

****See Sections 7.4, 7.6, 7.7, 7.8, 7.9
and 8.1.14 for Relevant Township
Provisions**

****See Sections 1.3.2(c), 5.1.1(b), 8.1.16, and 7.4 for Relevant Alley
Provisions (*Note: The Township's Rights under Section 7.6 and 7.8
apply to the Alley*)**

**DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
LAKESIDE VILLAS, A PLANNED COMMUNITY**

**Ephrata Township
Lancaster County, Pennsylvania**

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

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FOR
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EXHIBIT A: LEGAL DESCRIPTION OF THE PC REAL ESTATE

EXHIBIT A-1: VARIOUS EASEMENTS, RIGHTS, LICENSES

EXHIBIT B: ALLOCATED INTEREST IN COMMON EXPENSE LIABILITY AND
VOTES APPURTENANT TO UNITS

EXHIBIT C: PLATS AND PLANS

EXHIBIT D: LEGAL DESCRIPTION OF THE CONVERTIBLE REAL ESTATE AND
WITHDRAWABLE REAL ESTATE

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
LAKESIDE VILLAS, A PLANNED COMMUNITY

ARTICLE I

SUBMISSION; DEFINED TERMS

Section 1.1. Declarant; Property; County; Name. **PROPERTY INVESTING AND MANAGEMENT, INC.**, a Pennsylvania corporation ("Declarant"), owner in fee simple of the real estate described in **Exhibit A** attached hereto (the "PC Real Estate"), located in Ephrata Township, Lancaster County, Pennsylvania, hereby submits the PC Real Estate, including all easements, rights and appurtenances thereunto belonging and all buildings and other improvements existing or to be erected thereon (collectively, the "Property") to the provisions of the Pennsylvania Uniform Planned Community Act, 68 Pa. C.S. §5101 et seq., as amended (the "Act"), and hereby creates with respect to the Property a flexible planned community to be known as "**LAKESIDE VILLAS, A PLANNED COMMUNITY**" (the "Community").

Section 1.2. Easements and Licenses. Included among the easements, rights and appurtenances referred to in Section 1.1 hereof are the recorded easements, rights and licenses and certain unrecorded obligations set forth on **Exhibit A-1** attached hereto and incorporated herein.

Section 1.3. Defined Terms.

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

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

(a) "Act" shall have the meaning set forth in Section 1.1 of this Declaration.

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

(c) "Alley" means the twelve (12) foot wide open alley that encumbers the Property which was conveyed by and is more particularly described in an agreement, dated May 9, 1958, recorded in the Recorder's Office in Book H-46, Page 124 and subject to a subsequent Affidavit recorded on September 6, 2002 as Instrument No. 5112073. Said Alley is located immediately adjacent to and runs parallel with the northern most property line

of the PC Real Estate and is more particularly depicted and labeled on the Plats and Plans attached hereto.

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

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

(f) "Builder(s)" means one or more builders approved by Declarant to construct Dwelling(s) on Unit(s). No Builder is a Declarant under this Declaration unless or until such Builder assumes one or more Special Declarant Rights in accordance with the terms of this Declaration and the Act.

(g) "Building(s)" means any or all of the Dwellings and other building(s) now existing or hereafter constructed in the Community.

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

(i) "Commercial Property" means (i) the portions of real estate located immediately adjacent to the PC Real Estate on which a portion of SWMF #1 is located, and (ii) the portions of the real estate located adjacent to the PC Real Estate that are served and benefited by SWMF #1. The Commercial Property is depicted and labeled on the Plats and Plans attached hereto and is part of the real estate described in the Deed recorded in the Recorder's Office as Instrument No. 05673286.

(j) "Common Elements" means Common Facilities and/or Controlled Facilities.

(k) "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. The term includes General Common Expenses and Limited Common Expenses.

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

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

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

(o) "Community Documents" include this Declaration, the Plats and Plans, Bylaws (including the Chart of Maintenance Responsibilities) and Rules and Regulations, all as amended from time to time.

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

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

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

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

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

(u) "Development Period" means the period commencing on the Effective Date and terminating on the later of (i) ten (10) years after the Effective Date; or (ii) in the case of a preliminary plat calling for the installation of improvements in sections, one hundred twenty (120) days after municipal approval or denial of each particular section's final plat which was filed prior to the deadline approved or modified by the municipal governing body pursuant to Section 508(4)(v) of the Municipalities Planning Code, or in the event of an appeal from the municipal approval or denial of such final plat, one hundred twenty (120) days after a final judgment on appeal. If after the Effective Date, the Act is amended to permit the extension of the Development Period by Declarant as it relates to any Development Rights (as defined in the Act) that are otherwise limited to the Development Period ("Limited Development Rights"), or any other applicable law permits the tolling or extension of the Development Period as it relates to any Limited Development Rights, Declarant will be deemed to have automatically exercised its right to toll or extend (as applicable) the Development Period to the greatest extent permitted by law unless Declarant records a document explicitly stating that this automatic exercise shall not apply.

(v) "Dwelling" means a housing structure and appurtenant improvements intended for residential use situate upon or within a Unit, including without limitation any integral or attached garage.

(w) “Dwelling Unit” means a Unit improved with a substantially completed Dwelling, such that the Dwelling may be legally used for its intended purposes. “Legally used” for its intended purposes shall mean that a certificate of occupancy has been issued.

(x) “Executive Board” means the Executive Board of the Association.

(y) “First Settlement” means the date of the first closing whereby a Unit is conveyed to a Unit Owner other than a Declarant or Builder.

(z) “General Common Expenses” means all Common Expenses other than Limited Common Expenses.

(aa) “Initial Unit Purchaser” means an initial purchaser of a Unit, other than Declarant or a Builder.

(bb) “Limited Common Elements” means Limited Common Facilities or Limited Controlled Facilities.

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

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

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

(ff) “Maintain,” “Maintained,” “Maintenance,” and any other derivative of the word “Maintain” means the administration, operation, management, inspection, reporting, insuring, maintenance, repair, replacement and/or relocation activities with respect to any Stormwater Management Facilities, Buildings or other improvements or any areas of land located in or otherwise serving the Community.

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

(hh) "Municipality" means Ephrata Township, Lancaster County, Pennsylvania.

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

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

(kk) "O&M Agreement" means that certain Stormwater Management Agreement and Declaration of Easement dated _____ and recorded in the Recorder's Office as Instrument No. _____, as the same may be amended, modified or supplemented from time to time, and specifically including any such agreement for future phases of the Community.

(ll) "Party Wall" means a wall located at the perimeter of a Unit, which is a common wall shared with an adjacent Unit, and/or any fence constructed at the perimeter of a Unit which is a common fence shared with an adjacent Unit.

(mm) "PCSM Documents" means the Subdivision and Land Development Plan, PCSM Plan, O&M Agreement, PCSM Instrument and any other plan or document concerning or addressing the Stormwater Management Facilities, all as may be amended, modified or supplemented from time to time, specifically including any such agreement(s) or plan(s) for future phases of the Community. The PCSM Documents set forth the Maintenance activities required for the Stormwater Management Facilities. The PCSM Documents are required by the Municipality and/or the Pennsylvania Department of Environmental Protection ("DEP") in connection with certain governmental permits and the renewal thereof, and/or approvals obtained to develop the Community and may not be amended or terminated without the express consent of the Municipality and/or DEP, as applicable.

(nn) "PCSM Instrument" means the Instrument for the Declaration of Restrictions and Covenants dated _____, 2018, which is recorded in the Recorder's Office as Instrument No. _____, as the same may be amended, modified or supplemented from time to time, and

specifically including any PCSM Instruments for future phases of the Community.

(oo) "PCSM Plan" means the Post Construction Stormwater Management Plan for Lakeside Villas dated November 13, 2017, last revised _____, and recorded in the Recorder's Office as Instrument No. _____, as the same may be amended or modified from time to time in accordance with Ephrata Township and other applicable governmental requirements, and specifically including any such plans for future phases of the Community.

(pp) "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.

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

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

(ss) "Recorder's Office" means the Office of the Recorder of Deeds in and for Lancaster County, Pennsylvania.

(tt) "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 operation, use and/or enjoyment of all or any portion of the Community, either supplementing or elaborating upon the provisions in the Declaration or the Bylaws.

(uu) "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.

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

(ww) "Stormwater Management Facilities" means all drainage courses, swales, rain gardens, infiltration beds, stormwater inlets, pipes, conduits, basins, infiltration structures, stormwater management and drainage easement areas, and other structures, components and facilities appurtenant thereto constructed for the purpose of stormwater quality and drainage management for the Community, including, without limitation, utilization of

Best Management Practices (“BMPs”) in accordance with the PCSM Documents. Stormwater Management Facilities will be located on Common Elements and Units, and in some cases, located on Real Estate outside of the Community but such Stormwater Management Facilities shall still constitute Controlled Facilities and the Association will have an easement on the Real Estate on which they are located to access and Maintain such Stormwater Management Facilities.

(xx) “Subdivision and Land Development Plan” means all subdivision and/or land development plans for the Community now or hereafter existing, including, but not limited to, the Preliminary Subdivision Plan for Lakeside Villas dated November 13, 2017, last revised April 2, 2018, and the Final Subdivision Plan for Lakeside Villas dated April 16, 2018, last revised _____, and recorded in the Recorder’s Office as Instrument No. _____, all as the same may be amended or modified by the Declarant from time to time in accordance with the Municipality’s applicable requirements and other applicable governmental requirements, and specifically including any such plans for future phases of the Community.

(yy) “SWMF #1” means the single stormwater basin and the immediately surrounding Stormwater Management Facilities associated therewith (including, without limitation, any perimeter fencing and gates enclosing the stormwater basin), all more particularly depicted as ‘SWMF-1’ on the Plats and Plans and also identified as ‘Bio-Retention BMP 6.4.5’ on the PCSM Plan. SWMF #1 benefits and serves both the Community and the Commercial Property. A portion of SWMF #1 is located on the PC Real Estate, specifically on Unit Nos. 18, 19, 20, and 21, with the remainder being located on the Commercial Property.

(zz) “SWMF #2” means the single infiltration trench and the immediately surrounding Stormwater Management Facilities associated therewith (including, without limitation, any perimeter fencing and gates enclosing the infiltration trench) that is located outside the PC Real Estate but still benefits and serves the Community more particularly depicted as ‘SWMF-2’ on the Plats and Plans and also identified as ‘Infiltration Trench BMP 6.4.4’ on the PCSM Plan.

(aaa) “Temporary Emergency Access Easement” means the right-of-way located on the Commercial Property, as more particularly depicted on the Plats and Plans and described in Section 8.1.7 below, the purpose of which is to serve as an emergency access route to the Community until such time it is no longer required by the Municipality or is otherwise accepted for dedication by the Municipality.

(bbb) “Unimproved Unit” means a Unit created under the provisions of the Act that is not a Dwelling Unit.

(ccc) "Unit" means a Unit as described herein and/or on the Plats and Plans, whether improved or unimproved.

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

(eee) "Withdrawable Real Estate" means the Real Estate described in **Exhibit D** attached hereto and made a part hereof, so long as the Declarant's rights to withdraw such Withdrawable Real Estate from the Community continue to exist.

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

Section 1.5. Declarant's Undertakings; Common Elements; Infrastructure; Other Common Improvements.

1.5.1. The Declarant shall construct or provide for the construction of certain improvements for the common benefit of the Community, such improvements being the Roadways and related curbing required to be constructed pursuant to the Subdivision and Land Development Plan; the water and sewer mains and related lines; utility lines and facilities; the Stormwater Management Facilities, including, without limitation, SWMF #1 and SWMF #2; Street Lights and such other common infrastructure required by the Subdivision and Land Development Plan (collectively "Declarant's Work"). Such improvements that are part of Declarant's Work may be Common Elements (including Limited Common Elements), may be dedicated to the public, or may be conveyed to a third party. The construction of Common Element improvements that are part of Declarant's Work shall be performed in accordance with Section 5414(a) of the Act.

1.5.2. The Declarant shall not be responsible for the substantial completion of any Dwelling or other improvements constructed by a Builder and located within the Unit boundaries, including any structural components or mechanical systems of such Dwellings; sidewalks; the street trees and screening trees required by the Subdivision and Land Development Plan and installed by Builder or any other improvements constructed by Builder, whether part of a Unit or Common Elements, including Limited Common Elements.

Section 1.6.

Builder's Undertakings; Consent of Builder.

1.6.1. Declarant intends to transfer title to one or more Unimproved Units (as defined in Section 1.3 hereof) to a Builder pursuant to a contract between the Declarant and such Builder for the sale of the Unit and construction of a Dwelling and related improvements thereon. Notwithstanding the foregoing, Declarant reserves, without limitation, the right to modify the manner in which title to Units is transferred to a Builder or Builders in order to facilitate the orderly development of the Community, including the right to transfer some or all of Declarant's Special Declarant Rights in connection with any such conveyance to a Builder.

