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DECLARATION OF CONDOMINIUM  
OF  
DAYLESFORD LAKE,  
A CONDOMINIUM

Duane, Morris & Heckscher  
One Franklin Plaza  
Philadelphia, PA 19102  
(215) 854-6300

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DECLARATION OF CONDOMINIUM

THIS DECLARATION made this 23<sup>rd</sup> day of June, 1989, by Daylesford Development Corp., a Delaware corporation, for itself, its successors, grantees and assigns other than ultimate unit purchasers (herein called the "Declarant") being the owner of the real estate herein described.

Article I Submission of Property

SECTION 1.01 Submission to Condominium Ownership. Declarant hereby submits the lands hereinafter described in Section 2.01, the buildings and improvements to be constructed thereon, and all easements, rights and appurtenances belonging thereto (herein called the "Property"), to the provisions of the Pennsylvania Uniform Condominium Act, Act No. 1980-82, (68 Pa. Cons. Stat. §3101 et seq.) (herein called the "Act") which Act is hereby incorporated herein by reference, and Declarant hereby creates a flexible condominium with respect to the Property.

Article II The Property

SECTION 2.01 The Property. The Property consists of all that certain real property with improvements erected thereon, located in Tredyffrin Township, Chester County, Pennsylvania and more fully described in Exhibit "A" (the legal description) and Exhibit "B" (the "Plan") (herein called the "Property") which are attached hereto, incorporated herein and made a part hereof, together with the easements, rights and appurtenances belonging thereto.

Article III The Condominium

SECTION 3.01 Name. The name by which the Property shall hereafter be identified is "Daylesford Lake, a condominium" (the "Condominium").

Article IV Definitions

SECTION 4.01 Definitions. The following terms when used herein and in the By-Laws of the Condominium (hereinafter called the "By-Laws") are intended to be defined according to the meanings ascribed to them by this Section 4.01. Any term used herein or in the By-Laws which is not defined in this Section 4.01, but is defined in the Act, shall have the meaning ascribed to it by the Act.

(a) "Assessments" shall mean those levies, assessments or sums payable by the Owners in the Condominium from time to time upon notification by the Association, as provided herein; the obligation to pay such Assessments is to be deemed to be a covenant running with the land. Each Assessment shall be separate for each Unit and payable by the Owner thereof.

(b) "Association" or "Condominium Association" shall mean an association of all Unit Owners within the Property, which

shall be the organization by and through which the affairs of the Condominium are administered by its duly elected Executive Board.

(c) "Building" means any building erected or to be erected on that real property described in Exhibit "A" containing one or more Dwelling Units whether in vertical or horizontal arrangement, as well as other improvements comprising a part of a Building or intended to be used for residential purposes.

(d) "By-Laws" means such governing regulations as are adopted pursuant to the Act and this Declaration for the regulation and management of the Property by the Executive Board, including such amendments thereof as may be adopted from time to time.

(e) "Common Elements" means all portions of the Condominium other than the Units as shown and so designated on Exhibit "B," the Plan. The Common Elements shall specifically include the following components of each Dwelling Unit: roof covering material (shingles), roof flashing; gutters, downspouts and splash blocks; chimney exteriors; exterior siding, soffits and trim; exterior wall covering (stucco and stone); and concrete slab, foundation and structural components.

(f) "Common Expenses" means all those expenses for which the Unit Owners are liable as provided herein, including, but not limited to:

(i) Expenses of administration, maintenance, repair and replacement of the Common Elements;

(ii) Expenses or liabilities agreed upon as common by the Unit Owners;

(iii) Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves; and

(iv) Expenses designated as common by provisions of the Act, or by this Declaration or by the By-Laws.

(g) "Common Receipts" means and includes the funds collected from Unit Owners as Assessments and receipts designated as common by the provisions of the Act, this Declaration or the By-Laws.

(h) "Common Surplus" means and includes the excess of all Assessments over all Common Expenses.

(i) "Community Association" shall mean the Daylesford Estate Community Association, the organization established by a Declaration of Covenants, Conditions and Restrictions applicable to forty-seven (47) single family lots adjacent to the Condominium.

(j) "Convertible Real Estate" shall have the meaning ascribed to it by the Act and for purposes of the Condominium, shall consist of the real property more particularly described in Exhibit



"A-1" attached hereto, incorporated herein and made a part hereof, as amended from time to time.

(k) "Declaration" means the instrument by which the owners of the Property submit it to the provisions of the Act and all amendments thereto.

(l) "Dwelling Unit" means a structure designed, sold and occupied exclusively as a residence and located within a Building subject to this Declaration. For the purpose of this document, each separate Dwelling Unit shall be subject to all of the rights, privileges and duties as if each were separately owned, irrespective of whether this is so in fact or not. ✓

(m) "Eligible holder, insurer or guarantor of a first mortgage" means any holder, insurer or guarantor of a first mortgage on one or more Units in the Condominium who shall have provided to the Condominium Association a statement of its name, address and the Unit(s) against which the mortgage it holds, insures or guarantees is a lien.

(n) "Executive Board" means a board of natural individuals of the number stated herein and in the By-Laws, who shall manage the business, operation and affairs of the Condominium on behalf of the Unit Owners and in compliance with and subject to the provisions of the Act. For purposes of this Declaration and the By-Laws, each individual member of the Executive Board shall be referred to as an Executive.

(o) "Limited Common Elements" means those Common Elements which are designated for the use of that Unit or Units to which such Common Elements are assigned or appurtenant and which are limited and restricted to the sole and exclusive use of the Owner of such Unit. The Limited Common Elements shall include:

(i) paved driveways and walkways leading from the driveways to the Units;

(ii) the paved areas in front of the exterior entrances of the Dwelling Units;

(iii) gas flues and the inside of any chimneys and flues serving fireplaces located within Dwelling Units;

(iv) privacy wing wall separating the deck portions of the Units; and

(v) the ground under all concrete pads, patios and foundation portion of the Units.

(p) "Limited Common Expense" means any Common Expense associated with the maintenance, repair or replacement of a Limited Common Element or expenses incurred to provide service to one Unit or several Units but not all Units. Limited Common Expenses shall be included in the budget of the Association.

(q) "Limited Expenses" means those expenses incurred by the Association in connection with maintenance, replacement, management and/or administration of portions or aspects of the Condominium, benefitting, as determined by the Executive Board, less than all of the Units, which expenses shall not be included in the budget of the Association.

(r) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Unit or Units which is or are part of the Condominium, but excluding those having such interest merely as security for the performance of an obligation.

