

By-Laws
OF
WATSON RUN COMMUNITY ASSOCIATION

**Incorporated under the Laws of the Commonwealth of
Pennsylvania**

**The By-laws document is a work-in-process document. This
version contains the latest proposed changes that have not
been formally adopted by the community.**

**BYLAWS
OF
WATSON RUN HOA**

PREAMBLE

The following Bylaws shall be subject to, and governed by, the Non-Profit Corporation Act of Pennsylvania and the Articles of Incorporation of Watson Run Community Association. In the event of a direct conflict between the herein contained provisions of these Bylaws and the mandatory provisions of the Non-Profit Corporation Act of Pennsylvania, said Non-Profit Corporation Act shall be the prevailing controlling law. In the event of a direct conflict between the provisions of these Bylaws and the Articles of Incorporation of Corporation/Organization, it shall then be these Bylaws which shall be controlling. These by-laws will supersede all by-laws that were written by the Declarant, Red School, LLC, a Pennsylvania limited liability company.

ARTICLE 1 – NAME

The legal name of the Non-Profit Corporation/Organization shall be known as Watson Run Community Association and shall herein be referred to as "WR."

ARTICLE 2 – PURPOSE

The general purposes for which this HOA has been established are as follows:

The purpose for which the Non-Profit Corporation is formed is set forth in the attached Articles of Incorporation.

WR is established within the meaning of IRS Publication 557 Section 501(c)(3) Organization of the Internal Revenue Code of 1986, as amended (the "Code") or the corresponding section of any future federal tax code and shall be operated exclusively for this Watson Run Community Association was organized to help the community management company understand the defined rules and regulations that have been written and approved by committee and the executive board of Watson Run Community Association.

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In addition, this Corporation/Organization has been formed for the purpose of performing all things incidental to, or appropriate in, the foregoing specific and primary purposes. However, WR

shall not, except to an insubstantial degree, engage in any activity or the exercise of any powers which are not in furtherance of its primary non-profit purposes.

WR shall hold and may exercise all such powers as may be conferred upon any nonprofit organization by the laws of the State of Pennsylvania and as may be necessary or expedient for the administration of the affairs and attainment of the purposes of the Corporation/Organization. At no time and in no event shall WR participate in any activities which have not been permitted to be conducted by a Corporation/Organization exempt under Section 501(c) of the Internal Revenue Code of 1986 (the "Code").

ARTICLE 3 – OFFICES

The principal office of WR shall be in the Clubhouse at 30 Springhouse Ln, Gordonville, Pennsylvania 17529.

ARTICLE 4 – DEDICATION OF ASSETS

The properties and assets of WR are irrevocably dedicated to and for non-profit purposes only. No part of the net earnings, properties, or assets of this Corporation/Organization, on dissolution or otherwise, shall inure to the benefit of any person or any member, director, or officer of this Corporation/Organization. On liquidation or dissolution, all remaining properties, and assets of WR shall be distributed and paid over to an organization dedicated to non-profit purposes which has established its tax-exempt status pursuant to Section 501(c) of the Code.

ARTICLE 5 – EXECUTIVE BOARD

General Powers and Responsibilities

WR shall be governed by an Executive Board that consists of 5 duly elected volunteering members of the community, which shall have all the rights, powers, privileges, and limitations of liability of directors of a non-profit corporation organized under the Non-Profit Corporation Act of Pennsylvania. The Executive Board shall establish policies and directives governing business and programs of WR and shall delegate to the President of the Executive Board and the Executive Board Officers, subject to the provisions of these Bylaws, authority, and responsibility to see that the policies and directives are appropriately followed.

Number and Qualifications

The Board will have 5 members. A Board member must be a resident of the State of Pennsylvania, and the Watson Run Community. A board member must be available during the day and some evenings for tasks and meetings. A board member must be available to assume all responsibilities, activities, tasks, and schedules.

Conflict of Interest Avoidance

Board members and future candidates of the board must not be compensated in any way or be a volunteer for any vendor, any sub-contracted company, or in a position of any authority within Leacock Township, Volunteering for locally sponsored charities and their events, the Library, the Leacock Township Fire Company, and Intercourse Heritage Days would not be examples of a violation for this clause. Any violation of this clause will result in immediate dismissal of a current member from the Executive Board and invalidate the candidacy or nomination of any individual(s) for a seat on the board until there is no longer a conflict.