1.6.2. Except for any of Declarant's Work, a Builder, and not the Declarant, shall be solely responsible for the substantial completion of (i) any Dwelling and other improvements located within the Unit boundaries of any Unit (including any structural or mechanical systems of such Dwelling), (ii) sidewalks; (iii) the street trees and screening trees required by the Subdivision and Land Development Plan and installed by such Builder; (iv) any other improvements constructed by Builder, whether part of a Unit or Common Elements, including Limited Common Elements; and (v) any of Declarant's Work constructed by Declarant as part of Declarant's Work that is damaged as a result of the acts or omissions of such Builder or its agents, employees or contractors.

1.6.3. It is presently anticipated that construction of Dwellings and any other improvements within a Unit undertaken by a Builder shall be either pursuant to an agreement of purchase with a third-party purchaser, or on a Builder's own account. Each Builder, as seller, shall include in each agreement of purchase pursuant to which it constructs or sells a Dwelling Unit to a third-party purchaser (such third-party purchaser, together with any subsequent owner of such Dwelling Unit, collectively, the "**Dwelling Unit Purchaser**") with a warranty against structural defects that is at least as coextensive as the warranty set forth in Section 5411 of the Act.

1.6.4. No Builder is a Declarant under this Declaration; however, upon the transfer of any Special Declarant Right(s) by Declarant to a Builder, such Builder shall be a successor declarant in connection with the Special Declarant Right(s) transferred, and the provisions of Section 5304 of the Act shall apply. All of a Builder's right, title and interest in and to a Unit and the Community, is, and shall be, subject to the terms and provisions of the Community Documents.

1.6.5. In the event that a Builder's rights to purchase Units terminates, such Builder shall execute in recordable form a document in form and content reasonably and mutually satisfactory to the Declarant and such Builder that confirms such termination.

1.6.6. Each Dwelling Unit Purchaser acknowledges and agrees by the acceptance of the deed for a Unit that the Declarant is not liable under Section 5411 of the Act, or otherwise, with respect to structural or other defects in any Common Elements constructed by Builder or in its Dwelling or in any other improvements constructed within the Unit boundaries by a Builder or any party other than the Declarant, nor liability under subsections (c) and (d) of Section 5414 of the Act, or otherwise, with respect to substantial completion of the Dwelling or any other improvements constructed within the Unit boundaries or elsewhere within the Community by a Builder or any party other than the

Declarant. Each Builder agrees to indemnify, defend and hold Declarant harmless against any claims, actions, damages, losses, or costs (including, without limitation, reasonable attorneys' fees and costs) arising from, relating to, or connected with such Builder's obligations under Sections 5411 and 5414 of the Act.

ARTICLE II

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

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

2.1.1. Attached hereto as **Exhibit B** and made a part hereof is a list of _____ () Units being created by the Declarant that sets forth the Unit identifying number and the Allocated Interest appurtenant to each Unit, determined on the basis that all such Units shall be assigned a factor of 1.0. Subject to the provisions of this Section 2.1 and Section 11.2 hereof, a Unit's Allocated Interest shall be calculated by (a) converting a fraction to a decimal, the numerator of which fraction is one (1) and the denominator of which fraction is the total number of Units then currently existing within the Community, and (b) multiplying the aforementioned decimal by a factor to be assigned by the Declarant, as described in this Subsection or in Subsection 2.1.2 hereof.

2.1.2. The Allocated Interest shall automatically change upon the conversion of Convertible Real Estate or upon the withdrawal of Withdrawable Real Estate, if applicable, as set forth in Articles XX and XXI hereof, and the new Allocated Interest of each Unit existing after a conversion, addition or withdrawal shall be determined in accordance with Subsection 2.1.1 hereof. Notwithstanding the foregoing, if the Declarant converts all or any portion of the Convertible Real Estate into one or more Units, or exercises its Special Declarant Rights reserved in Section 2.5 hereof, the Declarant reserves the right to assign a factor ranging from .05 to 2 to any Unit(s) created therein based upon the size and/or type of the Unit(s), the presence and type of amenities, and/or any other relevant characteristics of the newly created Unit(s). If Declarant assigns a factor other than 1.0 to any Unit(s) created in the Community, then Declarant shall designate the factor to be assigned to such Unit(s) in any amendment to this Declaration in which such Unit(s) are created. The Declarant's judgment regarding the factor assigned to a Unit shall be final and unappealable. If Declarant does not designate a factor to be assigned to a Unit in any amendment to this Declaration in which such Unit is created, such Unit shall be deemed to have a factor of 1.0.

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

Section 2.2. Unit Boundaries.

2.2.1 Vertical Boundaries. Except to the extent contrary to the Plats and Plans, as may be amended from time to time, each Unit's vertical boundaries shall be identical to the vertical boundaries of the subdivided lot on the Subdivision and Land Development Plan having the same number as the Unit. By way of example, the vertical boundaries of Unit 1 are identical to the vertical boundaries of Lot 1 as depicted on the Subdivision and Land Development Plan.

2.2.2 Horizontal Boundaries. There are no horizontal boundaries for each Unit.

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

Section 2.3. Relocation of Boundaries Between Units.

2.3.1. During the Development Period, Declarant shall have the right, without submitting an application to the Association and without the consent of any Unit Owner or any other party whatsoever, to relocate boundaries between Units owned by Declarant by recording an amendment to this Declaration and the Plats and Plans identifying the affected Units and setting forth the new Unit boundaries and the reallocations of Allocated Interests and votes in the Association. Declarant's right to relocate boundaries between Units shall not be limited to the combination of two (2) or more entire adjacent Units or to minor adjustments to boundary lines. All costs and expenses associated with Declarant's exercise of its rights under this Section 2.3.1, including the costs of preparing and recording an amendment to this Declaration and the Plats and Plans, shall be the responsibility of Declarant.

2.3.2. Unit Owners other than Declarant desiring to relocate the boundaries between adjoining Units shall only be permitted to combine two (2) or more entire adjacent Units. Such Unit Owners shall submit an application to the Association in accordance with Section 5214 of the Act, and the Association shall have the powers and duties with respect to such application as are set forth in the Act, including the right to deny any application for the relocation of boundaries that does not meet the requirements of the Community Documents and/or the Act. Upon approval by the Association of such application, two (2) or more entire adjacent Units may be combined into a larger Unit, provided that all of the Units being combined are under common ownership at the time of effecting such combination. Upon approval by the Association of an application by a Unit

Owner, the Association shall prepare, execute and record an amendment to the Declaration, including the Plats and Plans, combining the designated Units. The amendment shall be executed by the Unit Owner of the Units to be combined, assign an identifying number to the "Combined Unit," which shall consist of the identifying number of the Unit having the lowest number followed by a hyphen and the identifying number of the other Unit(s), arranged in numerical order, and reallocate the Allocated Interest and votes in the Association formerly allocated to the individual Units so that the Allocated Interest and the votes appertaining to the Combined Unit shall be the sum of the respective Allocated Interests and votes in the Association appertaining to each of the Units that were combined to create it.

Section 2.4. Subdividing a Combined Unit. Subject to Declarant's rights as set forth in Section 2.5 below, no Unit may be subdivided, except a Combined Unit in accordance with this Section 2.4, and a Combined Unit may only be subdivided to restore the Unit boundaries of the original Units that were combined to create it. A Unit Owner of a Combined Unit desiring to subdivide his Unit shall submit an application to the Association in accordance with Section 5215 of the Act, and the Association shall have the powers and duties with respect to such application as are set forth in the Act, including the right to deny any application for the subdivision of a Combined Unit that does not meet the requirements of the Community Documents and/or the Act. The Combined Unit shall remain under single ownership until the amendment to the Declaration effecting the subdivision is recorded. Upon approval by the Association of an application by a Unit Owner, the Association shall prepare, execute and record an amendment to the Declaration, including the Plats and Plans, subdividing the Combined Unit. The amendment shall be executed by the Unit Owner of the Combined Unit being subdivided, assign an identifying number to each Unit created (which shall be the identifying numbers shown for such respective Units in the Plats and Plans prior to the creation of the Combined Unit), and reallocate the Allocated Interest and votes in the Association formerly allocated to the Combined Unit to the new Units being created in accordance with Section 2.1 above and on a proportionate basis.

Section 2.5. Subdividing or Converting Units Owned by Declarant. Declarant hereby reserves unto itself the Special Declarant Right granted in Section 5215 of the Act to subdivide or convert any Unit owned by Declarant into two (2) or more Units, Common Elements or a combination of Units and Common Elements without the consent of the Association or any party whatsoever, but subject, nevertheless, to compliance with all applicable governmental requirements. During the Development Period, Declarant shall be permitted to exercise such Special Declarant Right without submitting an application to the Association and without the consent of any Unit Owner or any party whatsoever, and thereafter by submitting an application to the Association. If Declarant exercises such right, Declarant (or the Association, as the case may be) shall prepare and record an amendment to this Declaration, including the Plats and Plans, subdividing or converting such Unit(s). The maximum number of Units into which any Unit owned by Declarant may be subdivided or converted shall be twelve (12), provided, however, that no individual Unit shall contain less than the minimum square footage, if any, required by applicable governmental requirements, if any. All costs and expenses of Declarant associated with the exercise of its rights reserved in this Section 2.5 shall be the responsibility of the Declarant.

Section 2.6. Costs of Relocating Unit Boundaries or Subdividing Units. All costs and expenses associated with relocating Unit Boundaries pursuant to Subsection

2.3.2 above or subdividing a Combined Unit pursuant to Section 2.4 above, and, at the discretion of the Executive Board, the costs and expenses associated with preparing and recording any amendment to the Declaration and Plats and Plans required pursuant to Sections 5214 or 5215 of the Act, shall be the responsibility of the Unit Owner or Owners requesting the relocation of Unit Boundaries or the subdivision of a Combined Unit, as the case may be. Such costs and expenses shall include, without limitation, costs of obtaining all required governmental permits and approvals and all costs associated with repairing damage to the Common Elements and/or any other Unit that results from a Unit Owner's exercise of any of the rights granted by Sections 2.3.2 and/or 2.4 hereof.

ARTICLE III

LIMITED COMMON ELEMENTS; FUTURE ALLOCATION OF COMMON ELEMENTS

Section 3.1. Limited Common Elements. Without limiting the generality of the definition set forth in Section 1.3.2 hereof, the following portions of the Community are hereby designated as Limited Common Elements:

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

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

3.1.3. Common sidewalks and curbing abutting Units shall be Limited Controlled Elements solely as to Maintenance obligations, but not for general use or access purposes. The Maintenance of each portion of a sidewalk and curb abutting a Unit shall be the responsibility of the Unit Owner of the abutting Unit, and the Association shall have no responsibility for such Maintenance;

3.1.4. With the exception of SWMF #1, all Stormwater Management Facilities located on a Unit shall be Limited Controlled Facilities to be Maintained by the Unit Owner on which the facility is located. However, the Association reserves the right to inspect and cure any failure on the part of a Unit Owner to properly Maintain such facilities;

3.1.5. The "Proposed Street Trees" located along the Roadway throughout the Community, as identified and depicted on the Subdivision and Land Development Plan, shall be Limited Controlled Facilities to be Maintained by the Unit Owner of the Unit on which they are located. However, the Association reserves the right to inspect and cure any failure on the part of a Unit Owner to properly Maintain such Limited Controlled Facilities;

3.1.6. The "Proposed Screening Trees" located on Unit Nos. 15, 16, 17, and 18, as identified and depicted on the Subdivision and Land Development Plan, shall

be Limited Controlled Facilities to be Maintained by the Unit Owner of the Unit on which they are located. However, the Association reserves the right to inspect and cure any failure on the part of a Unit Owner to properly Maintain such Limited Controlled Facilities.

Section 3.2. Common Elements Not Previously Allocated. As permitted by Section 5209(c) of the Act, the Declarant during the Development Period, and the Association thereafter, shall have the power to allocate a previously unallocated Common Element as a Limited Common Element appurtenant to one or more, but fewer than all, Units in the Community. Any such allocation shall be made by an amendment to the Declaration or by an assignment executed by the Declarant during the Development Period and the Association thereafter and recorded in the Recorder's Office.

ARTICLE IV

COMMON FACILITIES

Section 4.1. Reservation and Designation. The Declarant hereby explicitly reserves the right to designate as a Common Facility any portion of the Community, or any improvement or facility, existing or contemplated, other than a Unit owned by a Unit Owner other than Declarant, as described in this Declaration and the Plats and Plans, as they may be amended from time to time, without the consent of the Association, or any Unit Owner or holder or insurer of any Security Interest in any Unit, or any other party whatsoever. Without limiting the generality of the foregoing, the following portions of the Community and the improvements and/or facilities located therein, other than those accepted for dedication to the public or owned by a utility provider or governmental authority, are hereby designated as Common Facilities (except to the extent such areas are designated as a Limited Common Element herein or on the Plats and Plans):

4.1.1. Community entrance signage, other Community signage, street signage and associated improvements, landscaping and/or lighting, not located within Unit boundaries (if any);

4.1.2. All roadways and access drives located within the Community ("Roadways"), unless and until such time as the Roadways, or any portion thereof, are offered to and accepted for dedication by the Municipality;

4.1.3. Any other portion of the Community designated as Common Facilities on the Plats and Plans, as they may be amended.