(s) "Person" means a natural individual, corporation, partnership, association, trust or other legal entity or any combination thereof.

(t) "Plan" means a survey of the Property, and graphic diagram of the Buildings, Units and Common Elements and showing any Convertible Real Estate. The Plan is attached hereto as Exhibit "B," incorporated as if herein fully set forth and prepared in accordance with Section 3210 of the Act, as such Plan may be amended from time to time. ✓

(u) "Property" means the Real Estate, including such portions of the Buildings, all improvements thereon, all owned in fee simple and all easements, rights and appurtenances belonging thereto, which by this Declaration have been submitted to the provisions of the Act. Upon the creation of any Units or Limited Common Elements in the Convertible Real Estate, such Units and Limited Common Elements shall be a part of the Property.

(v) "Recorded" means that an instrument has been duly entered of record in the Office of the Recorder of Deeds in and for Chester County, Pennsylvania.

(w) "Unit" means a part of the Property designed or intended for any type of independent use, which has a direct exit to a public street or way, or to a Common Element or Common Elements leading to a public street or way, or to an easement or right-of-way leading to a public street or way, and includes the proportionate undivided interest in the Common Elements, which is assigned thereto in this Declaration or any amendments thereto. Where the context of the use of the term "Unit" connotes the physical dwelling in a Building, the meaning shall be that of Dwelling Unit.

(x) "Unit Designation" means the number, letter or combination thereof designating a Unit on the Plan.

(y) "Unit Owner" means the person or persons owning a Unit in fee simple.

## Article V Plan

SECTION 5.01 Plan. The Plan attached hereto as Exhibit "B" shows fully and accurately the Property, the name of the Property, the location of the Buildings erected, to be erected or as to which the Declarant reserves the right to erect or not to erect thereon, the floor plans of the Buildings (showing the location of the Units and Common Elements), the Units, the Unit designation for each Unit shown thereon, locations of the Common Elements, the location of any Convertible Real Estate and such other information as is required by the Act. ✓

## Article VI Applicability

SECTION 6.01 Applicability. This Declaration shall be applicable to the Condominium. All present and future owners and tenants, their guests, licensees, servants, agents, employees and any other person or persons who shall be permitted to use the Common Elements described in this Declaration for the Condominium, shall be subject to this Declaration, the By-Laws and to such rules and regulations as may be issued by the Executive Board of the Association from time to time to govern the conduct of its members and the use and occupancy of the Property. Ownership, rental or occupancy of any of the Units in the Condominium shall be conclusively deemed to mean that said Owner, tenant or occupant has accepted and ratified this Declaration, the By-Laws and the rules and regulations of the Association and will comply with them.

SECTION 6.02 Interpretation of Declaration and By-Laws. In the event of a conflict of interpretation between the provisions set forth in the By-Laws and this Declaration, this Declaration shall govern except to the extent this Declaration is inconsistent with the Act. In the event that the Internal Revenue Code is hereafter amended or changed, both this Declaration and the By-Laws shall be interpreted in such a manner as to conform to the provisions of the Internal Revenue Code with respect to non-profit entities, it being the intention to preserve the lawful status of the Association as a bona-fide non-profit entity.

## Article VII Units

### SECTION 7.01 Number of Units.

(a) Subject to the provisions of this Declaration relating to the creation of Units within the Convertible Real Estate, the Condominium consists of those Units designated on Exhibit "A-2" which is attached hereto, incorporated herein and made a part hereof, and shown on the Plan. In the event of any subdivision or conversion of Units pursuant to Section 7.03, the maximum number of Units shall not exceed two hundred nineteen (219).

(b) In the event of the creation of Units in the Convertible Real Estate, the maximum number of Units in the Condominium shall be two hundred nineteen (219). In the event of the subdivision or conversion, pursuant to Section 7.03 hereof, of any

Units erected in the Convertible Real Estate, the maximum number of Units shall not exceed two hundred nineteen (219).

SECTION 7.02 Description of Dwelling Units. Each Dwelling Unit is as shown on the Plan and no Unit may be partitioned or subdivided or in any manner be separated into tracts or parcels different from that shown on the Plan. Each Dwelling Unit consists of:

(a) The volume or cubicle of space enclosed by and measured:

(i) horizontally, from the center line of the party wall separating the Dwelling Unit from any adjacent Dwelling Units and from and including the unfinished drywall separating the interior of the Dwelling Unit from the exterior walls of the Building, provided that where no such drywall may exist the boundary of the Unit shall be the unfinished surface of the concrete block or other material of which a wall is constructed, and

(ii) vertically, from and including the upper surface of the concrete foundation of the lowest level of the Dwelling Unit, including all wood trusses and joists between the levels of the Dwelling Units up through and including roof wood trusses up to and including roof sheeting but excluding roof covering materials.

(b) The interior doors and stairways and the volume of space enclosed within and including the unfinished surfaces of ceilings and walls and unpainted subfloor surfaces of the stairways leading inside from the exterior entrance of the Dwelling Unit.

(c) Any garages which are wholly enclosed within the above defined space as part of the Dwelling Units;

(d) All window, skylight and sliding door glass and all window glass door frames and assemblies

(e) All balconies, patios, decks and steps to or from all decks;

(f) The entire fireplace, if free standing or non-brick and located entirely within the Dwelling Unit as to built-in brick fireplace, the interior surfaces of the bricks of the fireplaces.

(g) The heating and air conditioning system and equipment including any heat pump and/or compressor for the Dwelling Unit situated outside of the Building;

(h) The duct work and faces of the heating/air conditioning vents serving the Dwelling Unit;

(i) The exterior door(s) to the Dwelling Unit (including garage doors and sliding glass doors), doorbell and hardware, door jambs and frames, all windows (including all glass and screens) and window frames, and all balcony screening;

(j) The concrete pads upon which may be situate the equipment providing heating and/or air conditioning to the Dwelling Unit;

(k) Any pipes, ducts, wires, cables, flues, conduits or other installations for services and utilities serving only the particular Dwelling Unit (whether or not located within the Dwelling Unit as described in this Section 7.02), including, without limitation, any exterior lighting which is controlled by a particular Dwelling Unit, shall be part of that Unit, provided, however, except as specified in this Section 7.02, a Unit shall not consist of any pipes, ducts, wires, cables, conduits, or other installations of and systems for any central services and utilities serving the Property or more than one Unit; and

(l) Each Unit shall also include, to the extent any of the following are situated within the Dwelling Unit, any ovens, ranges, dishwashers, garbage disposals, washers, dryers, sinks, tubs, showers, cabinets, lavatories, water closets, spas, exhaust fans, light fixtures, skylights (whether or not such skylights are located within the Unit as described in this Section 7.02), floor coverings, fireplaces and hearths, and all heating, air conditioning and ventilation equipment; and any other appliances situated within the Dwelling Unit and serving only the same.

