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DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

LETORT MEADOWS, A TOWNHOME PLANNED COMMUNITY

Pursuant to the provisions of the
Pennsylvania Uniform Planned Community Act,
68 Pa. C.S. §5101 et seq. (the "Act")

Prepared by:
Robert M. Cherry, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
email: rcherry@mwn.com

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DECLARATION OF COVENANTS AND RESTRICTIONS
 FOR
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DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

LETORT MEADOWS, A TOWNHOME PLANNED COMMUNITY

ARTICLE I

SUBMISSION; DEFINED TERMS

Section 1.1. Declarant; Property; County; Name. Letort Meadows Associates, a Pennsylvania limited partnership ("Declarant"), owner in fee simple of the real estate described in Exhibit A attached hereto (the "PC Real Estate"), located in the Borough of Carlisle, 2nd Ward, Annex, Cumberland County, Pennsylvania, hereby submits the PC Real Estate, including all easements, rights and appurtenances thereunto belonging and all buildings and other improvements existing or to be erected thereon (collectively, the "Property") to the provisions of the Pennsylvania Uniform Planned Community Act, 68 Pa. C.S. §5101 et seq., as amended (the "Act"), and hereby creates with respect to the Property a flexible planned community to be known as "Letort Meadows, A Townhome Planned Community" (the "Community").

Section 1.2. Easements and Licenses. Included among the easements, rights and appurtenances referred to in Section 1.1 hereof are the following recorded easements, rights and licenses:

1.2.1. Conditions and easements shown on the Subdivision and Land Development Plan, as defined in Section 1.3.2 (oo).

1.2.2. Conditions set forth in Plan Book 49, Page 103; and Plan Book 87, Page 109.

1.2.3. Right-of-way granted to The United Telephone Company of Pennsylvania in Miscellaneous Book 176, Page 454.

1.2.4. Sewer easement granted to Nickolas J. Mallios and Constantinos J. Mallios in Miscellaneous Book 341, Page 878, as amended in Miscellaneous Book 361, Page 727.

1.2.5. Together with and subject to the use of a 30 foot wide right of way as set forth in Deed Book R-21, Page 840.

1.2.6. Together with and subject to an easement and right of way as set forth in Deed Book J-26, Page 550.

1.2.7. Terms and conditions in Memorandum of Agreement [to Guarantee Improvements] between The Borough of Carlisle and Declarant, to be recorded.

Section 1.3. Defined Terms

1.3.1. Capitalized terms not otherwise defined herein or identified on the Plats and Plans shall have the meanings specified or used in the Act.

1.3.2. The following terms when used herein shall have the meanings set forth below:

(a) "Allocated Interest" means the Common Expense Liability and votes in the Association allocated to a Unit.

(b) "Annual Assessment" means a Unit's individual share of the anticipated Common Expenses for each fiscal year as reflected in the budget adopted by the Executive Board for such year.

(c) "Architectural Review Committee" means a committee comprised of three (3) members that may be appointed by the Executive Board, the purpose of which shall be to review and evaluate any proposed alteration to, modification of, or change in appearance of, any portion of the Community that requires Executive Board approval pursuant to the Community Documents, and to make a recommendation to the Executive Board whether to approve or disapprove, or condition the approval of, such proposed alteration.

(d) "Association" means the Unit Owners' association of the Community, which shall be a Pennsylvania non-profit corporation known as "Letort Meadows Homeowners Association" and shall have all powers and duties designated by the Act.

(e) "Building(s)" means any or all of the building(s) now or hereafter constructed in the Community.

(f) "Bylaws" means the Bylaws of the Association providing for the governance of the Association pursuant to Section 5306 of the Act, as such document may be amended from time to time.

(g) "Common Elements" means Common Facilities or Controlled Facilities.

(h) "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to

reserves. The term includes General Common Expenses and Limited Common Expenses.

(i) "Common Expense Liability" means the liability for Common Expenses allocated to each Unit, as described in this Declaration.

(j) "Common Facilities" means any Real Estate within the Community that is not a Unit and that is owned by or leased to the Association.

(k) "Community" means the Community described in Section 1.1 hereof, as the same may be expanded or contracted in accordance with the provisions of this Declaration and the Act.

(l) "Community Amenities" means certain real property and any improvements that may be constructed thereon, if any, situated within the boundaries of the Community and intended for recreational and related purposes on a use fee basis, or otherwise. Community Amenities, if constructed, shall be part of the Common Facilities, to be owned, operated and maintained by the Association, the costs of which shall be General Common Expenses.

(m) "Community Documents" include the Declaration, Plats and Plans, Bylaws and Rules and Regulations, all as amended from time to time.

(n) "Condominium Act" means the Pennsylvania Uniform Condominium Act, 68 Pa. C.S. § 3101 et seq., as amended.

(o) "Controlled Facilities" means any Real Estate within the Community, whether or not a part of a Unit, that is not a Common Facility, but is maintained, improved, repaired, replaced, regulated, managed, insured or controlled by the Association.

(p) "Convertible Real Estate" means that portion of the PC Real Estate described in Exhibit D attached hereto, so long as the Declarant's rights to create Units or Limited Common Elements therein continue to exist.

(q) "Declarant" means the Declarant described in Section 1.1 hereof, and all successors to any Special Declarant Rights.

(r) "Declaration" means this document, as the same may be amended from time to time.

(s) "Development Period" means the period within which Declarant has the right to exercise Development Rights in and to the Community in accordance with the provisions of this Declaration and the Act. The Development Period shall terminate no later than seven (7) years after the date this Declaration is recorded.

(t) "Executive Board" means the Executive Board of the Association.

(u) "First Settlement" means the date of the first closing whereby a Unit is conveyed to a Unit Owner other than Declarant.

(v) "General Common Expenses" means all Common Expenses other than Limited Common Expenses.

(w) "Initial Unit Purchaser" means an initial purchaser of a Unit, other than Declarant.

(x) "Limited Common Elements" means Limited Common Facilities or Limited Controlled Facilities.

(y) "Limited Common Expenses" means all expenses identified as such under Section 5314(c) of the Act and/or as described in the Community Documents.

(z) "Limited Common Facilities" means those portions of the Common Facilities allocated by or pursuant to the Declaration or by operation of Section 5202 of the Act for the exclusive use of one or more, but fewer than all, of the Units.

(aa) "Limited Controlled Facilities" means those portions of the Controlled Facilities that are not part of a Unit, which are allocated by or pursuant to the Declaration or by operation of Section 5202 of the Act for the exclusive use of one or more, but fewer than all, of the Units.

(bb) "Maintenance" means the maintenance, repair and replacement activities required with respect to any facility located within the Community.

(cc) "Master Association" means any profit or nonprofit corporation or unincorporated association created pursuant to Section 5222 of the Act or Section 3222 of the Condominium Act, which exercises on behalf of one or more Unit Owners Associations those certain powers as are delegated by such Unit Owners Associations and accepted by such Master Association, from time to time.

(dd) "Municipality" means the Borough of Carlisle.

(ee) "Notice and Comment" means the right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Section 18.1 hereof.

(ff) "Notice and Hearing" means the right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 18.2 hereof.

(gg) "Party Wall" means a wall located at the perimeter of a Unit, which is a common wall shared with an adjacent Unit.

(hh) "Perimeter Wall" means any wall located at the perimeter of a Unit, which wall is co-incident with the exterior of a Building or adjacent to a Common Facility.

(ii) "Plats and Plans" means the Plats and Plans attached hereto as Exhibit C and made a part hereof, as the same may be amended from time to time.

(jj) "Property" means the Property described in Section 1.1 hereof.

(kk) "Real Estate" means any fee, leasehold or other estate or interest in, over or under land, including structures, fixtures and other improvements and interests which by custom, usage or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. The term includes parcels with or without upper or lower boundaries and spaces that may be filled with air or water.

(ll) "Rules and Regulations" means such rules and regulations as are promulgated by the Executive Board from time to time, with respect to various details of the use of all or any portion of the Community, either supplementing or elaborating upon the provisions in the Declaration or the Bylaws.

(mm) "Security Interest" means an interest in real property or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, land sales contract, and any other consensual lien or title retention contract intended as security for an obligation.

(nn) "Special Assessment" means a Unit's individual share of any assessment made by the Executive Board in addition to the Annual Assessment.

(oo) "Subdivision and Land Development Plan" means all subdivision and/or land development plans for the Community now or hereafter existing, including, but not limited to, the Final Subdivision and Land Development Plan for Letort Meadows recorded in Plan Book ___, Page ___, all as the same may be amended or modified by the Declarant from time to time in accordance with Borough of Carlisle and other applicable governmental requirements.

(pp) "Type A Unit" means a Unit described in Subsection 2.2.1 below.

(qq) "Type B Unit" means a Unit described in Subsection 2.2.2 below.

(rr) "Unit" means a Unit as described herein and in the Plats and Plans. The general term "Unit" includes both Type A Units and Type B Units.

(ss) "Unit Owner" means the holder of legal title to a Unit.

(tt) "Unit Purchaser" means a Unit Owner other than Declarant.

(uu) "Withdrawable Real Estate" means that portion of the PC Real Estate described in Exhibit D attached hereto, so long as the Declarant's rights to withdraw such Withdrawable Real Estate from the Community continue to exist.

Section 1.4. Provisions of the Act. The provisions of the Act shall apply to and govern the operation and governance of the Community, except to the extent that contrary provisions, not prohibited by the Act, are contained in one or more of this Declaration, the Plats and Plans or the Bylaws.

ARTICLE II

ALLOCATED INTERESTS, VOTES AND COMMON EXPENSE LIABILITIES; UNIT IDENTIFICATION AND BOUNDARIES; RELOCATION OF BOUNDARIES; SUBDIVIDING COMBINED UNITS

Section 2.1. Allocated Interests, Votes and Common Expense Liabilities.

2.1.1. No Units are being created with the recording of this Declaration. At such time as Declarant exercises its option to convert all or any portion

of the Convertible Real Estate in accordance with Section 5211 of the Act and Article XX hereof, Declarant shall record an amendment to this Declaration setting forth the identifying number and the Allocated Interest appurtenant to each Unit created thereby. The Allocated Interest of the initial Units created shall be determined on the basis that all such Units shall be assigned a factor of 1.0. Subject to the provisions of this Section 2.1 and Section 11.2 hereof, a Unit's Allocated Interest shall be calculated by (a) converting a fraction to a decimal, the numerator of which fraction is one (1) and the denominator of which fraction is the total number of Units then currently existing within the Community, and (b) multiplying the aforementioned decimal by a factor to be assigned by the Declarant, as described in this Subsection or in Subsection 2.1.2 hereof.

2.1.2. The Allocated Interest shall automatically change upon conversion of Convertible Real Estate as set forth in Article XX below, and the new Allocated Interest of each Unit existing after such conversion shall be determined in accordance with Subsection 2.1.1 above. Notwithstanding the foregoing, if the Declarant converts all or any portion of the Convertible Real Estate into Units, or exercises its Special Declarant Right reserved in Section 2.5 below, the Declarant reserves the right to assign a factor ranging from .75 to 1.5 to any Units created therein based upon the size and/or type of the Units, the presence of amenities, or any other relevant characteristics of the newly created Units. If Declarant assigns a factor other than 1.0 to any Units created in the Community, then Declarant shall designate the factor to be assigned to such Units in any amendment to this Declaration in which such additional Units are created. The Declarant's judgment regarding the factor assigned to any such additional Units shall be final.

2.1.3. Each Unit shall have one (1) vote. The Allocated Interest shall determine the relative weight of a Unit's vote in matters before the Association and, subject to Section 11.2 hereof, the share of Common Expense Liability appurtenant to each Unit. A Unit's Allocated Interest shall always be appurtenant to that Unit, and any separate conveyance, encumbrance, judicial sale or other transfer of such Allocated Interest, whether voluntary or involuntary, shall be void unless the Unit to which the Allocated Interest is allocated is also transferred.

Section 2.2. Unit Boundaries. The boundaries of each Unit are situated as shown on the Plats and Plans, and as described in this Section 2.2.

2.2.1. Type A Unit. A Type A Unit shall be comprised of all portions of a Building within the following Unit boundaries:

(a) Upper and Lower (Horizontal) Boundaries: There shall be no horizontal boundaries. By way of clarification and without limiting the breadth or generality of the foregoing, all structural and nonstructural portions of roofs and basement structures or substructures within the Unit Boundaries described in this Section 2.2 are part of a Unit.

(b) **Vertical Boundaries:** The vertical boundaries of a Type A Unit shall be the vertical planes of the outermost exterior finished surface of the siding, brick, stucco, stone veneer (or other material) covering the exterior of the Perimeter Walls of a Building, and the outermost vertical surfaces of patios, porches, decks, stoops (and other similar protruding improvements), and the centerline of the Party Walls which enclose the Unit, all extended to intersections with each other. All windows, doors and garage doors are within the Unit boundaries and therefore are part of a Unit and not Limited Common Elements appurtenant thereto. All balconies, patios, porches, decks, stoops, exterior entry stairs, railings, and roofs covering any of the foregoing and serving only one Unit are part of the Unit. All gutters and downspouts serving only one Unit are part of the Unit. All trim material and other decorative elements of the exterior surfaces of Perimeter Walls, including, but not limited to, shutters, are part of the Unit to which they are attached.