Section 4.2. Conveyance to the Association. Declarant or Declarant's successor in interest to a Common Facility shall own the Common Facility (if any) until such time as it has been conveyed to the Association in accordance with this Section 4.2. After Completion (as hereinafter defined) of the Common Facility, Declarant or any successor in interest to Declarant in the Common Facility shall lease or convey fee simple title to the Common Facility by special warranty deed, or shall transfer easements or other ownership rights, title and interests, to the Association by the later of (a) the date of conveyance by the Declarant of the last Unit the Declarant reserves the right to include in the Community, (b) the expiration of the Development Period, or (c) such longer period as may hereafter be

permitted by the Act, any other applicable laws or any amendments thereto. Except as permitted pursuant to the terms of the remainder of this Section 4.2, no Common Facility shall be conveyed or leased to the Association before it has been Completed in accordance with this Declaration. A Common Facility shall be deemed "Completed" and "Completion" shall be deemed to have been achieved upon the recording of a certificate (a "Completion Certificate"), executed by an independent registered surveyor, architect or professional engineer stating that the Common Facility is substantially completed in accordance with the descriptions set forth in the Declaration, the Plats and Plans and the Public Offering Statement and so as to permit the general use of such Common Facility for its intended purpose. With respect to any portion of any Roadways within the Community that are, or are intended to be, Common Facilities, each portion of the Roadways shall be deemed Completed even if the final wearing course has not been installed thereon, provided that a Completion Certificate has been recorded (which may note that the wearing course has not yet been installed) and that Unit Owners are able to use the applicable portion of the Roadways for access and passage. Upon the recording of a Completion Certificate for a Common Facility, the Association shall be deemed to have accepted the conveyance or lease of the Common Facility and under no circumstances shall the Association have the right to reject acceptance thereof or a deed therefor. The foregoing sentence, however, shall not be construed to waive any warranty claims related to the Common Facility that the Association may have against the Declarant pursuant to the Act. The Association shall not be required to pay any consideration for the conveyance of any Common Facility, unless such facility is leased to the Association, in which case, the Association may be required to pay rent in accordance with any such lease. The obligation to convey a Common Facility to the Association shall be binding upon the Declarant and any successor in interest to Declarant in the Common Facility whether or not such successor succeeds to any Special Declarant Rights.

A Common Facility may be conveyed or leased to the Association before it has been Completed if a third-party guarantee, bond, escrow, letter of credit or other mechanism assuring completion has been provided by the Declarant or a successor to Declarant's interest in the Common Facility, as the case may be, in which case, the Association shall be deemed to have accepted the conveyance or lease of the Common Facility and under no circumstances shall the Association have the right to reject acceptance thereof or a deed therefor. Any such third-party mechanism shall not expire until the Common Facility has been Completed to the degree required by this Section 4.2. Any uncompleted Common Facility conveyed or leased to the Association shall be Completed by the later of (a) the date of conveyance by Declarant of the last Unit Declarant reserves the right to include in the Community, (b) the expiration of the Development Period, or (c) such longer period as may hereafter be permitted by the Act, any other applicable laws, or any amendments thereto. Until such time as an uncompleted Common Facility is Completed, the Declarant shall be solely responsible for real estate taxes assessed against or allocable to the Common Facility and for all other expenses in connection therewith.

ARTICLE V

CONTROLLED FACILITIES

Section 5.1. Controlled Facilities. Without limiting the generality of the definition in Section 1.3.2 hereof, the Controlled Facilities shall include all of the following areas, and the improvements and/or facilities located therein other than those accepted for dedication to the public (except as may be specifically set forth to the contrary herein) or owned by a utility provider or governmental authority:

5.1.1. Any portion of any Unit designated as a Controlled Facility by or pursuant to the provisions of this Declaration or any amendment hereto, or as shown and identified as a Controlled Facility on the Plats and Plans or any amendment thereto, from time to time, including but not limited to all easement areas located upon a Unit, if any, as shown on the Subdivision and Land Development Plan, the PCSM Plan and/or the Plats and Plans from time to time. Declarant reserves the right to relocate, modify, eliminate or create any easement areas as may be necessary for the orderly and safe development of the Community, provided that if Declarant relocates, modifies, eliminates or creates any easement such that the Unit as developed materially differs from the Plats and Plans as last amended, Declarant shall inform all prospective purchasers of the Unit of all changes and shall provide the prospective purchasers with a plat of the Unit depicting the actual easement area(s) as constructed. Subject to Declarant's rights as set forth in Article VIII hereof, all Controlled Facility easement areas shall remain as initially constructed. No Unit Owner shall be permitted to make any modifications to an easement area that could adversely affect the purpose or function of the easement area or affect any other Unit or the Common Facilities, without the prior written consent of the Declarant during the Development Period or the Executive Board thereafter, and the owner of any other affected Unit. By way of illustration and not limitation:

(a) All street lighting and those portions of SWMF #1 located upon Unit Nos. 18, 19, 20, and 21 are Controlled Facilities, both of which shall be Maintained by the Association with all costs and expenses associated therewith to be treated as a Common Expense pursuant to and consistent with Section 11.2.4 herein.

(b) The Alley, specifically located upon and encumbering Unit Nos. 7 through 15 and more particularly depicted and labeled on the Plats and Plans attached hereto, is a Controlled Facility for purposes of ensuring compliance with the terms and conditions on which it was conveyed and as summarized in Section 8.1 herein.

5.1.2. Any other portion of the Community designated as a Controlled Facility by or pursuant to the provisions of this Declaration or any amendment hereto, or as shown and identified as a Controlled Facility on the Plats and Plans or any amendment thereto, from time to time. By way of illustration and not limitation, the sidewalks and curbing abutting Units are Controlled Facilities as to use.

5.1.3. To the extent that the Association has Maintenance and/or other obligations in connection therewith, any easement or other areas and facilities constructed therein that benefit the Community but that are located on lands not part of the Community, for so long as the Association's Maintenance obligations in connection therewith continue. By way of illustration and not limitation:

(a) Those portions of SWMF #1 located on the Commercial Property, which shall be Maintained by the Association; and

(b) SWMF #2, which shall be Maintained by the Association unless and until dedicated to and accepted by the Municipality; and

(c) All easements associated with SWMF #1 and SWMF #2 as set forth in Section 8.1.

Section 5.2. Easements, Leases, Licenses and Concessions.

Subject to compliance with all applicable governmental requirements, the Association shall have the right to grant easements, leases, licenses and concessions through or over the Controlled Facilities as permitted by Sections 5302(a)(9) and (b) of the Act.

Notwithstanding the foregoing, the Association shall have the right to offer easement rights or other property rights in and to the streets within the Community for dedication to public use, and/or to convey real property interests to a utility provider or municipal authority without the consent of any Unit Owner or any other party whatsoever.

ARTICLE VI

ADDITIONS, ALTERATIONS AND IMPROVEMENTS

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

6.1.1. A Unit Owner:

(a) May, without obtaining the prior approval of the Executive Board, make any improvements or alterations to the interior of a Dwelling that do not: (i) impair the structural integrity or mechanical systems or lessen the support of any portion of the Community, or (ii) modify the appearance of the exterior of the Dwelling;

(b) May not change the exterior appearance of a Unit, Dwelling, Building or any other structure located upon a Unit (including by way of illustration only and not limitation, all portions of the exterior finished surfaces of Dwellings, balconies, patios, porches, decks and stoops), or make alterations to any portion of the Limited Common Elements appurtenant to a Unit (including, without limitation, landscaping) without obtaining the prior written consent of the Executive Board;

(c) May not change the appearance of or make any structural modifications (which shall include without limitation changes to landscaping as initially installed by Declarant or a Builder) to any portion of the Common Facilities without obtaining the prior written consent of the Executive Board;

(d) May not change the appearance of or make any structural modifications to any portion of the Controlled Facilities or Limited Controlled

Facilities, whether located upon a Unit or otherwise, without obtaining the prior written consent of the Executive Board;

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

(f) May not make any modifications to any Stormwater Management Facilities, including BMPs, Limited Controlled Facilities, Controlled Facilities, or Controlled Facility easement areas that could in any manner affect the purpose or function of the Stormwater Management Facility, BMP, Limited Controlled Facility, Controlled Facility, or Controlled Facility easement area, or affect any other Unit or the Common Facilities, without obtaining the prior written consent of the Declarant during the Development Period, or the Executive Board thereafter, and the prior written consent of the Unit Owner of any other affected Unit.

6.1.2. Subject to the exemptions set forth in Subsection 6.1.5 below, a Unit Owner may submit a written request to the Executive Board for approval to do anything that he is forbidden to do under Subsection 6.1.1 hereof, provided, however, that no Unit Owner shall be permitted to make any changes to Stormwater Management Facilities or easement areas benefiting the Community without the prior approval of the Municipality and any other governmental bodies having jurisdiction. The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute a consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of the Community Documents.

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

6.1.4. Additions, alterations or improvements to the Units and/or Common Elements shall not, except pursuant to prior written approval by the Executive Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any Units other than the Unit being modified. In the event that any proposed change to any portion of the Community would cause an increase in the

insurance premiums of any Unit Owner(s) other than the Unit Owner proposing the change, the prior written consent of all such affected Unit Owner(s) shall be required. At the discretion of the Executive Board, any increases in the insurance premiums of insurance policies carried by the Association shall be paid by the Unit Owner(s) whose construction activities resulted in the premium increases. Any increases in the insurance premiums of any other Unit Owner(s) shall also be paid by the Unit Owner whose construction activities resulted in the premium increases.

6.1.5. The provisions of this Section 6.1 shall not apply to the Declarant or a Builder in the exercise of any Special Declarant Right, or in the initial construction of Buildings or other improvements of any kind anywhere within the Community.

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

Section 6.3. Laws and Ordinances. Each Unit Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of federal, state and/or municipal governments or authorities applicable to the use, occupancy, construction, improvement, and Maintenance of any Unit, including any improvements or facilities erected thereupon. Without limiting the generality of the foregoing, all improvements constructed within or upon a Unit by a Unit Owner shall meet all applicable local, county or other building codes and municipal requirements including, but not limited to zoning requirements. The obligation to comply with all governmental requirements shall rest with the Unit Owner and not the Executive Board or the Association. The Executive Board's approval of a Unit Owner's proposed improvements shall not relieve the Unit Owner of his obligation to design and construct the proposed improvements in accordance with the requirements of the Community Documents, nor shall such approval constitute nor be construed as certification by the Executive Board or the Association that the proposed improvements meet or otherwise comply with architectural, engineering, or construction industry standards, or applicable building codes, laws, ordinances, rules, or regulations of any governmental authority or any other applicable agency. None of the Declarant, the Executive Board, nor the Association shall be liable for any defects in any plans or specifications submitted, revised or approved in accordance with the Community Documents, or any defects in construction undertaken in accordance with such plans and specifications, and the Unit Owner undertaking the construction, reconstruction, renovation or installation of any improvements within the Community shall indemnify and hold harmless all of the foregoing from and against all costs, expenses, damages and claims whatsoever arising out of such Unit Owner's improvement activities in the Community.

ARTICLE VII

MAINTENANCE, REPAIR AND REPLACEMENT RESPONSIBILITIES

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

Section 7.2. Common Elements. The Association shall Maintain the Common Elements, except any portions thereof to be Maintained by the Unit Owners, as more particularly described in this Declaration and the Chart of Maintenance Responsibilities.

Section 7.3. Units and Limited Common Elements. Each Unit Owner shall Maintain at his own expense, all portions of his Unit and any Limited Common Elements appurtenant thereto, except any portions thereof to be Maintained by the Association, as more particularly described in this Declaration and the Chart of Maintenance Responsibilities.

Section 7.4. Failure to Maintain Units and Common Elements. If the Owner of a Unit fails to Maintain any portion of such Unit (including any Controlled Facility) or any Limited Common Elements appurtenant thereto for which the Unit Owner is responsible pursuant to the Community Documents, the Association may, in its discretion, assume the responsibilities of the nonperforming Unit Owner and perform any such Maintenance with respect thereto. Notwithstanding the foregoing, with respect to (i) Stormwater Management Facilities, (ii) street trees and screening trees required by the Subdivision and Land Development Plan, (iii) and to ensure compliance with the terms and conditions on which the Alley was conveyed and as summarized in Section 8.1 herein, the Association shall be obligated to assume the responsibilities of the nonperforming Unit Owner and perform any such Maintenance with respect thereto. All costs and expenses thereof shall be assessed against the nonperforming Unit Owner as a Limited Common Expense allocated to the Unit as set forth in Section 11.3 hereof. Each Unit Owner shall reimburse the Association and any Unit Owners whose Units were damaged for the reasonable cost of repair of any damage to the Common Elements or to any other Unit caused by such Unit Owner's failure to properly Maintain any portion of his Unit (including any Controlled Facility) or any Limited Common Elements appurtenant thereto for which the Unit Owner is responsible. The Association shall reimburse a Unit Owner for the reasonable cost of repair of any damage to his Unit caused by the Association's failure to properly Maintain any portion of the Common Elements or any portion of a Unit or the Limited Common Elements appurtenant thereto for which the Association is responsible pursuant to the Community Documents.