Article VIII The Common Elements and Limited Common Elements and Provisions Applicable Thereto

SECTION 8.01 Definition of Common Elements. The Common Elements are described in Section 4.01(f) hereof and are more particularly described in the Plan.

SECTION 8.02 Interest in Common Elements. The percentage undivided interest of each Unit in the Common Elements (the "Common Elements Interest") is set forth in Exhibit "C," which is attached hereto, incorporated herein and made a part hereof. The Common Elements Interest appurtenant to each Dwelling Unit is a percentage (rounded off to the nearest hundredth) created by multiplying by one hundred the quotient resulting from dividing one by the total number of Units in the Condominium.

SECTION 8.03 Common Elements to Remain Undivided. The Common Elements Interest of a Unit shall be inseparable from each Unit, and any conveyance, lease, devise or other disposition or mortgage or other encumbrance of any Unit shall extend to and include the Common Elements Interest, whether or not expressly referred to in the instrument effecting such transfer. The Common Elements Interests and the fee titles to the respective Units conveyed therewith, shall not be separately conveyed, transferred, alienated or encumbered and each of said common interests shall be deemed to be conveyed,

transferred, alienated or encumbered with its respective Unit notwithstanding that the description in the instrument of conveyance transfer, alienation or encumbrance may refer only to the fee title to the Unit.

SECTION 8.04 Partition or Division of Common Elements. The Common Elements shall remain undivided and no action for partition or division of any part thereof shall be permitted, unless otherwise provided by law.

SECTION 8.05 Amendment of Interest in Common Elements. Except with respect to the subdivision or conversion of Units as provided in Section 7.03 hereof the creation of Units and/or Limited Common Elements in the Convertible Real Estate as provided in Article IX hereof, or as otherwise provided in the Act, the Common Elements Interest appurtenant to each Unit shall have a permanent character, shall be inseparable from each Unit and shall not be altered or changed except by the recording of an amendment to this Declaration, with revised Plan, duly executed by all of the Unit Owners and at least two-thirds of the holders of record of any first mortgage liens thereon.

SECTION 8.06 Maintenance and Repair of Common Elements and Units. The Condominium Association shall provide for the current, regular and periodic maintenance, repair and replacement of the Common Elements (except for the Limited Common Elements to the extent the Unit Owners are obligated to maintain, repair and/or replace the same pursuant to the terms of Section 8.10 of this Declaration and except for watering lawns and plants near the Owner's Dwelling Unit) and all exterior and structural parts of the Buildings, including the roof and party walls, whether these are part of the Unit(s) or the Common Elements. The Association shall clear snow (but not ice) from all parking areas (except driveways) and private streets within the Property (to the extent not blocked by parked vehicles) but only cinders may be used for traction and in no event shall salt or any other chemical be used. The cost and expense of the foregoing shall be a Common Expense and the Executive Board shall include in the annual budget of the Condominium Association allocation of part of the Assessments to reasonable reserves to be accumulated for such periodic maintenance, repair and replacement expenses. The Condominium Association shall also provide for the periodic painting (as determined by the Executive Board) of outside surfaces of garage doors, outside surfaces of window frames, exterior front entrance doors and other exterior portions of the Building which the Executive Board determines should be painted. The cost and expense of such periodic painting may be a Limited Common Expense. The Condominium Association shall also provide for repair and replacement of decks, deck railings and the replacement of concrete patios and the costs thereof shall be charged as Limited Expenses. Except for services described in the foregoing sentence, each Unit Owner shall be responsible for all aspects of maintenance, repair and replacement for all portions of such Owner's Unit. The Association shall be responsible for pumping and cleaning all oil and grit chambers in the storm water and fall-out basins and the costs and expenses to fulfill this responsibility shall be a Common Expense.

SECTION 8.07 Use of Common Elements. Except as their use may otherwise be limited by this Declaration, the Master Declaration or the By-Laws or otherwise by the Executive Board pursuant its powers, each Unit Owner, tenant and occupant of a Unit, and the family members, guests, customers, clients, agents and employees of such Unit Owner, tenant and occupant, may use the Common Elements in common with all other Unit Owners and tenants or occupants of other Units, and their respective family members, guests, customers, clients, agents and employees, in accordance with and only as is necessary for the purposes for which they are intended without hindering or encroaching upon the lawful rights of the other Unit Owners.

SECTION 8.08 Common Expense of Common Elements. No Unit Owner may exempt himself from liability with respect to the payment of Condominium Assessments by waiver of the enjoyment of the right to use any of the Common Elements or by abandonment of his Unit or otherwise. The obligation to pay Condominium Assessments is absolute and unconditional and shall not be subject to set-offs or counterclaims.

SECTION 8.09 Alteration to Common Elements By Unit Owner. No Unit Owner may make any improvements or alterations or do any work which would impair the structural integrity or mechanical systems of any Building, lessen the support of any portion of the Condominium, or jeopardize the soundness or safety of the Property. No Unit Owner shall impair any easement or hereditament therein without the unanimous consent of the Unit Owners affected thereby. No Unit Owner shall alter any of the Common Elements, change the appearance of the Common Elements or change the exterior appearance of his Unit (including, but not limited to, the exterior surfaces of doors and garage doors) or any other portion of the Condominium or do any work to any portion of a Unit that may be located within the Common Elements without the prior written approval of the Executive Board.

SECTION 3.10 Limited Common Elements.

(a) The Limited Common Elements are described in Section 4.01 hereof and more particularly described and shown on the Plan.

(b) Except as described in Subsection 8.10(c), each Unit Owner shall have full individual responsibility for the maintenance, repair and/or replacement of the Limited Common Elements assigned to, appurtenant to, accompanying or serving his Unit which shall include keeping such Limited Common Elements clean and free of debris, ice and snow and in a safe and proper operating condition. The failure by any Unit Owner to promptly and properly carry out his maintenance, repair and replacement obligations in connection with the Limited Common Elements assigned to, appurtenant to, accompanying or serving his Unit shall entitle the Condominium Association, after notice to such Unit Owner, to perform such maintenance, repair or replacement and levy Limited Common Element Expenses for the costs and expenses incurred by the Condominium Association.

(c) The Condominium Association shall only be responsible for the repair and/or replacement of certain Limited

Common Elements and the costs therefor shall be charged as Limited Common Element Expenses. The extent of the Condominium Association's responsibility for the foregoing shall be limited to the following:

(i) Walkway from driveway to Dwelling Unit: replacement (if and when necessary); and

(ii) Driveway and parking area near Dwelling Unit: resealing and resurfacing (if and when necessary).

