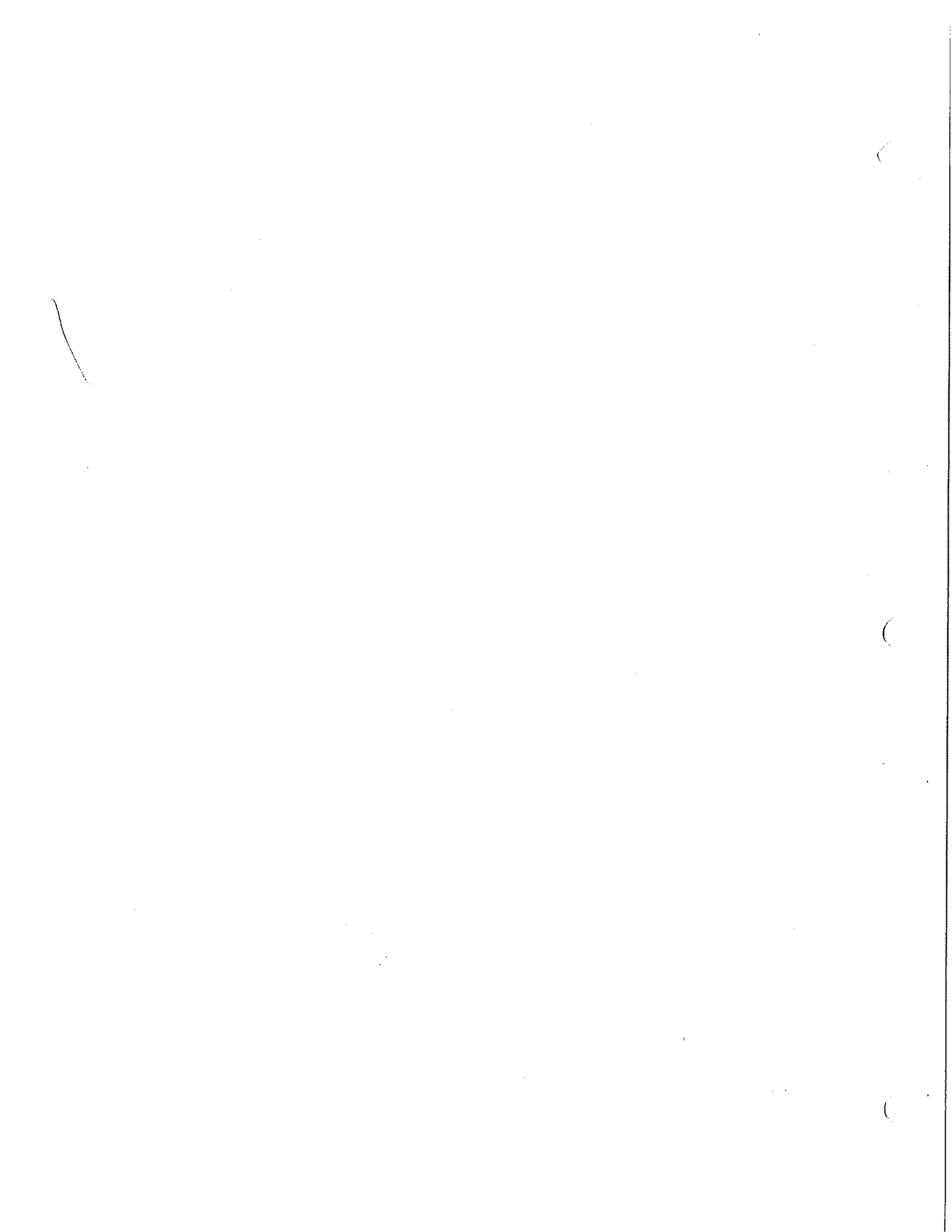

DECLARATION OF CONDOMINIUM
OF
STONEHEDGE II, A TOWNHOME CONDOMINIUM

Pursuant to the provisions of the
Pennsylvania Uniform Condominium Act,
68 Pa. C.S. §3101 et seq.

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Date: April 30, 2004



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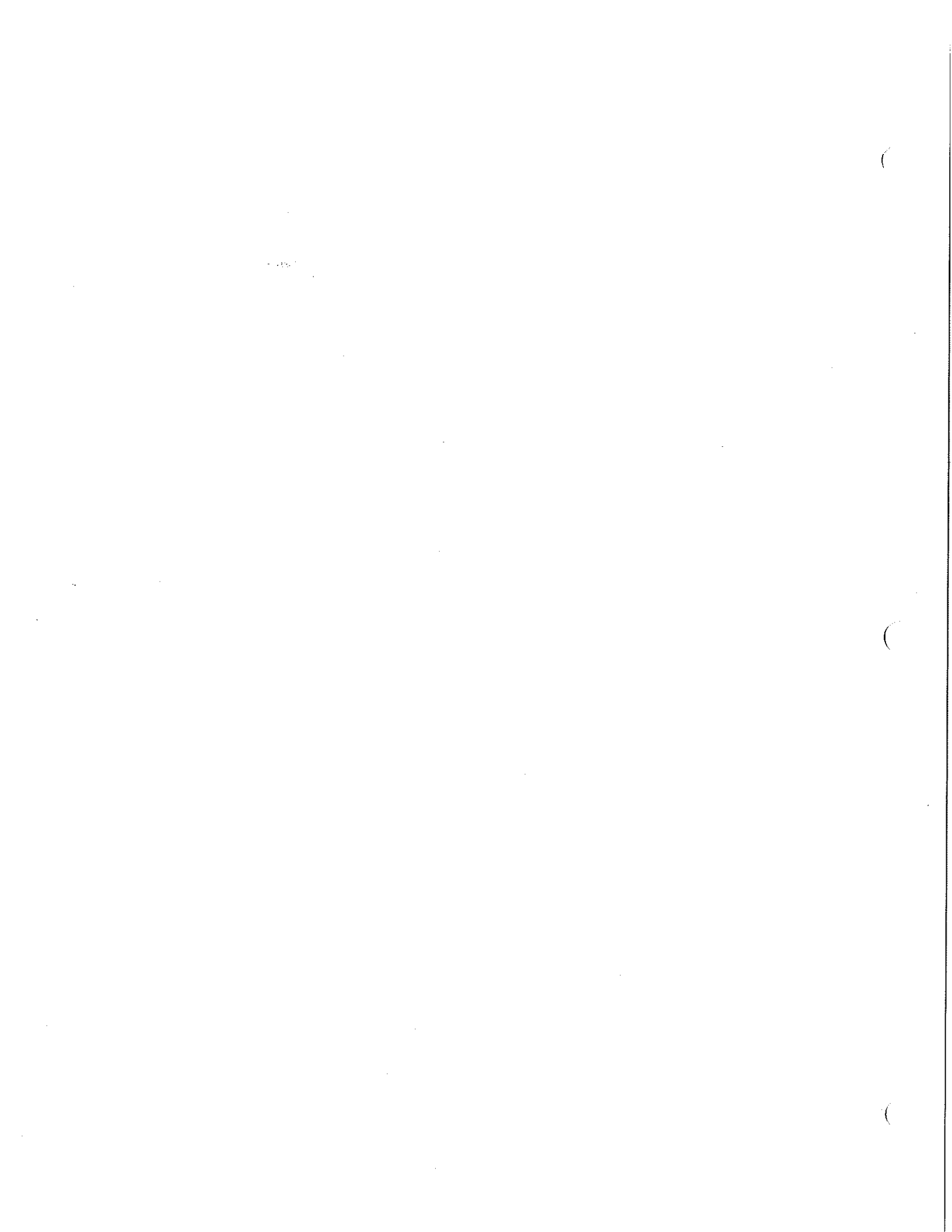
EXHIBIT A - LEGAL DESCRIPTION OF THE REAL ESTATE

EXHIBIT B - PERCENTAGE INTEREST IN COMMON ELEMENTS AND VOTES
APPURTENANT TO UNITS

EXHIBIT C - PLATS AND PLANS

EXHIBIT D - LEGAL DESCRIPTION OF THE CONVERTIBLE AND WITHDRAWABLE
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EXHIBIT E - LEGAL DESCRIPTION OF THE ADDITIONAL REAL ESTATE



DECLARATION OF CONDOMINIUM
FOR
STONEHEDGE II, A TOWNHOME CONDOMINIUM

ARTICLE I

SUBMISSION; DEFINED TERMS

Section 1.1. Declarant; Property; County; Name. Stonehedge Lane Associates, a Pennsylvania limited partnership (the "Declarant"), owner in fee simple of the Real Estate described in Exhibit A attached hereto, located in Upper Allen Township, Cumberland County, Pennsylvania, hereby submits the Real Estate, including all easements, rights and appurtenances thereunto belonging and the Buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa. C.S. §3101 et seq., as amended (the "Act"), and hereby creates with respect to the Property a flexible condominium to be known as "Stonehedge II, A Townhome Condominium" (the "Condominium").