2.2.2. **Type B Unit.** A Type B Unit shall be comprised of portions of land and portions of a Building within the following Unit boundaries:

(a) **Upper and Lower (Horizontal) Boundaries:** There shall be no horizontal boundaries. By way of clarification and without limiting the breadth or generality of the foregoing, all structural and nonstructural portions of roofs and basement structures or substructures within the Unit Boundaries described in this Section 2.2 are part of a Unit.

(b) **Vertical Boundaries:** The vertical boundaries of a Type B Unit shall be the vertical planes of the Unit boundaries which enclose portions of land ("Type B Unit Land"), as set forth on the Plats and Plans, and the centerline of any Party Wall(s) which enclose the Unit, all extended to intersections with each other. Except as described in Subsection 2.2.3 below, a Type B Unit shall include Type B Unit Land and all portions of a Building within the Unit Boundaries described on the Plats and Plans, including all windows, doors and garage doors, all balconies, patios, porches, decks, stoops, exterior entry stairs, railings, and roofs covering any of the foregoing and serving only one Unit, all gutters and downspouts serving only one Unit, and all trim material and other decorative elements of the exterior surfaces of Perimeter Walls, including, but not limited to, shutters.

2.2.3. Except as may be specifically set forth to the contrary in this Declaration of on the Plats and Plans, each Unit consists of all portions of the Building within the aforesaid Unit boundaries except as follows: if any fixture or improvement (including by way of example and not of limitation, any plumbing, mechanical or utility lines, equipment or facilities) lies partially within and partially outside the designated boundaries of a Unit, any portion of the fixture or improvement serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion of the fixture or improvement serving more than one Unit or any portion of the Common Facilities is a part of the Common Elements. Any fixtures or improvements serving a single Unit, but

located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

Section 2.3. Relocation of Boundaries Between Units. During the Development Period, Declarant shall have the right, without submitting an application to the Association, to relocate boundaries between Units owned by Declarant by recording an amendment to this Declaration and the Plats and Plans identifying the affected Units and setting forth the reallocations of Allocated Interest and votes in the Association. A relocation of boundaries may result in the combination of two (2) or more Units. Upon the completion of such combination, the Allocated Interest and the votes appertaining to such "Combined Unit" shall be the sum of the respective Allocated Interests and votes in the Association appertaining to each of the Units that have been combined, and Declarant shall designate a new identifying number for the newly created Unit. Unit Owners other than Declarant desiring to relocate the boundaries between adjoining Units shall submit an application to the Association in accordance with Section 5214 of the Act, and the Association shall have the powers and duties with respect to such application for relocation as set forth therein. Upon such application, two or more entire adjacent Units may be combined into a larger Unit provided that all of the Units being combined are under common ownership at the time of effecting such combination. Upon the completion of such combination, the Allocated Interest and the votes appertaining to such "Combined Unit" shall be the sum of the respective Allocated Interests and votes in the Association appertaining to each of the Units that have been combined. The identifying number of the Combined Unit shall consist of the identifying number of the Unit having the lowest number followed by a hyphen and the identifying number of the other individual Unit, arranged in numerical order. By way of illustration, if Units having identifying numbers of 1 and 2 were to be combined, the identifying number of the Combined Unit would be 1-2.

Section 2.4. Subdividing a Combined Unit. Subject to Declarant's rights as set forth in Section 2.5 below, no Unit may be subdivided, except a Combined Unit in accordance with this Section 2.4. A Unit Owner of a Combined Unit desiring to subdivide his Unit in accordance with the Unit Title Lines of the original Units that were combined to create the Combined Unit shall submit an application to the Association in accordance with Section 5215 of the Act, and the Association shall have the powers and duties with respect to such application as set forth therein, provided that the Combined Unit shall remain under single ownership until after the time of effecting such subdivision. Upon application by the Unit Owner, the Association shall prepare, execute and record an amendment to the Declaration, including the Plats and Plans, subdividing the Unit. The amendment shall be executed by the Unit Owner of the Combined Unit being subdivided, assign an identifying number to each Unit created (which shall be the identifying numbers shown for such respective Units in the Plats and Plans prior to the creation of the Combined Unit), and reallocate the Allocated Interest and votes in the Association formerly allocated to the Combined Unit being subdivided to the new Units being created in accordance with Section 2.1 above.

Section 2.5. Subdividing or Converting Units Owned by Declarant.
Declarant hereby reserves unto itself the Special Declarant Right granted in Section 5215 of the Act to subdivide or convert any Unit owned by Declarant into two or more Units, Common Elements or a combination of Units and Common Elements. For a period not exceeding seven (7) years after the date of recording of this Declaration, Declarant shall be permitted to exercise such special Declarant Right without submitting an application to the Association. If Declarant exercises such right, Declarant shall prepare and record an amendment to this Declaration, including the Plats and Plans, subdividing or converting such Unit(s). The maximum number of Units into which any Unit owned by Declarant may be subdivided or converted shall be six (6), provided however, that no individual Unit shall contain less than one thousand four hundred fifty (1,450) square feet. All costs and expenses of Declarant associated with the exercise of its rights reserved in this Section 2.5 shall be the responsibility of the Declarant.

Section 2.6. Costs of Relocating Unit Boundaries or Subdividing Units.
All costs and expenses associated with relocating Unit Boundaries or subdividing a Combined Unit and, at the discretion of the Executive Board, the costs and expenses associated with preparing and recording any amendment to the Declaration and Plats and Plans required pursuant to Sections 5214 or 5215 of the Act, shall be the responsibility of the Unit Owner or Owners requesting the relocation of Unit Boundaries or the subdivision of a Combined Unit, as the case may be.

ARTICLE III

LIMITED COMMON ELEMENTS; FUTURE ALLOCATION OF COMMON ELEMENTS

Section 3.1. Limited Common Elements. Without limiting the generality of Section 1.3.2(x) hereof, the following portions of the Community are hereby designated as Limited Common Elements:

3.1.1. Any portion of the Community designated as a Limited Common Facility or a Limited Controlled Facility by or pursuant to the provisions of this Declaration or any amendment thereto, or as shown and identified as a Limited Common Facility or a Limited Controlled Facility on the Plats and Plans or any amendment thereto, from time to time; and

3.1.2. Any portion of the Community described as a Limited Common Element in Section 5202 of the Act; and

3.1.3. Service walks (sidewalks extending from the driveway to the entrance door of a Unit), and driveways that serve Units shall be Limited Common Facilities appurtenant to the Unit(s) they serve; and

3.1.4. Privacy fences and/or privacy walls, if any, that serve Units shall be Limited Common Facilities appurtenant to the Unit(s) they serve.

Section 3.2. Common Elements Not Previously Allocated. During the Development Period, the Declarant, and thereafter, the Association, shall have the power to allocate a Common Element not previously allocated as a Limited Common Element appurtenant to one or more, but fewer than all, Units in the Community, provided that such allocation is effected in accordance with Section 5209(c) of the Act.

ARTICLE IV

COMMON FACILITIES

Section 4.1. Reservation. The Declarant hereby reserves the right to designate as a Common Facility any portion of the Community, or any improvement or facility, existing or contemplated, other than a Unit owned by a Unit Owner other than Declarant, as described in this Declaration and the Plats and Plans, as they may be amended from time to time, without the consent of any Unit Owner or holder or insurer of any Security Interest in any Unit. By way of example and without limiting the generality of the foregoing, Declarant reserves the right to designate undedicated roads within the Community, Community Amenities, if any, stormwater management facilities, Community signage and any other portions of the Common Elements not located within Unit title lines as Common Facilities, from time to time.

Section 4.2. Community Amenities. Common Facilities may include certain amenities and open spaces for the enjoyment and use of Unit Owners and residents of the Community, including but not limited to, any facilities constructed or maintained for active or passive recreation and other similar purposes.

Section 4.3. Parking. Unit Owners shall park their vehicles in their garages or driveways. As required by the Subdivision and Land Development Plan, street parking shall be prohibited along one side of Spring View Street, Brook Side Drive and Short Lane, as posted. Areas designated as parking spaces along Spring View Street and Short Lane are Common Facilities available to all Unit Owners, visitors, guests and invitees on a first come-first served basis, subject to the rights of the Executive Board to promulgate Rules and Regulations regarding their use, and further subject to Section 3.2 above.

Section 4.4. Conveyance to the Association. Declarant or Declarant's successor in interest to a Common Facility shall own the Common Facility until such time as it has been conveyed to the Association in accordance with this Section 4.4. After completion of the Common Facility, Declarant or any successor in interest to Declarant in the Common Facility shall lease, or convey fee simple title to the Common Facility by special warranty deed, or shall transfer easements or other ownership rights, title and interests, to the Association by the later of (a) the date of conveyance by the

Declarant of the last Unit the Declarant reserves the right to include in the Community or (b) the seventh (7th) anniversary of the recording of this Declaration. No Common Facility shall be conveyed or leased to the Association before it has been completed unless a third-party guarantee, bond, escrow, letter of credit or other mechanism assuring completion has been provided by the Declarant or a successor to Declarant's interest in the Common Facility, as the case may be. Any such third-party mechanism shall not expire until the Common Facility has been completed to the degree described in the immediately succeeding sentence. A Common Facility shall be deemed completed upon the recording of a certificate, executed by an independent registered surveyor, architect or professional engineer stating that the Common Facility is substantially completed in accordance with the descriptions set forth in the Declaration, the Plats and Plans and the Public Offering Statement and so as to permit the use of such Common Facility for its intended purpose. Upon the recording of such certificate, the Association shall accept the conveyance or lease of the Common Facility. Any uncompleted Common Facility conveyed or leased to the Association shall be completed before the expiration of the Development Period. Until such time as an uncompleted Common Facility is completed, the Declarant shall be solely responsible for real estate taxes assessed against or allocable to the Common Facility and for all other expenses in connection therewith. The Association shall not be required to pay any consideration for any Common Facility, unless such facility is leased to the Association, in which case, the Association may be required to pay rent in accordance with any such lease. The obligation to convey a Common Facility to the Association shall be binding upon the Declarant and any successor in interest to Declarant in the Common Facility whether or not such successor succeeds to any Special Declarant Rights.

Section 4.5. Security for Maintenance and Reconstruction. As required by the Municipality, Declarant shall initially provide a form of perpetual financial security to provide for the maintenance and reconstruction of the Common Facilities (the "Maintenance Financial Security") in an amount to be agreed upon by and between the Declarant and the Municipality. At such time as fifty percent (50%) of the Units that may be constructed within the Community have been constructed, Declarant shall have the right to permanently assign the responsibility for maintaining such Maintenance Financial Security to the Association, and the Association shall be obligated to accept such assignment. Thereafter, the cost of maintaining the Maintenance Financial Security shall be payable by the Association and not the Declarant, and shall be a Common Expense assessed against all Units in the Community in accordance with their Allocated Interests determined pursuant to the provisions of Section 2.1 and subject to Section 11.2 of this Declaration. If the Association defaults in its obligations under this Section 4.5, the Municipality shall have the right to impose a Municipal Lien (See, 53 P.S. §7106, as amended) against the Association and/or the Unit Owners for the costs incurred by the Municipality in enforcing such obligation, together with any other amounts collectible by the Municipality under the Pennsylvania Municipal Lien Law, as amended from time to time. In the event that the Declarant or the Association, as the case may be, fails to maintain the Common Facilities as required pursuant to the provisions of the Community Documents, then the Municipality shall have the right to

draw on the Maintenance Financial Security for the purpose of providing for the necessary maintenance of the Common Facilities. This right of the Municipality shall be in addition to the rights granted in Sections 7.7 and 7.8 below, and all rights granted to the Municipality in this Section 4.5 and Sections 7.7 and 7.8 shall be exercisable by the Municipality severally, jointly and from time to time. In the event that draws are made against the financial security, the Declarant or Association, whichever party is then the obligated party, shall restore the security to the full amount previously agreed upon by and between the Declarant and the Municipality within seven (7) calendar days after any such draw.

This Section 4.5 may not be amended without the prior consent of the Municipality.

Section 4.6. Common Expense. Upon conveyance or leasing of a Common Facility to the Association, all costs and expenses associated with the operation, administration, maintenance, repair and replacement of the Common Facility shall become a Common Expense assessed against all Units in the Community in accordance with their Allocated Interests, and such Common Expense assessments shall be subject to the lien provisions set forth in Section 11.4 below. As required by the Municipality, the Municipality shall be a third party beneficiary of this Section 4.6 and of the associated lien rights as set forth in Section 11.4 below.