(d) The Condominium Association shall not be responsible for the security of or insurance for items kept by Unit Owners in or on the Limited Common Elements.

(e) Owners shall be responsible for all snow and ice removal on driveways and sidewalks adjacent to the Dwelling Unit but only cinders may be used for traction and in no event shall salt or any other chemical treatment be used.

(f) The Condominium Association shall have the right to assess Limited Common Element Expenses in equal shares against the Units to which the Limited Common Elements were assigned or appurtenant at the time the expense was incurred, provided the Condominium Association shall also have the right to assess individual Units for Limited Common Element Expenses associated with such Units. Limited Common Element Expenses associated with Limited Common Elements assigned to, shared by or appurtenant to more than one Unit shall be assessed equally to the Owners of such Units.

SECTION 8.11 Obsolescence. In the event that the Executive Board shall determine that any Common Element (other than a Building) or any real or personal property of the Condominium Association is obsolete, the Executive Board may call for a vote of the Condominium Association membership to determine whether or not the said property should be demolished and/or replaced. In the event that eighty percent (80%) of the Unit Owners and the eligible holders of first mortgage liens on at least two-thirds of the Units in the Condominium, shall determine that the said property should be demolished and/or replaced, the costs thereof shall be assessed against all of the Unit Owners according to the Unit Owners' respective Common Element Interests.

SECTION 8.12 Use of Recreational Facilities by Members of the Community Association. The Declarant has provided the residents of property subject to the Community Association with the ability to utilize the swimming pool and associated recreational facilities located within the Common Elements on a membership fee basis. The residents of property subject to the Community Association, or any other community or condominium association created by the Declarant within the Convertible Real Estate, and their guests (subject to possible additional guest charges and other limitations established by the Executive Board from time to time) may use the active recreational facilities located within the Condominium by paying to the Condominium Association an annual fee per lot owned by



the Community Association member calculated by using the following formula:

Costs and expenses associated  
with the maintenance, repair,  
replacement, insurance, operation  
and administration of the active  
recreational facilities, which x .006  
costs and expenses are set forth  
in the annual budget of the  
Condominium Association for the  
year of membership.

All use of any active recreational facilities which use is provided pursuant to this Section, shall be governed by the rules and regulations established by the Executive Board to govern the use of these facilities by the Owners and by the members of the Community Association and any other persons permitted to use these facilities at any time. This Section 8.12 shall not be amended without the prior approval of at least a majority of the members of the Community Association.

#### Article IX Convertible Real Estate

##### SECTION 9.01 Reservation of Options.

(a) Declarant explicitly reserves the option, in accordance with the provisions of the Act, until the expiration of seven (7) years from the date of recordation of this Declaration, to create Units, Limited Common Elements, or both, within the Convertible Real Estate.

(b) These options may be exercised by the Declarant without the consent of any Owner or holder of a mortgage on any Unit. These options shall not terminate prior to their expiration except by amendment to this Declaration filed of record by the Declarant. Declarant expressly reserves the right to create Units, Limited Common Elements, or both, in the Convertible Real Estate at any time, at different times, in any order, without limitation, provided however, that the number of Units created in the Condominium shall not exceed that stated in Section 7.01 above. The Declarant shall have the right to create Units, Limited Common Elements or both within the Convertible Real Estate at any time until the option herein reserved expires.

(c) Other than those set forth in Sections 9.01 and 9.02, there are no other limitations on the options to create Units, Limited Common Elements or both within the Convertible Real Estate.

##### SECTION 9.02 Assurances.

(a) The Declarant makes no assurances with respect to the exact location or dimensions of any Buildings that the Declarant

may build or Units or Limited Common Elements that the Declarant may create within the Convertible Real Estate, except that barring such amendments to the subdivision and land use approvals for the Property as may be sought and obtained by the Declarant, Buildings and Units, to the extent they are built or created shall be located in the areas shown on the Plan and, except as otherwise stated below, all Units created shall be restricted to residential and incidental uses. The Declarant makes no assurances with regard to the time at which any Units or Limited Common Elements will be created in the Convertible Real Estate, if at all. The Declarant shall not be required to create Units or Limited Common Elements within the Convertible Real Estate.

(b) The Declarant makes no assurances as to the location, size, architectural style, quality of construction or principal materials employed in the construction of any Buildings to be erected within the Convertible Real Estate. The Declarant makes no assurances as to the nature, type, size or maximum number of Limited Common Elements it may create within the Convertible Real Estate. All restrictions in this Declaration affecting use, occupancy and alienation of Units will apply to such Units as may be created within the Convertible Real Estate, except that differentiations may be made by the Declarant as to such Units to reflect and account for considerations that are particular to such Units. The Declarant reserves the right to maintain models, sales offices and/or management offices in such Units created in the Convertible Real Estate as the Declarant shall designate. The Declarant makes no assurances that the proportion of Limited Common Elements to Units created in the Convertible Real Estate will be approximately equal to the proportion existing in the other parts of the Condominium.

(c) Any assurances made by the Declarant in this Section 9.02 shall not apply to Convertible Real Estate to the extent Units or Limited Common Elements are not created in the Convertible Real Estate.

SECTION 9.03 Reallocation of Common Elements Interests, Common Expenses Percentages and Votes in the Association. Upon the creation of additional Units within the Convertible Real Estate by the exercise of the option reserved by the Declarant in Section 9.01, the Common Elements Interests and Common Expense Percentages shall be reallocated among all of the existing and additional Units in the Condominium in accordance with Section 8.02 and Section 14.03 respectively. Votes in the Condominium Association associated with Units existing in the Condominium shall not be reallocated upon the creation of additional Units in the Convertible Real Estate and each Unit in the Condominium shall have one vote in the Condominium Association.

SECTION 9.04 Procedure for Creating Units and/or Limited Common Elements in Convertible Real Estate. Upon the Declarant's election to create units and/or Limited Common Elements in the Convertible Real Estate, the Declarant shall, at its own cost and expense, prepare and record an amendment to this Declaration so as to reflect such election. The Declarant shall have the right to record

any such amendment without the approval of the Executive Board, the Condominium Association or the Owners or mortgagees of Units already included in the Condominium.