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

1.2.1. Rights granted to Mechanicsburg Water Co. in Misc. Book 222, Page 248.

1.2.2. Rights granted to PP&L in Misc. Books 126, Page 267; 677, Page 420; and 700, Page 4761.

1.2.3. Rights granted to United Electric Company in Misc. Book 53, Pages 74 and 76.

1.2.4. Conditions set forth in Sanitary Sewer Easement Agreement in Misc. Book 216, Page 463.

1.2.5. Conditions set forth on the Final Subdivision Plan and Land Development Plan for Phases 3 and 4 of Stonehedge II recorded in Plan Book 87, Page 51.

1.2.6. Rights granted to Comcast Cable, Inc. in Misc. Book 680, Page 464.

1.2.7. Rights granted to Verizon in Misc. Book 681, Page 2917; and 706, Page 2872.

1.2.8. Subject to Deed of Dedication as set forth in Deed Book 250, Page 11.

Section 1.3. Defined Terms.

1.3.1. Capitalized terms not otherwise defined herein or in 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) "Additional Real Estate" means the Real Estate described in Exhibit E attached hereto, so long as the Declarant's rights to add such Real Estate to the Condominium continue to exist.

(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) "Association" means the Unit Owners' Association of the Condominium, which shall be a Pennsylvania non-profit corporation known as "Stonehedge II Condominium Association" and shall have all powers and duties designated by the Act.

(d) "Building(s)" means any or all of the building(s) now or hereafter included in the Property.

(e) "Bylaws" means the document having that name and providing for the governance of the Association, pursuant to Section 3306 of the Act, as such document may be amended from time to time.

(f) "Condominium" means the Condominium described in Section 1.1 above.

(g) "Condominium Documents" include the Declaration, Plats and Plans, Bylaws and Rules and Regulations.

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

(i) "Declarant" means the Declarant described in Section 1.1 above and all successors to any Special Declarant Rights.

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

(k) "Eligible Insurer" means an insurer or guarantor of a first Security Interest in a Unit which has notified the Association in writing of its name and address and that it has insured or guaranteed a first Security Interest in a Unit and the Unit number and address of the Unit which is encumbered by the Security Interest that it has insured or guaranteed. Such notice shall be deemed to include a request that the Eligible Insurer be given the notices and other rights described in Article XI.

(l) "Eligible Mortgagee" means the holder of a first Security Interest in a Unit which has notified the Association, in writing, of its name and address, and that it holds a first Security Interest in a Unit, and the Unit number and address of the Unit on which it has a security interest. Such notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XI.

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

(n) "Limited Common Elements" means those parts of the Property either described in the Act as being Limited Common Elements or described herein or in the Plats and Plans as being Limited Common Elements.

(o) "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 of this Declaration.

(p) "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 of this Declaration.

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

(r) "Percentage Interest" appurtenant to a Unit means the undivided interest in the Common Elements appurtenant to such Unit, as set forth in Exhibit B hereto and as calculated pursuant to the formula set forth in Section 2.1 herein.

(s) "Perimeter Wall" shall mean any wall located at the perimeter of a Unit, which wall is adjacent to either the exterior of a Building or any Common Element or Limited Common Element.

(t) "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.

(u) "Property" means the Property described in Section 1.1 above.

(v) "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 Property, either supplementing or elaborating upon the provisions in the Declaration or the Bylaws.

(w) "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.

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

(y) "Unit" means a Unit as described herein and in the Plats and Plans.

(z) "Withdrawable Real Estate" means the Real Estate described in Exhibit D attached hereto, so long as the Declarant's rights to withdraw such Real Estate from the Condominium 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 Condominium, 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

ALLOCATION OF PERCENTAGE INTERESTS, VOTES AND COMMON EXPENSE LIABILITIES; UNIT IDENTIFICATION AND BOUNDARIES

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

2.1.1. Attached as Exhibit B hereto is a list of the first eight (8) Units being created by Declarant which sets forth their Identifying Numbers and the Percentage Interest appurtenant to each Unit, determined on the basis that all Units shall be assigned a factor of 1.0. A Unit's Percentage Interest shall be calculated by 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 Condominium.

2.1.2. The Percentage Interest shall automatically change upon conversion of Convertible Real Estate as set forth in Article XIX below, and the new Percentage Interest of each Unit existing after such conversion shall be determined in accordance with Section 2.1.1 above.

2.1.3. The Percentage Interest shall determine the Percentage Interest in the Common Elements, the number of votes in the Association and the share of Common Expense Liability appurtenant to each Unit. A Unit's Percentage Interest shall always be appurtenant to that Unit, and any separate conveyance, encumbrance, judicial sale or other

transfer of such Percentage Interest, whether voluntary or involuntary, shall be void unless the Unit to which the Percentage Interest is allocated is also transferred.

2.1.4. Notwithstanding the foregoing, if the Declarant converts all or any portion of the Convertible Real Estate into Units the Declarant reserves the right to assign a factor ranging from between 0.8 and 1.2 to any Units created therein based reasonably upon the relative square footage of the Units and any other relevant characteristics of such additional Units such as the presence of other amenities. The Declarant shall designate the factor to be assigned to Units in the Condominium in any Amendment to Declaration in which additional Units are created. The Declarant's judgment regarding the factor assigned to any such additional Units shall be final.

Section 2.2. Unit Boundaries.

2.2.1. The title lines or boundaries of each Unit are situated as shown on the Plats and Plans and each Unit consists of the space within the following boundaries:

(a) Upper and Lower (Horizontal) Boundaries: The upper and lower boundaries of the Unit shall be the following boundaries extended to intersections with the vertical boundaries:

(1) Upper Boundary: The horizontal planes formed by the unit side surface of the uppermost ceiling of the Unit.

(2) Lower Boundary: The horizontal plane of the top surface of the unfinished concrete floor slab or basement floor.

(b) Vertical Boundaries: The vertical boundaries of the Unit shall be the vertical planes, extended to intersections with each other and with the upper and lower boundaries of the Unit-side surface of the Perimeter Walls and Party Walls which enclose the Unit.

2.2.2. Each Unit consists of all portions of the Building within the aforesaid title lines, except the air space displaced by: (i) structural members and bearing columns within or passing through such Unit which are deemed to be Common Elements; and (ii) other Common Elements within such Unit including, without limitation, chutes, flues, ducts, wires, conduits and pipe runs which serve more than one Unit. With respect to such chutes, flues, ducts, wires, conduits and pipe runs, the provisions of Section 3202(2) of the Act shall apply. There is included within a Unit (by way of illustration and not limitation):

(a) The air space enclosed within such title lines.

(b) All non-bearing partitions which are wholly contained within such title lines, including (but not limited to) all doors, door frames, hardware, windows, window frames, tracks and sills, electrical outlets and wiring, television cable facilities, telephone outlets and conduits, and other equipment and devices in such partitions serving only such Unit.

(c) All plumbing fixtures located within such title lines and serving and affecting only such Unit, and their water and waste connections.

(d) All items of kitchen equipment located within such title lines and serving only such Unit, and such equipment's water, waste and electrical connections.

(e) Exhaust fans and the grilles, registers, ventilation ducts and related fixtures which serve only such Unit, whether or not any of the foregoing is located in any portion of the Common Elements.

