

BYLAWS OF THE HEMLOCK LAKE PROPERTY OWNER'S ASSOCIATION

ARTICLE I. NAME; AUTHORITY; RECISSION.

1. The name of the organization shall be the Hemlock Lake Property Owner's Association.
2. The "Hemlock Lake Property Owner's Association" is a nonprofit corporation formed under the Nonprofit Corporation Law of 1972, as amended, on October 11, 1967 and shall hereafter referred to as the "Association".
3. The registered office of the Association is at Hemlock Lake subdivision, Polk Township, Monroe County, Pennsylvania and the Association maintains its principal mailing address at P.O. Box 305, Gilbert, Pennsylvania, 18331.
4. These Bylaws supersede and rescind any previously adopted Bylaws and amendments and shall constitute the only Bylaws of the Association.

ARTICLE II. PURPOSE;

1. The Association is incorporated under the Nonprofit Corporation Law of 1972, as amended, for any lawful purposes for which a nonprofit corporation may be organized, including, but not limited to, the ownership and maintenance of casements, roads, recreational areas, Hemlock Lake, utility and other facilities; the promotion of social and civic interest of its members, the conservation and protection of natural resources, and to provide an environment for fishing, boating, and hiking to the residents of the community as well as to maintain the private roads within the subdivision.

ARTICLE III. MEMBERSHIP; STOCK CERTIFICATES; ANNUAL FEE; AMENDMENTS TO RESTRICTIONS AND CONDITIONS FOUND IN CHAIN OF TITLE.

- Membership shall consist of all property owners, whether owners of a vacant or developed lot (properties), in the Hemlock Lake subdivision, pursuant to the protective covenants on record for the subdivision. Membership shall be mandatory and may not be forfeited for any reason, including the non-payment of annual fees or other assessments levied from time to time by the Board of Directors.
- The stock certificates which have been issued by the Association shall continue in full force and effect and shall bestow the rights and duties of membership on all shareholders, provided they also own land or properties within Hemlock Lake subdivision.

No owner, once a member of the Association, may relinquish such membership without the consent of the Board of Directors. All property owners, whether owners of stock or otherwise, shall be members of the Association which membership may not be denied for non-payment of any dues or assessments levied by the Board of Directors. Each member shall receive one vote for each assessment paid.

- No persons other than owners of land within the Hemlock Lake subdivision may receive a vote in the Association.
- Members shall assist in promoting the projects and activities of the Association.
- Each property shall be assessed an annual fee hereafter called "annual assessment", if any, both to be set by majority vote of the Board of Directors. The Board is authorized to impose a special assessment for unbudgeted items, upon 30 days' notice to the members.
- The following restriction set out on each share of stock (description of certificate) is hereby waived and relinquished: "the shares represented by this certificate may not be sold, transferred, pledged or otherwise disposed of without first offering them for sale to the corporation (Association), information with respect to which may be obtained from the secretary of the corporation (Association)". Henceforth, each share of stock shall be freely transferable to the grantees of properties within Hemlock Lake subdivision or contiguous to Hemlock Lake. The transfer of money for each stock certificate shall be from the seller of each property to the buyer of each property. The Association shall not guarantee payment to any seller.
- Membership in good standing: a member in good standing shall be an owner who is paid in full on all units owned and is in compliance with the Association's declaration, bylaws, and rules and regulations.
- Recovery of attorneys' fees. If the Association is forced to commence collection procedures or to enforce a violation of its governing documents, including but not limited to litigation, the Association shall be entitled to recovery of its reasonable attorneys' fees and related costs.
- Each member of the Association is mandated to attend at least one (1) general membership meeting each calendar year. The penalty for not attending at least one (1) meeting is \$100. Penalty may be waived at the discretion of the board of directors due to extenuating circumstances.

ARTICLE IV. TRANSACTION OF BUSINESS; QUORUM; VOTING; THE CALLING OF MEETINGS; PARLIAMENTARY PROCEDURE.

1. The members of the Association shall have the authority to transact business on behalf of the Association not otherwise delegated herein to the Board of Directors, at regular or

specially called meetings by resolution duly made, seconded and adopted by majority vote of the members present, provided that the meeting is attended by a quorum of members which shall consist of fifteen (property) owners.