#### Article X The Condominium Association

SECTION 10.01 The Condominium Association. The Condominium Association is the governing body for all of the Unit Owners and, except as otherwise provided in this Declaration, is responsible for the maintenance, repair, replacement, cleaning, sanitation, management, operation and administration of the Common Elements, and the making of any additions or improvements thereto and the periodic maintenance of certain exterior portions of the Units. The duties of the Condominium Association shall be undertaken as provided herein and in the By-Laws, but nothing herein contained shall be construed so as to preclude the Condominium Association from delegating any of these duties to a manager or agent or to an other person, firm or corporation, subject to the authority of the Condominium Association. In the event that the Condominium Association, having delegated such duties, decides to terminate professional management for the Condominium, such termination shall be subject to the provisions of Subsection 22.03(c) hereof. The Common Expenses incurred or to be incurred for the maintenance, repair, replacement, insurance, administration, management, operation and use of the Common Elements and the making of any additions or improvements thereto and the charges for common energy and utility services and gas and electric usage by the Units (to the extent such are not separately metered to measure actual usage) shall be assessed by the Association against, and collected from, the Unit Owners in accordance with Article XIV hereof and the Act. Costs and expenses incurred by the Association to perform services benefitting fewer than all of the Units may be assessed as Limited Expenses exclusively against the Units benefited. All Owners upon acceptance of a deed to a Unit shall become members of the Condominium Association. No Owner may exempt himself from liability with respect to any common expenses or charges by waiver of the enjoyment of the right to use any of the Common Elements, or by the abandonment of his Unit or otherwise and no action for division or partition of any part of the Common Elements shall be permitted except as provided herein, in the By-Laws or the Act.

#### SECTION 10.02 Membership in Condominium Association

(a) Except as otherwise provided, membership in the Condominium Association shall be limited to the Unit Owners of the Condominium.

(b) Every Unit Owner who shall be a member of the Condominium Association shall be entitled to all of the rights and shall be bound by all of the obligations accompanying membership, provided that any Unit Owner who is holding the interest in a Unit merely as a security for the performance of an obligation shall not be a member.

(c) Each Unit in the Condominium shall have one (1) vote associated with such Unit. When more than one person holds an

interest or interests in any Unit, all such persons shall be members, and the vote for such Unit shall be exercised as provided in Section 10.03 hereof and in the By-Laws, but in no event shall more than one (1) vote be cast with respect to any such Unit.

(d) Only those Unit Owners in good standing and entitled to vote shall be considered "Unit Owners" for purposes of obtaining a quorum, or determining the percentage of Unit Owners voting on a matter. A Unit Owner shall be deemed to be "in good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Condominium Association if, and only if, he shall have fully paid all assessments made or levied against the Owner and against his Unit by the Executive Board as hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to the Owner and against his Unit, at least ten (10) days prior to the date fixed for such annual or special meeting, subject to the provisions of Section 14.08.

(e) In the event that an Owner shall lease or permit another to occupy his Unit in accordance with the provisions of this Declaration, the tenant or occupant shall be permitted to use the facilities of the Condominium Association (subject however to such limitations on such use as would be applicable to the Owner) but shall not vote in the affairs of the Condominium Association, except as the Owner shall permit the tenant or occupant to exercise the proxy vote of the member.

(f) Every lawful transfer of title to a Unit shall include membership in the Condominium Association and, upon making such transfer, the previous Unit Owner's membership shall automatically terminate. Except as otherwise expressly provided, membership in the Condominium Association may not be assigned or transferred without the transfer of legal title to a Unit and any attempt at such assignment or transfer thereof shall be void and of no effect.

(g) Membership in the Condominium Association shall automatically terminate when such member sells, transfers or otherwise conveys his Unit.

SECTION 10.03 Certificate of Voting. If a Unit is owned by one person, the Owner's right to vote shall be established by the recorded title to the Unit. If a Unit is owned by more than one person, the person entitled to cast a vote for the Unit shall be designated in a Certificate signed by all of the record owners of the Unit and filed with the Secretary of the Condominium Association. If a Unit is owned by a corporation or partnership, the officer, partner or employee thereof, entitled to cast the votes of the Unit for the corporation or partnership shall be designated in a certificate for this purpose, signed by the president or vice-president, and (as to a corporation) attested to be the secretary or assistant secretary of the corporation, and filed with the Secretary of the Condominium Association (the "Corporate Certificate"). The person designated in the Corporate Certificate, who is entitled to cast votes for a Unit shall be known as the "Voting Member." If such a Corporate

Certificate is not on file with the Secretary of the Condominium Association for a Unit owned by more than one person or by a corporation or partnership, the votes of the Unit concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast votes for the Unit except if such Unit is owned by a husband and wife. A Corporate Certificate shall be valid until revoked in writing by any owner of the Unit, or until superseded by a subsequent Corporate Certificate, or until a change in the ownership of the Unit concerned. If a Unit is owned by husband and wife, the following three provisions are applicable to voting by such Unit:

(a) The Owners may, but they shall not be required to, designate a Voting Member.

(b) If they do not designate a Voting Member, and both husband and wife are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

(c) Where they do not designate a Voting Member and only one is present at a meeting, the person present may cast the vote for the Unit, without establishing the concurrence of the absent person, just as though he or she owned the Unit.

#### SECTION 10.04 Executive Board.

(a) Subject to the provisions of the Act, this Declaration or the By-Laws, the Executive Board shall have the power to act on behalf of the Condominium Association. The initial Executive Board shall consist of three (3) members. The members of the initial Executive Board shall be appointed, removed and replaced from time to time by the Declarant without the necessity of obtaining resignations. The Declarant-appointed members of the Executive Board shall be replaced with Unit Owners (or if an Owner is a corporation, the officer, director or employee thereof duly authorized by the corporation to serve on the corporation's behalf), other than the Declarant, in accordance with the provisions of Subsection 10.04(b).

(b) For purposes of this Subsection 10.04(b), the term "First Election Meeting" shall mean the meeting of the Association which shall occur no later than sixty (60) days after twenty-five percent (25%) of the Units are conveyed to Owners. The term "Transitional Meeting" shall mean the meeting of the Association which shall be held no later than sixty (60) days after the seventy-five percent (75%) of the Units are conveyed to Owners. Subject to the right of the Declarant to alter the following procedure so as to have all or part of the transition process occur earlier than as hereafter described, the transition from an Executive Board comprised solely of Executives appointed by the Declarant to an Executive Board comprised solely as Executives elected by the Owners shall occur as follows:

(i) At the First Election Meeting, the Owners shall elect two (2) Owners to serve on the Executive Board thereby creating a five (5) member Executive Board. These two (2) elected

Executives shall serve until the next annual meeting of the Association which is at least one hundred and eighty (180) days after the First Election Meeting at which time these Directors may be reelected or their successors elected to serve two (2) year terms.

