennsylvania, personally appeared John E. Swan, Catherine Magill, Frank Wilson, Franklyn Failing and Margaret Failing satisfactorily proven to me to be the persons whose names are subscribed to the foregoing Code of Regulations, and acknowledge that they executed the same for the purpose therein contained.

IN THE WITNESS WHEREOF, I have hereunto set my hand and notarial seal.

[Notarial Seal]                                     \_\_\_\_\_/s/\_\_\_\_\_  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_