Section 7.5. Chart of Maintenance Responsibilities. Representative examples of the respective responsibilities of the Association and the Unit Owners with respect to Maintenance of the Units, Common Elements (Common Facilities and Controlled Facilities) and Limited Common Elements (Limited Common Facilities and Limited Controlled Facilities) are set forth in the Chart of Maintenance Responsibilities attached as Exhibit A to the Bylaws, as amended from time to time. The Chart of Maintenance Responsibilities is not intended to describe or encompass every Maintenance function or to

delineate all respective responsibilities among the Unit Owners and the Association and the Association's determination of any such responsibility not designated thereon shall be final and unappealable.

Section 7.6. Access. Any person authorized by the Executive Board and the Municipality or any other applicable governmental authority shall have the right of access to all portions of the Community, including the right to enter upon the exterior portion of a Unit for any proper purpose, at reasonable times and in a reasonable manner, upon such notice to an affected Unit Owner, if any, as shall be reasonable under the circumstances. In case of an emergency, no such notice is required and the right of entry shall be immediate, whether or not the Unit Owner is present at the time. By way of example and not of limitation, any authorized person shall have the right to enter upon any portion of the Community for the purpose of correcting any condition threatening the health or safety of occupants of the Community, or damage to a Unit or the Common Elements; for the purpose of performing installations, alterations or Maintenance; for the purpose of reading or Maintaining utility meters and related pipes, valves, wires and equipment; for the purpose of performing pest control inspections and treatment; for the purpose of discharging the Association's obligations for Stormwater Management Facilities and for any other purpose necessary for the Association to carry out its powers or responsibilities under the Act and/or the Community Documents, including without limitation the verification and/or correction of any Unit Owner's performance under Articles VI, VII or IX hereof.

Section 7.7. Maintenance of Stormwater Management Facilities. The Community is subject to the PCSM Documents and the easements, Maintenance obligations and restrictive covenants contained therein. The PCSM Documents impose obligations on Declarant and its successors and assigns, as well as current and future owners of portions of the Community, with respect to the long-term Maintenance of the Stormwater Management Facilities. The Stormwater Management Facilities shall be maintained in good working order in accordance with the specific Maintenance requirements set forth in the PCSM Documents, all applicable governmental approvals obtained in connection with the Community, all applicable local, state and federal requirements and laws and this Declaration, or any amendment hereto.

The Association shall perform all Maintenance (including without limitation, all inspection and reporting obligations) for SWMF #1, as well as all permanent Stormwater Management Facilities located on Common Facilities (if any). Further, unless and until such time as SWMF #2 is dedicated to and accepted by the Municipality the Association shall perform all Maintenance (including without limitation, all inspection and reporting obligations). All Unit Owners shall perform all Maintenance (including, without limitation, all inspection and reporting obligations) for all permanent Stormwater Management Facilities (other than SWMF #1) located on their respective Units. Such Maintenance obligations shall be performed in accordance with the requirements of the PCSM Documents and all other applicable governmental requirements.

No further instrument or agreement shall be necessary to enforce the obligations herein against Unit Owners and the Association, as applicable, because they are successors-in-title to Declarant and will take title subject to and be bound by the PCSM Documents and this Declaration, including, without limitation, this Section 7.7. Notwithstanding the foregoing, if required by any governmental authority in order for

Declarant's NPDES permit or other permit or approval to be renewed, amended, released, terminated or otherwise modified, or for Declarant and/or any permittee or co-permittee to be released from liability thereunder, each Unit Owner and the Association shall, upon written request from Declarant, do, execute, acknowledge and deliver, all such further acts, deeds, plans, consents, joinders, assignments, acknowledgements, transfers, conveyances, powers of attorney and assurances as may be required by any governmental authority to better assign, transfer, grant, assure, acknowledge and confirm to the applicable governmental authority the obligations of each Unit Owner and the Association pursuant to the PCSM Documents and this Declaration or to cause the NPDES permit or other permit or approval to be renewed, amended, released, terminated or otherwise modified and to cause Declarant and/or any permittee or co-permittee to be released from liability thereunder (such obligations of each Unit Owner and the Association being the "Obligations").

Declarant, its successors or assigns, shall not be required to obtain the permission of any Unit Owner or the Association to renew, amend, release, terminate or modify any permits or approvals obtained in connection with the Stormwater Management Facilities from time to time. Further, each Unit Owner and the Association, within fifteen (15) days after written request from Declarant, shall satisfy their respective Obligations at no cost or expense to Declarant or any other party. If any Unit Owner or the Association fails to timely satisfy its Obligations (such party being the "Defaulting Party"), which Obligations are covenants running with the land, Declarant may seek specific performance to enforce the Obligations and/or exercise any and all other rights and remedies available at law or in equity. All costs, fees and expenses, including, without limitation, attorneys' fees, filing fees, court costs and expert fees, incurred in any manner by Declarant in enforcing the Obligations against the Defaulting Party shall be reimbursed by the Defaulting Party to Declarant within thirty (30) days after a request therefor. For avoidance of doubt, the reimbursement obligation of the Defaulting Party to the Declarant shall not be limited to the costs, fees and expenses related to any court action but shall also include costs incurred by Declarant in relation to any negotiations and/or settlement discussions between the Declarant and the Defaulting Party.

Section 7.8. Rights of Municipality. As set forth in Section 8.1.14 herein, the Municipality has an easement for and may enter upon the Common Elements, including, without limitation, the Controlled Facilities and Limited Controlled Facilities located on a Unit, for the purpose of inspecting the Common Elements (including, without limitation, the Stormwater Management Facilities) to ensure they are being Maintained and in safe order and condition pursuant to all requirements of the PCSM Documents and all applicable governmental permits and approvals, and all applicable federal, state and local laws. If a Unit Owner and the Association shall fail to Maintain those portions of the Common Elements for which it is responsible in the condition required by the previous sentence, the Municipality may serve written notice upon the Association, setting forth the details of any such deficiencies. The notice shall require that such deficiencies in Maintenance be cured within thirty (30) calendar days of receipt of the notice and shall state the date and place of a hearing thereon, which shall be held within fourteen (14) calendar days of receipt of the notice.

Notwithstanding the forgoing, if such a deficiency is a public nuisance or is causing an immediate threat to the health, safety or welfare of the public (an "Emergency Condition"), the Municipality shall have the right to require the Association to cure the deficiency promptly without waiting for expiration of the said thirty (30) day cure period. Moreover, the Municipality shall have the right to exercise all other remedies available

pursuant to, and in accordance with all applicable laws, without regard to the said thirty (30) day cure period set forth herein.

At such hearing, the Municipality may modify the terms of the original notice and may give an extension of time within which the deficiencies shall be cured. If the deficiencies, as finally described, shall not have been cured within said thirty (30) calendar day period (or such earlier applicable time period in the event of an Emergency Condition), or any extension thereof, the Municipality, in order to preserve the taxable values of the Community and to prevent the Common Elements from becoming a public nuisance, may exercise its easement rights granted herein to enter upon such Common Elements as may reasonably be necessary to facilitate and address the Maintenance of those portions of the Common Elements the Association failed to properly Maintain and may continue to Maintain them for a period no greater than one (1) year, subject to the remainder of this Section 7.8. Said entry and or Maintenance by the Municipality shall not vest the public with any rights to use the Common Elements.

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

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

Section 7.9. Cost of Municipality's Maintenance Activities. If the Municipality shall assume Maintenance activities for all or any portion of the Common Elements in accordance with Section 7.8 above, the Municipality shall have the right to impose a Municipal Lien (see, 53 P.S. §7106, as amended) against the Association and/or the Unit Owners for the costs incurred by the Municipality, including, but not limited to, reasonable attorney fees, engineering fees, and/or administration costs associated with the notice and hearing requirements of Section 7.8 above, together with any other amounts collectible by the Municipality under the Pennsylvania Municipal Lien Law, as amended from time to time.

This Section 7.9 may not be amended without the prior consent of the Municipality.

ARTICLE VIII

EASEMENTS

Section 8.1. Additional Easements. Each Unit Owner shall have a perpetual nonexclusive easement of use and enjoyment over, upon and through the Common Facilities, including without limitation, an unrestricted right of ingress and egress to and from his Unit over Roadways constructed within the Community until or unless such Roadways are accepted for dedication by the Municipality, subject, nevertheless, to the Association's right to promulgate Rules and Regulations concerning the use and enjoyment of the Common Facilities. In addition to such and in supplementation of the easements provided for and hereby created pursuant to Sections 5216, 5217, 5218 and 5302(a)(9) of the Act, the following additional easements are hereby created or described, as applicable:

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

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

8.1.3. Declarant's Easement Regarding Stormwater Management Facilities. The Declarant reserves an easement on, over and under those portions of the

Units and Common Elements not improved with Buildings for the purpose of constructing, installing, Maintaining, modifying, expanding and correcting all Stormwater Management Facilities and other facilities for the drainage of surface water in order to (i) develop the Community or the Commercial Property; (ii) comply with the PCSM Documents; and (iii) maintain reasonable standards of health, safety and appearance, and further reserves the right to grant and/or assign such easements to appropriate persons, parties or entities, including without limitation any successor, assignee or designee of Declarant. The easement created by this Subsection expressly includes the right to cut or permanently remove any trees, bushes, or shrubbery, to grade the soil, install new or modify existing Stormwater Management Facilities, or to take any other action reasonably necessary to achieve this purpose, or as may be required from time to time by the Municipality, the applicable Conservation District, the Pennsylvania Department of Environmental Protection, the U.S. Army Corps of Engineers or any other governmental or quasi-governmental entity having jurisdiction over stormwater, surface waters or wetlands. Further, Declarant, as the owner of the Commercial Property, hereby grants an easement over the Commercial Property in the area on which SWMF #1 and its related appurtenances are located for the benefit of the Association, the Municipality, and any other applicable governmental authority as necessary to Maintain SWMF #1 and its related appurtenances.

8.1.4. Declarant's Reservation of Right to Subject Community to Easements. The Declarant reserves the unrestricted right to (i) subject any portion of the Community other than a Building to easements and/or licenses, and to grant, sell and convey easements and/or licenses for the purpose of benefiting the Community and/or any tract of land adjacent to or near the Community, including, without limitation, the Commercial Property; and (ii) subject any portion of the Community to easements, licenses and/or other similar or dissimilar instruments in favor of governmental and public service entities as are required for the provision of public utilities to and through the Community or provision of public utilities to the Commercial Property, the construction of improvements on the Community or the Commercial Property, and/or the management of stormwater, surface waters or wetlands in accordance with all laws, ordinances and regulations of all governmental or quasi-governmental entities having jurisdiction. Without limiting the generality of the preceding sentence, the Declarant may subject the Community to access easements, stormwater management easements and/or utility easements to be used by or jointly with adjoining or nearby properties, including, without limitation, the Commercial Property.

8.1.5. Declarant's Easement to Facilitate Completion, Conversion and Expansion. The Declarant reserves an easement on, over, through and under all portions of the Community except through any existing Building, as may be reasonably necessary for the purpose of discharging Declarant's obligations, however arising, or exercising Special Declarant Rights, including, but not limited to, the development of Convertible Real Estate or Withdrawable Real Estate, and for all purposes relating to the construction, development, leasing and sale of improvements within the Community, the Commercial Property, and any other adjacent or nearby real estate. The easement rights reserved hereunder shall include, without limitation, the right of vehicular and pedestrian ingress and egress, the right to park motor vehicles and to engage in construction activities of any nature whatsoever, including the movement and storage of building materials and equipment, the right to engage in marketing, sales, leasing and management activities, including the Maintenance of models and offices and the erection and Maintenance of

directional and promotional signs and including the right to modify or expand the size, shape, structure, design, or infrastructure of SWMF #1 to facilitate and accommodate the contemplated construction and development of the Commercial Property, provided that any such modification or expansion is completed at the sole cost of the . The Declarant's easements hereunder shall exist in perpetuity.

8.1.6. Temporary Easement for Maintenance, Construction and Development. Without limiting the generality of the easements reserved unto Declarant in Subsection 8.1.5 hereof, for so long as Declarant has Maintenance, construction and/or development obligations anywhere in the Community, Declarant reserves unto itself, its successors, assigns, agents, employees and contractors, the right to enter onto any portion of any Unit and Common Elements not within a Building as may reasonably be necessary to facilitate the Declarant's Maintenance, construction and/or development activities of all types whatsoever, including, but not limited to, for the construction of improvements on the Common Elements, for the completion of grading and/or landscaping on a Unit or adjacent Unit(s), for the construction of Dwellings or other improvements of any kind on a Unit and/or adjacent Unit(s) or portions of the Common Elements, for the construction, reconstruction and/or relocation of any type of utility facilities, and for the construction of facilities for surface water run-off and control as may be necessary for the orderly and safe Maintenance, construction and development of the Community; provided however, that the Declarant shall take reasonable steps to minimize any interference with a Unit Owner's use of his Unit and shall promptly repair any damage to a Unit resulting from the Declarant's exercise of such rights.