Board Elections

Any interested resident of Watson Run can run for any Executive Board seat that is coming to term. Candidates must supply a brief bio for consideration by the current Executive Board which will be shared with the community prior to the election. There will be a “meet the candidates” meeting for all candidates for the Executive Board before the annual election meeting that is conducted in April each year. All candidates must receive 50% plus one vote of the quorum of the election body of residents present. Residents that plan to be absent from the annual meeting may send in an absentee ballot to cast their ballot. All absentee ballots must be post marked the Wednesday prior to the yearly election. For example, if there are 178 votes cast (one per household for each candidate), then for a candidate to be considered they must receive at least ninety votes. If there are not enough candidates for the number of open Executive Board positions available or not all the candidates received the required number of votes, then the remaining position(s) will be filled by appointment of the Executive Board members. If there is a tie, then a run-off will be conducted. Write-in candidates are prohibited.

Term of Board

All elected members to the Board shall serve for a term of 2 year(s). No person shall serve more than 3 consecutive terms (6 years) after which a person cannot run again for 2 years.

Vacancies

A vacancy on the Executive Board may exist at the occurrence of the following conditions:

- a) The death, resignation, or removal of any executive board member.
- b) The declaration by resolution of the Board of a vacancy by the President, who has been declared of unsound mind by a final order of court, convicted of a felony, found by final order or judgment of any court to have breached a duty pursuant to the Corporation Code and/or Act of the law dealing with the standards of conduct for an executive board member, or has missed 3 consecutive meetings of the Executive Board, or a total of 4 meetings of the Board during any one calendar year;
- c) A board member can be removed for a conflict of interest as defined above.
- d) All vacancies will be filled by appointment of a majority vote of the existing Board of Directors and shall be elected for the unexpired term of their predecessor in office.

Each Board member shall have the right to resign at any time upon written notice thereof to the President of the Board, or the Vice President of the Board. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective.

Removal

Any board member may be asked for their resignation and then removed, at any duly constituted meeting of the Board, by the affirmative vote of a 60% majority of then-serving Board members. If necessary, a Board member can be removed with a two-thirds vote and petition of the residents of Watson Run Community Association as defined in the State of Pennsylvania HOA Laws and regulations.

Meetings

The Board's regular meetings may be held at such time and place as shall be determined by the Board. The President of the Board or any 4 regular Board members may call a special meeting of the Board with 5 days' written notice provided to each member of the Board. The notice shall be served upon each Board member via hand delivery, regular mail, email, or fax. The person(s) authorized to call such special meetings of the Board may also establish the place the meeting is to be conducted, so long as it is a reasonable place to hold any special meetings of the Board.

Minutes

The current Management Company shall be responsible for the recording of all minutes of each meeting of the Board in which business shall be transacted in such order as the Board may determine from time to time. However, if the Management Company is unavailable, the President of the Board shall appoint an individual to function as Secretary at the meeting. The Secretary, or the individual appointed to function as Secretary, shall prepare the minutes of the meetings, which shall be delivered to WR to be placed in the minute books. A copy of the minutes shall be delivered to each Board member via either regular mail, hand delivered, emailed, or faxed within thirty business days after the close of each Board meeting. Once the meeting minutes are approved by the Executive Board a copy will be added to the Associations website.

Action by written Consent.

Any action required by law to be taken at a meeting of the Board, or any action that may be taken at a meeting of the Board, may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all Board members. The number of board members in office must constitute a quorum for an action taken by unanimous written consent. Such consent shall be placed in the minute book of WR and shall have the same force and effect as a unanimous vote of the Board taken at an actual meeting. The Board members written consent may be executed in multiple counterparts or copies, each of which shall be deemed an original for all purposes.

Quorum

At each meeting of the Executive Board, the presence of 3 persons shall constitute a quorum for the transaction of business. If at any time the Board consists of an even number of members and a

vote result in a tie, then the vote of the President of the Board shall be the deciding vote. The act of the majority of the Board members serving on the Executive Board and present at a meeting in which there is a quorum shall be the act of the Board, unless otherwise provided by the Articles of Incorporation, these Bylaws, or a law specifically requiring otherwise. If a quorum is not present at a meeting, the Board members present may adjourn the meeting from time to time without further notice until a quorum shall be present. However, a Board member shall be considered present at any meeting of the Board if during the meeting he or she is present via telephone or web conferencing with the other Board members participating in the meeting.

Voting

Each Board member shall only have one vote.

Proxy

Board members shall not be allowed to vote by written proxy.