2. For the purpose of counting a quorum, each paid assessment constitutes one membership vote. Joint owners or tenants by the entireties and tenants in common shall be considered one member or vote for purposes of constituting a quorum. Wherever mentioned hereafter, the word "quorum" shall be defined as set forth in this section.
3. Each member owning more than one property shall have one vote for each assessment paid. Should more than one member own jointly or in common a single property, the owners as a group shall have one vote for each property owned. No member may cast a fraction of one vote. Such votes being disregarded in any counting. Voting shall be by show of hands unless any three members shall demand written ballot on any question. No written proxies or absentee ballots shall be permitted except in the election of Directors to the Board of Directors as set forth below. At any meeting of the general membership, members of the Board of Directors shall cast votes as property owners only in common with other general members and shall not have any duplicate or special vote.
4. The Association shall hold a general meeting of the membership at the pavilion or a place to be determined by the Board of Directors including video conference option not fewer than three time each year. Notice of such meeting and any instructions on how to participate in the meeting virtually shall be sent to each member by the secretary of the Board of Directors at least fourteen (14) days in advance of the meeting.
5. Robert's Rules of Order shall be followed in all matters of parliamentary procedure, which are not specifically governed by these bylaws.
6. Members shall receive meeting notice via first class mail unless the member submits a signed writing authorizing the Association to send meeting notices via email or text. Said request must be renewed annually.

ARTICLE V. BOARD OF DIRECTORS; OFFICERS; NOMINATIONS; DUTIES; BALLOTS.

1. The Association shall be governed by at least seven (7) person Board of Directors.
2. Each Director shall be a natural person, 21 years of age or older, and a member in good standing.

3. Each Director's term shall be two (2) years, which shall begin after election at the last summertime meeting.
4. Each term, either four (4) or three (3) Director seats will be up for election, in addition to any vacancies that were not filled in the prior term.
5. The Association shall elect the following Board positions: President, Vice President, Secretary/Treasurer and Board members .
6. It is understood by the Bylaws that a general membership meeting at which the elections take place shall occur each August/September routinely over labor day weekend (general membership meeting), however, the Board of Directors may select another weekend with at least ten (10) days written notice to the members.
7. Every year, two months immediately preceding the general membership meeting, the President shall appoint a committee (Nominating Committee) consisting of three (3) members, who may or may not be Directors, to propose a slate of candidates to the vacancies then open.
8. Any member of the Association may nominate a candidate to the Board of Directors by petition to the Secretary of the Association or directly to the Nomination Committee. Nominations shall be accepted up to thirty (30) days prior to the date of the general meeting. The Nomination Committee shall nominate at least enough persons to fill the number of seats up for election that year.
9. Voting for Directors shall be by written secret ballot. The Nomination Committee, in conjunction with the Secretary of the Association, shall mail written ballots setting out the names of the nominees at least fourteen (14) days before the general meeting. A notice of the general meeting may also be enclosed. Each nominee may submit for inclusion with the ballot a resume consisting of not more than 200 words which shall be reproduced and distributed with the ballot, the cost of which the Association shall bear. Each member may return his or her ballot by mail to the Secretary of the Association by the start time of the general meeting.
Proxies shall never be permitted. Absentee ballots shall not be permitted on any issue except election to the officers and Board of Directors.
10. No officer or Director shall receive any compensation. However, the membership may vote to reimburse an officer or Director for money which he or she may have expended on behalf of the Association at a regular or special meeting of the membership. The Board of Directors may retain the paid services of a secretary, not an officer or Director, on behalf of the Association.

11. Any Director may be removed, with or without cause, by the majority vote of those members in good standing present at a meeting. Directors may also be removed pursuant to court order. If the entire Board is removed, new Directors may be elected at the same meeting, but only if the nomination notices have been provided at least fourteen (14) days prior to the meeting.
12. The Board may declare vacant the office of a Director who:
 - (a) has been judicially declared of unsound mind;
 - (b) has been convicted of an offense punishable by imprisonment for a term of more than one year;
 - (c) does not accept the office within 60 days after notice of being selected;
 - (d) fails to attend four (4) meetings of the Board within any twelve (12) month period; or
 - (e) fails to fulfill such other requirements or qualifications as the Bylaws may specify.
13. In the event that any office shall become vacant for any reason before the end of a term, the Board of Directors may by nomination duly made, seconded, and adopted by majority vote of the Board of Directors, elect a member to fill the unexpired term.
14. The President shall supervise and control the business of the Association and shall preside at all meetings of the membership. He or she shall have all such powers as may reasonably be construed as belonging to the chief executive of a nonprofit corporation.
15. The Vice President shall perform the duties of the President in his or her absence or at his or her direction.
16. The Secretary shall record the minutes of each regular or special meeting of the membership and of the Directors, keep a list of all members and their mailing addresses, provide notices in accordance with these Bylaws, and receive the correspondence of the Association and respond or report to the president and/or membership as appropriate. The Association may retain the services of a paid secretary to perform the secretarial obligations.
17. The Treasurer shall keep an accounting of all funds of the Association and have custody of all financial documents. The Treasurer shall report to the Board of Directors and the general membership on a regular basis the financial circumstances of the Association. The Association shall retain the services of an auditor, who may be a paid non-member, at the end of each fiscal year to audit the books for that year and to prepare federal, state, and local tax returns, if any.
18. Fiduciary Relationship to the Association
 - a. A Director shall perform all duties as a Director, in good faith, in a manner the Director reasonably believes to be in the best interests of the Association and with such care, including reasonable inquiry, skill and diligence, as