8.1.7. Temporary Emergency Access Easement. Declarant, as the fee simple owner of the Commercial Property, hereby declares, grants and conveys to the Community an easement over the temporary right-of-way located on the Commercial Property, as more particularly depicted on the Plats and Plans, the purpose of which is to serve as an emergency access route to the Community until such time it is no longer required by the Municipality or is otherwise accepted for dedication by the Municipality.

8.1.8. Association's Easement to Inspect and Maintain Units and Limited Common Elements. The Units and the Limited Common Elements are hereby made subject to an easement in favor of the Association and its agents, employees and independent contractors, (i) for inspection of the exterior portions of Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of Maintenance for which they are responsible, and to perform such items of Maintenance on behalf of a nonperforming Unit Owner as the Association shall elect to perform in its discretion; (ii) for inspection and Maintenance of any portion of a Unit for which the Association is responsible, the Common Elements or the Limited Common Elements situated in or accessible from a Unit or Limited Common Elements, or both; (iii) for correction of emergency conditions in one or more Units, Limited Common Elements, or Common Elements, (iv) for inspection, verification and/or correction of any Unit Owner's or occupant's compliance with or performance under the Community Documents including without limitation, Articles VI, VII and IX hereof, and (v) for discharging all other obligations of the Association, including for Stormwater Management Facilities, 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 Unit

resulting from the Association's exercise of any rights it may have pursuant to this Subsection.

8.1.10. 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 shall be in substantial accord with the descriptions thereof set forth in the Declaration. The easement shall extend for whatever period of time the encroachment continues to exist. This easement does not relieve the Unit Owner (including a Builder) of liability in the case of willful misconduct nor the Declarant, a Builder or their respective agents or any contractor, subcontractor or materialman or any other person of liability for failure to comply materially with the Plats and Plans.

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

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

8.1.13. Easements Created by or Depicted on Plans. The Community is subject to utility easements, water and sanitary sewer easements, drainage easements, riparian buffer strip easements, wetlands easements, and such other easements as may be created by or depicted on the Plats and Plans, the PCSM Plan and/or the Subdivision and Land Development Plan now or in the future. The said easements, including all easements for future phases of the Community, shall be utilized and Maintained by the Association and/or Unit Owners in accordance with the Community Documents, the PCSM Documents, the requirements set forth on the Subdivision and Land Development Plan and all applicable local, state and federal requirements and laws. Notwithstanding the provisions of this Subsection, the easements and obligations appurtenant thereto shall exist for so long as required by the Municipality or other governmental body having jurisdiction thereover, or for so long as required by Declarant in connection with the development of the Community and/or other land near the Community, including, without limitation, the Commercial Property. By way of illustration and not limitation, pursuant to the Subdivision and Land Development Plan, a negative easement exists which prohibits obstructions to vision (wall, fence, hedge, tree, or other growth) exceeding 18-inches high within in a clear sight triangle, shown at street intersections and driveways for a Dwelling, all as more particularly depicted on the Subdivision and Land Development Plan.

8.1.14. Municipality's Easement. Declarant hereby declares, grants and conveys to the Municipality an easement over the Common Elements, including, without limitation, the Controlled Facilities and Limited Controlled Facilities located on a Unit, for the purpose of exercising the rights granted to the Municipality in Sections 7.6, 7.7, and 7.8 of this Declaration.

8.1.15. SWMF #1 Easement and Obligations. Declarant hereby reserves an easement over the portions of SWMF #1 located within the Community for the benefit of the Commercial Property for the purpose of Maintenance (to the extent not being properly Maintained by the Association, in Declarant's sole but reasonable discretion) and for the purpose of expanding or modifying in any other manner SWMF #1 as Declarant (or its successor, assignee and designee) deems necessary or desirable to develop the Commercial Property, provided that any expansion or other modification shall be performed by Declarant (or the then owner of the Commercial Property) at its sole cost and expenses and provided that such expansion or other modification is performed in a manner that still allows SWMF #1 to serve the Community.

8.1.16. Alley Easement. Unit Nos. 7 through 15 are subject to all preexisting terms, conditions, and restrictions specifically pertaining to the Alley, including the right granted to certain adjacent property owners to use said Alley. Nothing may be constructed, placed or done to the Alley that would in any way interfere with the use and enjoyment of the Alley by those granted the right to use the Alley. By way of illustration and not limitation, no structure, fence, improvement, or landscaping may exist within or upon the Alley. Notwithstanding the foregoing, this Section 8.1.16 shall not be construed to grant any rights to adjoining property owners to use the Alley beyond such rights which existed prior to the creation of the Community, nor shall it be interpreted to expand, extend, revive, modify, or alter any rights to use the Alley which may currently exist.

ARTICLE IX
RESTRICTIONS

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

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

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

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

(a) Except as otherwise approved by the Declarant during the Development Period and the Executive Board thereafter in accordance with Subsection 6.1.2 and Section 9.2 hereof, the exterior structural and aesthetic appearance and architectural style of all exposed portions of all Units, including the Dwelling itself and other structures or improvements constructed upon a Unit, shall not be altered in any way that would change the appearance of such Units as first constructed.

(b) Except as otherwise approved by the Declarant during the Development Period and the Executive Board thereafter in accordance with Subsection 6.1.2 and Section 9.2 hereof, exterior elements of Buildings such as patios, porches, decks, stoops, landings and stairs shall remain as first constructed and shall not be removed, covered, enclosed, removed or otherwise obstructed or modified in appearance.

(c) Except as otherwise approved by the Declarant during the Development Period and the Executive Board thereafter in accordance with Subsection 6.1.2 and Section 9.2 hereof, Limited Common Elements

appurtenant to Units (such as servicewalks and driveways) shall remain as first constructed and shall not be obstructed or modified in appearance.

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

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

9.1.5. Landscaping Materials; Gardens. Except as otherwise approved by the Executive Board in accordance with Subsection 6.1.2 hereof, all landscaping on a Unit and in any Limited Common Element appurtenant to a Unit shall consist of natural materials such as shrubs, trees, bushes, rocks, etc., and shall not include any artificial or man-made articles such as statues, figures, birdbaths, windmills, etc. The planting of new gardens shall be prohibited; however, Unit Owners shall be permitted to plant vegetables and flowers in existing beds, provided that such plantings are the sole responsibility of the Unit Owner to Maintain and replace. No Unit Owner or occupant shall install, Maintain or keep any landscaping of any type, including a garden, on any part of the Common Facilities, except in any existing Limited Common Facility beds appurtenant to such Unit Owner's Unit. Open spaces at driveway access points within clear sight triangles must have regular mowing and/tree/shrub trimming to maintain the required visual sight requirements as set forth and more particularly described in the Subdivision and Land Development Plan.

9.1.6. Fences. Declarant, a Builder, or their respective contractors or designees shall be permitted to install temporary construction fencing upon a Unit and otherwise within the Community as may be necessary to ensure safe and orderly construction activities, and permanent fencing as may be required for the safe development of the Community, as required by the Subdivision and Land Development Plan, or as Declarant may deem desirable, including without limitation Party Wall fences that separate one Unit from another. Temporary construction fencing shall be removed as soon as is reasonably practicable. No Unit Owner or occupant shall alter or remove any permanent fencing installed anywhere within the Community (including upon a Unit) by Declarant or a Builder as part of the development of the Community, including without limitation, any fencing around Stormwater Management Facilities.

9.1.7. Animals. No animals other than customary household pets shall be housed, maintained or otherwise permitted on any Unit, and no animals shall be

housed or maintained on any Common Facility. All permitted pets shall be regularly housed inside a Dwelling. No exterior housing of pets shall be permitted on any Unit or on the Common Facilities (including Limited Common Facilities) at any time. Doghouses, kennels and runs shall be prohibited. A pet owner shall immediately clean up, remove and discard in a proper receptacle all solid animal excrement produced by his pet and shall otherwise obey all pet Rules and Regulations promulgated by the Executive Board from time to time. A pet owner shall be fully responsible for all personal injuries and/or damage caused by his pet. No animals shall be kept, bred or maintained on any Unit for commercial purposes.

9.1.8. Swimming Pools and Hot Tubs. In-ground swimming pools and hot tubs shall be permitted if located in the rear yard of a Dwelling, provided they are screened from the Roadway and other neighboring Dwellings, and installed in accordance with all applicable laws and Municipal ordinances. Except for "kiddie pools," provided they are located in the rear yard of a Dwelling, above-ground or temporary swimming pools are not permitted on any part of the Community.

9.1.9. Satellite Dishes; Antennas.

(a) As directed by Congress in Section 207 of the Telecommunications Act of 1996, the Federal Communications Commission (the "FCC") adopted the Over-the-Air Receptions Devices ("OTARDS") rule (the "FCC Rule") concerning governmental and nongovernmental restrictions on viewers' ability to receive video programming signals from direct broadcast satellites, broadband radio service providers (formerly multichannel multipoint distribution service), and television broadcast stations. Subject to Subsections 9.1.9 (b), (c) and (d) below, certain OTARDS shall be permitted to be installed within certain portions of the Community as set forth in the Rules and Regulations, which are intended to comply with the FCC Rule.

(b) Notwithstanding Subsection 9.1.9 (a) above and in lieu thereof to the extent permitted by the FCC, the Executive Board shall have the right to install one or more OTARDS on or within any Common Facility portion of the Community as it deems appropriate, for the purpose of making the benefit of such facilities available to Unit Owners in the Community. Any such facilities installed to benefit Unit Owners shall be a Common Element, and the costs and expenses of installation, and Maintenance shall be a Common Expense, allocated in accordance with the provisions of Section 11.3 hereof.

(c) This Subsection 9.1.9 shall apply in all respects to all OTARDS installed by tenants or other non-owner occupants of a Unit.

(d) In the event that any of the provisions of this Subsection 9.1.9 contradict any rules, rulings or determinations of the Federal Communications Commission or any other agency having jurisdiction as are then in effect, the then-current rules, rulings, or determinations of the FCC or such other agency having jurisdiction shall prevail. It is the intent of this Subsection 9.1.9 that it shall comply in all respects with applicable governmental statutes, regulations, rules, rulings and/or determinations, and the Association, through

the Executive Board, shall have the right to amend the OTARD Rules and Regulations from time to time as necessary to effect this intent.

9.1.10. Use of Streets. The streets within the Community shall be used only for vehicular transportation and pedestrian travel of the Unit Owners, occupants and invitees. Streets shall not be used as playgrounds, or for skateboarding, basketball, street hockey or any other athletic or recreational purposes, and such use is prohibited. Any person who uses the streets in violation of this prohibition does so at his own risk and indemnifies the Declarant and Association from and against all costs, expenses, injuries, claims and damages whatsoever arising out of such prohibited use. Pursuant to the Subdivision and Land Development Plan, no object (other than utility poles and required traffic signage) which obscures the vision of motorists above a height of thirty inches (30") and below ten feet (10') measured from the centerline of intersecting streets and/or driveways shall be permitted within any clear sight triangle.

9.1.11. Use of Common Facilities. There shall be no obstruction of the Common Facilities (including the Limited Common Facilities). Nothing may be constructed, placed or stored on the Common Facilities without the prior consent of the Executive Board. Nothing may be done on the Common Facilities that would in any way interfere with the use and enjoyment of any other Unit Owner or occupant within the Community. The Common Facilities may contain certain landscaped storm and rainwater drainage, retention and infiltration facilities as depicted on the Subdivision and Land Development Plan and/or the PCSM Plan. Unit Owners and the Association shall not disturb or alter the facilities or the plants or landscape materials used in the facilities or otherwise damage or interfere with the functioning of the facilities or any vegetated buffer zones around them. The Executive Board may impose additional restrictions on the use of the Common Facilities as it deems necessary or advisable.

9.1.12. Drainage. Each Unit Owner and occupant hereby covenants and agrees for himself, his heirs, assigns, contractors and successors in interest that he will not interfere with, or suffer or permit the interference with, the established drainage pattern over his Unit or the Common Facilities from adjoining or other Units or portions of the Common Facilities. A Unit Owner shall make adequate provision for proper drainage from any other Unit or Common Facilities in the event that the established drainage over his Unit is changed or altered by his use of, occupation of, Maintenance of, addition to, alteration of, or improvements to, his Unit. For the purpose hereof, "established drainage" is defined as the drainage that will occur at the time the overall grading and landscaping of the Units and Common Elements (including Limited Common Elements) is completed, including, but not limited to within any drainage easement areas, drainage easement areas, wetlands easement areas and/or riparian buffer easement areas, whether part of the Common Facilities, or designated as Controlled Facilities or Limited Controlled Facilities in accordance with the provisions of this Declaration.