Board Member Attendance

An elected Board Member who is absent from 3 consecutive regular meetings of the Board during a fiscal year shall be encouraged to reevaluate with the President of the Board his/her commitment to the Corporation/Organization. The Board may deem a Board member who has missed 3 consecutive meetings without such a reevaluation with the Chair to have resigned from the Board.

ARTICLE 6 – OFFICERS

Officers and Duties

The Board shall nominate and vote for officers of WR which shall include a President of the Board, a Vice President, a Secretary, and a Treasurer. The same person may hold any number of offices, except that neither the Vice President, nor the Secretary nor the Treasurer may serve concurrently as the President. In addition to the duties in accordance with this Article, officers shall conduct all other duties typically pertaining to their offices and other such duties which may be required by law, Articles of Incorporation, or by these bylaws, subject to control of the Executive Board, and they shall perform any other such additional duties which the Executive Board may assign to them at their discretion.

The officers will be selected by the Board at its annual meeting, and shall serve the needs of the Board, subject to all the rights. Therefore, without any bias or predisposition to the rights of any officer that may be under any contract of employment, any officer may be removed by 60% the Board. All officers have the right to resign at any time by providing notice in writing to the President, Vice President and/or Secretary, without bias or predisposition to all rights, if any, of WR under any contract to which said officer is a part thereof. All resignations shall become effective upon the date on which the written notice of resignation is received or at any time later as may be specified within the resignation; and unless otherwise indicated within the written notice, a stated acceptance of the resignation shall not be required to make the resignation effective.

All vacancies in any office because of death, resignation, disqualification, removal, or for any other cause, shall be filled in accordance with the herein prescribed bylaws for regular appointments to such office.

Designation

The officers of the Association shall include a President, Vice President, Secretary and Treasurer. One person may concurrently hold the duties of Vice President and Secretary.

President

It shall be the responsibility of the President, in general, to supervise and conduct all activities and operations of the Corporation/Organization, subject to the control, advice and consent of the Executive Board. The President shall keep the Executive Board completely informed, shall freely consult with them in relation to all activities of the Corporation/Organization, and shall see that all orders and/or resolutions of the Board are conducted to the effect intended. The President shall be empowered to act, speak for, or otherwise represent WR between meetings of the Board. The President shall be responsible for the hiring and firing of all personnel and shall be responsible for keeping the Board informed always of staff performance and for implementing any personnel policies which may be adopted and implemented by the Board. The President, always, is authorized to contract, receive, deposit, disburse and account for all funds of the Corporation/Organization, to execute in the name of WR all contracts and other documents authorized either generally or specifically by the Board to be executed by the Corporation/Organization, and to negotiate all material business transactions of the Corporation/Organization.

Vice President

The key role of vice president is to function as a substitute for the president should they be unavailable for whatever reason. In cases of the president's absence, someone must be available to oversee the rest of the board and association to ensure it continues to run smoothly.

Secretary

The Secretary shall be the custodian of all records and documents of the WR, which are required to be kept at the principal office of WR and shall function as secretary at all meetings of the Executive Board and shall keep the minutes of all such meetings on file in hard copy or electronic format. This duty may be delegated to the Management Company.

Treasurer

It shall be the responsibility of the Treasurer to keep and maintain, or cause to be kept and maintained, adequate and accurate accounts of all the properties and business transactions of WR including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Treasurer, with the information received from the Management Company, shall be responsible for ensuring the deposit of, or cause to be deposited, all money and other valuables as may be designated by the Executive Board. Furthermore, the Treasurer shall review the disbursement of

the funds of WR, as having been defined by the General Ledger delivered to the Treasurer from the Management Company at the monthly Board Meetings.

ARTICLE 7 – DUTIES OF THE EXECUTIVE BOARD

The Executive Board shall prepare and adopt an annual budget of Common Expenses for each calendar year, which may include working capital funds and reasonable reserves for depreciation and renewals. Each annual budget shall include a separate accounting for general Common Expenses of the Association. Each annual budget shall be adopted by the Executive Board at a meeting held no later than the last day of November preceding the budget year. Notice of the meeting for consideration and adoption of the budget shall be given to all residents of the community. A copy of the proposed budget shall be given to all residents with the notice of the meeting.

The residents of the community, at a meeting that will be held within 30 days of approval of the annual budget, may reject the budget by a vote of the two-thirds of the residents in community. If the initial budget or any subsequent budget adopted by the Executive Board is rejected by the residents. The Executive Board shall adopt a new budget within 15 days after the rejection by the residents.