ARTICLE V

CONTROLLED FACILITIES

Section 5.1. Controlled Facilities. Without limiting the generality of Section 1.3.2(o) hereof, the Controlled Facilities shall include all of the following areas, and the improvements and/or facilities located therein other than those accepted for dedication to the public or owned by a utility provider or governmental authority:

5.1.1. Any portion of any Unit designated as a Controlled Facility by or pursuant to the provisions of this Declaration or any amendment thereto, or as shown and identified as a Controlled Facility on the Plats and Plans or any amendment thereto, from time to time, including but not limited to:

(a) All portions of the exterior finished surfaces of all Perimeter Walls of Buildings containing Units, including by way of example and not of limitation, all siding, brick, stucco, stone veneer (or other material), all fascia, trim (including door and window trim and other decorative elements of the exterior surfaces of Perimeter Walls), exterior doors (including garage doors), windows, shutters, gutters, and downspouts; and

(b) All structural and nonstructural portions of roofs of Buildings containing Units, including finished roofing surface material such as

shingles, tiles, etc., underlayment material such as felt paper, and sheathing material such as plywood; and

(c) All balconies, patios, porches, decks, stoops, exterior entry stairs, railings, and roofs covering any of the foregoing.

5.1.2. Any other portion of the Community designated as a Controlled Facility by or pursuant to the provisions of this Declaration or any amendment thereto, or as shown and identified as a Controlled Facility on the Plats and Plans or any amendment thereto, from time to time.

5.1.3. Reasonable Rules and Regulations concerning the maintenance, improvement, repair, replacement, regulation, management, insurance and/or control of the Controlled Facilities may be promulgated from time to time by the Executive Board, subject to the right of the Association to Notice and Comment on such Rules and Regulations. Copies of the Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Executive Board promptly after the adoption of such Rules and Regulations or any amendments thereto.

ARTICLE VI

ADDITIONS, ALTERATIONS AND IMPROVEMENTS

Section 6.1. Additions, Alterations and Improvements by Unit Owners.

6.1.1. A Unit Owner:

(a) May make any improvements or alterations to the interior of his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Community;

(b) May not change the appearance of or make any structural modifications to any portion of the Common Facilities without obtaining the prior written consent of the Executive Board;

(c) May not change the appearance of or make any structural modifications to any portion of the Controlled Facilities, whether located upon or within a Unit or otherwise, without obtaining the prior written consent of the Executive Board;

(d) Subject to Sections 2.3 and 6.3 hereof, after acquiring an adjoining Unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Community;

(e) May not undertake the installation, reinstallation, removal, modification, reconstruction or repair of any Party Wall or Perimeter Wall, any electrical, lighting, signal transmission and/or power circuit or system, or electric outlet box or terminal device included in such outlet box, or any item of heating or air conditioning equipment, or any ventilation or exhaust duct or related equipment, or any item of any portion of the plumbing system or any other mechanical system, any of which in any way serves or could affect any other Unit Owner, until after application has been made to and written approval has been received from the Executive Board and any Unit Owner(s) affected by such installation, reinstallation, removal, reconstruction or repair. Such approval shall be granted only if the work performed shall be of similar or superior quality to that then prevailing in the Building and shall be performed by qualified personnel. The cost of such installation, reinstallation, removal, reconstruction or repair, whether undertaken by a Unit Owner or by the Association (under procedures to be established by the Executive Board) shall be borne by the Unit Owner of the Unit benefited thereby.

6.1.2. Subject to the limitations of Subsection 6.1.5 below, a Unit Owner may submit a written request to the Executive Board for approval to do anything that he is forbidden to do under Subsection 6.1.1 hereof. The Executive Board shall submit all such requests to the Architectural Review Committee for review and recommendation. The Executive Board shall consider, but shall not be bound by, the recommendation of the Architectural Review Committee in deciding whether to approve, disapprove or condition the approval of such requests. The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute a consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of the Community Documents.

6.1.3. Subject to the limitations of Subsection 6.1.5 below, any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement by a Unit Owner in or to any portion of the Community shall first be submitted to the Executive Board for approval. Upon receipt of approval by the Executive Board, any such application shall be the responsibility of and executed by the Unit Owner. Such execution will not, under any circumstances, create any liability on the part of the Association or any of its members (other than the Unit Owner making the application) to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. All costs and expenses incurred for such additions, alterations or improvements by a Unit Owner shall be the responsibility of such Unit Owner.

6.1.4. All additions, alterations and improvements to the Units and/or Common Elements shall not, except pursuant to prior written approval by the

Executive Board, cause any increase in the premium of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change. At the discretion of the Executive Board, any such insurance premium increases shall be paid by the Unit Owner(s) whose construction activities resulted in such premium increase.

6.1.5. The provisions of this Section 6.1 shall not apply to the Declarant in the exercise of any Special Declarant Right.

Section 6.2. Additions, Alterations and Improvements by the Executive Board. Subject to the limitations of Sections 11.5 and 11.6 of this Declaration, the Executive Board may make any additions, alterations or improvements to the Common Elements which, in its judgment, it deems necessary or advisable.

Section 6.3. Laws and Ordinances. Each Unit Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of federal, state or municipal governments or authorities applicable to the use, occupancy, construction, improvement, and maintenance of any Unit, including any improvements or facilities erected thereupon. Without limiting the generality of the foregoing, all improvements constructed within or upon a Unit by a Unit Owner shall meet all applicable local and/or county building codes and municipal requirements including, but not limited to zoning requirements. The obligation to comply with all governmental requirements shall rest with the Unit Owner and not the Executive Board or the Association. The Executive Board's approval of a Unit Owner's proposed improvements shall not relieve the Unit Owner of his obligation to design and construct the proposed improvements in accordance with the requirements of the Community Documents, nor shall such approval constitute nor be construed as certification by the Executive Board that the proposed improvements meet or otherwise comply with architectural, engineering, or construction industry standards, or applicable building codes, laws, ordinances, rules, or regulations of any governmental authority or any other applicable agency.

ARTICLE VII

MAINTENANCE, REPAIR AND REPLACEMENT RESPONSIBILITIES

Section 7.1. Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Community, the Units and Common Elements shall be maintained and repaired by each Unit Owner and by the Association in accordance with the provisions of Section 5307 of the Act, except as expressly set forth to the contrary in the Community Documents.

Section 7.2. Common Elements. The Association shall maintain, repair and replace the Common Elements, except any portions thereof to be maintained, repaired or replaced by the Unit Owners.

Section 7.3. Units and Limited Common Elements. Each Unit Owner shall maintain, repair and replace, at his own expense, all portions of his Unit and any Limited Common Elements appurtenant thereto, except any portions thereof to be maintained, repaired or replaced by the Association.

Section 7.4. Failure to Maintain Units and Common Elements. Each Unit Owner shall reimburse the Association and any Unit Owners whose Units were damaged for the reasonable cost of repair of any damage to the Common Elements or to any other Unit caused by such Unit Owner's failure to properly maintain, repair or replace any portion of his Unit (including any Controlled Facility) or any Limited Common Elements appurtenant thereto for which the Unit Owner is responsible. If the Owner of a Unit containing Controlled Facilities which the Unit Owner is responsible to maintain, repair or replace pursuant to the Community Documents fails to maintain, repair or replace such Controlled Facilities, the Association may, in its discretion, assume the responsibilities of the Unit Owner with respect to such Controlled Facilities, and the costs thereof shall be assessed against the nonperforming Unit Owner as a Limited Common Expense allocated to the Unit as set forth in Section 11.3 below. The Association shall reimburse a Unit Owner for the reasonable cost of repair of any damage to his Unit caused by the Association's failure to properly maintain, repair or replace any portion of the Common Elements or any portion of a Unit or the Limited Common Elements appurtenant thereto which is to be maintained, repaired or replaced by the Association.

Section 7.5. Chart of Maintenance Responsibilities. The respective responsibilities of the Association and the Unit Owners with respect to maintenance, repair and replacement of the Units, Common Elements (Common Facilities and Controlled Facilities) and Limited Common Elements (Limited Common Facilities and Limited Controlled Facilities) are set forth in the Chart of Maintenance Responsibilities attached as Exhibit A to the Bylaws, as amended from time to time.

Section 7.6. Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Community at reasonable times and in a reasonable manner, upon such notice to an affected Unit Owner, if any, as shall be reasonable under the circumstances, for any proper purpose. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether or not the Unit Owner is present at the time. By way of example and not of limitation, any authorized person shall have the right to enter upon any portion of the Community for the purpose of correcting any condition threatening a Unit or the Common Elements; for the purpose of performing installations, alterations, maintenance or repairs; for the purpose of reading, maintaining, repairing and/or replacing utility meters and related pipes, valves, wires and equipment; for the purpose of performing pest control inspections and treatment; and for any other purpose necessary for the Association to carry out its powers or responsibilities, including correction of any violation of Article IX hereof.

Section 7.7. Rights of Municipality. If the Association shall fail to maintain those portions of the Common Facilities for which it is responsible in safe order and condition, including but not limited to, any storm water drainage facilities, parking areas, open space/recreational areas and easement areas within the Community, the Municipality may serve written notice upon the Association, setting forth the details of any such deficiencies. The notice shall require that such deficiencies in maintenance be cured within thirty (30) calendar days and shall state the date and place of a hearing thereon which shall be held within fourteen (14) calendar days of the notice.

At such hearing, the Municipality may modify the terms of the original notice and may give an extension of time within which the deficiencies shall be cured. If the deficiencies, as finally described, shall not have been cured within said thirty (30) calendar day period, or any extension thereof, the Municipality, in order to preserve the taxable values of the Community and to prevent the Common Facilities from becoming a public nuisance, may enter upon such Common Facilities and maintain the same for a period of one (1) year. Said entry and maintenance by the Municipality shall not vest the public with any rights to use the Common Facilities.

Prior to the expiration of the one (1) year period, the Municipality shall, upon its initiative or upon the request of the Association, call a public hearing with notice to the Association, at which hearing the Association shall show cause why such maintenance by the Municipality, at the election of the Municipality, should not continue for an additional year. If the Municipality shall determine that the Association shall resume the maintenance responsibilities for the Common Facilities, then the Municipality shall cease its maintenance activities at the end of the initial year. If the Municipality shall determine that the Association shall not resume the maintenance of the Common Facilities, then, at the Municipality's discretion, the Municipality may continue its maintenance activities during the next succeeding year, and, subject to a similar hearing, a determination for each year thereafter shall be made. The decision of the Municipality in each such case shall constitute a final administrative decision subject to judicial review.

This Section 7.7 may not be amended without the prior consent of the Municipality.

Section 7.8. Cost of Municipality's Maintenance Activities. If the Municipality shall assume maintenance activities for all or any portion of the Common Facilities in accordance with Section 7.7 above, the Municipality shall have the right to impose a Municipal Lien (See, 53 P.S. §7106, as amended) against the Association and/or the Unit Owners for the costs incurred by the Municipality, together with any other amounts collectible by the Municipality under the Pennsylvania Municipal Lien Law, as amended from time to time.

This Section 7.8 may not be amended without the prior consent of the Municipality.

ARTICLE VIII

EASEMENTS

Section 8.1. Additional Easements. Each Unit Owner shall have a perpetual nonexclusive easement of use and enjoyment over, upon and through the Common Facilities. In addition to such and in supplementation of the easements provided for and hereby created pursuant to Sections 5216, 5217, 5218 and 5302(a)(9) of the Act, the following additional easements are hereby created:

8.1.1. Declarant's Use for Sales Purposes. The Declarant shall have the right to maintain one or more sales offices, management offices and/or models throughout the Community and to maintain one or more directional, promotional and advertising signs on the Common Facilities and on Units owned by the Declarant pursuant to Section 5217 of the Act, even if such Units are under contract with a Unit Purchaser. The Declarant reserves the right to place models, management offices and/or sales offices on any portion of the Common Facilities or in a Unit in such a manner, or such size and number and in such locations as the Declarant deems appropriate. The Declarant may from time to time relocate models, management offices and/or sales offices to different locations within the Community notwithstanding that the Community Documents may otherwise preclude such use in those locations.

8.1.2. Utility Easements. The Units and Common Elements shall be, and are hereby made subject to easements in favor of the Declarant and appropriate utility and service companies and governmental agencies or authorities designated by Declarant (including the Municipality and any applicable municipal authorities) for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Community. The easements created in this subsection shall include, without limitation, rights of the Declarant, or the providing utility or service company, or governmental agency or authority, to install, lay, maintain, repair, relocate and replace gas lines (including, without limitation, propane gas lines), pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, conduits and equipment over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this subsection, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant, or as shown on an approved recorded plan, or so as not to materially interfere with the use or occupancy of the Unit by its occupants.

8.1.3. Declarant's Easement to Correct Drainage. The Declarant reserves an easement on, over and under those portions of the Units and/or Common Facilities not improved with Buildings for the purpose of constructing, maintaining, replacing and correcting drainage of surface water in order to maintain reasonable

standards of health, safety and appearance, and further reserves the right to grant and/or assign such easements to appropriate persons, parties or entities. The easement created by this subsection expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil, or to take any other action reasonably necessary to achieve this purpose, following which the Declarant shall restore the affected property as closely to its original condition as practicable.