9.1.13. Signs. No sign, advertising poster or billboard of any kind shall be displayed to the public view in or on any Unit without the prior written consent of the Executive Board, except for directional signs established by the Declarant or its designee, or signs used by the Declarant or a Builder to advertise Units for sale or rent. The Unit Owner of a particular Unit shall be permitted to place a sign upon the Unit for the purpose of

advertising the Unit for sale or rent, subject to the provisions governing signs contained in the Rules and Regulations.

9.1.14. Outbuildings; Temporary Structures. No detached outbuildings shall be permitted upon a Unit (or on any Limited Common Facilities appurtenant to a Unit). No structure of a temporary character, trailer, tent, shack, garage, barn or other detached out-building of any type shall be constructed or used on any Unit (or on any Limited Common Facilities appurtenant to a Unit) at any time, either temporarily or permanently, without the prior consent of the Executive Board. Notwithstanding the provisions of this Subsection 9.1.14, the Declarant or a Builder may construct on any Unit it owns temporary buildings and structures and may park any vehicles used in connection with the construction of improvements on any portion of the Community.

9.1.15. Storage Tanks. No above-ground or underground tanks for storage of petroleum products, propane or any other substance except small containers approved for and designed for gasoline storage, small propane tanks (less than ten (10) gallons) for use with outdoor gas grills, and propane tanks for home heating and other purposes shall be permitted on any Unit (or on any Limited Common Facilities appurtenant to a Unit) without the prior written consent of the Executive Board.

9.1.16. Limitations on Application of Restrictions. The restrictions set forth in this Section 9.1 shall not apply to the Declarant, or the Declarant's agents or employees, or to a Builder during the course of construction of improvements upon any portion of the Community to the extent that the restrictions would interfere with such construction.

9.1.17. Laws and Ordinances. Each Unit Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of federal, state and/or municipal governments or authorities applicable to the use, occupancy, construction, improvement, and Maintenance of any Unit, including any improvements or facilities erected thereupon. Without limiting the generality of the foregoing, all improvements constructed within or upon a Unit by a Unit Owner shall meet all applicable local, county or other building codes and municipal requirements including, but not limited to zoning requirements. The obligation to comply with all governmental requirements shall rest with the Unit Owner and not the Executive Board or the Association. The Executive Board's approval of a Unit Owner's proposed improvements shall not relieve the Unit Owner of his obligation to design and construct the proposed improvements in accordance with the requirements of the Community Documents, nor shall such approval constitute nor be construed as certification by the Executive Board that the proposed improvements meet or otherwise comply with architectural, engineering, or construction industry standards, or applicable building codes, laws, ordinances, rules, or regulations of any governmental authority or any other applicable agency. Neither the Declarant, the Executive Board nor the Association shall be liable for any defects in any plans or specifications submitted, revised or approved in accordance with the Community Documents, or any defects in construction undertaken in accordance with such plans and specifications, and the Unit Owner undertaking the construction, reconstruction, renovation or installation of any improvements within the Community shall indemnify and hold harmless all of the foregoing from and against all costs, expenses, damages and claims whatsoever arising out of such Unit Owner's improvement activities in the Community.

9.1.18. Rules and Regulations. Reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning (i) the use and enjoyment of the Community, or (ii) the Maintenance, improvement, regulation, use and/or control of any Common Facilities or Controlled Facilities (including any Limited Common Element) may be promulgated from time to time by the Executive Board, subject to the right of the Association to Notice and Comment on such Rules and Regulations. Copies of the Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Executive Board promptly after the adoption of such Rules and Regulations or any amendments thereto. The Association shall have the right and authority to enforce all Rules and Regulations in accordance with the Community Documents. Notwithstanding anything to the contrary contained in the Community Documents, none of the Declarant, Association, Executive Board, officers or employees of the Association, or any community manager, shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Unit Owner, occupant, guest, invitee or visitor to the Community, or in connection with any of their use or enjoyment of any of portion of the Community. Each such Unit Owner, occupant, guest, invitee or visitor assumes all risks associated with the use and enjoyment of all or any portion of the Community.

Section 9.2. Waiver Requests. A Unit Owner may submit a written request to the Executive Board for approval to do anything that is forbidden under Section 9.1. The Executive Board shall answer any written waiver request, after Notice and Hearing, within sixty (60) days after receipt of the request. Failure to do so within such time shall not constitute approval of the Executive Board of the proposed action. The Executive Board shall review waiver requests in accordance with the provisions of the Community Documents.

Section 9.3. Alterations and Improvements. Subject to the limitations of Subsection 9.1.16 above, any applications to any municipal or other governmental department or to any governmental authority for a permit or approval to make any addition, alteration or improvement by a Unit Owner in or to any portion of the Community shall first be submitted to the Executive Board for approval. Upon receipt of approval by the Executive Board, any such application shall be the responsibility of and executed by the Unit Owner. The approval of the Executive Board, or the making or execution of such application will not, under any circumstances, create any liability on the part of the Association or any of its members (other than the Unit Owner making the application) to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. All costs and expenses incurred for such applications, permits, approvals, additions, alterations or improvements by a Unit Owner shall be the responsibility of such Unit Owner.

ARTICLE X

LEASING

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

10.1.1. All leases, rental agreements and other occupancy agreements ("Lease Agreements") shall be in writing;

10.1.2. No Lease Agreement for a Unit shall be for an initial term of less than six (6) months;

10.1.3. All Lease Agreements shall state that they are subject to the requirements of the Community Documents and the Association;

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

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

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

10.1.7. A Unit Owner shall provide the Executive Board with the name(s) of the Tenant(s), the address of the leased Unit, the number of Tenants of the Unit, such other information in connection with the Lease Agreement as may reasonably be required by the Executive Board, and a copy of the receipt referred to in Section 10.1.4 within ten (10) days after execution of the Lease Agreement; and

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

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

ARTICLE XI

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

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

11.1.1. Expenses of administration of the Association;

11.1.2. Expenses of Maintenance of the Common Elements and any other portions of a Unit for which the Association is responsible, subject to the provisions of Section 11.2 hereof;

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

11.1.4. Expenses agreed upon as Common Expenses by the Executive Board; and

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

Section 11.2. Apportionment of Common Expenses; Interest.

11.2.1. Subject to the provisions of Subsection 11.2.2 hereof, Common Expenses shall be assessed against all Units in accordance with their Allocated Interests determined as set forth in Article II hereof in the case of General Common Expenses, and in accordance with Section 11.3 hereof in the case of Limited Common Expenses. In the event that the Community is merged or consolidated with one or more additional communities, as described in Section 19.3 hereof, the Allocated Interests shall be modified as described in Subsection 19.3.2 hereof. As set forth in Section 5314(b) of the Act, any past due assessment or installment thereof shall bear interest at the rate established by the Association, provided that such rate shall not exceed fifteen percent (15%) per year.

11.2.2. As permitted pursuant to Section 5314(b) and (c) of the Act and Subsection 11.3.2 hereof, until an Unimproved Unit becomes a Dwelling Unit, the Unit Owner of such Unimproved Unit shall be entitled to pay a reduced assessment for Common Expenses, as determined by the Executive Board, whose determination shall be final. That reduced assessment shall be an amount equal to the projected Common Expense assessment for such Unit, less those items not then benefiting the Unit. Under no circumstances shall an Unimproved Unit be required to pay any assessments for reserves. Notwithstanding anything herein to the contrary, upon an Unimproved Unit becoming a Dwelling Unit, the foregoing reduced assessment provision shall no longer be applicable even if all improvements on a Unit are thereafter demolished or removed for any reason.

11.2.3. The costs and expenses for Maintenance of the SWMF #1 shall be allocated between the Community and the Commercial Property, such that the Community will pay seventy-eight percent (78%) of such costs and expenses and the Commercial Property shall pay twenty-two percent (22%) of such costs and expenses (the "Contribution"). The Association agrees to provide the then owner or owners of any portion of the Commercial Property with a copy of the annual budget at the same time it provides such budget to the Unit Owners of the Community. The Association shall also periodically provide written invoices to the owner or owners of any portion of Commercial Property for its Contribution, provided that such invoices shall include reasonably detailed supporting documentation evidencing the total costs actually incurred for the Maintenance for which payment is being sought and provided that the written invoices are not for costs incurred more than twelve (12) full calendar months prior to the date such invoice is being tendered for payment. Invoices may not be given more frequently than monthly or less frequently than annually. Each Invoice tendered in accordance with the prior sentence shall be paid to the Association within thirty (30) days after receipt thereof.

11.2.4. Upon the Completion and conveyance or leasing to the Association of a Common Facility pursuant to Article IV or a Controlled Facility pursuant to Article V, as applicable, all costs and expenses associated with the Maintenance of the applicable Common Facility or Controlled Facility shall become Common Expenses assessed against all Units in the Community in accordance with their Allocated Interests determined pursuant to the provisions of Article II and Section 11.2 hereof. The Association shall be responsible for the assessment and collection of such Common Expenses from Units as well as responsible for the timely payment of any invoices from vendors originating from the ordinary use and Maintenance of any applicable Common Facility or Controlled Facility. By way of illustration and not limitation, the Association's responsibilities include collecting assessments for and direct payment of any electricity invoice associated with the street lights located within the Community. No Unit Owner may exempt himself from liability for payment of such Common Expenses by waiver of the use or enjoyment of the Common Facilities or Controlled Facility.

Section 11.3. Special Allocations of Expenses (Limited Common Expenses).

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

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

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

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

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

11.3.6. Fees, including attorneys' fees, charges, late charges, recording fees, fines and interest charged against a Unit Owner pursuant to the Community Documents and the Act, and reasonable costs and expenses of the Association, including legal fees, incurred in connection with collection of any sums due to the Association by a Unit Owner or enforcement of the provisions of the Community Documents against the Unit Owner are enforceable as assessments under Section 5315 of the Act and may be charged to such Unit Owner as Limited Common Expense assessments.

Section 11.4. Lien.

11.4.1. The Association has a statutory lien on a Unit for (a) any assessment levied against that Unit, and (b) late fees or fines imposed against the Unit Owner, each from the time the assessment, late fee or fine becomes due. Fees, including attorneys' fees, charges, late charges, recording fees, fines and interest and reasonable costs and expenses of the Association, including legal fees, incurred in connection with collection of any sums due to the Association by the Unit Owner or enforcement of the provisions of the Community Documents against the Unit Owner and charged pursuant to the Act and the Community Documents are enforceable as assessments under this Article XI. 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.

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

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

11.4.4. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the assessments become payable; provided, that if an Owner of a Unit subject to a lien under this Section 11.4 files a petition for relief under the United States Bankruptcy Code, the period of time for instituting proceedings to enforce the Association's lien shall be tolled until thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

11.4.5. Nothing in this Section 11.4 shall be construed to (a) prohibit actions to recover sums for which Subsection 11.4.1 and/or Section 5315 of the Act create a lien or (b) prohibit the Association from taking a deed in lieu of foreclosure.

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

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

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

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

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

Section 11.5. Budget Adoption. After assessments have been initiated by the Association, the Association shall adopt a budget at least annually, as required by Section 5314 of the Act. Budgets of the Association shall segregate Limited Common Expenses from General Common Expenses if and to the extent appropriate, may include reserves for repair and replacement of capital improvements, and shall provide sufficient funding for the normal operating expenses of the Association. Immediately after adoption of any proposed budget or approval of any capital expenditure for the Community, the Executive Board shall provide a copy or summary of the budget and a notice describing any capital expenditure approved by the Executive Board to all Unit Owners. Unless a majority of all Unit Owners vote to reject the budget or any capital expenditure approved by the Executive Board within thirty (30) days after such approval, the budget or capital expenditure is ratified. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as a subsequent budget is adopted by the Executive Board, and such subsequent budget is not rejected in accordance with this Section 11.5 and Section 5303(b) of the Act.

Section 11.6. Adoption of Non-Budgeted Common Expense Assessments. If the Executive Board votes to levy a Common Expense assessment not included in the current budget, other than an assessment enumerated in Section 11.3 of this Declaration, the Executive Board shall immediately submit a copy or summary of such Common Expenses to the Unit Owners and such Common Expenses shall be subject to rejection in the same manner as a budget under Section 11.5 hereof. Notwithstanding the foregoing, the Unit Owners shall not have the power to reject the imposition of Common Expense

assessments due to the actual cost of a budgeted item being in excess of the amount originally budgeted.

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

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

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

Section 11.10. Commencement of Common Expense Assessments. Until the Association makes a Common Expense assessment, Declarant shall pay all expenses of the Community. After any assessment has been made by the Association, assessments shall be made at least annually, based on a budget adopted at least annually by the Association.

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

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

Section 11.13. Working Capital Fund Assessment. Commencing upon the First Settlement and thereafter at the closing with each Initial Unit Purchaser, the Association shall collect from each such Initial Unit Purchaser a Working Capital Fund Assessment in the amount of _____ Dollars (\$_____), subject to adjustment of the amount from time to time by the Declarant, which amount may be used by the Association for any proper Association purposes, including for the general Maintenance of the Community. The Declarant shall not use the Working Capital Fund Assessment to defray any expenses with respect to the initial construction of the Common Elements or development of the Community for which the Declarant is obligated; however, the Working Capital Fund Assessment may be used by the Association to offset any deficits in its

budget. No amount paid as a Working Capital Fund Assessment shall be considered an advance payment of regular Common Expense assessments. No Unit Owner is entitled to a refund of these monies from the Association upon the subsequent conveyance of his Unit or otherwise.