ARTICLE 8 – COMMITTEES

Architectural Review Committee

The Architectural review committee (ARC) is created to assist the Executive Board in the integrity and review of any exterior changes to the resident's property as defined in the Watson Run Community Association's Rules and Regulations. The ARC chairperson is appointed by the President of the Executive Board. The ARC consists of three active members and up to two additional members as needed to manage the volume of requests without delays due to vacations, illnesses and/or other conflicts. All members of the ARC are volunteers from the community.

ARTICLE 9 – RECORDS AND REPORTS

Maintenance and Inspection of Articles and Bylaws

WR shall keep at its principal office the original or a copy of its Articles of Incorporation and bylaws as amended to date, which shall be open to inspection by the board members at all reasonable times during office hours. All governing documents, by-laws and rules and regulations are posted on the community website for review and reference.

Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns

WR shall keep at its principal office a copy of its federal tax exemption application and its annual information returns for three years from their date of filing, which shall be open to public inspection and copying to the extent required by law.

Maintenance and Inspection of Other Corporate Records

WR shall keep adequate and correct books and records of accounts and written minutes of the proceedings of the Board and committees of the Board. All such records shall be kept at a place or places as designated by the Board and committees of the Board, or in the absence of such designation, at the principal office of the Corporation/Organization. The minutes shall be kept in written or typed form, and other books and records shall be kept either in written or typed form or in any form capable of being converted into written, typed, or printed form. Upon leaving office, each officer, employee, or agent of WR shall turn over to his or her successor or the Chair of the Board or President, in good order, such corporate/organization monies, books, records, minutes, lists, documents, contracts or other property of WR as have been in the custody of such officer, employee, or agent during his or her term of office.

Every executive board member shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of WR and each of its subsidiary corporations/organizations. The inspection may be made in person or by an agent or attorney and shall include the right to copy and make extracts of documents.

Preparation of Annual Financial Statements

WR shall prepare annual financial statements using generally accepted accounting principles. Such statements shall be audited by an independent certified public accountant, in conformity with generally accepted accounting standards. WR shall make these financial statements available to the Pennsylvania Attorney General and members of the public for inspection no later than 90 days after the close of the fiscal year to which the statements relate.

Reports

The Board shall ensure an annual report is sent to all executive board members within 90 days after the end of the fiscal year of the Corporation/Organization, which shall contain the following information:

- a) The assets and liabilities, including trust funds, of this corporation at the end of the fiscal year.
- b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- c) The expenses or disbursements of WR for both general and restricted purposes during the fiscal year.
- d) The information required by Non-Profit Corporation Act concerning certain self-dealing transactions involving more than \$50,000 or indemnifications involving more than \$10,000 which took place during the fiscal year.

The report shall be accompanied by any pertinent report from an independent accountant or, if there is no such report, the certificate of an authorized officer of WR that such statements were prepared without audit from the books and records of the Corporation/Organization.

ARTICLE 10 – FISCAL YEAR

The fiscal year for this Corporation/Organization shall be the calendar year.

ARTICLE 11 – AMENDMENTS AND REVISIONS

These bylaws may be adopted, amended, or repealed by the vote of a simple majority of the homeowners with an affirmative vote. Such action is authorized only at a duly called and held meeting of the Watson Run homeowners for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations, therefore, is given in accordance with these bylaws.

ARTICLE 12 – CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Non-Profit Corporation Act as amended from time to time shall govern the construction of these bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural, and the plural number includes the singular, and the term "person" includes a Corporation/Organization as well as a natural person. If any competent court of law shall deem any portion of these bylaws invalid or inoperative, then as far as is reasonable and possible the remainder of these bylaws shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion deemed invalid or inoperative.

**ARTICLE 13 – SPECIAL CONSIDERATIONS FOR OPERATION DURING A
DECLARED EMERGENCY**

All elections, special and/or annual, passage of special documents or updates and all other Executive Board and community business may be conducted using email and/or virtual meetings, to be controlled and monitored by the management company.

CERTIFICATE OF SECRETARY

I, certify that I am the current elected and acting Secretary of the benefit Corporation/Organization, and the above bylaws are the bylaws of this Corporation/Organization as adopted by the Executive Board on March 1, 2020, and that they have not been amended or modified since the above.

EXECUTED on this day of _____, in the County of Lancaster in the State of Pennsylvania.

(Duly Elected Secretary)