8.1.4. Declarant's Reservation of Right to Grant Easements. The Declarant reserves the right to subject any portion of the Community not located within a Building to easements, and to grant, sell and convey easements for the purpose of benefiting the Community and/or any tract of land adjacent to or near the Community. Without limiting the generality of the preceding sentence, the Declarant may subject the Community to access easements, storm water management easements and/or utility easements to be used by or jointly with adjoining or nearby properties. In the event that Declarant grants one or more easements to benefit real estate not within the Community or any person not an owner or occupant of the Community, then the owner of the benefited real estate or the person benefiting from the easement shall share on a pro rata basis in the costs of maintaining, repairing and/or replacing such easements and/or any facilities or improvements constructed therein.

8.1.5. Declarant's Easement to Facilitate Completion, Conversion and Expansion. The Declarant reserves an easement on, over and under the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights, however arising, including but not limited to, the development of Convertible and/or Withdrawable Real Estate and/or other real estate, for all purposes relating to the construction, development, leasing and sale of improvements within the Community and any other real estate owned by Declarant. This easement shall include without limitation, the right of vehicular and pedestrian ingress and egress, the right to park motor vehicles and to engage in construction and marketing activities of any nature whatsoever, including the movement and storage of building materials and equipment, the conduct of sales, leasing and management activities, the maintenance of models and offices and the erection and maintenance of directional and promotional signs. The Declarant's easements hereunder shall remain in full force and effect on, over and under any portions of the Withdrawable Real Estate, even after said portion(s) have been withdrawn from the Community.

8.1.6. Easements in Favor of Units Benefited. The Common Elements (including, but not limited to, the Limited Common Elements) shall be and are hereby made subject to the following easements in favor of the Units benefited:

- (a) For the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are a part of or exclusively serve a single Unit and which pass across or through a portion of the Common Elements; provided that such installation, repair, maintenance, use,

removal and/or replacement does not unreasonably interfere with the common use of any part of the Common Elements or impair or structurally weaken the Building or adversely affect the use of any Unit by its Owner.

(b) For the maintenance of the encroachment of any lighting devices, outlets, exhaust fans, ventilation ducts, registers, grilles and similar fixtures which serve only one Unit but which encroach into any part of any Common Element or Limited Common Element on the date this Declaration is recorded.

8.1.7. Easement for Structural Support. To the extent necessary, each Unit shall have an easement for structural support over every other Unit in the Building, the Common Elements and the Limited Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural support in favor of every other Unit in the Building, the Common Elements and the Limited Common Elements.

8.1.8. Association's Easement to Inspect and Maintain Units and Limited Common Elements. The Units and the Limited Common Elements are hereby made subject to an easement in favor of the Association and its agents, employees and independent contractors, (i) for inspection of the exterior of Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance, repair or replacement for which they are responsible, and to perform such items of maintenance, repair or replacement on behalf of a nonperforming Unit Owner as the Association shall elect to perform in its discretion; (ii) for inspection, maintenance, repair, and replacement of any portion of a Unit for which the Association is responsible, the Common Elements or the Limited Common Elements situated in or accessible from such Units or Limited Common Elements, or both; and (iii) for correction of emergency conditions in one or more Units, Limited Common Elements, or Common Elements, it being understood and agreed that the Association and its agents, employees and independent contractors shall take reasonable steps to minimize any interference with a Unit Owner's use of his or her Unit resulting from the Association's exercise of any rights it may have pursuant to this subsection.

8.1.9. Easement for Encroachments. To the extent that any Unit or portion of the Common Elements encroaches upon any other Unit or portion of the Common Elements because of the construction, reconstruction, repair, shifting, settlement or other movement of any portion of the improvements, a valid easement for the encroachment and its maintenance shall exist, provided that the physical boundaries of the Units after construction, reconstruction or repair shall be in substantial accord with the descriptions thereof set forth in the Declaration. The easement shall extend for whatever period of time the encroachment continues to exist. This easement does not relieve the Unit Owner of liability in the case of willful misconduct nor the Declarant or its agents or any contractor, subcontractor or materialman or any other person of liability for failure to comply with the Plats and Plans.

8.1.10. Unit Owner's Use for Construction Purposes. Upon obtaining the prior consent of the Executive Board, a Unit Owner shall have a nonexclusive access easement through the Common Facilities as may be reasonably necessary for the purpose of construction, repair or renovation of such Unit Owner's Unit, subject, however to the requirements of this Declaration, including but not limited to, Articles II, VI, VII and IX, and provided that the exercise of such easement rights shall not adversely affect the use and enjoyment of the Common Facilities by other Unit Owners or the Association. The Association shall have the rights and powers granted to an association by the provisions of Section 5218 of the Act. A Unit Owner who exercises the easement rights hereunder, whether directly or indirectly through an agent, servant, contractor or employee, shall have the obligation to promptly return any portion of the Common Elements damaged by the exercise of the easement under this section to the appearance, condition and function which existed prior to the exercise of the easement, or to reimburse the Association for all reasonable costs, fees and expenses incurred by the Association to return any portion of the Common Elements so damaged to the appearance, condition and function which existed prior to the exercise of the easement rights granted hereunder.

8.1.11. Easement of Access and Passage. Declarant hereby grants and conveys a non-exclusive easement of access and passage on, over and across all private streets within the Community, if any, for the purpose of ingress, egress and regress to and from all portions of the Community and between the Community and the public streets that serve the Community for the benefit of the Association, its agents, contractors, employees, and invitees and all present and future Owners, occupants and guests, public safety personnel such as police, fire and rescue personnel, and emergency medical personnel; service providers such as trash collectors; delivery vehicles; school busses; mail delivery personnel and other similar and dissimilar persons or entities (collectively, "Benefited Persons"). To the extent that any sidewalks are located within the rights of way of such private streets, Declarant hereby grants and conveys a non-exclusive easement of access and passage upon, through, over and across such sidewalks for the benefit of Benefited Persons for ingress, egress and regress to and from all portions of the Community and between the Community and public streets serving the Community.

8.1.12. Easements Depicted on Plans. The Community is subject to easements, including without limitation, an existing slope, grading and drainage easement, existing and proposed utility easements and drainage easements, and such other easements as may be created by, or depicted on, the Plats and Plans and/or the Subdivision and Land Development Plan. The said easements shall be utilized, maintained, repaired and replaced by the Association in accordance with the Community Documents, the requirements set forth on the Subdivision and Land Development Plan, as applicable, and all applicable local, state and federal requirements and laws. Notwithstanding the provisions of this Subsection, the easements and obligations appurtenant thereto shall exist for only so long as required by the Municipality or other governmental body having jurisdiction thereover.

ARTICLE IX
RESTRICTIONS

Section 9.1. Use and Occupancy of Units and Common Elements.
Except as otherwise expressly set forth in the Community Documents, all Unit Owners, including the Declarant, shall have the same rights and duties that are appurtenant to each Unit. The occupancy and use of the Units and Common Elements shall be subject to the following restrictions:

9.1.1. Permitted Use. Units in the Community (with the exception of any Units during the time period when they are being used by the Declarant as a model or sales or management office) are restricted to residential use and may not be used for any other purpose by the Unit Owner or occupant. Notwithstanding the foregoing, Units may also be used for accessory uses that are customarily incidental to the foregoing use, including a professional office; provided that any such use conforms with the applicable zoning regulations of the Municipality in which the Unit is located, as the same may be amended from time to time, and further provided that the prior written consent of the Executive Board is obtained.

9.1.2. No Unlawful Purposes. No Unit Owner may permit his Unit to be used or occupied for any prohibited or unlawful purpose.

9.1.3. Preservation of Exterior of Units. The Declarant will establish the structural location, architectural style and exterior appearance of each Unit and other improvements that are first constructed to serve a Unit (whether by the Declarant or its designee), all of which are intended to be preserved to maintain the overall appearance and continuing value of the Units within the Community. To accomplish this intention, the following requirements are created and imposed:

(a) Except as otherwise approved by the Declarant during the Development Period and the Executive Board thereafter in accordance with Subsection 6.1.2 and Section 9.2 hereof, the exterior structural and aesthetic appearance and architectural style of all exposed portions of all Units, including any balconies, patios, porches, decks, stoops, exterior entry stairs, railings, and roofs covering any of the foregoing, shall not be altered in any way that would change the appearance of such Units as first constructed.

(b) Except as otherwise approved by the Declarant during the Development Period and the Executive Board thereafter in accordance with Subsection 6.1.2 and Section 9.2 hereof, Limited Common Elements appurtenant to Units such as servicewalks and driveways shall remain as first constructed and shall not be obstructed or modified in appearance.

(c) Except as otherwise approved by the Declarant during the Development Period and the Executive Board thereafter in accordance with Subsection 6.1.2 and Section 9.2 hereof: (i) the exterior colors of all exposed portions of all Units shall remain the same as originally installed, including, but not limited to the color of siding, roof shingles, trim materials, doors, windows, shutters, garage doors, porches, patios, stoops and decks and any railings constructed thereon, and driveway/parking surfaces; and (ii) all replacement materials, whether structural or covering, shall perpetuate the same colors as originally installed in order to provide a consistent color scheme.

9.1.4. Unit Condition. Each Unit Owner shall be solely responsible for maintaining the interior of his Unit. Each Unit Owner and/or the Association shall be responsible for maintaining the exterior of the Unit in a clean, sanitary and attractive condition, in accordance with the allocation of responsibilities set forth in this Declaration, the "Chart of Maintenance Responsibilities" (as it may be amended from time to time) attached as Exhibit A to the Bylaws, and all Rules and Regulations in effect from time to time.

9.1.5. Fences. A Unit Owner shall not be permitted to construct a fence anywhere within the Community without the prior written approval of the Executive Board in accordance with Section 6.1.2 hereof.

9.1.6. Animals. No animals other than customary household pets shall be housed, maintained or otherwise permitted in any Unit, and no animals shall be housed or maintained on any Common Element (including any Limited Common Facility). All pet owners shall immediately clean up, remove and discard in a proper receptacle all animal excrement produced by his pet and shall otherwise obey all pet Rules and Regulations promulgated by the Executive Board from time to time.

9.1.7. Swimming Pools and Hot Tubs. Swimming pools and hot tubs shall not be permitted on any part of the Community.

9.1.8. Satellite Dishes; Antennas.

(a) As directed by Congress in Section 207 of the Telecommunications Act of 1996, the Federal Communications Commission (the "FCC") adopted the Over-the-Air Receptions Devices ("OTARDS") rule (the "FCC Rule") concerning governmental and nongovernmental restrictions on viewers' ability to receive video programming signals from direct broadcast satellites, broadband radio service providers (formerly multichannel multipoint distribution service), and television broadcast stations. Subject to subsections 9.1.8 (b), (c) and (d) below, certain OTARDS shall be permitted to be installed within certain portions of the Community as set forth in the Rules and Regulations, which are intended to comply with the FCC Rule.

(b) Notwithstanding subsection 9.1.8 (a) above and in lieu thereof to the extent permitted by the FCC, the Executive Board shall have the right to install one or more OTARDS on or within any Common Facility portion of the Community as it deems appropriate, for the purpose of making the benefit of such facilities available to Unit Owners in the Community. Any such facilities installed to benefit Unit Owners shall be a Common Element, and the costs and expenses of installation, maintenance and repair shall be a Common Expense, allocated in accordance with the provisions of Section 11.3 hereof.

(c) This Section 9.1.8 shall apply in all respects to all OTARDS installed by tenants or other non-owner occupants of a Unit.

(d) In the event that any of the provisions of this Subsection 9.1.8 contradict any rules, rulings or determinations of the Federal Communications Commission or any other agency having jurisdiction as are then in effect, the then-current rules, rulings, or determinations of the FCC or such other agency having jurisdiction shall prevail. It is the intent of this Section 9.1.8 that it shall comply in all respects with applicable governmental statutes, regulations, rules, rulings and/or determinations, and the Association, through the Executive Board, shall have the right to amend the OTARD Rules and Regulations from time to time as necessary to effect this intent.

9.1.9. Use of Streets. All streets within the Community are intended only for vehicular transportation and pedestrian travel of the Unit Owners, occupants and their invitees. Streets shall not be used as playgrounds, or for skateboarding, basketball, street hockey or any other athletic or recreational purposes, and such use is prohibited.

9.1.10. Use of Common Facilities. There shall be no obstruction of the Common Facilities. Nothing may be constructed, placed or stored on the Common Facilities without the prior consent of the Executive Board. Nothing may be done on the Common Facilities that would in any way interfere with the use and enjoyment of any other Unit Owner or occupant within the Community. The Executive Board may impose additional restrictions on the use of the Common Facilities as it deems necessary or advisable.

9.1.11. Limitations on Application of Restrictions. The restrictions set forth herein shall not apply to the Declarant, or the Declarant's agents or employees during the course of construction of improvements upon any portion of the Community, to the extent that the restrictions would interfere with such construction.

9.1.12. Laws and Ordinances. Each Unit Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of federal, state or

municipal governments or authorities applicable to the use, occupancy, construction, improvement, and maintenance of any Unit, including any improvements or facilities erected thereupon. Without limiting the generality of the foregoing, all improvements constructed within or upon a Unit by a Unit Owner shall meet all applicable local and/or county building codes and municipal requirements including, but not limited to zoning requirements. The obligation to comply with all governmental requirements shall rest with the Unit Owner and not the Executive Board or the Association. The Executive Board's approval of a Unit Owner's proposed improvements shall not relieve the Unit Owner of his obligation to design and construct the proposed improvements in accordance with the requirements of the Community Documents, nor shall such approval constitute nor be construed as certification by the Executive Board that the proposed improvements meet or otherwise comply with architectural, engineering, or construction industry standards, or applicable building codes, laws, ordinances, rules, or regulations of any governmental authority or any other applicable agency.