(f) Lighting devices (including, by way of illustration and not limitation, lamps and bulbs which are surface mounted on, recessed in, or suspended from, ceilings, walls and partitions within or on the perimeter of such Unit) serving only such Unit whether or not such lighting devices are themselves located entirely within the title lines of such Unit.

(g) Outlets, wires, cables, conduits, circuits and related equipment transmitting electricity for lighting and power or transmitting electrical impulses and signals (including, but not limited to, impulses and signals for telephone and television transmission, except to the extent otherwise specifically provided herein) which serve only such Unit and which are located entirely within the title lines of such Unit.

(h) Surface-mounted and recessed cabinets (including, by way of illustration and not limitation, all associated lighting fixtures and accessories).

(i) Refrigerators, ovens, ranges, dishwashers, garbage disposal units, water heaters, heating and air conditioning systems and components, fireplaces and all related fixtures and gas service equipment, washers and dryers, and any other appliances and the portions of their water, waste, electrical, gas and exhaust connections located within such title lines and serving only such Unit.

(j) Floor coverings installed on the Unit-side surface of the floor.

ARTICLE III

COMBINING AND SUBDIVIDING UNITS

Section 3.1. Subdividing Units. No Unit may be subdivided, except a Combined Unit as provided in Section 3.3 hereof.

Section 3.2. Combining Units. Notwithstanding that a portion of a wall separating two Units is a Common Element, upon compliance with the requirements of Section 5.1 hereof, two or more entire adjacent Units may be combined into a larger Unit without the necessity of obtaining any approval of the Association (pursuant to Section 3214(a) of the Act) except any approvals that may be required by the provisions of Section 5.1 hereof;

provided that both of the Units being combined are under common ownership at the time of effecting such combination. Upon the completion of such combination, the Percentage Interest in the Common Elements appertaining to such Combined Unit shall be the sum of the respective Percentage Interests in the Common Elements appertaining to each of the Units that have been combined. The Identifying Number of the Combined Unit shall consist of the number of the Unit having the lowest numbered Identifying Number followed by a hyphen and the number of 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 3.3. Subdividing a Combined Unit. A Combined Unit may be subdivided into the original two Units previously combined without the necessity of obtaining any approval of the Association except for any approvals that may be required by the provisions of Section 5.1 hereof; provided that the Combined Unit is under single ownership until after the time of effecting such subdivision. Upon completion of such subdivision, the Percentage Interest in the Common Elements appertaining to such subdivided Units shall be the respective Percentage Interest in the Common Elements appertaining to each of the Units that have been subdivided. The Identifying Number of each subdivided Unit shall return to the Identifying Number assigned to it before the combination. Any Party Wall removed at the time the two Units were combined shall be reinstalled in the same location shown on the original Plats and Plans and shall be of the same character as the original Party Wall.

ARTICLE IV

LIMITED COMMON ELEMENTS; RESERVED COMMON ELEMENTS

Section 4.1. Description of Limited Common Elements. Those portions of the Limited Common Elements serving only the Unit adjacent to such Limited Common Element, are Limited Common Elements allocated only to the Unit or Units which they serve. Without limiting the generality of Section 1.3.2(m) hereof, the following portions of the Property are hereby designated as Limited Common Elements:

- (a) Any balconies, patios, porches, decks, stoops, driveways and service walks adjacent to Units; and
- (b) Any space heating, water heating and air conditioning apparatus (including, by way of illustration, any air conditioner compressor, propane tank or other mechanical or service system or equipment, if any, located outside of a Unit and serving one Unit exclusively); and
- (c) Privacy fences, if any, adjacent to Units; and
- (d) Any other areas shown and identified as such on the Plats and Plans.

Section 4.2. Parking Spaces. Parking spaces are Common Elements available to all Unit Owners on a first come first serve basis, subject to the rights of the Executive Board

to promulgate Rules and Regulations regarding their use. In addition, the Declarant (or the Association, upon transfer of control pursuant to Subsection 12.1.3 hereof) reserves the right to designate any number of the parking spaces shown on the Plats and Plans as Limited Common Elements serving an individual adjacent Unit or serving those Units located within an adjacent Building.

Section 4.3. Designation of Reserved Common Elements. Reserved Common Elements are those parts of the Common Elements which the Executive Board may designate from time to time for use by fewer than all of the Unit Owners or by only those persons paying fees or complying with other reasonable conditions for use as may be established by the Executive Board.

ARTICLE V

ADDITIONS, ALTERATIONS AND IMPROVEMENTS

Section 5.1. Additions, Alterations and Improvements by Unit Owners.

5.1.1. 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 Condominium;

(b) May not change the appearance of the Common Elements, or the exterior appearance of a Unit or any other portion of the Condominium, without permission of the Executive Board;

(c) 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 Condominium. Removal of partitions or creation of apertures under this Subdivision is not an alteration of boundaries.

(d) May not undertake the installation, reinstallation, removal, modification, reconstruction or repair of any Party 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, 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 benefitted thereby.

5.1.2. A Unit Owner may submit a written request to the Executive Board for approval to do anything that he or she is forbidden to do under Subsection 5.1.1(b). 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 Condominium Documents.

Following the completion of any alteration to a Common Element pursuant to the approval of the Executive Board (such as the installation of a door or window in a Perimeter Wall), the Executive Board may allocate a portion of the affected Common Element to the Unit Owner as a Limited Common Element. The Executive Board shall make such allocation by recording an appropriate amendment to this Declaration and to the Plats and Plans showing the area being allocated as a Limited Common Element. All expenses associated with the alteration itself and with preparation and recording of any required amendments shall be the responsibility of the Unit Owner making the alteration, in addition to any expenses incurred pursuant to Section 5.1.3. herein.

5.1.3. Any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit 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 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.

5.1.4. All additions, alterations and improvements to the Units and Common Elements shall not, except pursuant to prior 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.

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

Section 5.2. Additions, Alterations and Improvements by Executive Board. Subject to the limitations of Section 10.5 and 10.6 of this Declaration, the Executive Board may make any additions, alterations or improvements to the Common Elements which, in its judgment, it deems necessary.

ARTICLE VI

MAINTENANCE, REPAIR AND REPLACEMENT RESPONSIBILITIES

Section 6.1. Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Common Elements and the Units, 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 3307 of the Act, except as expressly set forth to the contrary in the Condominium Documents.

Section 6.2. Common Elements. The Association shall maintain, repair and replace all of the Common Elements, except the portions of the Limited Common Elements which are required by this Declaration or the Bylaws to be maintained, repaired or replaced by the Unit Owners.

Section 6.3. Units and Limited Common Elements. Each Unit Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Unit, and the Limited Common Elements appurtenant thereto, except the portions thereof to be maintained, repaired or replaced by the Association.

Section 6.4. Chart of Maintenance Responsibilities. The respective responsibilities of the Association and the Unit Owners with respect to maintenance, repair and replacement are set forth in the Chart of Maintenance Responsibilities attached as Exhibit "A" to the Bylaws, as amended from time to time.

Section 6.5. Repairs Resulting From Negligence. Each Unit Owner shall reimburse the Association and any Unit Owners whose Units were damaged for any damages to the Common Elements or to any other Unit caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Unit or to Limited Common Elements which are the responsibility of such Unit Owner. The Association shall be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements.

Section 6.6. Access. Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Unit or the Common Elements, and for the purpose of performing installations, alterations or repairs; for the purpose of reading, repairing, replacing utility meters and related pipes, valves, wires and equipment; and for the purpose of performing pest control inspections and treatment provided that all requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. 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.

Section 6.7. Watering of Shrubs and Lawns. Since the Association does not maintain, in its name, any external water spigots, Unit Owners may be required to permit the use of their outside water spigots for lawn and/or shrub watering or other proper purposes by the Association maintenance personnel. Procedures will be promulgated as necessary by the Executive Board.