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

Section 11.15. Association Records. During the period of Declarant control of the Association, the Association shall keep detailed financial records, including, without limitation, a record of expenses paid by the Declarant until the commencement of Common Expense assessments by the Association under Section 5314(a) of the Act, and, upon commencement of Common Expense assessments, a record for each Unit in the Community, including those owned by the Declarant or a Builder, of its Common Expense assessments and the payments thereof. The Association shall keep financial records sufficiently detailed to enable the Association to comply with Section 11.7 of this Declaration and Section 5407 of the Act (regarding resale of a Unit). All Association financial records and other Association records that do not contain confidential information pertaining to Unit Owners (such as social security numbers or personal financial information, etc.) shall be made reasonably available for examination by any Unit Owner and his authorized agents.

Section 11.16. Annual Financial Statements. In accordance with Sections 5316(b) and (c) of the Act, within 180 days after the close of its fiscal year, the Association shall prepare, or have prepared, annual financial statements consisting of at least a balance sheet and a statement of revenues and expenses for the Association. The cost of preparing the financial statements shall be a Common Expense. Each Unit Owner shall be entitled to receive from the Association, within thirty (30) days after submitting a written request therefor, a copy of the annual financial statements and, if such financial statements are audited, reviewed or compiled by an independent certified public accountant or independent public accountant, a copy of the independent accountant's report on the financial statements. The Association may charge a fee not to exceed the cost of producing copies of records other than the financial statement. If the Association fails to provide a copy of the annual financial statements and, if applicable, the report of an independent accountant, if any, to the requesting Unit Owner within the period of time set forth herein, or if the financial records of the Association which substantiate the Association's financial statements are not made reasonably available by the Association for examination by any Unit Owner and authorized agents, the Unit Owner may file a complaint with the Bureau of Consumer Protection in the Office of the Pennsylvania Attorney General.

Section 11.17. Capital Improvement Fee. Upon the resale of a Unit, the Association may impose a Capital Improvement Fee, but no other fees, in accordance with

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

ARTICLE XII

DECLARANT CONTROL OF THE ASSOCIATION AND SPECIAL DECLARANT RIGHTS

Section 12.1. Control of the Association.

12.1.1. The Executive Board initially shall consist of three (3) members. The Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board until the earliest of:

(a) seven (7) years after the date of the first conveyance of a Unit to a person other than the Declarant,

(b) sixty (60) days after seventy-five percent (75%) of the Units that may be created have been conveyed to Unit Owners other than the Declarant,

(c) two (2) years after the Declarant or any successor declarant has ceased to offer Units for sale in the ordinary course of business,

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

(e) such longer period as may hereafter be permitted by the Act, any other applicable statutes or any amendments thereto.

12.1.2. Upon the expiration of the period of Declarant control of the Association described in Subsection 12.1.1 above, all members of the Executive Board shall resign, and the Unit Owners (including the Declarant to the extent of Units owned by the Declarant) shall elect a new three (3) member Executive Board.

12.1.3. Notwithstanding the terms of Subsections 12.1.1 and 12.1.2 above, no later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be created in the Community to Unit Owners other than the Declarant, one (1) of the three (3) members of the Executive Board appointed by Declarant shall resign, and a replacement member shall be elected by Unit Owners other than the Declarant.

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

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

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

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

ARTICLE XIII

LIMITATION OF LIABILITY

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

13.1.1. the Executive Board; or

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

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

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

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

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

13.2.4. Expenses Advanced. The Association shall advance expenses incurred by an Executive Board member or officer of the Association who is entitled to be indemnified pursuant to the provisions of this Section 13.2 in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Association.

13.2.5. Indemnification of Other Persons. The Association may, at the discretion of, and to the extent and for such persons as determined by the Executive Board of the Association, (a) indemnify any person who neither is nor was an Executive Board member or officer of the Association but who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (and whether brought by or in the right of the Association), by reason of the fact that the person is or was a representative of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with such threatened, pending or completed action, suit or proceeding, and (b) pay such expenses in advance of the final disposition of such action, suit or proceeding, upon receipt of an

undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Association.

ARTICLE XIV

INSURANCE

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

14.1.1. Property Insurance. The Association shall obtain and maintain, to the extent reasonably available, property insurance on the Common Facilities and Controlled Facilities to the extent that the Controlled Facilities can be insured separately from the Unit or such other property of which they are a part, insuring against all common risks of direct physical loss, in an amount equal to one hundred percent (100%) of the replacement cost of such facilities 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.

14.1.2. Liability Insurance. The Association shall obtain and maintain comprehensive general liability insurance that complies with the requirements of Section 5312(a)(2) of the Act, including medical payments insurance, in an amount reasonably determined by the Executive Board but in no event less than One Million Dollars (\$1,000,000.00), covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or Maintenance of the Common Elements. The policy may name any managing agent as an additional insured.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 14.9. Premiums and Deductibles.

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

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

ARTICLE XV

DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 15.1. Unit Owner's Duty to Restore.

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

15.1.2. Subject to the provisions of Section 5312(h)(2) of the Act, "material damage" to any portion of the Community for which insurance is required to be maintained by a Unit Owner of a Unit with a Party Wall or Party Walls under Section 5312 of the Act or this Declaration, or for which insurance carried by the Unit Owner is in effect, whichever is more extensive, shall be repaired or replaced promptly by the Association. The Association shall be responsible for adjustment of any such loss with the Unit Owner's insurance company, and for the rebuilding of the Dwelling, the Unit, any other Dwellings and/or Units affected by such loss, and the Building of which the Dwelling is a part. The cost of repair or replacement of any portion of the Unit not covered by insurance due to the application of a deductible, or otherwise in excess of insurance proceeds, is the Unit Owner's expense, and the Association shall have the right to assess such expense against the Unit Owner in accordance with Section 11.3 above. For the purposes of this Subsection 15.1.2, "material damage" shall mean damage to the Unit or the Building of which the Unit is a part, that, in the reasonable judgment of the Declarant during the Development Period and the Executive Board thereafter, adversely affects the structural, mechanical and/or aesthetic integrity of the Unit or the Building of which the Unit is a part, including, without limitation, any Party Wall, the foundation, roof, siding or other exterior surface material, or any portion of the electrical, mechanical, plumbing, ventilation or other systems that serve the Unit, the Building, or in any way affect any other Unit Owner's Unit. It is the intent of this Subsection 15.1.2 that responsibility for adjustment of the loss and repairing or rebuilding of the Unit and/or Building shall hereby be assigned to the Association in order to ensure that all portions of the Building affected by such material damage to a Unit or Units will be rebuilt to the same quality and standards of construction, expeditiously, efficiently, and in accordance with the architectural scheme established by the Declarant upon the initial construction of the Unit and/or Building. Although responsibility for repairing and/or rebuilding material damage is assigned to the Association, the cost of such repairing or rebuilding shall be paid from the proceeds of the Unit Owner's property insurance, and such proceeds shall be paid by the insurance company directly to the insurance trustee designated in the policy for that purpose, if any, or, in the absence of such designation, to the Association, in either case to be held in trust for the Unit Owner and such Unit Owner's mortgagee, as their interests may appear. Unit Owners and lien holders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Unit has been completely repaired or restored, or the Community is terminated.

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

15.2.1. Cost. With respect to losses for which insurance is required to be maintained by the Association by Section 5312 of the Act or this Declaration, except for the costs of repair or replacement which are not covered due to deductibles, the cost of repair or replacement in excess of insurance proceeds and reserves which have not been identified by the Executive Board to fund costs of capital expenditures budgeted for the current fiscal year of the Association shall be a Common Expense. If any insurance policy maintained by the Association contains a deductible, then that portion of any loss or claim which is not covered by insurance due to the application of a deductible, as well as any claim or loss for which the Association is self-insured, shall be a Common Expense levied by the Executive Board in accordance with the provisions of Section 5314(c) of the Act.

15.2.2. Plans. The Community must be repaired and restored substantially in accordance with either the original plans and specifications or other plans and specifications which are compatible with the remainder of the Community and which have been approved by the Executive Board.

15.2.3. Replacement of Common Elements. 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 Community.

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

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

(a) Whether or not any portion of the damaged or destroyed Community is to be repaired or restored;

(b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

15.2.6. Certificates by Attorneys. If payments are to be made to Unit Owners, the Executive Board, and the trustee, if any, shall obtain and may rely upon an attorney's certificate of title or a title insurance certificate, based on a search of the land

records of the county in which the Community is located, from the date of the recording of the original Declaration stating the names of the Unit Owners and the holders of any mortgages upon the Units.

ARTICLE XVI

AMENDMENTS TO DECLARATION

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

Section 16.2. Limitation of Challenges. No action to challenge the validity of an amendment adopted by the Association pursuant to this Article may be brought more than one (1) year after the amendment is recorded.

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

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

Section 16.5. Special Declarant Rights; Other Declarant Rights. Provisions in this Declaration creating or modifying Special Declarant Rights or other rights or obligations of Declarant may not be amended without the written consent and joinder of the Declarant.

Section 16.6. Corrective Amendments. If any amendment is necessary in the judgment of the Executive Board (i) 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, (ii) if such amendment is necessary to conform to the requirements of the Federal Housing Administration, Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or other agency or entity with national or regional standards for mortgage loans with respect to planned community projects, (iii) to comply with any statute, regulation, code or ordinance which may now or hereafter be made applicable to the Community or Association, including without limitation with respect to any stormwater management obligations under the PCSM Documents or otherwise, or (iv) to make a reasonable accommodation or permit a reasonable modification in favor of handicapped, as may be

defined by prevailing federal or state laws or regulations applicable to the Association, Unit Owners, occupants, tenants or employees, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any Security Interest in all or any part of the Community, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this Section 16.6 and Section 5219(f) of the Act.

ARTICLE XVII

AMENDMENTS TO BYLAWS

Section 17.1. Amendments to Bylaws. The Bylaws may be amended only by an affirmative vote of two-thirds (2/3) of the members of the Executive Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purpose. Corrective amendments to the Bylaws may be effected in the same manner as amendments to the Declaration described in Section 16.6 hereof.

ARTICLE XVIII

RIGHTS TO NOTICE AND COMMENT; NOTICE AND HEARING

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

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

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

ARTICLE XIX

POWERS OF THE ASSOCIATION

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

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

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

Section 19.3. Merger or Consolidation. Following the expiration or termination of the Special Declarant Rights described in Subsection 19.3.1 below, the Association shall have the power to merge or consolidate the Community with one or more other planned communities into a single planned community provided that such merger or consolidation is made in accordance with the provisions of Section 5223 of the Act.

19.3.1. Reservation. The Declarant hereby explicitly reserves the Special Declarant Right, under Section 5205(14) of the Act, to cause the Community to be

merged or consolidated with one or more other planned communities under Section 5223 thereof, without the consent of any Unit Owner or holder or insurer of any Security Interest in any Unit. This right shall continue until the expiration of the Development Period, unless terminated prior to such date upon the recording of an amendment to this Declaration by the Declarant confirming such termination. The Declarant expressly reserves the right to make such merger(s) or such consolidation(s) at any time, at different times, in any order, without limitation.

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

Section 19.4. Conveyance or Encumbrance of the Common Facilities. If Unit Owners entitled to cast at least eighty percent (80%) of the votes in the Association, at least eighty percent (80%) of which affirmative votes are allocated to Units not owned by the Declarant, agree, any one or more portions of the Common Facilities may be conveyed or subjected to a Security Interest by the Association. Any conveyance or encumbrance of the Common Facilities by the Association shall be effected in strict accordance with Section 5318 of the Act.

Section 19.5. Judgments Against the Association. Any creditor of the Association pursuant to a Security Interest obtained under Section 19.4 hereof shall exercise its rights against the Common Facilities before its judgment lien on any Unit may be enforced. Otherwise, as a general rule, any judgment for money against the Association, upon perfection as a lien on real property, shall not be a lien on the Common Facilities, but shall constitute a lien against all of the Units in the Community at the time the judgment was entered. No other property of a Unit Owner is subject to the claims of

creditors of the Association. Any Unit Owner may have his Unit released from the lien of the judgment upon payment of that portion of the lien attributable to his Unit in accordance with Section 5319(c) of the Act. After payment, the Association may not assess or have a lien against that Unit Owner's Unit for any portion of the Common Expense incurred in connection with that lien. A judgment indexed against the Association must be indexed against the Community and the Association, and when so indexed, shall constitute notice of the lien against the Units.