9.1.13. Rules and Regulations. Reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Community, may be promulgated from time to time by the Executive Board, subject to the right of the Association to Notice and Comment on such Rules and Regulations. Copies of the Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Executive Board promptly after the adoption of such Rules and Regulations or any amendments thereto.

Section 9.2. Waiver Requests. A Unit Owner may submit a written request to the Executive Board for approval to do anything that is forbidden under Section 9.1. The Executive Board shall submit all requests for waivers of the restrictions imposed by Subsections 9.1.3, and 9.1.5 to the Architectural Review Committee for review and recommendation. The Executive Board shall consider, but shall not be bound by, the recommendation of the Architectural Review Committee in deciding whether to approve, disapprove or condition the approval of such requests. All other such requests may be decided by the Executive Board without prior submission of the request to the Architectural Review Committee. The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute a consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of the Community Documents.

Section 9.3. Alterations and Improvements. Subject to the limitations of Subsection 6.1.5 above, any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement by a Unit Owner in or to any portion of the Community shall first be submitted to the Executive Board for approval. Upon receipt of approval by the Executive Board, any such application shall be the responsibility of and executed by the Unit Owner. Such execution will not, under any circumstances, create any liability on the part of the Association or any of its members (other than the Unit Owner making the application) to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or

to any person having any claim for injury to person or damage to property arising therefrom. All costs and expenses incurred for such additions, alterations or improvements by a Unit Owner shall be the responsibility of such Unit Owner.

ARTICLE X

LEASING

Section 10.1. Leases. A Unit Owner may lease or sublease his Unit (but not less than his entire Unit) at any time and from time to time provided that:

10.1.1. All leases and rental agreements shall be in writing;

10.1.2. No lease or rental agreement for a Unit shall be for an initial term of less than one hundred eighty (180) days;

10.1.3. All leases and rental agreements shall state that they are subject to the requirements of the Community Documents and the Association;

10.1.4. A Unit Owner shall deliver a copy of the Declaration, the Bylaws and Rules and Regulations to the Unit Owner's tenant at the time any lease or rental agreement is executed, and the tenant shall sign a receipt therefor. Copies of any amendments to the Declaration, the Bylaws and Rules and Regulations received by the Unit Owner during the term of the lease shall be forwarded to the tenant upon receipt if the amendment(s) affect the tenant's occupancy of the Unit;

10.1.5. The rights of any tenant of a Unit shall be subject to, and each tenant shall be bound by the Community Documents, and a default thereunder shall constitute a default under the lease;

10.1.6. Notwithstanding that a lease may require the tenant to be responsible for the payment of the Common Expense assessments during the term of the lease, any such provision shall not relieve the Unit Owner of his obligation for payment of same in the event that the tenant fails to do so;

10.1.7. A Unit Owner shall provide the Executive Board with the name(s) of the tenants, the address of the leased Unit, the number of occupants of the Unit and a copy of the receipt referred to in Section 10.1.4 within ten (10) days after execution of the lease; and

10.1.8. A Unit Owner intending to lease his Unit shall provide his new mailing address, if at a location other than his Unit, to the Executive Board within ten (10) days after vacating his Unit.

Section 10.2. Exceptions. Notwithstanding the foregoing, the provisions of this Article shall not apply to Units leased or subleased by the Declarant or to a mortgagee which is either in possession of a Unit or is a purchaser at a judicial sale.

ARTICLE XI

ASSESSMENT AND COLLECTION OF COMMON EXPENSES; WORKING CAPITAL FUND ASSESSMENT; CAPITAL IMPROVEMENT FEE

Section 11.1. Definition of Common Expenses. Common Expenses shall include:

11.1.1. Expenses of administration, maintenance, and repair or replacement of the Common Elements, subject to the provisions of Section 11.2 hereof;

11.1.2. Expenses declared to be Common Expenses by the Community Documents or the Act;

11.1.3. Expenses agreed upon as Common Expenses by the Association; and

11.1.4. Such reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Units or Common Elements or to any other real or personal property acquired or held by the Association.

Section 11.2. Apportionment of Common Expenses. Except as provided in Section 11.3, all Common Expenses shall be assessed against all Units in accordance with their Allocated Interests determined in accordance with Section 2.1 hereof. In the event that the Community is merged or consolidated with one or more additional communities, as described in Subsection 19.3.1 hereof, the Allocated Interests shall be modified as described in Subsection 19.3.2 hereof.

Section 11.3. Special Allocations of Expenses.

11.3.1. Any Common Expense associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed in equal shares against the Unit(s) to which that Limited Common Element was assigned at the time the expense was incurred.

11.3.2. Any Common Expense benefiting one or more, but fewer than all of the Units shall be assessed exclusively against the Unit or Units benefited.

11.3.3. Any Common Expense for services provided by the Association to an individual Unit shall be assessed against the Unit which benefits from such services.

11.3.4. Assessments to pay a judgment against the Association may be made only against the Units in the Community at the time the judgment was rendered, in proportion to their Common Expense liabilities, subject to the provisions of Section 5319(c) of the Act.

11.3.5. If any Common Expense is caused by the negligence or misconduct of a Unit Owner, his guests, invitees or other occupants of such Unit, the Association may assess that expense exclusively against his Unit.

11.3.6. Fees, including attorneys' fees, late charges, recording fees, fines and interest charged against a Unit Owner pursuant to the Community Documents and the Act are enforceable as Limited Common Expense assessments.

Section 11.4. Lien.

11.4.1. The Association has a statutory lien on a Unit for (a) any assessment levied against that Unit, and (b) late fees or fines imposed against the Unit Owner, each from the time the assessment, late fee or fine becomes due. Fees, including attorneys' fees, charges, late charges, recording fees, fines and interest and reasonable costs and expenses of the Association, including legal fees, incurred in connection with collection of any sums due to the Association by the Unit Owner or enforcement of the provisions of the Community Documents against the Unit Owner and charged pursuant to the Act and the Community Documents are enforceable as assessments under this Section 11.4. If an assessment is payable in installments, and one or more installments are not paid when due, the entire outstanding balance of the assessment becomes effective as a lien from the due date of the delinquent installment.

11.4.2. Any lien for delinquent Common Expense assessments or other charges that the Association has on a Unit will be subordinate to a first mortgage on the Unit, if the mortgage was recorded before the due date of the assessment or the due date of the unpaid installment, if the assessment is payable in installments, or to a judgment obtained for obligations secured by any such mortgage, or to liens for real estate taxes and other governmental assessments or charges against the Unit.

11.4.3. Recording of this Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this Section 11.4 is required.

11.4.4. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the assessments become payable; provided, that if an Owner of a Unit subject to a lien under this Section 11.4 files a petition for relief under the United States Bankruptcy

Code; the period of time for instituting proceedings to enforce the Association's lien shall be tolled until thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

11.4.5. This Section 11.4 does not (a) prohibit actions to recover sums for which Subsection 11.4.1. creates a lien or (b) prohibit the Association from taking a deed in lieu of foreclosure.

11.4.6. A judgment or decree in any action brought under this Section 11.4 shall include costs and reasonable attorney's fees for the prevailing party.

11.4.7. The Association's lien may be foreclosed in like manner as a mortgage on real property.

11.4.8. If a holder of a first or second Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Unit which became due before the sale, other than no more than six (6) months of assessments that came due during the six months immediately preceding the date of the judicial sale, in accordance with the provisions of the Act. Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Unit Owners, including the purchaser.

11.4.9. Notwithstanding any restrictive endorsement, designation or instructions placed on or accompanying a payment, any payments received by the Association in the discharge of a Unit Owner's obligation may, at the discretion of the Executive Board, be applied first to any interest accrued by the Association, then to any late fee, then to any costs and reasonable attorney fees incurred by the Association in collection or enforcement and then to any delinquent assessment.

11.4.10. Any fees, including attorneys' fees, late charges, fines and interest which may be levied by the Executive Board pursuant to Sections 5302(a)(10), (11) and (12) of the Act, shall be subordinate to the lien of a Security Interest on a Unit.

Section 11.5. Budget Adoption. Immediately after adoption of any proposed budget or approval of any capital expenditure for the Community, the Executive Board shall provide a copy or summary of the budget and a notice describing any capital expenditure approved by the Executive Board to all Unit Owners. Unless a majority of all Unit Owners vote to reject the budget or any capital expenditure approved by the Executive Board within thirty (30) days after such approval, the budget or capital expenditure is ratified. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as a subsequent budget is adopted by the Executive Board, and such subsequent budget is not rejected in accordance with this Section 11.5 and Section 5303(b) of the Act.

Section 11.6. Adoption of Non-Budgeted Common Expense Assessments. If the Executive Board votes to levy a Common Expense assessment not included in the

current budget, other than one enumerated in Section 11.3 of this Declaration, the Executive Board shall immediately submit a copy or summary of such Common Expenses to the Unit Owners and such Common Expenses shall be subject to rejection in the same manner as a budget under Section 11.5 hereof. Notwithstanding the foregoing, the Unit Owners shall not have the power to reject the imposition of Common Expense assessments due to the actual cost of a budgeted item being in excess of the amount originally budgeted.

Section 11.7. Certificate of Payment of Common Expense Assessments. Upon receipt of a written request, the Association shall furnish to a Unit Owner a statement in recordable form setting forth the amount of unpaid assessments currently levied against the Unit as required by Section 5315(h) of the Act and any credits of surplus in favor of his Unit pursuant to Section 5313 of the Act. The statement, which shall be furnished within ten (10) business days after receipt of the request, shall be binding on the Association, the Executive Board and every Unit Owner.

Section 11.8. Frequency of Payment of Common Expenses. All Common Expenses and Limited Common Expenses assessed under Sections 11.2 and 11.3 shall be due and payable either on a monthly, quarterly or annual basis, as the Executive Board deems advisable. Special Assessments shall be due and payable in one or more installments and at such times determined by the Executive Board to be advisable.

Section 11.9. Acceleration of Common Expense Assessments. In the event of default for a period of ten (10) days by any Unit Owner in the payment of any Common Expense assessment levied against his Unit, the Executive Board shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable.

Section 11.10. Commencement of Common Expense Assessments. Common Expense assessments shall begin as of the date of the First Settlement. Notwithstanding the foregoing, the Declarant may elect to delay the commencement of Common Expense assessments until a date later than the First Settlement, provided that Declarant shall be solely responsible for paying all Association expenses until Common Expense assessments commence.

Section 11.11. Personal Liability of Unit Owners. The Owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment. Personal liability for the assessment shall not pass to a successor in title to the Unit unless he agrees to assume the obligation.

Section 11.12. No Waiver of Liability for Common Expenses. No Unit Owner may exempt himself or herself from liability for payment of Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 11.13. Working Capital Fund Assessment. Commencing upon the First Settlement and thereafter at the closing with each Initial Unit Purchaser, the Association shall collect from each such Initial Unit Purchaser an amount equal to two months' estimated Common Expense liability for such Unit, which amount may be used by the Association for any proper Association purposes. The Declarant shall not use the working capital fund to defray any expenses with respect to construction of the Common Elements or development of the Community for which the Declarant is obligated; however, the working capital fund may be used by the Association to offset any deficits in its budget. No amount paid hereunder shall be considered an advance payment of regular Common Expense assessments. No Unit Owner is entitled to a refund of these monies from the Association upon the subsequent conveyance of his Unit or otherwise.

Section 11.14. Surplus Funds. Any excess amounts accumulated from Common Expense assessments, Limited Common Expense assessments or reserves, together with any income related thereto, which exceed the amounts required for each, shall, at the discretion of the Executive Board, (a) be credited to each Unit in accordance with Section 5313 of the Act and shall be applied to subsequent assessments against each such Unit until exhausted; or (b) be included in the budget of the Association for the ensuing fiscal year of the Association, to be applied against the payment of Common Expenses, Limited Common Expenses, or to fund reserves. A reasonable amount of operating capital maintained by the Association shall not be deemed to be surplus funds as described in this Section 11.14.

Section 11.15. Association Records. During the period of Declarant control of the Association, the Association shall keep detailed financial records, including, without limitation, a record of expenses paid by the Declarant until the commencement of Common Expense assessments by the Association under Section 5314(a) of the Act, and, for the period commencing on such date, a record for each Unit in the Community, including those owned by the Declarant, of its Common Expense assessments and the payments thereof. The Association shall keep financial records sufficiently detailed to enable the Association to comply with Section 11.7 of the Declaration and Section 5407 of the Act (regarding resale of a Unit). All Association financial records and other Association records shall be made reasonably available for examination by any Unit Owner and his authorized agents.