ARTICLE VII

EASEMENTS

Section 7.1. Additional Easements. Each Unit Owner shall have an unrestricted right of ingress and egress to and from his or her Unit over, upon and through the Common Elements and upon Stonehedge Lane and any other streets constructed within the Condominium until they are dedicated to and accepted by Upper Allen Township. In addition to such and in supplementation of the easements provided for by Sections 3216, 3217, 3218 and 3302(a)(9) of the Act, the following additional easements are hereby created:

7.1.1. Declarant's Use for Sales Purposes. Declarant shall have the right to maintain one or more sales offices, management offices and models throughout the Property and to maintain one or more directional, promotional and advertising signs on the Common Elements and on Units owned by Declarant pursuant to Section 3217 of the Act. Declarant reserves the right to place models, management offices and sales offices on any portion of the Common Elements or in a Unit in such a manner, or such size and number and in such locations as Declarant deems appropriate. Declarant may from time to time relocate models, management offices and sales offices to different locations within the Property notwithstanding that the Condominium Documents may otherwise preclude such use in those locations. Upon the relocation of a model, management office or sales office constituting a Common Element, Declarant may remove all personal property and fixtures therefrom. Any fixtures not so removed shall be deemed Common Elements, and any real or personal property not so removed shall be deemed the property of the Association.

7.1.2. Utility Easements. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, appropriate utility and service companies and governmental agencies or authorities (including Upper Allen Township and municipal and sewer authorities) for such utility and service lines, ducts and equipment as may be necessary or desirable to serve any portion of the Property. The easements created in this Section 7.1.2 shall include, without limitation, rights of Declarant, or the providing utility or service company, or governmental agency or authority to install, lay, maintain, repair, relocate and replace 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 and ducts and vents over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 7.1.2, 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 so as not to materially interfere with the use or occupancy of the Unit by its occupants.

7.1.3. Declarant's Easement to Correct Drainage. Declarant reserves an easement on, over and under those portions of the Common Elements not located within a Building for the purpose of maintaining and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section 7.1.3 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.

7.1.4. 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 Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance and repair for which they are responsible, and to perform such items of maintenance and repair 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 the Common Elements or the Limited Common Elements situated in or accessible from such Units or Limited Common Elements, or both; (iii) for correction of emergency conditions in one or more Units or Limited Common Elements, or both, or casualties to the Common Elements, the Limited Common Elements and/or the Units; and (iv) for any of the purposes set forth in Section 7.1.7 hereof, 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 Article.

7.1.5. Easements in Favor of Units Benefitted. 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 benefitted:

(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 installation, repair, maintenance, use, removal and/or replacement of overhead lighting fixtures, electrical receptacles and the like which are located in a portion of the ceiling, wall or floor adjacent to a Unit which is a part of the Common Elements; provided that the installation, repair, maintenance, use, removal or replacement of such fixtures, receptacles, and the like 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.

(c) For driving and removing nails, screws, bolts and the like into the Unit-side surface of walls, ceilings and floors which are part of the Common Elements; provided that such action 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.

(d) For the maintenance of the encroachment of any lighting devices, outlets, cabinets, 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.

7.1.6. 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.

7.1.7. Easement for Decorating, Cleaning and Maintaining Certain Surfaces. Wherever in this Declaration and the Plats and Plans a title line of a Unit is described as being the Unit-side surface of a designated portion of the Property, it is intended thereby, and it is hereby declared, that if and to the extent necessary the Owner of such Unit shall have an easement for the purpose of decorating such surfaces and affixing thereto and removing therefrom paint, wallpaper, other decorative material, pictures, mirrors, wall systems and decorative articles, and (with respect to all such portions of the Property) cleaning and maintaining such surfaces, all at the cost and expense of the Owner of such Unit. Thus, by way of illustration and not limitation, the Owner of a Unit has an easement to paint the Unit-side surface of doors and window sills. It is understood and agreed that the Association, acting by its Executive Board on behalf of all Unit Owners, shall, at all times while this Declaration is in effect, retain the right and duty to maintain, repair and/or replace the portions of the Property of which said surfaces are attached, notwithstanding the fact that such maintenance, cleaning, repair or replacement may temporarily adversely affect the Unit Owner's aforesaid easement and right to use the Unit-side surface of such portion of the Property.

7.1.8. Declarant's Easement for Development of Convertible/Withdrawable and Additional Real Estate. Declarant reserves an easement on, over and under those portions of the Common Elements not located in a Building which contains Units, for all purposes relating to the construction, development, leasing, and sale of improvements on the Convertible/Withdrawable and Additional Real Estate. 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. Declarant's easement 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 Condominium.

7.1.9. Declarant's Reservation of Right to Grant Easements. Declarant reserves the right to grant, sell and convey easements for the purpose of benefitting any tract of land adjacent to the Property. Without limiting the generality of the preceding

sentence, the Declarant may subject the Property to storm water and detention pond easements to be used jointly with adjoining property owners.

7.1.10. 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 will be in substantial accord to 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 a Unit Owner of liability in the case of willful misconduct nor the Declarant or its agents of liability for failure to comply with the Declaration Plats and Plans.

7.1.11. Easement for Private Access Drive. The subdivision plan identified in Section 1.2 above shows a "Private Access Drive" extending across the Property and the Additional Real Estate. The Property and the Additional Real Estate are subject to a perpetual, nonexclusive and reciprocal easement for ingress, egress and regress to and from Stonehedge Lane over and across the Private Access Drive, unless or until the Additional Real Estate is added in its entirety to the Condominium. The owner(s) and occupant(s) of the Property and the Additional Real Estate shall exercise the access rights described herein at their own risk and at their own expense. The Private Access Drive, if and when constructed, may not be obstructed at any time, except for construction, maintenance, repair or replacement purposes.

ARTICLE VIII

USE RESTRICTIONS

Section 8.1. Use and Occupancy of Units, Limited Common Elements and Common Elements. All Unit Owners, including Declarant, shall have the same rights and duties which are appurtenant to each Unit. The occupancy and use of the Units and Common Elements shall be subject to the following restrictions:

8.1.1. The Units in the Condominium (with the exception of any Units during the time period when they are being used by the Declarant as a sample, model or sales office) are restricted to residential use and may not be used for any other purposes by the Unit Owner. Notwithstanding the foregoing, Units may also be used for accessory uses which are customarily incidental to the foregoing use, including a professional office; provided that any such use conforms with the applicable zoning regulations of Upper Allen Township, as the same may be amended from time to time, and further provided that the prior written approval of the Executive Board is obtained.

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

8.1.3. Reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property, may be promulgated

from time to time by the Executive Board, subject to the right of the Association to change such Rules and Regulations. Copies of the then current 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 IX

LEASING

Section 9.1. 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:

9.1.1. a Unit may not be leased or rented for a term of less than one hundred eighty (180) days;

9.1.2. all leases and rental agreements shall be in writing and subject to the requirements of the Condominium Documents and the Association;

9.1.3. 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 said amendment(s) affect the tenant's occupancy of the Unit.

9.1.4. the rights of any lessee of a Unit shall be subject to, and each lessee shall be bound by the Condominium Documents and a default thereunder shall constitute a default under the lease.

9.1.5. notwithstanding that a lease may require the lessee 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 Lessee fails to do so.

9.1.6. a copy of such lease or rental agreement and a copy of the receipt referred to in Section 9.1.3 shall be furnished to the Executive Board within ten (10) days after execution of the lease.

9.1.7. a Unit Owner leasing his Unit shall provide his then current mailing address to the Executive Board, if at a location other than his Unit.

Section 9.2. Exceptions. Notwithstanding the foregoing, the provisions of this Article shall not apply to Units leased or subleased by the Declarant, or by an Eligible Mortgagee which is either in possession or is a purchaser at judicial sale.

ARTICLE X

ASSESSMENT AND COLLECTION OF COMMON EXPENSES, INCLUDING LIMITED COMMON EXPENSES

Section 10.1. Definition of Common Expenses. Common Expenses shall include:

10.1.1. Expenses of administration, maintenance, and repair or replacement of the Common Elements; and

10.1.2. Expenses declared to be Common Expenses by the Condominium Documents or the Act; and

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

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

Section 10.2. Apportionment of Common Expenses. Except as provided in Section 10.3, all Common Expenses shall be assessed against all Units in accordance with their Percentage Interest as shown on Exhibit B of this Declaration.

Section 10.3. Special Allocations of Expenses as Limited Common Expenses.