(ii) At the Transitional Meeting, the Owners shall elect three (3) Owners to serve as Executives who shall replace the three (3) Executives appointed by the Declarant. The Executives elected pursuant to this Subsection shall serve until the next annual meeting of the Association which is at least one hundred and eighty (180) days after the Transitional Meeting and at which the two (2) Executives elected pursuant to subsection (i) above are not reelected or replaced, at which time the three (3) Executives elected pursuant to this Subsection (ii) shall be reelected or their successors elected to serve two (2) year terms.

(iii) Notwithstanding the foregoing, at the Transitional Meeting the Declarant shall have the right to appoint one (1) non-voting Executive to serve until the earlier of (1) six (6) months after the last Unit the Declarant reserves the right to build in the Property is conveyed by the Declarant to an Owner, or (2) seven (7) years following the conveyance of the first Unit to an Owner.

(c) For purposes of determining whether the period of Declarant control has terminated or whether Owners other than the Declarant are entitled to elect Executives under this Section 10.04, the percentage of Units conveyed is presumed to be that percentage which would have been conveyed if all two hundred nineteen (219) Units the Declarant reserves the right to build were included in the Condominium.

SECTION 10.05 Budgets and Capital Expenditures. By an affirmative vote of at least eighty percent (80%) of the Owners in the Condominium, the Owners may reject any budget or capital expenditure approved by the Executive Board within thirty (30) days after the approval.

#### Article XI Insurance

SECTION 11.01 Liability. The Executive Board shall obtain or cause to be obtained "broad-form" comprehensive public liability and property damage insurance covering liability for loss or damage to persons or property in such amounts, against such risks and in such insurance companies as the Executive Board shall from time to time determine, but in no event less than One Million (\$1,000,000) Dollars for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Such insurance shall include protection against bodily injury and property damage that results from the operation, maintenance or use of the Common Elements, any legal liability that results from law suits related to employment contracts to which the Condominium Association is a party, and such other risks as are customarily covered in similar projects. All liability insurance contracts shall contain severability of interest provisions or endorsement precluding the insurer's denial of a Unit Owner's claim because of negligent acts of the Condominium Association or other Unit

Owners and cross liability endorsements to cover liabilities of the Association or the Unit Owners as a group to a Unit Owner.

#### SECTION 11.02 Property.

(a) The Executive Board shall obtain or cause to be obtained blanket "all-risk" hazard insurance coverage covering damage to property, insuring the following (the "Insurable Property"): (i) all of the Common Elements, including fixtures and equipment therein and thereof, and including all personal property owned by the Condominium Association and (ii) the Dwelling Units, including such fixtures, equipment or other property within the Dwelling Units which are originally provided by the Declarant in the Dwelling Units but exclusive of improvements and betterments installed in the Units by Owners and exclusive of personal property owned by the Owners. The Insurable Property shall be insured in and for the interest of the Condominium Association or the Executive Board, all Owners and their mortgagees, as their interests may appear, in a company or companies acceptable to the standards set by the Executive Board in an amount equal to the maximum insurable replacement value, as determined annually by the Executive Board, with an "agreed amount endorsement" or its equivalent and an "Inflation Guard Endorsement" (provided these two endorsements are commonly available and required by prudent institutional mortgage investors in the area in which the Condominium is located).

(b) In the event any portion of the Condominium is situate within an area having special flood hazards and for which insurance has been made available under the National Flood Insurance Program (the "NFIP"), or other successor agency providing such insurance, the Condominium Association shall maintain, and pay the cost of as a Common Expense, the premiums upon a "master" or "blanket" policy of flood insurance on any buildings and other property covered by the Condominium Association's "all risk" hazard insurance described in Subsection 11.02(a) above situated in such flood hazard area(s). Such flood hazard insurance coverage shall be in an amount not less than the lesser of: (1) the maximum coverage available under the NFIP, or successor agency, for all buildings and other Insurable Property within any portion of the Condominium located within a designated flood hazard area; or (2) 100% of current "replacement cost" of all such buildings and other Insurable Property.

#### SECTION 11.03 General Insurance Provisions.

(a) All policies shall be purchased by the Condominium Association for the benefit of the Condominium Association, Executive Board, all Unit Owners, and their mortgagees, as their interests may appear; however, the Condominium Association and the Unit Owners shall be named insureds and it shall not be necessary to name the Executive Board or each individual Unit Owner. Mortgagee endorsements may be issued upon request. The Condominium Association shall maintain the appropriate insurance coverage as is required under applicable law and under the guidelines and regulations promulgated by the Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Department of Housing and Urban Development

("HUD") and the Veterans' Administration ("VA") or their successors including, without limitation, such fidelity bond coverage as is described in Subsection 7.16(e) of the By-Laws. The company or companies with whom the Executive Board shall place its insurance coverage, as provided in this Declaration, must be qualified and reputable companies, authorized to do business in the Commonwealth of Pennsylvania and rated A, with a V financial size category by A. M. Best Company, Inc. in its "Key Rating Guide: Property Casualty" or a comparable rating if Best shall no longer be in existence. Premiums for such coverage and other expenses related to insurance shall be paid by the Executive Board and charged as a Common Expense. All policies shall provide that they may not be cancelled or substantially modified, by any party, without at least thirty (30) days' prior written notice to the Condominium Association and to each first mortgagee listed in the insurance policies. In addition, policies shall provide for the following: recognition of any Insurance Trust Agreement; a waiver of the right of subrogation against Unit Owners individually and against members of their households; that the insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Owners collectively; and that the policy is primary in the event the Unit Owner has other insurance covering the same loss (all of which are generally provided by insurer in the form of a "Special Condominium Endorsement" or its equivalent). Policies shall be deposited with the Executive Board. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Condominium Association and in the event of substantial damage to or destruction of a Unit, timely written notice shall be given to the eligible mortgage holder for that Unit of any such damage or destruction. The duty of the Executive Board, or any Insurance Trustee, shall be to receive such proceeds as are paid and hold the same for the purposes elsewhere stated herein, and for the benefit of the Association, the Unit Owners and their respective mortgagees as their interests may appear.