Section 11.16. Annual Financial Statements. In accordance with Sections 5316(b) and (c) of the Act, within 180 days after the close of its fiscal year, the Association shall prepare, or have prepared, annual financial statements consisting of at least a balance sheet and a statement of revenues and expenses for the Association. The cost of preparing the financial statements shall be a Common Expense. Each Unit Owner shall be entitled to receive from the Association, within thirty (30) days after submitting a written request therefor, a copy of the annual financial statements and, if such financial statements are audited, reviewed or compiled by an independent certified public accountant or independent public accountant, a copy of the independent accountant's report on the financial statements. The Association may charge a fee not

to exceed the cost of producing copies of records other than the financial statement. If the Association fails to provide a copy of the annual financial statements and, if applicable, the report of an independent accountant, if any, to the requesting Unit Owner within the period of time set forth herein, or if the financial records of the Association which substantiate the Association's financial statements are not made reasonably available by the Association for examination by any Unit Owner and authorized agents, the Unit Owner may file a complaint with the Bureau of Consumer Protection in the Office of the Pennsylvania Attorney General.

Section 11.17. Capital Improvement Fee. Upon the resale of a Unit, the Association may impose a Capital Improvement Fee, but no other fees, in accordance with Section 5302(a)(12) of the Act. Such fees are not refundable upon any sale, conveyance or any other transfer of the title to a Unit. Capital Improvement Fees allocated by the Association must be maintained in a separate capital account and may be expended only for new capital improvements or replacement of existing Common Elements and may not be expended for operation, maintenance or other purposes. No fee shall be imposed on any gratuitous transfer of a Unit between any of the following family members: spouses, parent and child, siblings, grandparent and grandchild, nor on any transfer of a Unit by foreclosure sale or deed in lieu of foreclosure to a secured lending institution as defined by the Housing Finance Agency Law. Until the period of Declarant control of the Association terminates in accordance with Article XII hereof and the Act, the Capital Improvement Fee shall equal no less than two (2) months' of the then-current Common Expense liability for such Unit.

ARTICLE XII

DECLARANT CONTROL OF THE ASSOCIATION AND SPECIAL DECLARANT RIGHTS

Section 12.1. Control of the Association.

12.1.1. The Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board until the earliest of:

- (a) seven (7) years after the date of the first conveyance of a Unit to a person other than the Declarant,
- (b) sixty (60) days after seventy-five percent (75%) of the Units that may be created have been conveyed to Unit Owners other than the Declarant,
- (c) two (2) years after the Declarant or any successor declarant has ceased to offer Units for sale in the ordinary course of business, or

(d) two (2) years after any development right to add new Units was last exercised.

12.1.2. Upon the expiration of the period of Declarant control of the Association described in Subsection 12.1.1 above, all members of the Executive Board shall resign, and the Unit Owners (including the Declarant to the extent of Units owned by the Declarant) shall elect a new five (5) member Executive Board.

12.1.3. Notwithstanding the terms of Subsections 12.1.1 and 12.1.2 above, no later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be created in the Community to Unit Owners other than the Declarant, two (2) of the five (5) members of the Executive Board appointed by Declarant shall resign, and replacement members shall be elected by Unit Owners other than the Declarant.

12.1.4. Within sixty (60) days after the termination of the period of Declarant control of the Association, the Declarant shall deliver to the Association all property of the Unit Owners and of the Association held by or controlled by the Declarant, together with all applicable items designated in Section 5320 of the Act.

12.1.5. Not later than ninety (90) days after the termination of the period of Declarant control of the Association, Declarant shall deliver to the Association a complete audit of the finances of the Association for the time period between the last audit of the Association's financial books and records and the date of termination of the period of Declarant control of the Association, prepared by an independent certified public accountant in accordance with generally accepted accounting principles, the costs of which audit are to be borne equally by the Declarant and the Association.

12.1.6. Following the transfer of control of the Executive Board by the Declarant to the Unit Owners pursuant to Subsection 12.1.2 hereof, the Unit Owners shall have the right to increase or decrease from time to time the number of members comprising the Executive Board.

Section 12.2. Special Declarant Rights. Notwithstanding the transfer by Declarant to Unit Owners of control of the Association pursuant to Section 12.1 hereof, the Declarant reserves unto itself all Special Declarant Rights as defined in the Act. In addition, Declarant shall have the right to transfer any or all of the Declarant's Special Declarant Rights to one or more successors, provided that the transfer(s) shall be effected in accordance with the provisions of this Declaration and Section 5304 of the Act. Any successor to any Special Declarant Right shall have the liabilities and obligations set forth in Section 5304(e) of the Act.

ARTICLE XIII

LIMITATION OF LIABILITY

Section 13.1. Limited Liability of Members of the Executive Board. To the fullest extent permitted by Pennsylvania law, as now in effect and as modified from time to time, a member of the Executive Board shall not be personally liable for monetary damages for any action taken or any failure to take any action by:

13.1.1. the Executive Board; or

13.1.2. the Executive Board of any master association with respect to any powers delegated by the Association to the master association pursuant to Section 5302(a)(18) of the Act, following such delegation.

Section 13.2. Indemnification of Members of the Executive Board and Officers of the Association.

13.2.1. Third Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that the person is or was an Executive Board member or officer of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with such threatened, pending or completed action, suit or proceeding.

13.2.2. Derivative Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that the person is or was an Executive Board member or officer of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with such threatened, pending or completed action or suit by or in the right of the Association.

13.2.3. Procedure for Effecting Indemnification. Indemnification under Subsections 13.2.1 and 13.2.2 shall be automatic and shall not require any determination that indemnification is proper, except that no indemnification shall be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

13.2.4. Expenses Advanced. The Association shall advance expenses incurred by an Executive Board member or officer of the Association who is entitled to be indemnified pursuant to the provisions of this Section 13.2 in advance of

the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Association.

13.2.5. Indemnification of Other Persons. The Association may, at the discretion of, and to the extent and for such persons as determined by the Executive Board of the Association, (a) indemnify any person who neither is nor was an Executive Board member or officer of the Association but who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (and whether brought by or in the right of the Association), by reason of the fact that the person is or was a representative of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with such threatened, pending or completed action, suit or proceeding, and (b) pay such expenses in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Association.

ARTICLE XIV

INSURANCE

Section 14.1. Association Insurance. Commencing no later than the date of the First Settlement and to the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in Sections 14.1.1 and 14.1.2 below, and in accordance with the provisions of Section 5312 of the Act. Any property or comprehensive general liability insurance carried by the Association may contain a deductible provision. If such insurance is not reasonably available, and the Executive Board determines that any insurance described herein will not be maintained, the Executive Board shall cause notice of that fact to be hand-delivered or sent prepaid by United States Mail to all Unit Owners at their respective last known addresses.

14.1.1. Property Insurance. The Association shall obtain and maintain all property insurance required to be maintained by the Association by Section 5312 of the Act. Insurance policies issued to the Association shall not prevent a Unit Owner from obtaining insurance for the Unit Owner's own benefit, including, but not limited to, insurance to cover any deductibles or losses not covered by the Association's property or comprehensive general liability insurance.

14.1.2. Liability Insurance. The Association shall obtain and maintain comprehensive general liability insurance, including medical payments insurance, in an amount reasonably determined by the Executive Board but in no event less than One Million Dollars (\$1,000,000.00), covering all occurrences commonly

insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Facilities. The policy may name any managing agent as an additional insured.

Section 14.2. Other Provisions. Insurance policies carried by the Association pursuant to this Article shall provide that:

14.2.1. Each Unit Owner is an insured person under the policy with respect to liability arising out of his membership in the Association.

14.2.2. The insurer waives its rights to subrogation under the policy against any Unit Owner or member of his household.

14.2.3. No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

14.2.4. If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the Association's policy, the Association's policy is primary insurance not contributing with the other insurance.

14.2.5. The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

Section 14.3. Unit Owner Policies. Each Unit Owner shall obtain and maintain in effect at all times, property and liability insurance on his Unit as follows: (1) property insurance on the Unit and all improvements located within or upon the Unit insuring against all common risks of direct physical loss in an amount at least equal to the full replacement value of the Unit and improvements, exclusive of land, excavations, foundations and other items normally excluded from property policies, and (2) comprehensive general liability insurance covering all occurrences commonly insured against for death, bodily injury and property damage, arising out of or in connection with the use, ownership or maintenance of the Unit in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) in Constant Dollars, or such other amount as may be reasonably determined from time to time by the Executive Board. The Executive Board shall provide all Unit Owners with written notice of any change in the amount of insurance required pursuant to this Section 14.3 no less than thirty (30) days before the effective date of the new requirement. A Unit Owner's insurance policies may cover losses to his Unit not covered by the insurance maintained by the Association due to a deductible provision or otherwise.

For purposes of this Article XIV, "Constant Dollars" shall mean the value of the U.S. dollar to which such phrase refers, as adjusted from time to time. An adjustment shall occur on the 1st day of June of the sixth (6th) full calendar year following the Effective Date of this Declaration, and thereafter at five (5) year intervals. Constant Dollars shall be determined by multiplying the dollar amount to be adjusted by a fraction, the numerator of which is the Current Index Number and the denominator of which is the Base Index Number. The "Base Index Number" shall be the level of the Index for the year this Declaration commences; the "Current Index Number" shall be the level of the Index for the year preceding the adjustment year; the "Index" shall be the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor for U.S. City Average, All Items (1982-84=100), or any successor index thereto as hereinafter provided. If publication of the Index is discontinued, or if the basis of calculating the Index is materially changed, then the Declarant during the Development Period and the Executive Board thereafter shall substitute for the Index comparable statistics as computed by an agency of the United States Government or, if none, by a substantial and responsible periodical or publication of recognized authority most closely approximating the result which would have been achieved by the Index.

Section 14.4. Other Provisions. Insurance policies carried by Unit Owners pursuant to this Article shall provide that:

14.4.1. The Association shall be named as an additional insured party under all property insurance policies maintained by Unit Owners for the purposes set forth in Article 15 below.

14.4.2. The insurer waives its rights under the policy to subrogation against the Association.

14.4.3. The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, the Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

Section 14.5. Fidelity Bonds. The Association shall maintain a blanket fidelity bond or similar security for anyone who either handles or is responsible for funds held or administered by the Association, whether or not he receives compensation for his services. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the manager at any time while the bond is in force, and in no event less than the sum of three (3) months' Common Expense assessments and reserve funds on deposit. The bond shall include a provision that calls for thirty (30) days' written notice to the Association before the bond can be canceled or substantially modified for any reason. However, if cancellation is for nonpayment of premiums, only ten (10) days' notice shall be required.

Section 14.6. Workers' Compensation Insurance. The Executive Board shall obtain and maintain workers' compensation insurance to meet the requirements of the laws of the Commonwealth of Pennsylvania.

Section 14.7. Indemnification Insurance. The Executive Board shall obtain directors' and officers' liability insurance to satisfy the indemnification obligations set forth in Section 13.2 hereof, if and to the extent available at a reasonable cost.

Section 14.8. Other Insurance. The Association may carry other insurance in such reasonable amounts and with such reasonable deductibles as the Executive Board considers necessary or advisable to protect the Association or the Unit Owners.

Section 14.9. Premiums and Deductibles.

14.9.1. Insurance premiums for policies maintained by the Association shall be a Common Expense. If any insurance policy maintained by the Association contains a deductible, then that portion of any loss or claim which is not covered by insurance due to the application of a deductible, as well as any claim or loss for which the Association is self-insured, shall be levied by the Executive Board in accordance with Section 5314(c) of the Act.

14.9.2. Insurance premiums for policies maintained by a Unit Owner shall be the responsibility of the Unit Owner. If any insurance policy maintained by a Unit Owner contains a deductible, then that portion of any loss or claim which is not covered by insurance due to the application of a deductible shall be the responsibility of the Unit Owner.

ARTICLE XV

DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 15.1. Unit Owner's Duty to Restore.

15.1.1. Subject to the provisions of Section 5312(h)(2) of the Act and Subsection 15.1.2 below, damage that is not "material damage," as defined in Subsection 15.1.2 below, to any portion of the Community for which insurance is required to be maintained by a Unit Owner under Section 5312 of the Act or this Declaration, or for which insurance carried by the Unit Owner is in effect, whichever is more extensive, shall be repaired or replaced promptly by the Unit Owner in accordance with Section 5312 of the Act. The cost of repair or replacement of such portion of the Community in excess of insurance proceeds is the Unit Owner's expense.