10.3.1. Any Common Expense associated with the maintenance, repair or replacement of Limited Common Elements shall be assessed in equal shares against the Units to which the Limited Common Elements were assigned at the time the expenses were incurred.

10.3.2. Any Common Expense benefitting fewer than all of the Units shall be assessed exclusively against the Units benefitted.

10.3.3. Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from such service.

10.3.4. Any increase in insurance premium attributable to a particular Unit by virtue of activities in or construction of the Unit, including but not limited to any fireplace installed within a Unit, shall be assessed against that Unit.

10.3.5. Assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was rendered, in proportion to their Common Expense liabilities, except as provided in Section 3319(c) of the Act.

10.3.6. If any Common Expense is caused by the negligence or misconduct of a Unit Owner, the Association may, after Notice and Hearing, assess that expense exclusively against his or her Unit.

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

Section 10.4. Lien.

10.4.1. The Association has a statutory lien on a Unit for any assessment levied against that Unit and for late fees or fines imposed against its Unit Owner from the time the assessment, late charge or fine becomes delinquent. Fees, including attorneys' fees, late charges, fines and interest charged pursuant to the Act and the Condominium Documents are enforceable as assessments under this Section. If an assessment is payable in installments, and one or more installments is not paid when due, the entire outstanding balance of the assessment becomes effective as a lien from the due date of the delinquent installment.

10.4.2. 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.

10.4.3. 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 is required.

10.4.4. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the assessments becomes payable; provided, that if an Owner of a Unit subject to a lien under this Section 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.

10.4.5. This Section does not prohibit actions to recover sums for which Section 10.4.1. creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

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

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

10.4.8. 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 the assessments which are prior to that Security Interest 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.

10.4.9. Any payments received by the Association in the discharge of a Unit Owner's obligation may, at the Association's discretion, be applied to the oldest balance due.

10.4.10. Any fees, including attorneys' fees, late charges, fines and interest which may be levied by the Executive Board pursuant to Sections 3302(a)(10), (11) and (12) of the Act, shall be subordinate to the lien of a Security Interest on a Unit.

Section 10.5. Budget Adoption. Immediately after adoption of any proposed budget or approval of any capital expenditure for the Condominium, the Executive Board shall provide a copy or summary of the budget and notice of any capital expenditure approved by the Executive Board to all the 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 the 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 and Section 3303(b) of the Act.

Section 10.6. 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 10.3 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 10.5. 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 10.7. Certificate of Payment of Common Expense Assessments. On 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 3315(g) of the Act and any credits of surplus in favor of his or her Unit pursuant to Section 3313 of the Act. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and every Unit Owner.

Section 10.8. Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 10.2 and 10.3 shall be due and payable in monthly installments in advance on the first day of each month, unless the Executive Board provides otherwise in the case of assessments under Section 10.3. Special Assessments shall be due and payable in one or more monthly installments in advance on the first day of the month, as determined by the Executive Board.

Section 10.9. 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 or her 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 10.10. Commencement of Common Expense Assessments. In general, Common Expense assessments shall begin as of the date of the conveyance of the first Unit to a Unit Owner other than the Declarant. The Common Expense assessment for an individual Unit shall commence as of the date of settlement of that Unit between Declarant and the Unit Owner or beginning the first full calendar month thereafter, at Declarant's discretion.

Section 10.11. 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 or she agrees to assume the obligation.

Section 10.12. No Waiver of Liability for Common Expenses. No Unit Owner may exempt himself or herself from liability for payment of the 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 10.13. Working Capital Fund. Upon the initial transfer of title from the Declarant to the purchaser of each Unit, the Association shall collect from such purchasers an amount equal to a minimum of two (2) months estimated Common Expense liability, which monies shall be deposited and held in a separate account and shall be used by the Association to meet unforeseen expenses or to purchase additional equipment or services. Declarant shall not use the working capital fund to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits while Declarant is in control of the Association. Any amount paid hereunder shall not be considered as advance payments of regular assessments. No Unit Owner is entitled to a refund of these monies by the Association upon the subsequent conveyance of his or her Unit or otherwise.

Section 10.14. Surplus Funds. Any excess amounts accumulated from Assessments for Common Expenses, Assessments for Limited Common Expenses from reserves, together with and any income related thereto, which exceed the amounts required for each, shall be credited to each Unit in accordance with Section 3313 of the Act and shall be applied to subsequent monthly assessments against that Unit until exhausted.

Section 10.15. Association Records. During the period of Declarant control, 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 3314(a) of the Act, the commencement date of Common Expense assessments by the Association, and, for the period commencing on such date, a record for each Unit in the Condominium (including those owned by 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 10.7 of the Declaration and Section 3407 of the Act. All financial and other records shall be made reasonably available for examination by any Unit Owner and his or her authorized agents.

ARTICLE XI

MORTGAGEE PROTECTIONS

Section 11.1. Introduction. This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Security Interests. This Article is supplemental to, and not in substitution for, any other provisions of the Condominium Documents, but in the case of conflict, this Article shall control.

Section 11.2. Percentage of Eligible Mortgagees. Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding Security Interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association as compared to the total allocated to all Units then subject to Security Interests held by Eligible Mortgagees.

Section 11.3. Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

11.3.1. Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;

11.3.2. Any delinquency in the payment of Common Expense assessments owed by a Unit Owner whose Unit is subject to a first Security Interest held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, as applicable, which remains uncured for a period of sixty (60) days;

11.3.3. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond required by the provisions of the Condominium Documents to be maintained by the Association;

11.3.4. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 11.4 of this Declaration; and

11.3.5. Any judgment rendered against the Association.

Section 11.4. Consent and Notice Required.

11.4.1. Document Changes. Notwithstanding any lower requirement permitted by this Declaration or the Act, no amendment of any material provision of the Condominium Documents by the Association or Unit Owners described in this Subsection 11.4.1 may be effective without notice to all Eligible Mortgagees and Eligible Insurers, and as required by Section 11.3 above, and the vote of at least sixty-seven percent (67%) of the Unit Owners (or any greater Unit Owner vote required in this Declaration or the Act) and until approved by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected pursuant to Articles XIX, XX or XXI, or

Section 16.8 of this Declaration. A change to any of the following would be considered material:

- (a) Voting rights;
- (b) Increase in assessments that raise the previously assessed amount more than twenty-five percent (25%); assessment liens or priority of assessment liens;
- (c) Reduction in reserves for maintenance, repair and replacement of Common Elements;
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the Common Elements or Limited Common Elements except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding Security Interests in such Units need approve such action;
- (f) Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding Security Interests in such Unit or Units need approve such action;
- (g) Convertibility of Units into Common Elements or Common Elements into Units;
- (h) Expansion or contraction of the Condominium, or addition, annexation or withdrawal of property to or from the Condominium (not including that which is done pursuant to the exercise of Special Declarant Rights as permitted in Articles XII, XIX, XX and XXI hereof).
- (i) Insurance or fidelity bonds requirements;
- (j) Imposition of restrictions on the leasing of Units;
- (k) Imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- (l) A decision by the Association (if the Condominium consists of 50 or more Units) to establish self-management when professional management had been required previously by the Condominium Documents or any Eligible Mortgagee;
- (m) Restoration or repair of the Condominium after damage or partial condemnation in a manner other than that specified in the Condominium Documents;

(n) Termination of the legal status of the Condominium after occurrence of substantial destruction or condemnation or for other reasons; and

(o) Any provision that expressly benefits mortgage holders, insurers or guarantors.

11.4.2. Actions. Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions other than rights reserved to the Declarant pursuant to Articles XIX, XX or XXI and as set forth in Section 16.8 of this Declaration, without notice to all Eligible Mortgagees, and Eligible Insurers as required by Section 11.3 above, and approval of at least 51% (or the indicated percentage, if higher) of the Eligible Mortgagees:

(a) The conveyance or encumbrance of the Common Elements or any portion thereof, as to which an 80% Eligible Mortgagee approval is required. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements for the benefit of the Condominium will not be deemed a transfer within the meaning of this clause;

(b) The termination of the Condominium for reasons other than substantial destruction or condemnation, in which case, sixty-seven percent (67%) of the votes of Eligible Mortgagees is required;

(c) The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), in which case only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;

(d) The establishment of self-management when professional management had been required previously by an Eligible Mortgagee;

(e) The restoration or repair of the Property after hazard damage or a partial condemnation in a manner other than that specified in the Condominium Documents;

(f) The merger of this Condominium with any other condominium;

(g) The granting of any easements, leases, licenses and concessions through or over the Common Elements excluding, however, any utility easements serving or to serve the Condominium and excluding any leases, licenses or concessions for no more than one year;

(h) The assignment of the future income of the Association, including its right to receive Common Expense assessments; and

(i) Any action taken not to repair or replace the Property.