a person of ordinary prudence would use under similar circumstances.

- b. In performing these duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data prepared or presented by: (1) one or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented, (2) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person, and (3) a committee established by the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.
- c. A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause the Director's reliance to be unwarranted.
- d. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interests of the Association.
- e. In discharging the duties of their respective positions, the Board, committees of the Board, and individual Directors may, in considering the best interests of the Association, consider the effects of any action upon employees, suppliers, members of the Association, and the community in which the Association is located, along with all other pertinent factors. The consideration of those factors shall not constitute a violation of the standard of care required by this section.
- f. A Director shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless: (1) the Director has breached or failed to perform the duties of the Director's office under this section, and (2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. These provisions shall not apply to: (1) the responsibility or liability of a Director pursuant to any criminal statute, or (2) the liability of a Director for the payment of taxes pursuant to local, State or Federal law.
- g. An Association transaction involving a Director or an enterprise with which the Director is affiliated shall not be void or voidable solely for that reason, or solely because the Director is present at or participates in the meeting that authorizes the transaction, or solely because their votes are counted for that purpose, if: (1) the material facts regarding the relationship are disclosed and the Board approves the transaction by a majority vote of the disinterested Directors, even if less than a quorum, (2) the material facts regarding the relationship are disclosed to the members and the transaction is approved in

good faith by vote of those members, or (3) the transaction is fair as to the Association. Interested Directors may be counted toward quorum at any meeting at which an approval vote shall take place.

ARTICLE VI. BOARD OF DIRECTORS; POWERS AND RESPONSIBILITIES.

1. The officers and Directors of the Association shall serve the executive function of the Association and shall be empowered to commit the resources of the Association to the purchases and obligations in furtherance of the goals of the Association.
2. The officers and Directors shall submit to the membership in February of each year a written budget setting out the amounts of proposed expenditures and categories of the expenditures for the ensuing year. The budget shall set out the actual expenditures for the preceding year for comparison purposes. The budget shall run from January 1st of each year to the following December 31st. The officers and Directors may not expend more than \$ 5,000.00 during the year which has not been set out in the budget without the consent of the majority of the members present at a regular or special meeting of the general membership. A special meeting of the membership shall be at the call of the president of the Association. Notice of any special meeting shall be by written notice at least ten days in advance of the meeting mailed to the members by regular mail or sent by email or mass text, if the owner/member has submitted a signed writing agreeing to receive said notice via email or text.
3. Four (4) members of the Board of Directors shall constitute a quorum of the Board of Directors. Regular and special meetings shall be held at the direction of the President or by request of any two Directors. Notice of special meetings to the Directors may be by telephone, mail or email if the owner/member has submitted a signed writing agreeing to receive said notice via email. The Board of Directors can open their meetings to the general membership. Such dates to be selected by the Board of Directors. A member of the general membership shall not have a vote on the Board of Directors.
4. Indemnification and Advancement of Expenses
 - a. The Association shall indemnify each Director, Officer, General Manager, staff member, volunteer, and agent of the Association for claims or actions against them, relating to their efforts as an agent of the Association.

- b. The indemnification process shall follow the process contained in the Nonprofit Corporation Law, 15 Pa. C.S. § 5101, et seq.
- c. The Association shall defend and pay expenses in advance of a final disposition, so long as the indemnified party submits a statement agreeing to refund all sums incurred in their defense upon a court finding that the indemnified party had breached their fiduciary duty. The statement must be submitted at the time of the indemnification request.

ARTICLE VII. DISBURSEMENTS; DUES AND ASSESSMENTS.