(b) The types and amounts of insurance coverage described in this Article XI are minimum amounts for 1989 based upon the requirements of the Act and the standards established by FNMA and FHLMC. The Executive Board shall review, at least annually, all insurance coverage carried pursuant to this Declaration to evaluate such coverage with respect to its compliance with the Declaration and with respect to the then current requirements of the Act and, to the extent the Condominium is or will be subject to the approval of FNMA, FHLMC, HUD or VA, standards set by FNMA, FHLMC, HUD and VA, as well as with respect to what is reasonably appropriate coverage for projects comparable to the Property. In the event the Executive Board determines after such a review and evaluation that the insurance coverage required hereunder is not consistent with the requirements of the Act, the standards set by FNMA, FHLMC, HUD or VA or otherwise reasonably appropriate coverage when compared to coverage for projects comparable to the Property, the Executive Board shall have the power to deviate from the specific provisions of this Article XI only to the extent of providing such consistent and reasonably appropriate coverage, provided the Executive Board shall provide the Owners and



their mortgagees at least thirty (30) days' prior written notice of any such deviation.

(c) If available, and where applicable, the Executive Board shall endeavor to obtain policies which provide that the insurer waives its right of subrogation as to any claims against Unit Owners and members of their households, the Condominium Association, the Executive Board and their respective servants, agents and guests.

(d) In the event it shall be impossible or extremely difficult to obtain insurance coverage in accordance with the provisions of this Section 11.03, the Executive Board shall have the power to deviate from these provisions but only to the extent necessary to obtain adequate insurance coverage. Any deviation shall not occur without thirty (30) days advance written notice to all Owners and all holders, insurers and guarantors of first mortgage liens on the Units.

SECTION 11.04 Distribution of Proceeds. Proceeds of insurance policies received by the Condominium Association, the Executive Board or an Insurance Trustee shall be distributed to or for the benefit of the Unit Owners and expended or disbursed after first paying or making provisions for the payment of the expenses of the Executive Board in relation thereto in the following manner:

(a) Repair and Restoration. Subject to Subsection 11.04(b), the damage for which the proceeds were received is to be repaired and restored, the proceeds shall be paid to defray the cost thereof, as elsewhere herein provided. Any proceeds remaining after defraying such costs shall be distributed to the Unit Owners, all remittances to Unit Owners being payable jointly to them and their respective mortgagees. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by said mortgagee.

(b) Failure to Repair and Replace. If it is determined in the manner elsewhere herein provided that the damage for which the proceeds were received shall not be repaired and restored, the proceeds shall be disbursed to the Unit Owners; remittance to Units Owners being payable jointly to them and their respective mortgagees. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by said mortgagee. In the event of the loss or damage to any personal property belonging to the Association, and should the Executive Board determine not to replace such personal property as may be lost or damaged, the proceeds shall be disbursed to the Unit Owners as surplus, in the manner elsewhere stated herein.

SECTION 11.05 Damage or Destruction, Repair or Replacement. Whenever a loss or damage occurs to any portion of the Condominium, it shall be obligatory upon the Executive Board on behalf of the Association and the Unit Owners to repair and restore the damage caused by the loss unless the Condominium is terminated; repair or replacement would be illegal under any state or local health or safety statute or ordinance; or eighty percent (80%) of the Unit Owners vote not to rebuild, and such decision is approved by every Owner of a Unit or assigned Limited Common Element which will not be rebuilt and all

eligible holders of mortgages thereon. In the event of such loss or damage:

(a) The Executive Board shall promptly obtain reliable and detailed estimates of the cost of repairing and restoring and shall have the right and obligation to negotiate and contract for the repair and restoration of the damaged Property.

(b) If the net proceeds of the insurance are insufficient to pay for the estimated cost of repair and restoration of any Common Elements (or for the actual cost thereof if the work has actually been done), the Executive Board shall promptly, upon determination of the deficiency (including any deductible), levy a special assessment against all Unit Owners in proportion to the Unit Owners' share in the Common Elements, for that portion of the deficiency as is attributable to the cost of repair and restoration of the Common Elements. If the net proceeds of the insurance are insufficient to pay for the estimated cost of repair and restoration of any Unit (to the extent covered by the Condominium Association's insurance or for the actual cost thereof if the work has actually been done), the Executive Board shall promptly, upon determination of the deficiency (including any deductible), levy a special assessment against all Unit Owners whose Units to the extent insured by the Condominium Association have suffered damage or destruction, in proportion to each Unit Owner's share of the total aggregate Common Element Interests of the Unit Owners whose Units are damaged for that portion of the deficiency attributable to the cost of repair and restoration of the insured portion of the Unit. The special assessment funds shall be added by the Executive Board to the insurance proceeds available for such repair and restoration.

(c) In the event the insurance proceeds are sufficient to pay for the cost of restoration and repair, or in the event the insurance proceeds are insufficient, but additional funds are raised by special assessment, so that sufficient funds are available to fully pay for such restoration and repair, then no mortgagee shall have the right to require the application of insurance proceeds to the payment of its loan.

SECTION 11.06 Damage or Destruction; No Repair or Replacement.

(a) If the entire Condominium is not repaired or replaced:

(i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium as determined by the Executive Board;

(ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners and mortgagees of those Units as their interests appear and the Owners and mortgagees of the Units to which those Limited Common Elements were assigned or allocated; and

(iii) the remainder of the proceeds shall be distributed to the Unit Owners in proportion to their respective Common Element Interests.

(b) If the Unit Owners and their mortgagees vote not to rebuild any Unit, that Unit's entire Common Element Interests, vote in the Condominium Association and Common Expense Liability shall be reallocated as if the Unit had been condemned as provided in the Act (Section 3107(a)) and the Association shall prepare, execute and record an amendment to this Declaration and the Plan reflecting the reallocations.

SECTION 11.07 Condominium Association's Power to Compromise Claim. The Executive Board is hereby irrevocably appointed agent for each Unit Owner and mortgagee for the purpose of compromising and settling claims arising under insurance policies purchased by the Condominium Association, and to execute and deliver releases therefore, upon the payment of claims.

SECTION 11.08 Other Insurance. The Executive Board shall also obtain the following insurance, coverages and endorsements as may be applicable to the Condominium, all premiums for which are to be charged as Common Expenses:

(a) Workmen's Compensation Policy to meet the requirements of law;

(b) Directors' and Officers' Liability and such other insurance as the Executive Board shall deem necessary to satisfy the indemnification obligations of the Condominium Association as provided in Article XVIII of this Declaration;

(c) Blanket fidelity bonds as required in the By-Laws for all members of the Executive Board, officers and employees of the Condominium Association and all other persons who handle or are responsible for funds of or administered by the Condominium Association; and

(d) Such other insurance as the Executive Board shall determine from time to time to be necessary or desirable.

SECTION 11.09 Limitation of Liability. Notwithstanding the duty of Executive Board to maintain and repair parts of the Property, the Executive Board shall not be liable for injury or damage caused by the failure of the Executive Board to maintain or repair the same, except to the extent of the proceeds of insurance carried by the Executive Board and collected and received therefor.