11.4.3. Monthly Payment of Common Expenses. The Association may not change the period for collection of regularly budgeted Common Expense assessments to other than monthly without the consent of all Eligible Mortgagees.

11.4.4. Implied Approval. The failure of an Eligible Mortgagee or Insurer to respond within thirty (30) days to any written request of the Association delivered by certified or registered mail, return receipt requested, for approval of an addition or amendment to the Condominium Documents wherever Eligible Mortgagee or Insurer approval is required, shall constitute an implied approval of the addition or amendment.

Section 11.5. Special Declarant Rights. No Special Declarant Rights may be exercised or voluntarily abandoned or terminated by the Declarant unless all persons holding Security Interests in the Special Declarant Rights consent to the exercise, abandonment or termination.

Section 11.6. Inspection of Books. The Association must maintain current copies of the Declaration (and amendments thereto), Articles of Incorporation, Bylaws, Rules and Regulations, books and records and financial statements. The Association shall permit any Unit Owner, Eligible Mortgagee or Eligible Insurer or other first mortgagee of Units, to inspect the books and records of the Association during normal business hours.

Section 11.7. Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer who submits a written request, with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if:

11.7.1. the Condominium contains fifty (50) or more Units, in which case the cost of the audit shall be a Common Expense; or

11.7.2. any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

Section 11.8. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 11.9. Attendance at Meetings. Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting which a Unit Owner may attend.

Section 11.10. Appointment of Trustee. In the event of damage or destruction to the Property or condemnation of all or a portion of the Condominium, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 15.5 of this Declaration. Such Trustee may be required to be a corporate trustee licensed by the Commonwealth of Pennsylvania. Proceeds will thereafter be distributed pursuant to Article XV or pursuant to a condemnation award. Unless otherwise required, the members of the Executive Board, acting by majority vote through the president, may act as Trustee.

ARTICLE XII

DECLARANT CONTROL AND SPECIAL DECLARANT RIGHTS

Section 12.1. Control.

12.1.1. Until the one hundred eightieth (180th) day after conveyance of seventy-five percent (75%) of the Units which may be constructed on the Property to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board, except that Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.

12.1.2. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be constructed on the Property to Unit Owners other than Declarant, two (2) of the five (5) members of the Executive Board shall be elected by Unit Owners other than Declarant.

12.1.3. Not later than the earlier of (i) seven (7) years after the date of the recording of this Declaration, or (ii) one hundred eighty (180) days after seventy-five percent (75%) of the Units which may be constructed upon the Property have been conveyed to Unit Owners other than Declarant, all members of the Executive Board shall resign, and the Unit Owners (including Declarant to the extent of Units owned by Declarant) shall elect a new five (5) member Executive Board.

12.1.4. Within sixty (60) days of the termination of control, Declarant shall deliver to the Association all property of the Unit Owners and of the Association, together with all applicable items designated in Section 3320 of the Act.

12.1.5. Following the transfer of control of the Executive Board by the Declarant to the Unit Owners pursuant to Section 12.1.3 above, 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. The Declarant reserves unto itself all Special Declarant Rights as defined in Section 3103 of the Act, with the exception of the right to cause the Condominium to be merged or consolidated with another condominium and the right to make the Condominium subject to a master association, which Declarant shall not have, for as long as Declarant owns any Unit or any Convertible Real Estate exists within the Condominium. These Special Declarant Rights include, inter alia, the right to transfer any or all of 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 3304 of the Act. Any successor to any Special Declarant Right shall have the liabilities and obligations set forth in Section 3304(e) of the Act.

ARTICLE XIII

LIMITATION OF LIABILITY

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

Section 13.2. Indemnification of Executive Board Members 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, (i) 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 (ii) 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.

Section 13.3. Indemnification Insurance. The Executive Board may obtain insurance to satisfy the indemnification obligations set forth in Section 13.2 above, if and to the extent available at a reasonable cost.

ARTICLE XIV

INSURANCE

Section 14.1. Coverage. 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 Section 14.2 and 14.3 of this Article and in accordance with the provisions of Section 3312 of the Act. 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 and Eligible Mortgagees at their respective last known addresses.

Section 14.2. Property Insurance.

14.2.1. Project Facilities. Property insurance covering:

(a) The Project Facilities (which term means all Buildings on the Property, including the Units and all fixtures, equipment and any improvements and betterments whether part of a Unit or a Common Element or Limited Common Element, and such personal property of Unit Owners as is normally insured under building coverage), but excluding land, excavations, portions of foundations below the undersurfaces of the lowest basement floors, underground pilings, piers, pipes, flues and drains and other items normally excluded from property policies; and

(b) All personal property owned by the Association.

14.2.2. Amounts. The Project Facilities shall be insured for an amount equal to one hundred percent (100%) of their replacement cost at the time the insurance is purchased and at each renewal date. Personal property owned by the Association shall be insured for an amount equal to its actual cash value.

(a) The maximum deductible amount on the policy for the Project Facilities shall be the lesser of \$10,000 or one percent (1%) of the face

amount of the policy. Funds to cover these deductible amounts shall be considered a Common Expense, except that the Association shall have the right, following Notice and Hearing, to prospectively institute a policy whereby deductibles are chargeable as a Limited Common Expense against affected Unit Owners.

(b) The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing said replacement cost of the Project Facilities and the actual cash value of the personal property. The cost of such appraisals shall be a Common Expense.

14.2.3. Risks Insured Against. The insurance shall afford protection against "all risks" of direct physical loss commonly insured against.

14.2.4. Other Provisions. Insurance policies required by this Section shall provide that:

(a) The insurer waives its right to subrogation under the policy against any Unit Owner or member of his or her household;

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

(c) 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 policy, the Association's policy provides primary insurance.

(d) Loss shall be adjusted with the Association.

(e) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and, in the absence of such designation, to the Association, in either case to be held in trust for each Unit Owner and such Unit Owner's mortgagee.

(f) 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 address.

(g) The name of the insured shall be substantially as follows: "Stonehedge II Condominium Association" for the use and benefit of the individual unit owners.

Section 14.3. Liability Insurance. Liability insurance, including medical payments insurance, in an amount determined by the Executive Board but in no event less than \$1,000,000, 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 Elements.

14.3.1. Other Provisions. Insurance policies carried pursuant to this Section shall provide that:

(a) Each Unit Owner is an insured person under the policy with respect to liability arising out of his or her interest in the Common Elements or membership in the Association.

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

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

(d) 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 policy, the Association's policy provides primary insurance.

(e) 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 14.4. Fidelity Bonds. The Association shall maintain a blanket fidelity bond for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their 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 months' assessments plus reserve funds. The bond shall include a provision that calls for thirty (30) days written notice to the Association, to each holder of a Security Interest in a Unit and to each servicer that services a FNMA-owned or FHLMC-owned mortgage on a Unit before the bond can be canceled or substantially modified for any reason; except that if cancellation is for nonpayment of premiums, only ten (10) days' notice shall be required.

Section 14.5. Unit Owner Policies. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his or her own benefit.

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

Section 14.7. Directors' and Officers' Liability Insurance. The Executive Board shall obtain and maintain directors' and officers' liability insurance, if reasonably available,

covering all of the Executive Board members and officers of the Association in such limits as the Executive Board may, from time to time, determine to be advisable.

Section 14.8. Other Insurance. The Association may carry other insurance which the Executive Board considers appropriate to protect the Association or the Unit Owners.

Section 14.9. Premiums and Deductibles. Subject to the provisions of Section 10.3 above, insurance premiums and deductibles shall be Common Expenses.