15.1.2. Subject to the provisions of Section 5312(h)(2) of the Act, "material damage" to any portion of the Community for which insurance is required to be maintained by a Unit Owner under Section 5312 of the Act or this Declaration, or for

which insurance carried by the Unit Owner is in effect, whichever is more extensive, shall be repaired or replaced promptly by the Association. The Association shall be responsible for adjustment of any such loss with the Unit Owner's insurance company, and for the rebuilding of the Unit, any other Units affected by such loss, and the Building of which the Unit is a part. The cost of repair or replacement of any portion of the Unit not covered by insurance due to the application of a deductible, or otherwise in excess of insurance proceeds, is the Unit Owner's expense, and the Association shall have the right to assess such expense against the Unit Owner in accordance with Section 11.3 above. For the purposes of this Subsection 15.1.2, "material damage" shall mean damage to the Unit or the Building of which the Unit is a part, that, in the reasonable judgment of the Declarant during the Development Period and the Executive Board thereafter, adversely affects the structural, mechanical and/or aesthetic integrity of the Unit or the Building of which it is a part, including, without limitation, any Party Wall or Perimeter Wall, the foundation, roof, siding or other exterior surface material, or any portion of the electrical, mechanical, plumbing, ventilation or other systems that serve the Unit, the Building, or in any way affect any other Unit Owner's Unit. It is the intent of this Subsection 15.1.2 that responsibility for adjustment of the loss and repairing or rebuilding of the Unit and/or Building shall be assigned to the Association in order to ensure that all portions of the Building affected by such material damage to a Unit or Units will be rebuilt to the same quality and standards of construction, expeditiously, efficiently, and in accordance with the architectural scheme established by the Declarant upon the initial construction of the Unit and Building. Although responsibility for repairing and/or rebuilding material damage is assigned to the Association, the cost of such repairing or rebuilding shall be paid from the proceeds of the Unit Owner's property insurance, and such proceeds shall be paid by the insurance company directly to the insurance trustee designated in the policy for that purpose, if any, or, in the absence of such designation, to the Association, in either case to be held in trust for the Unit Owner and such Unit Owner's mortgagee, as their interests may appear. Unit Owners and lien holders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Unit has been completely repaired or restored, or the Community is terminated.

Section 15.2. Association's Duty to Restore. Subject to the provisions of Section 5312(h)(1) of the Act, any portion of the Community for which insurance is required to be maintained by the Association under Section 5312 of the Act or this Declaration, or for which insurance carried by the Association is in effect, whichever is more extensive, shall be repaired or replaced promptly by the Association in accordance with Section 5312 of the Act.

15.2.1. Cost. With respect to losses for which insurance is required to be maintained by the Association by Section 5312 of the Act or this Declaration, except for the costs of repair or replacement which are not covered due to deductibles, the cost of repair or replacement in excess of insurance proceeds and reserves which have not been identified by the Executive Board to fund costs of capital expenditures budgeted for the current fiscal year of the Association shall be a Common Expense. If any insurance policy maintained by the Association contains a deductible, then that

portion of any loss or claim which is not covered by insurance due to the application of a deductible, as well as any claim or loss for which the Association is self-insured, shall be a Common Expense levied by the Executive Board in accordance with the provisions of Section 5314(c) of the said Act.

15.2.2. Plans. The Community must be repaired and restored substantially in accordance with either the original plans and specifications or other plans and specifications which are compatible with the remainder of the Community and which have been approved by the Executive Board and the Municipality, following receipt of a recommendation from the Architectural Review Committee.

15.2.3. Replacement of Common Facilities. The insurance proceeds attributable to the damaged Common Facilities shall be used to restore the damaged area to a condition compatible with the remainder of the Community.

15.2.4. Insurance Proceeds. The insurance trustee, or if there is no insurance trustee, the Association, shall hold any proceeds from insurance maintained by the Association in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Section 5312(h)(1) of the Act, the proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements and Units (to the extent that Association policies cover damage to Units), and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Community has been completely repaired or restored, or the Community is terminated.

15.2.5. Certificates by the Executive Board. A trustee, if any, may rely on the following certifications in writing made by the Executive Board:

- (a) Whether or not any portion of the damaged or destroyed Community is to be repaired or restored;
- (b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

15.2.6. Certificates by Attorneys. If payments are to be made to Unit Owners, the Executive Board, and the trustee, if any, shall obtain and may rely upon an attorney's certificate of title or a title insurance certificate, based on a search of the land records of the county in which the Community is located, from the date of the recording of the original Declaration stating the names of the Unit Owners and the holders of any mortgages upon the Units.

ARTICLE XVI

AMENDMENTS TO DECLARATION

Section 16.1. Amendment Generally. Except in cases of amendments that may be executed by the Declarant in the exercise of its Special Declarant Rights, including those rights described in Articles XX and XXI of this Declaration, or by the Association pursuant to Section 16.6 hereof, or as otherwise permitted or required by other provisions of this Declaration or the Act, this Declaration, including the Plats and Plans, may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

Section 16.2. Limitation of Challenges. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one year after the amendment is recorded.

Section 16.3. Recordation of Amendments. Every amendment to this Declaration shall be recorded in every county in which any portion of the Community is located and shall be effective only on recording. An amendment shall be indexed in the name of the Community in both the grantor and grantee index. An amendment is effective only upon recording.

Section 16.4. Execution of Amendments. Amendments to this Declaration required by the Act to be recorded by the Association, which have been adopted in accordance with this Declaration and the Act, shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

Section 16.5. Special Declarant Rights. Provisions in this Declaration creating or modifying Special Declarant Rights may not be amended without the consent of the Declarant.

Section 16.6. Corrective Amendments. If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of this Declaration, including the Plats and Plans, that is defective, missing or inconsistent with any other provisions contained therein or with the Act, or if such amendment is necessary to conform to the requirements of the Federal Housing Administration, Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or other agency or entity with national or regional standards for mortgage loans with respect to planned community projects, or to comply with any statute, regulation, code or ordinance which may now or hereafter be made applicable to the Community or Association, or to make a reasonable accommodation or permit a reasonable modification in favor of handicapped, as may be defined by prevailing federal or state laws or regulations applicable to the Association, Unit Owners, residents or employees, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the

holders of any Security Interest in all or any part of the Community, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this Section 16.6 and Section 5219(f) of the Act.

ARTICLE XVII

AMENDMENTS TO BYLAWS

Section 17.1. Amendments to Bylaws. The Bylaws may be amended only by vote of three fifths (3/5) of the members of the Executive Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purpose. Corrective amendments to the Bylaws may be effected in the same manner as amendments to the Declaration described in Section 16.6 hereof.

ARTICLE XVIII

RIGHTS TO NOTICE AND COMMENT; NOTICE AND HEARING

Section 18.1. Right to Notice and Comment. Before the Executive Board amends the Bylaws or the Rules and Regulations, whenever the Community Documents require that an action be taken after "Notice and Comment", and at any other time the Executive Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action shall be given to each Unit Owner in writing and shall be delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or published in a newsletter or similar publication that is routinely circulated to all Unit Owners. The notice shall be given not less than five (5) days before the proposed action is to be taken.

Section 18.2. Right to Notice and Hearing. Whenever the Community Documents require that an action be taken after "Notice and Hearing", the following procedure shall be observed: The party proposing to take the action (e.g., the Executive Board, a committee, an officer, the manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing and shall be given no less than five (5) days before the hearing is to occur. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Section 18.3. Appeals. Any person having a right to Notice and Hearing shall have the right to appeal to the Executive Board from a decision of any person or persons other than the Executive Board by filing a written notice of appeal with the Executive Board within ten (10) days after being notified of the decision. The Executive Board shall conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting. Otherwise, the decisions of the Executive Board are final.

ARTICLE XIX

POWERS OF THE ASSOCIATION

Section 19.1. Powers of the Association. Subject to the provisions of this Declaration, the Association shall have all of the powers designated in Section 5302 of the Act, including the right to assign its right to receive future income, including payments made on account of an assessment against any Unit for Common Expenses and Limited Common Expenses, provided however, that reserve funds held for future major repairs and replacements of the Common Elements may not be assigned or pledged.

Section 19.2. Master Association. Following the expiration or termination of the Special Declarant Rights described in Subsection 19.2.1 below, the Association shall have the right to assign or delegate any of its powers listed in Section 5302 of the Act to a Master Association, provided that any such assignment or delegation is made subject to the provisions of Section 5222 of the Act. The Association shall also have the right to serve as a Master Association, to accept any assignment or delegation of powers from one or more planned community or condominium associations, also provided that such acceptance or assignment is effected in accordance with and subject to Section 5222 of the Act.

19.2.1. Reservation. The Declarant hereby explicitly reserves the Special Declarant Right, under Section 5205(13) of the Act, to assign or delegate any or all of the powers of the Association to a Master Association under Section 5222 thereof, or to cause the Association to accept the assignment or delegation of any of such powers from one or more planned community or condominium associations, without the consent of any Unit Owner or holder of any Security Interest in any Unit. These rights shall continue until the seventh (7th) anniversary of the recording of this Declaration, unless terminated prior to such anniversary upon the filing of an amendment to this Declaration by the Declarant. The Declarant expressly reserves the right to make or accept such assignment(s) or delegation(s) at any time, at different times, in any order and without limitation.

Section 19.3. Merger or Consolidation. Following the expiration or termination of the Special Declarant Rights described in Subsection 19.3.1 below, the

Association shall have the power to merge or consolidate the Community with one or more other planned communities into a single planned community provided that such merger or consolidation is made in accordance with the provisions of Section 5223 of the Act.

19.3.1. Reservation. The Declarant hereby explicitly reserves the Special Declarant Right, under Section 5205(14) of the Act, to cause the Community to be merged or consolidated with one or more other planned communities under Section 5223 thereof, without the consent of any Unit Owner or holder or insurer of any Security Interest in any Unit. This right shall continue until the seventh (7th) anniversary of the recording of this Declaration, unless terminated prior to such anniversary upon the filing of an amendment to this Declaration by the Declarant. The Declarant expressly reserves the right to make such merger(s) or such consolidation(s) at any time, at different times, in any order, without limitation.

19.3.2. Restrictions. No assurances are made that the buildings and the Units that are part of other communities merged or consolidated with the Community will be compatible in terms of architectural style, quality of construction, and materials with the Units in the Community. No assurances are made that the restrictions in this Declaration affecting use, occupancy and alienation of Units shall apply to the units created in the other planned communities. No assurances are made regarding the exact description or location of any other buildings, improvements, common elements or limited common elements that may be created in the additional planned communities. No assurances are made regarding the proportion of units to limited common elements which may be created in the additional planned communities. The maximum number of Units in the merged or consolidated planned communities (including the Community) shall be no more than the maximum number of Units per acre permitted by then-applicable Municipal density requirements. The Community may be merged with one or more planned communities at any time, at different times, in any order, without limitation and without any requirement that any other planned community be merged with the Community at any time. In the event that the Community is merged with one or more additional planned communities as described in Subsection 19.3.1 hereof, the Allocated Interest appurtenant to each Unit shall be recalculated (decreased) by: (1) converting a fraction to a decimal, the numerator of which fraction shall be one (1) and the denominator of which fraction shall be the total number of units in the merged or consolidated planned communities (including the Community); and (2) multiplying the product by any applicable factor assigned by the Declarant, pursuant to Subsection 2.1 hereof. In the event that the Declarant does not merge or consolidate any other planned communities with the Community, the assurances contained in this Section 19.3 shall not apply in any way to any other planned communities or any portion thereof.

Section 19.4. Conveyance or Encumbrance of the Common Facilities. If Unit Owners entitled to cast at least eighty percent (80%) of the votes in the Association, at least eighty percent (80%) of which affirmative votes are allocated to Units not owned by the Declarant, agree, any one or more portions of the Common

Facilities may be conveyed or subjected to a Security Interest by the Association. Any conveyance or encumbrance of the Common Facilities by the Association shall be effected in strict accordance with Section 5318 of the Act.

Section 19.5. Judgments Against the Association. Any creditor of the Association pursuant to a Security Interest obtained under Section 19.4 hereof shall exercise its rights against the Common Facilities before its judgment lien on any Unit may be enforced. Otherwise, as a general rule, any judgment for money against the Association, upon perfection as a lien on real property, shall not be a lien on the Common Facilities, but shall constitute a lien against all of the Units in the Community at the time the judgment was entered. No other property of a Unit Owner is subject to the claims of creditors of the Association. Any Unit Owner may have his Unit released from the lien of the judgment upon payment of that portion of the lien attributable to his Unit in accordance with Section 5319(c) of the Act. After payment, the Association may not assess or have a lien against that Unit Owner's Unit for any portion of the Common Expense incurred in connection with that lien. A judgment indexed against the Association must be indexed against the Community and the Association, and when so indexed, shall constitute notice of the lien against the Units.

ARTICLE XX

CONVERTIBLE REAL ESTATE

Section 20.1. Reservation. The Declarant hereby explicitly reserves an option, until the seventh (7th) anniversary of the recording of this Declaration, to convert all or any portion of the Convertible Real Estate to Units, Limited Common Elements or any combination thereof from time to time in compliance with Section 5211 of the Act, without the consent of any Unit Owner or holder or insurer of any Security Interest in any Unit. This option to convert may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. The Declarant expressly reserves the right to convert any or all portions of the Convertible Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other real estate be converted, added or withdrawn; provided, however, that the Convertible Real Estate shall not exceed the area(s) described as such on Exhibit D attached hereto. There are no other limitations on this option to convert Convertible Real Estate.