ARTICLE XX

CONVERTIBLE REAL ESTATE

Section 20.1. Reservation. The Declarant hereby explicitly reserves an option, until the expiration of the Development Period or such longer period of time as may be permitted by law from time to time, to convert all or any portion of the Convertible Real Estate to Units, Limited Common Elements or any combination thereof from time to time in compliance with Section 5211 of the Act, without the consent of any Unit Owner, the holder or insurer of any Security Interest in any Unit or any other party whatsoever. This option to convert may be terminated prior to such date only upon the recording of an amendment to this Declaration by the Declarant confirming such termination. The Declarant expressly reserves the right to convert any or all portions of the Convertible Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other real estate be converted, added or withdrawn. There are no other limitations on this option to convert Convertible Real Estate.

Section 20.2. Assurances. If the Convertible Real Estate is converted, the Units created shall be located approximately as shown on the Subdivision and Land Development Plan, as the same may be amended or modified from time to time in accordance with all municipal and other governmental requirements. Notwithstanding the foregoing, no assurances are made regarding the actual Unit type, configuration, the description or location of any Dwellings, other Buildings or structures, or other improvements, Common Elements or Limited Common Elements that may be created on the Convertible Real Estate. At such time as all of the Convertible Real Estate is completely converted, the maximum number of Units in the Community as an aggregate will be no more than the maximum number of Units permitted by applicable governmental requirements, subject nevertheless to amendment or modification of the Subdivision and Land Development Plan, or two-hundred (200) Units, whichever is less. No assurances are given that any Units created by the conversion of Convertible Real Estate or improvements constructed thereon will be compatible in quality of construction, materials or architectural style with the Units and improvements on other portions of the Community. All restrictions in this Declaration affecting use, occupancy and alienation of Units shall apply to Units created by the conversion of Convertible Real Estate. No assurances are made as to any other improvements and Limited Common Elements to be made or created in the Convertible Real Estate, nor to the proportion of Limited Common Elements to Units therein. The Allocated Interest appurtenant to each Unit created by the conversion of the Convertible Real Estate and the other existing Units shall be recalculated as required by Section 2.1 hereof.

ARTICLE XXI

WITHDRAWABLE REAL ESTATE

Section 21.1. Reservation to Withdraw. The Declarant hereby explicitly reserves an option, until the expiration of the Development Period or such longer period of time as may be permitted by law from time to time, to withdraw all or any portion of the Withdrawable Real Estate in compliance with Section 5212 of the Act, without the consent of any Unit Owner, the holder or insurer of any Security Interest in any Unit, or any other party whatsoever. This option to withdraw may be terminated prior to such date only upon the recording of an amendment to this Declaration by the Declarant confirming such termination. The Declarant expressly reserves the right to withdraw any or all portions of the Withdrawable Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other real estate be converted, added or withdrawn. There are no other limitations on this option to withdraw Withdrawable Real Estate. The Allocated Interest appurtenant to each Unit in the Community as of the date this Declaration or any amendments thereto are recorded will be unaffected by the withdrawal of all or any part of the Withdrawable Real Estate unless Units were created within the Withdrawable Real Estate prior to withdrawal, in which case, the Allocated Interests and votes in the Association of the withdrawn Units shall be reallocated to the remaining Units in the Community in proportion to the respective interests and votes of those Units before the withdrawal. In the event that the Declarant withdraws all or any portion of the Withdrawable Real Estate, the assurances, if any, contained in this Declaration shall not apply to the Withdrawable Real Estate withdrawn from the Community.

Section 21.2. Easements Regarding Withdrawable Real Estate. If and when Withdrawable Real Estate is withdrawn from the Community in accordance with the provisions of this Declaration and such withdrawn real estate is not dedicated to and accepted by the Municipality or any other governmental authority, reciprocal easements, including, but not limited to the following, shall be created and granted in favor of and against the Unit Owners and the Association, on the one hand, and the owners and occupants of the portion of the Withdrawable Real Estate withdrawn from the Community, on the other hand, to the extent that such easements are appropriate in the sole but reasonable discretion of Declarant:

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

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

21.2.3. The right to use and gain access to existing utility facilities located on the Community, including, inter alia, the waterlines, sanitary sewer and storm sewer facilities, and to tie into said facilities, together with the right to install and Maintain

new utility facilities, provided that the exercise of such rights does not materially interfere with the existing utility facilities;

21.2.4. The right to enter upon the Community at reasonable times for the purpose of laying, constructing, Maintaining, or removing said utility facilities; and

21.2.5. Any other easement rights reasonably necessary under the circumstances.

In addition to the above, upon withdraw of any of the land constituting Common Elements of the Community that contain any Stormwater Management Facilities, Declarant shall grant the Municipality the rights set forth in Sections 7.7, 7.8, and 7.9 herein and the easement rights granted to the Municipality in Section 8.1.14 herein, subject to any deviations consented to by the Municipality at such time. The grant of said rights and easement to the Municipality shall be set forth in either the recorded amendment to the Declaration withdrawing the Common Elements containing the Stormwater Management Facilities or a separate recorded declaration.

Section 21.3. Declaration of Reciprocal Easements. Any easements being established pursuant to Section 21.2 above shall be set forth in either the amendment to this Declaration withdrawing the Withdrawable Real Estate, or in a separate Declaration of Easements executed by Declarant, which amendment or Declaration of Easements shall be recorded in the Recorder's Office. If Declarant, in its sole discretion, chooses to establish any easements set forth in Section 21.2 above, the easements shall be subject to the following conditions:

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

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

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

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

21.3.5. The party exercising any easement right shall indemnify and hold harmless all other owners within the Community and/or owners of the withdrawn Withdrawable Real Estate, as the case may be, 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 in this Section 21.3.

ARTICLE XXII

TERMINATION OF THE COMMUNITY

Section 22.1. Procedure for Termination. Except in the case of a taking of all of the Units in the Community by eminent domain, the Community may be terminated by agreement of Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated, provided that at least eighty percent (80%) of the affirmative votes are allocated to Units not owned by the Declarant. Following termination of the Community, title to the real estate within the Community, and liabilities and obligations in connection therewith shall be governed by Section 5220 of the Act. If the real estate is not to be sold as set forth in Section 5220(c) of the Act, then title to the real estate, including the Common Facilities, shall be governed by Sections 5220(d) and (f) of the Act. Notwithstanding a termination of the Community, the Municipality shall continue to have the rights and easements granted to it in Articles VII and VIII hereof.

ARTICLE XXIII

INTERPRETATION

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

ARTICLE XXIV

SEVERABILITY

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

ARTICLE XXV

EFFECTIVE DATE

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

[Signature page follows]

IN WITNESS WHEREOF, the Declarant, intending to be legally bound hereby has duly executed this Declaration, as of this _____ day of _____, 2018.

ATTEST/WITNESS:

PROPERTY INVESTING AND MANAGEMENT,
INC., a Pennsylvania corporation

By: _____
Name:
Title:

By: _____
Name:
Title:

COMMONWEALTH OF PENNSYLVANIA :
: SS:
COUNTY OF _____ :

On this, the _____ day of _____, 2018, before me, a Notary Public, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of PROPERTY INVESTING AND MANAGEMENT, INC., a Pennsylvania corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purpose therein contained.

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

Notary Public

(SEAL)

My commission expires:

EXHIBIT A

LEGAL DESCRIPTION OF THE PC REAL ESTATE

. ALL THAT CERTAIN tract of land situate east of East Fulton Street (TR 664) and southwest of East Main Street (State Route 322) in Ephrata Township, Lancaster County, Pennsylvania, as shown on a Plan titled Marscott LP Final Subdivision and Lot Add-On Plan prepared by RGS Associates, Inc., Project No, 2004769-003, dated February 1, 2005, last revision dated July 13, 2005, recorded in the office for the recording of deeds in and for Lancaster County, Pennsylvania, in Subdivision Plan Book J-225, page 26, and being more fully bounded and described as follows:

BEGINNING at a one (1") inch iron pin (found), said point being a corner of lands, now or formerly, of Garden Spot Broadcaster, Inc.; THENCE along lands, now or formerly, of Garden Spot Broadcasters, Inc., N 49° 31' 03" E, a distance of 147.67' to a 5/8" rebar (found), a corner of lands, now or formerly Ephrata Area Rescue Service, Inc.; THENCE along lands, now or formerly, of Ephrata Area Rescue Service, Inc., N 42° 15' 55" E, a distance of 407.97' to a 5/8" rebar (set), a corner of lands, now or formerly, of Smucker Associates; THENCE along lands, now or formerly, of Smucker Associates, Thomas J. and Dawn L. Rapehinski, lands, now or formerly, of Allen V. and Elizabeth Sweigart, lands now or formerly, of Rufus W. and Nora M. Nolt, respectively, S 73° 09' 52" E, a distance of 381.45' to a 1" iron pin (found), a corner of lands, now or formerly, of Thomas J. and Dawn L. Rapchinski; THENCE along lands, now or formerly, of Thomas J. and Dawn L. Rapchinski, land, now or formerly, of Leonard F. and Nancy S. Kochanowicz, lands, now or formerly, of Anna Ruth Martin, lands, now or formerly of Paul S. Schnetter, Jr., lands, now or formerly, of Sandford L. and Carol A. Martin do Marlene Martin, lands now or formerly, of Richard R. Groff, lands, now or formerly, of Jeffrey L. and Beth Ann Weaver respectively, S 72° 27' 47" E, a distance of 472.42' to a point, a corner of Lot 2; THENCE along Lot 2, S 16° 56' 48" W, a distance of 590.10' to a point along Lot 3; THENCE along Lot 3 the following three (3) courses and distances: 1) N 67° 50' 38" W, a distance of 446.35' to a point, 2) N 76° 51' 01" W, a distance of 456.44' to a point, and 3) S 50° 11' 42" W, a distance of 263.05' to a 5/8" Rebar (Fd), a corner of lands, now or formerly of Ephrata Township; THENCE along the same S 50° 09' 50" W, a distance of 582.20' to a point in or near the centerline of East Fulton Street; THENCE in and along the centerline of East Fulton Street N 36° 50' 10" W, a distance of 50.07' to a point, a corner of lands, now or formerly, of New Life Fellowship of Ephrata; THENCE leaving said East Fulton Street and along lands, now or formerly, of New Life Fellowship of Ephrata N 50° 09' 49" E, a distance of 714.42' to a point; THENCE continuing along lands, now or formerly, of New Life Fellowship of Ephrata N 12° 21' 08" W, a distance of 195.51' to a 1" iron pin (found), the POINT AND PLACE OF BEGINNING.

CONTAINING: 14.04 acres.

BEING THE SAME PREMISES which Gralan, Inc., a Pennsylvania corporation, by deed dated July 23, 2012 and recorded in the Recorder's Office as Instrument No. 6012997 granted and conveyed unto Declarant.

EXHIBIT A-1

VARIOUS EASEMENTS, RIGHTS, LICENSES

1. Rights granted to Lancaster, Mechanicsburg and New Holland Railway Company as set forth in the Recorder's Office in Book G-16, Page 559.
2. Rights granted to Denver and Ephrata Telephone and Telegraph Company dated June 2, 1983 and recorded in the Recorder's Office in Book Y-86, Page 559.
3. Subject to the reservation for a twelve (12) foot wide alley dated April 2, 1929, recorded in the Recorder's Office in Book O-29, Page 142.
4. Subject to terms and conditions of an Agreement dated May 9, 1958, conveying a twelve (12) foot wide open alley, recorded in the Recorder's Office in Book H-46, Page 124 and subsequent Affidavit recorded September 6, 2002 as Instrument No. 5112073.
5. Subject to the terms and conditions of an Agreement dated March 30, 2005 and recorded on March 31, 2005 in the Recorder's Office as Instrument No. 5410585.
6. Subject to all notes, easements, setbacks, and other encumbrances as shown on the Marscott, LP. Final Subdivision and Lot Add-On Plan dated February 1, 2005, last revised July 18, 2005, and recorded in the Recorder's Office in Plan Book J-207, Page 21 and Plan Book J-225, Page 26.
7. Subject to an Emergency Access Easement dated October 30, 2009 and recorded on November 11, 2009 in the Recorder's Office as Instrument No. 5824178.
8. Subject to an Access Easement dated June 8, 2016 and recorded on June 24, 2016 in the Recorder's Office as Instrument No. 6273122.
9. Subject to a permanent Grading Easement and Temporary Construction Easement dated June 8, 2016 and recorded on June 24, 2016 in the Recorder's Office as Instrument No. 6273121.
10. The PCSM Documents, including without limitation, the PCSM Plan, O&M Agreement and PCSM Instrument, all as defined in Section 1.3.2 of this Declaration.
11. The Final Subdivision and Land Development Plan as defined in Section 1.3.2 of this Declaration.

EXHIBIT B

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

Unit Number	Allocated Interest	Number of Votes
Total Units		

EXHIBIT C

PLATS AND PLANS

The Plats and Plans for Lakeside Villas, a Planned Community, consisting of _____(____) pages, dated _____, last revised _____, are being filed in the Recorder's Office, 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 REAL ESTATE AND WITHDRAWABLE REAL ESTATE

ALL THOSE CERTAIN parcels of land located in Ephrata Township, Lancaster County, Pennsylvania, more particularly described in **Exhibit A** to this Declaration, less and excepting therefrom Phase 1 of this Planned Community as identified on the Plats and Plans.