ARTICLE XV

DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 15.1. Duty to Restore. Any portion of the Property for which insurance is required under Section 3312 of the Act or for which insurance carried by the Association is in effect, whichever is more extensive, shall be repaired or replaced promptly by the Association unless:

15.1.1. The Condominium is terminated;

15.1.2. Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

15.1.3. Eighty percent (80%) of the Unit Owners, including every owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

Section 15.2. Cost. The cost of repair or replacement in excess of insurance proceeds shall be a Common Expense.

Section 15.3. Plans. The Property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board, a majority of Unit Owners and fifty-one percent (51%) of Eligible Mortgagees.

Section 15.4. Replacement of Less Than Entire Property.

15.4.1. The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium.

15.4.2. Except to the extent that other persons will be distributees,

(a) The insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt shall be distributed to the owners of those Units and the owners of the Units to which those Limited Common Elements were allocated, or to lien holders, as their interests may appear; and

(b) The remainder of the proceeds shall be distributed to all the Unit Owners or lien holders, as their interests may appear, in proportion to the Common Expense liabilities of all the Units.

15.4.3. If the Unit Owners vote not to rebuild any Unit, that Units' Percentage Interest is automatically reallocated on the same basis as if the Unit has been condemned under Section 3107 of the Act, and the Association shall promptly prepare, execute and record an amendment to this Declaration reflecting the reallocations.

Section 15.5. Insurance Proceeds. The insurance trustee, or if there is no insurance trustee, then the Association, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 15.1.1 through Subsection 15.1.3, the proceeds shall be disbursed first for the repair or restoration of the damaged Property, 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 Property has been completely repaired or restored, or the Condominium is terminated.

Section 15.6. Certificates by the Executive Board. A trustee, if any, may rely on the following certifications in writing made by the Executive Board:

15.6.1. Whether or not damaged or destroyed Property is to be repaired or restored;

15.6.2. 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.

Section 15.7. Certificates by Attorneys. If payments are to be made to Unit Owners or mortgagees, the Executive Board, and the trustee, if any, shall obtain and may rely on 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 Property is located from the date of the recording of the original Declaration stating the names of the Unit Owners and the mortgagees.

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 XIX, XX or XXI of this Declaration, or by the Association pursuant to Section 16.8 below, or as otherwise permitted by the Act or other provisions of this Declaration, and except as limited by Section 16.4 and Article XI of this Declaration, or by certain provisions of 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 the county in which the Property is located and is effective only on recording. An amendment shall be indexed in the name of the Condominium in both the grantor and grantee index.

Section 16.4. When Unanimous Consent Required. Except to the extent expressly permitted or required by other provisions of the Act and this Declaration, no amendment may create or increase Special Declarant Rights, increase the number of Units (except pursuant to Section 3.3 above), change the boundaries of any Unit, the Percentage Interest of any Unit, or the uses to which any Unit is restricted, in the absence of unanimous consent of the Unit Owners.

Section 16.5. 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 16.6. Special Declarant Rights. Provisions in this Declaration or in the Act creating Special Declarant Rights may not be amended without the consent of the Declarant.

Section 16.7. Consent of Holders of Security Interests. Amendments are subject to the consent requirements of Article XI.

Section 16.8. 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 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 condominium projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property, 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.

ARTICLE XVII

AMENDMENTS TO BYLAWS

Section 17.1. Amendments to Bylaws. Except for amendments of a material nature which must be effected in accordance with Section 11.4.1 above, the Bylaws may be

amended only by vote of the majority of all 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 16.8 above.

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 Condominium 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 which 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. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

Section 18.2. Right to Notice and Hearing. Whenever the Condominium 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. 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 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.

ARTICLE XIX

CONVERTIBLE REAL ESTATE

Section 19.1. Reservation. 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 3211 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. 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 hereto. There are no other limitations on this option to convert Convertible Real Estate.

Section 19.2. Assurances. If the Convertible Real Estate is converted, the Building(s) on the Convertible Real Estate will be located approximately as shown on Exhibit B attached hereto and on the Final Subdivision Plan and Land Development Plan for of Stonehedge Phases 3 & 4, prepared by R. J. Fisher & Associates, Inc., as recorded in Cumberland County Plan Book 87, Page 51, as the same may be amended or modified by Declarant from time to time in accordance with Upper Allen Township and other governmental requirements. At such time as all of the Convertible Real Estate is completely converted, the maximum number of Units in the Condominium as an aggregate will be no more than thirty-eight (38) Units. All Units that may be created within the Convertible Real Estate are restricted to residential use to the same extent as all other Units. Any Buildings to be constructed within the Convertible Real Estate and Units therein shall be compatible (but not necessarily the same) in quality of construction, materials and architectural style with the Buildings and Units on other portions of the Property. All restrictions in this Declaration affecting use, occupancy and alienation of Units and Limited Common Elements shall apply to Units and Limited Common Elements created within the 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 the proportion of Limited Common Elements to Units therein. The reallocation of Percentage Interests in the Convertible Real Estate and the Property shall be computed as required by Section 2.1 above.

ARTICLE XX

WITHDRAWABLE REAL ESTATE

Section 20.1. Reservation to Withdraw. 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 3212 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. 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 hereto. There are no other limitations on this option to withdraw Withdrawable Real Estate. The Percentage Interest, relative voting strength in the Association and share of Common

Expense liability of each Unit in the Condominium 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 Declarant shall withdraw 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 Condominium.

Section 20.2. Easements Regarding Withdrawable Real Estate. If and when Withdrawable Real Estate is withdrawn from the Property in accordance with the provisions of this Declaration, the following reciprocal easements shall be created and granted in favor of and against the Condominium 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 Property, on the other hand:

(a) A non-exclusive easement and right-of-way over, on, and upon any roads and streets created within the Property for ingress and egress to and from Allendale Road and any other public streets serving the Property;

(b) The right of access for the placement and maintenance of underground utility facilities to serve any owner of any portion of the Property, including, inter alia, electrical, gas, telephone, sewer and waterlines provided that the exercise of said rights does not materially interfere with the existing utility facilities;

(c) The right to use and gain access to existing utility facilities located on the Property, including 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;

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

Prior to withdrawing Withdrawable Real Estate, Declarant shall execute and record a Declaration of Reciprocal Easements creating the rights above, subject inter alia, to the following conditions:

(a) 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.

(b) Any party exercising the easement right to install utility facilities over, under or through the Property 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 Property by the owners and occupants thereof;

(c) The party exercising such easement right, at its sole cost, shall promptly restore the Property to its original condition;

(d) 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.

(e) The party exercising any easement right shall indemnify and hold harmless all other owners within the Property 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 XXI

OPTION TO EXPAND THE CONDOMINIUM

Section 21.1. Reservation to Expand. Declarant hereby explicitly reserves an option, until the seventh (7th) anniversary of the recording of this Declaration, to add Additional Real Estate to the Condominium in compliance with Section 3211 of the Act, without the consent of any Unit Owner or holder or insurer of any Security Interest in any Unit. This option to expand may be terminated prior to such anniversary only upon the filing by Declarant of an amendment to this Declaration. Declarant expressly reserves the right to add the Additional Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other real estate be added, converted or withdrawn; provided, however, that the Additional Real Estate shall not exceed the area described as such on Exhibit E hereto. There are no other limitations on this option to add Additional Real Estate to the Condominium. Any Additional Real Estate added to the Condominium shall be added as Convertible and Withdrawable Real Estate, subject to all of the provisions of Articles XIX and XX, inter alia, of this Declaration.