Section 20.2. Assurances. If the Convertible Real Estate is converted, the Units created shall be located approximately as shown on the Subdivision and Land Development Plan, as the same may be amended or modified from time to time in accordance with all municipal and other governmental requirements. Notwithstanding the foregoing, no assurances are made regarding the actual Unit configuration, the description or location of any Buildings or structures, or other improvements, Common Elements or Limited Common Elements that may be created on the Convertible Real Estate. At such time as all of the Convertible Real Estate is completely converted, the

maximum number of Units in the Community as an aggregate will be no more than seventy (70) Units, subject to amendment or modification of the Subdivision and Land Development Plan. Any Units created by the conversion of Convertible Real Estate shall be compatible (but not necessarily the same) in quality of construction, materials and architectural style with the Units on other portions of the Community. All restrictions in this Declaration affecting use, occupancy and alienation of Units shall apply to Units created by the conversion of Convertible Real Estate. No assurances are made as to any other improvements and Limited Common Elements to be made or created in the Convertible Real Estate, nor to the proportion of Limited Common Elements to Units therein. The Allocated Interest appurtenant to each Unit created by the conversion of the Convertible Real Estate and the other existing Units shall be recalculated as required by Section 2.1 hereof.

ARTICLE XXI

WITHDRAWABLE REAL ESTATE

Section 21.1. Reservation to Withdraw. The Declarant hereby explicitly reserves an option, until the seventh (7th) anniversary of the recording of this Declaration, to withdraw all or any portion of the Withdrawable Real Estate in compliance with Section 5212 of the Act, without the consent of any Unit Owner or holder or insurer of any Security Interest in any Unit. This option to withdraw may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. The Declarant expressly reserves the right to withdraw any or all portions of the Withdrawable Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other real estate be converted, added or withdrawn; provided, however, that the Withdrawable Real Estate shall not exceed the area(s) described as such on Exhibit D attached hereto. There are no other limitations on this option to withdraw Withdrawable Real Estate. The Allocated Interest appurtenant to each Unit in the Community as of the date this Declaration or any amendments thereto are recorded will be unaffected by the withdrawal of all or any part of the Withdrawable Real Estate. In the event that the Declarant withdraws all or any portion of the Withdrawable Real Estate, the assurances, if any, contained in this Declaration shall not apply to the Withdrawable Real Estate withdrawn from the Community.

Section 21.2. Easements Regarding Withdrawable Real Estate. If and when Withdrawable Real Estate is withdrawn from the Community in accordance with the provisions of this Declaration, reciprocal easements, including, but not limited to the following, shall be created and granted in favor of and against the Unit Owners and the Association, on the one hand, and the owners and occupants of the portion of the Withdrawable Real Estate withdrawn from the Community, on the other hand:

21.2.1. A non-exclusive easement and right-of-way over, on, and upon any roads and streets created within the Community for ingress and egress to and from any public streets serving the Community;

21.2.2. The right of access for the placement and maintenance of underground utility facilities to serve any owner of any portion of the Community, including, inter alia, electrical, gas, telephone, sewer and water lines provided that the exercise of said rights does not materially interfere with the existing utility facilities;

21.2.3. The right to use and gain access to existing utility facilities located on the Community, including, inter alia, the waterlines, sanitary sewer and storm sewer facilities, and to tie into said facilities, together with the right to install and maintain new utility facilities, provided that the exercise of such rights does not materially interfere with the existing utility facilities;

21.2.4. The right to enter upon the Community at reasonable times for the purpose of laying, constructing, inspecting, maintaining, repairing or removing said utility facilities.

Section 21.3. Declaration of Reciprocal Easements. Prior to withdrawing Withdrawable Real Estate, the Declarant shall execute and record a Declaration of Reciprocal Easements creating the rights above and others as may be reasonably necessary, subject, inter alia, to the following conditions:

21.3.1. The party exercising such easement rights for the installation of utility facilities shall be solely responsible for all expenses of whatever nature with regard to the initial construction and installation of said utility facilities;

21.3.2. Any party exercising the easement right to install utility facilities over, under or through the Community shall observe all applicable laws pertaining thereto. All work shall be done during reasonable times, following reasonable notice to any party who will be affected by the work, and shall be done in a manner which shall not unreasonably interfere with the use of the Community by the owners and occupants thereof;

21.3.3. The party exercising such easement right, at its sole cost, shall promptly restore the Community to its original condition;

21.3.4. The expense of operating, maintaining and repairing any area or facility, subject to a reciprocal easement, shall be equitably apportioned among the owners using said areas or easements, considering all pertinent use factors.

21.3.5. The party exercising any easement right shall indemnify and hold harmless all other owners within the Community from all loss, damage, claims or

expenses, including reasonable attorneys' fees, resulting from its negligent or improper exercise of the easements and other rights granted herein.

ARTICLE XXII
TERMINATION OF THE COMMUNITY

Section 22.1. Procedure for Termination. Except in the case of a taking of all of the Units in the Community by eminent domain, the Community may be terminated by agreement of Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, provided that at least eighty percent (80%) of the affirmative votes are allocated to Units not owned by the Declarant.

ARTICLE XXIII
INTERPRETATION

Section 23.1. Interpretation. The provisions of this Declaration shall be liberally construed in order to effectuate the Declarant's desire to create a uniform plan for development and operation of the Community. The headings preceding the various paragraphs of this Declaration and the Table of Contents are intended solely for the convenience of readers of this Declaration.

ARTICLE XXIV
SEVERABILITY

Section 24.1. Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof unless such deletion shall destroy the uniform plan for development and operation of the planned community which this Declaration is intended to create.

ARTICLE XXV
EFFECTIVE DATE

Section 25.1. Effective Date. This Declaration shall become effective on the date on which it is recorded (the "Effective Date").

[Signature page follows.]


IN WITNESS WHEREOF, the Declarant, intending to be legally bound hereby has duly executed this Declaration, as of this _____ day of October, 2007.

ATTEST:

DECLARANT:
LETORT MEADOWS ASSOCIATES, a Pennsylvania
limited partnership

By: CAPITOL VIEW DEVELOPMENT CO., INC.,
General Partner

By _____
Name:
Title:

By 
Name: Lawrence M. Means
Title: President

COMMONWEALTH OF PENNSYLVANIA

:
:
:

SS:

COUNTY OF DAUPHIN

On this, the 18th day of October, 2007, before me, a Notary Public, the undersigned officer, personally appeared Lawrence M. Means, who acknowledged himself to be the President of CAPITOL VIEW DEVELOPMENT CO., INC., a Pennsylvania corporation (the "Corporation"), said Corporation being the General Partner of LETORT MEADOWS ASSOCIATES, a Pennsylvania limited partnership (the "Partnership"), and that he as such officer, being authorized to do so pursuant to a resolution of the Corporation's board of directors dated September 14, 2007, a copy of which is recorded as Cumberland County Instrument No. 200739705, executed the foregoing instrument for the purpose therein contained by signing the name of the Corporation by himself as such officer in the Corporation's capacity as General Partner and as authorized by the Partnership.

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

Lisa R. Barker
Notary Public

(SEAL)

My commission expires:

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Lisa R. Barker, Notary Public
City of Harrisburg, Dauphin County
My Commission Expires Nov. 5, 2008

EXHIBIT A

LEGAL DESCRIPTION OF THE "PC REAL ESTATE"

ALL THAT CERTAIN tract or parcel of land situate in the Second Ward Annex of the Borough of Carlisle, Cumberland County, Pennsylvania, being shown on the Final Subdivision and Land Development Plan for Letort Meadows, prepared by Brehm-Lebo Engineering, Inc., dated March 3, 2006 and being more particularly bounded and described in accordance therewith, as follows:

BEGINNING at a point on the southern right-of-way line for Houser Lane (60 feet wide) at the northeast corner of lands now or formerly of Holly Pike Partners; thence along the southern right-of-way line for Houser Lane South 73 degrees 20 minutes 52 seconds East a distance of 283.17 feet to a point at the terminus of the existing 60 foot right-of-way for Houser Lane; thence along the terminus of said right-of-way North 13 degrees 23 minutes 40 seconds East a distance of 59.04 feet to a point at the common corner of lands now or formerly of Home Depot U.S.A., Inc. and Holly Pike Partners; thence along lands now or formerly of Holly Pike Partners, said land being further described as Lot 1A Drainage Easement in the Final Subdivision and Land Development Plan for Holly Pike Partners, L.P., as recorded in the Cumberland County Recorder of Deeds in Plan Book 87, Page 109-K, South 73 degrees 29 minutes 10 seconds East a distance of 94.52 feet to a point at the northwest corner of a 50 foot wide access easement as shown on the aforementioned plan; thence along the western line of said easement South 15 degrees 58 minutes 40 seconds West a distance of 50.00 feet to a point; thence continuing along the southern line of said access easement South 73 degrees 29 minutes 10 seconds East a distance of 95.72 feet to a point at lands now or formerly of Robert C. and Joanne W. Houser; thence along lands now or formerly of Robert C. and Joanne W. Houser South 18 degrees 33 minutes 32 seconds West a distance of 293.25 feet to a point; thence along the same South 14 degree 16 minutes 59 seconds West a distance of 522.46 feet to an existing iron pin at lands now or formerly of Albert and Susan Apicella; thence along lands now or formerly of Albert and Susan Apicella and BL Properties North 74 degrees 44 minutes 20 seconds West a distance of 473.00 feet to a point; thence along lands now or formerly of Linwood B. Phillips, Jr. and Robert M. Frey and lands now or formerly of Holly Pike Partners North 15 degrees 58 minutes 39 seconds East a distance of 817.23 feet to a point, the point of BEGINNING.

CONTAINING 8.806 acres.

BEING the same premises which William H. Hooke, Jr. and Kurt E. Suter, by Deed dated July 10, 2007, and recorded in Cumberland County Deed Book 280, Page 4653 granted and conveyed unto Letort Meadows Associates, Declarant herein.

EXHIBIT B

INTENTIONALLY OMITTED

EXHIBIT C

PLATS AND PLANS

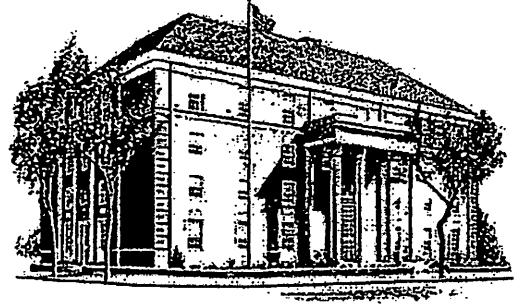
The Declaration Plat, which shall constitute the Plats and Plans for Letort Meadows, A Townhome Planned Community, consisting of one (1) page dated October 15, 2007, is being filed in the Office of the Recorder of Deeds in and for Cumberland County, Pennsylvania, concurrently with the filing of this Declaration, and said Plats and Plans are hereby incorporated herein and made an integral part hereof by this reference thereto.

EXHIBIT D

**LEGAL DESCRIPTION OF THE CONVERTIBLE AND
WITHDRAWABLE REAL ESTATE**

ALL THAT CERTAIN parcel of land more particularly described on Exhibit "A" to this Declaration.

**ROBERT P. ZIEGLER
RECORDER OF DEEDS
CUMBERLAND COUNTY
1 COURTHOUSE SQUARE
CARLISLE, PA 17013
717-240-6370**



Instrument Number - 200740062

Recorded On 10/19/2007 At 11:47:10 AM

*** Instrument Type - DECLARATION**

Invoice Number - 7090 User ID - KW

*** Grantor - LETORT MEADOWS**

*** Customer - MCNEES WALLACE & NURICK**

*** FEES**

STATE WRIT TAX	\$0.50
RECORDING FEES -	\$137.50
RECORDER OF DEEDS	
COUNTY ARCHIVES FEE	\$2.00
ROD ARCHIVES FEE	\$3.00
TOTAL PAID	\$143.00

*** Total Pages - 63**

Certification Page

DO NOT DETACH

**This page is now part
of this legal document.**

**I Certify this to be recorded
in Cumberland County PA**



Robert P. Ziegler
RECORDER OF DEEDS

*** - Information denoted by an asterisk may change during
the verification process and may not be reflected on this page.**

0007TP



**CUMBERLAND COUNTY RECORDER OF DEEDS
RECEIPT**

Inv Number: 17997
Customer:
MCNEES

Invoice Date: 04/04/2008 11:48:06 AM
Last Change:

RECEIPT
Receipt By: COUNTER

Reg/Drw ID: 0201
By: RAK

Chg #	Charge / Payment / Fee Description	Amount	Inst # / Inst Date	Municipality
1	AMENDMENT	\$21.00	200810632	CUMBERLAND COUNTY
	Grantor - LETORT MEADOWS ASSOC		04/04/08 11:48:15 AM	
	Grantee - BOROUGH OF CARLISLE		Total Pages: 7	
	PARCEL IDENTIFICATION NUMBER			
	N/A-CUMBERLAND COUNTY			
	Fee Detail:			
	COUNTY RECORDING FEE	\$11.50		
	IMPROVEMENT FEE - COUNTY	\$2.00		
	IMPROVEMENT FEE - RECORDER	\$3.00		
	PER PAGE FEE	\$4.00		
	STATE WRIT FEE	\$0.50		
	TOTAL CHARGES	<u>\$21.00</u>		
	PAYMENTS			
	CHECK: 7123	\$21.00		
	TOTAL PAYMENTS	<u>\$21.00</u>		
	AMOUNT DUE	\$21.00		
	PAYMENT ON INVOICE	(\$21.00)		
	BALANCE DUE	\$0.00		