- 1. No disbursement shall be made without resolution of the members of the Board of Directors duly made, seconded and adopted by majority vote of the Board of Directors with quorum present.
- 2. Association checks may be issued only with the signature of two members of the Board of Directors to include the officers of the Board and any Director as may be appointed by the president.
- 3. The fiscal year of the Association shall start on May 1st of each year. Annual assessments (except special assessments) shall be billed on or before February 28th of each year and due on or before September 1st of the respective year. The Board, by resolution, may change the fiscal year and the date at which dues are collected. Any annual assessment not paid by September 1st shall be subject to a penalty to be determined by the Board of Directors. The Board of Directors shall create a schedule for assessments which shall apply to all members equally.

ARTICLE VIII. COMMITTEES

- 1. The President of the Board of Directors shall have the power and authority to appoint such committees as he or she shall see fit. Such committees may include any member of the Association. The purpose of the committee shall be to report and recommend to the Board of Directors, who shall have final authority to commit the resources of the Association and may accept or reject the recommendation(s) of the committee.

ARTICLE IX. GENERAL RULES AND REGULATIONS

- 1. The Board of Directors shall create and publish a list of Rules and Regulations. The Rules and Regulations will establish and regulate all practices permitted and not permitted by members of the Association. The Rules and Regulations may be amended and updated at any time by decision of the Board of Directors.

Changes shall be communicated to Association members at regular meetings. The Board, after proper notice to the members, shall have authority to develop a fine schedule and a due process procedure for adjudicating violations of the community's governing documents (Declaration, Bylaws, Rules).

2. The association makes the following disclosures related to swimming in the lake: the association has determined that it is not able to comply with the requirements of the department of environmental protection for a license for swimming in Hemlock Lake. Specifically, the association has determined that it cannot afford the services of a lifeguard, even if it could find a qualified lifeguard, and that the hiring of a lifeguard would be impractical in light of the expected usage of the lake for swimming. Other requirements to obtain a swimming permit are prohibitively expensive, including the requirement to have running water and a bathhouse on the beach. Further the cost of insurance for a swimming beach is prohibitive.
3. Having disclosed to each of the members that the lake does not meet the requirements for a swimming permit, and that the association does not have liability insurance for swimming in the event that someone is injured, the association requires the following release from each member should that member decided to exercise his right pursuant to the terms of his deed by going swimming anyway:
 - A. Each member acknowledges the limitation set out in his/her deed that the right is limited to "their family, and guests, not exceeding ten (10) guests at any one time."
 - B. Each member hereby assumes full responsibility for supervision of any person or persons who swim in Hemlock Lake pursuant to his or her permission.
 - C. Each member agrees to hold the association harmless from liability for any lawsuit which may arise from injury or illness to any person or persons who swim in Hemlock Lake pursuant to his or her permission.
 - D. Each member agrees to reimburse the association for any expenses, including attorney fees, court costs, stenographer's fees, and increased insuring premiums, arising out of any lawsuit which may arise from injury or illness to any person or persons who swim in Hemlock Lake pursuant to his or her permission.

E. This provision shall bind the undersigned member, his/her heirs and assigns without the necessity of having each successor personally sign this document.

4. The following provisions is hereby incorporated into the restrictions and conditions found in all deeds for Hemlock Lake subdivision as if set out in full therein;

(I) No person shall store on any property within the subdivision trash, chemical wastes, items to be repaired, or other objectionable material outside of a building. No person shall store unlicensed automobiles upon any property subject to these restrictions and conditions except within the confines of a garage or other building. No property shall be used as a dumping ground or waste storage area. The owner or owners of each property shall assume the financial cost of complying with the requirements set out herein.

5. See Hemlock Lake rules and regulations for any additional information.

ARTICLE X. AMENDMENTS OF BYLAWS.

1. These Bylaws may be amended by majority vote of those members present and voting at one regular or special meeting of the general membership, upon fourteen (14) days written notice to the members of the proposed amendment.
2. The Nonprofit Corporation Law of 1972, as amended, is incorporated into the bylaws where applicable. The law provides requirements about record keeping; a right of each member to inspect the records; a right to collect fees, dues and assessments; the duty of the Board of Directors to make an annual report to the members; a requirement to notify the Board of Directors of their meetings; and other rights, duties and procedures.
3. The bylaws further ratify the lake repair assessment adopted in 1984.

These bylaws of the HEMLOCK LAKE PROPERTY OWNER'S ASSOCIATION were adopted by the members on October 3, 2023 and became effective immediately upon adoption.