Section 21.2. Assurances. Declarant hereby makes the assurance as to the location and description of improvements and Common Elements which may be made or created within the Additional Real Estate, namely that such improvements and Common Elements will be substantially as shown in Exhibit B attached hereto and on the Final Subdivision Plan and Land Development Plan for of Stonehedge Phases 3 & 4, prepared by R. J. Fisher & Associates, Inc., as recorded in Cumberland County Plan Book 87, Page 51, as the same may be amended or modified by Declarant from time to time in accordance with Upper Allen Township and other governmental requirements. At such time as the Condominium is expanded, the maximum number of Units which may be created within the Additional Real Estate as an aggregate will be thirty (30) Units which are hereby restricted to residential use to the same extent as all other Units. An assurance is hereby given that any improvements to be constructed on the Additional Real Estate and the Units therein are and will be compatible in quality, size, materials and architectural style with the Units in the Property. Declarant expressly reserves the right to designate Common Elements in the Additional Real Estate which may be assigned subsequently as Limited Common Elements. Declarant makes no assurances as to the type, size or maximum number of such Common

Elements or Limited Common Elements or as to the assignment of Limited Common Elements to the Units. The reallocation of Percentage Interests in the Additional Real Estate and the Property shall be computed by use of the formula set forth in Section 2.1 herein. All restrictions in this Declaration affecting use, occupancy and alienation of Units shall apply to the Units created in the Additional Real Estate. In the event that Declarant does not add any portion of the Additional Real Estate, the assurances contained in this Article shall not apply in any way to the Additional Real Estate or any portion thereof.

ARTICLE XXII

POWERS OF THE ASSOCIATION

Section 22.1. Powers of the Association. Subject to the provisions of this Declaration, the Association shall have all of the powers designated in Section 3302 of the Act, including the right to assign its right to future income, including the right to receive the payments made on account of the assessments for Common Expenses, however the Association shall not have the rights set forth in Section 3302(a)(18) of the Act with respect to a Master Association.

Section 22.2. Merger of Consolidation. After the seventh (7th) anniversary of the recording of this Declaration or earlier, if Declarant owns no Units within the Condominium, the Association shall have the right to merge with one or more condominiums, provided that any such merger or consolidation shall be effected in accordance with Section 3223 of the Act.

Section 22.3. Conveyance or Encumbrance of the Common Elements. Provided that Unit Owners entitled to cast at least eighty percent (80%) of the votes in Association, including eighty percent (80%) of the votes allocated to Units not owned by Declarant, agree, portions of the Common Elements may be conveyed or subjected to a security interest by the Association. Any conveyance or encumbrance of the Common Elements by the Association shall be effected in strict accordance with Section 3318 of the Act.

Section 22.4. Judgments Against the Association. Any creditor of the Association pursuant to a security interest obtained under Section 22.1 above shall exercise its rights against the Common Elements 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 Elements, but shall constitute a lien against all of the Units in the Condominium at the time the judgment was entered. Any Unit Owner may have his or her Unit released from the lien of the judgment upon payment of that portion of the lien attributable to his Unit in accordance with Section 3319(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 Condominium and the Association, and when so indexed, shall constitute notice of the lien against the Units.

ARTICLE XXIII

TERMINATION OF THE CONDOMINIUM

Section 23.1. Procedure for Termination. Except in the case of a taking of all of the Units in the Condominium by eminent domain, the Condominium 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 and by agreement of Eligible Mortgagee which represent at least fifty-one percent (51%) of the Unit estates subject to Mortgages held by those Eligible Mortgagees, provided that such termination shall be effected in full compliance with the provisions set forth in Section 3220 of the Act.

ARTICLE XXIV

INTERPRETATION

Section 24.1. Interpretation. The provisions of this Declaration shall be liberally construed in order to effectuate Declarant's desire to create a uniform plan for development and operation of a condominium project. 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 XXV

SEVERABILITY

Section 25.1. 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 condominium project which this Declaration is intended to create.

ARTICLE XXVI

EFFECTIVE DATE

Section 26.1. Effective Date. This Declaration shall become effective when it and the Plats and Plans have been recorded.

IN WITNESS WHEREOF, Declarant, intending to be legally bound hereby has duly executed this Declaration, as of this _____ day of _____, 2004.

ATTEST:

DECLARANT:
STONEHEDGE LANE ASSOCIATES, a Pennsylvania limited partnership

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

By _____
Name:
Title:

By _____
Name:
Title: (Vice) President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF

:
:
:

SS:

On this, the _____ day of _____, 2004, before me, a Notary Public, the undersigned officer, personally appeared _____, who acknowledged himself to be the (Vice) President of CAPITOL VIEW DEVELOPMENT CO., INC., a Pennsylvania corporation (the "Corporation"), said Corporation being the General Partner of STONEHEDGE LANE 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 _____, 2004, a copy of which is recorded in Cumberland County Miscellaneous Book _____, Page _____, 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.

Notary Public

(SEAL)

My commission expires:

EXHIBIT "A"

LEGAL DESCRIPTION OF THE REAL ESTATE

ALL THAT CERTAIN lot or tract of land situate in the Township of Upper Allen, County of Cumberland and Commonwealth of Pennsylvania, identified as Lot 11 and more particularly bounded and described in accordance with Final Subdivision Plan & Land Development Plan for Phases 3 and 4 of Stonehedge recorded in Cumberland County Plan Book 87, Page 51 (the "Plan").

Lot 11 containing 4.23 acres.

BEING part of the same premises which Wesley Affiliated Services, Inc., successor to The United Methodist Homes for the Aging, Inc., by deed dated May 23, 2001 and recorded in Cumberland County Deed Book 245, Page 354, granted and conveyed unto Stonehedge Lane Associates, a Pennsylvania limited partnership.

EXHIBIT "B"

PERCENTAGE INTEREST IN COMMON ELEMENTS,
SHARE OF COMMON EXPENSES
AND VOTES, APPURTENANT TO UNITS

Unit Identifying Number	Percentage Interest %	Number of Votes
Building 34		
352	12.5	1
354	12.5	1
356	12.5	1
358	12.5	1
360	12.5	1
362	12.5	1
364	12.5	1
366	12.5	1
TOTAL (8 Units)	100.0	8

EXHIBIT "C"

PLATS AND PLANS

The Plats and Plans for Stonehedge II, A Townhome Condominium, consisting of five (5) pages dated April 29, 2004 and May 7, 2004 respectively, are 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/WITHDRAWABLE REAL ESTATE

ALL THAT CERTAIN parcel or tract of land situate in Upper Allen Township, Cumberland County, Pennsylvania more particularly bounded and described on Exhibit "A" to this Declaration, excepting thereout and therefrom the following tract of land:

BEGINNING at a point on the western right of way line of Stonehedge Lane, said point being located the following two (2) courses and distances along Stonehedge Lane from the southeastern corner of Lot #12 as shown on the subdivision plan recorded in Plan Book 87, Page 51: (1) by a curve to the left, having a radius of 285 feet and a chord bearing of South 23 degrees 08 minutes 21 seconds East, an arc distance of 41.29 feet; and (2) South 27 degrees 18 minutes 00 seconds East a distance of 22.26 feet to the point of BEGINNING; thence continuing along the western right of way line of Stonehedge Lane South 27 degrees 18 minutes 00 seconds East a distance of 37.18 feet to a point at corner of Convertible/Withdrawable Real Estate within the Condominium; thence along same the following three (3) courses and distances: (1) South 59 degrees 46 minutes 16 seconds West a distance of 313.96 feet; (2) North 15 degrees 32 minutes 13 seconds West a distance of 141.63 feet; and (3) North 59 degrees 46 minutes 16 seconds East a distance of 285.05 feet to a point on the western right of way line of Stonehedge Lane aforementioned, said point being the point and place of BEGINNING.

BEING Phase 1 and CONTAINING 412,032 square feet or 0.94 acres.

EXHIBIT "E"

LEGAL DESCRIPTION OF THE ADDITIONAL REAL ESTATE

ALL THAT CERTAIN lot or tract of land situate in the Township of Upper Allen, County of Cumberland and Commonwealth of Pennsylvania, identified as **Lot 10** and more particularly bounded and described in accordance with Final Subdivision Plan & Land Development Plan for Phases 3 and 4 of Stonehedge recorded in Cumberland County Plan Book 87, Page 51 (the "Plan").

CONTAINING 4.64 acres, more or less.

BEING part of the same premises which Wesley Affiliated Services, Inc., successor to The United Methodist Homes for the Aging, Inc., by deed dated May 23, 2001 and recorded in Cumberland County Deed Book 245, Page 354, granted and conveyed unto Stonehedge Lane Associates, a Pennsylvania limited partnership.