SECTION 11.10 Use and Insurance Premiums. No Unit shall be used, occupied or kept in a manner which will in any way increase the insurance premiums payable by the Condominium Association, without the prior written permission of the Executive Board, which permission, if given at all, shall be conditioned upon the Owner of such Unit being required to bear the full amount of such increase. To the extent that the use or occupancy of a Unit or the Common Elements (whether

permitted or without the permission of the Association) increases any insurance premium payable by the Association, the Condominium Association shall have the right to charge the amount of such increase to the Owner of the Unit to which such increase is attributable. No Unit or any part of the Common Elements shall be used, occupied or kept in any manner which would violate any law, statute, ordinance or regulation of any governmental body or which would lead to the cancellation of any insurance policy or policies on the Property.

#### Article XII Easements

SECTION 12.01 Utilities, Pipes and Conduits. Each Unit Owner shall have an easement in common with all other Unit Owners to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements serving that Unit and located in any of the other Units. Each Unit shall be subject to an easement in favor of all other Unit Owners to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Executive Board shall have the right to grant to third parties additional utility easements as shall be deemed reasonable by the Executive Board in connection with the supply of utility services to the Units and/or the Common Elements.

SECTION 12.02 Structural Support. Each Unit shall have an easement to the extent necessary for structural support over every other Unit and over the Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural support in favor of every other Unit.

SECTION 12.03 Ingress, Egress and Regress. Each Unit Owner shall have an easement, subject to any rules and regulations established by the Executive Board, in common with all other Unit Owners to use the entrances, exits, corridors and other Common Elements as a means of ingress, egress and regress to and from the Property and the adjoining public streets.

SECTION 12.04 Parking Areas. Subject to availability and any rules and regulations established by the Executive Board, Unit Owners shall have an easement to use parking areas, other than those as may be designated as Limited Common Elements, located on the Property.

SECTION 12.05 Condominium Association and Executive Board Access. The Condominium Association and its Executive Board, officers, agents and employees, shall have the irrevocable right and easement to have access to each Unit as may be necessary for the inspection, maintenance, repair or replacement of any of the Common Elements and Limited Common Elements therein or accessible therefrom or the making of any addition or improvements thereto; or to make repairs to any Unit, the Common Elements or the Limited Common Elements if such repairs are reasonably necessary for public safety or to prevent damage to any other Unit or Units, the Common Elements or the Limited Common Elements; or to abate any violation of law, orders, rules or regulations of the Condominium Association or of any governmental

authorities having jurisdiction thereof. The Condominium Association and its Executive Board shall have the right to grant permits, licenses and easements over and through the Common Elements for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance and operation of the Condominium. The Declarant and the Condominium Association shall have the right to connect or tie in to Owners' outdoor water spigots and to use reasonable amounts of water therefrom without cost or charge for purposes of watering planted and grass areas in the Condominium. This right shall continue as to areas of the Condominium for a period of ninety (90) days after the planting or replanting of such areas with landscaping, seed or sod.

SECTION 12.06 Declarant's Easement for Marketing. The Declarant reserves the right with respect to its marketing of Units and of lots to be included in the Community Association to use the Common Elements and Limited Common Elements for the ingress and egress of itself, its officers, employees, agents, contractors and subcontractors and for prospective purchasers of Units, including the right of such prospective purchasers to park in parking spaces. The Declarant shall also have the right until the conveyance of the last Unit it owns to erect signs on the Property in connection with its marketing of Units and of lots to be included in the Community Association. Any damage to the Common Elements or Limited Common Elements resulting from this easement shall be repaired by the Declarant within a reasonable time after the completion of its sale of the Units or termination of such use of the Common Elements or Limited Common Elements, whichever shall first occur. The Declarant agrees to indemnify and to hold the Condominium Association harmless from all liabilities resulting from the use of the Common Elements or Limited Common Elements in conjunction with the marketing of Units and of lots to be included in the Community Association. The Declarant shall have the right from time to time to locate and relocate model Dwelling Units for the marketing of Units and a sales office in connection with the marketing of Units and of lots to be included in the Community Association. In addition, the Declarant shall have the right to locate, relocate and maintain model Dwelling Units, manager's offices, sales offices and Condominium Association offices in such Units created in the Convertible Real Estate as the Declarant shall designate from time to time in the amendments to this Declaration recorded by the Declarant pursuant to Section 3211 of the Act. The rights reserved for the Declarant by this Section 12.06 shall remain in effect for as long as the Declarant shall remain a Unit Owner in the Condominium or still own lots to be included in the Community Association. This section shall not be amended without the prior written consent of the Declarant.

SECTION 12.07 Declarant's Easement for Construction. The Declarant reserves the right and privilege without let or hindrance with respect to the construction of the Units and Common Elements of the Condominium, to go upon any and all of the Property for purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Units, Common Elements or in connection with the development and construction on lots to be included in the Community Association (including without limitation to

change the grade of grounds and/or to install drainage control devices so as to control possible drainage and/or run off of storm water in connection with the development of the Property or adjacent land). The Declarant agrees to indemnify and hold the Condominium Association harmless from liabilities resulting from the exercise of this easement. This easement shall be appurtenant and shall pass with title to every Unit. The rights hereby reserved for the Declarant shall last for a period of seven (7) years after the Declarant has conveyed both the last Unit the Declarant has the right to create in the Condominium and the last of the lots to be included in the Community Association. This section shall not be amended without the prior written consent of the Declarant.

SECTION 12.08 Encroachments. If any portion of the Common Elements hereafter encroaches upon any Unit, or if any Unit hereafter encroaches upon any other Unit or upon any portion of the Common Elements, as a result of settling or shifting of any building or buildings in which they are located or for other reasons, other than as a result of the purposeful or negligent act or omission of the Owner of the encroaching Unit, or of the Condominium Association in the case of encroachments by the Common Elements, a valid easement appurtenant to the encroaching Units or Common Elements for the encroachment and for the maintenance of the same shall exist for so long as the encroachment shall exist. In the event that any building or buildings shall be partially destroyed as a result of fire or other casualty or as a result of a taking by the power of or in the nature of eminent domain or by an action or deed in lieu of condemnation, and then is rebuilt, encroachments of a portion or portions of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements, due to such rebuilding, shall be permitted, and valid easements appurtenant to the encroaching Units or Common Elements for such encroachments and the maintenance thereof shall exist so long as that building as so rebuilt shall stand.

SECTION 12.09 Recreational Facilities. Subject to the provisions and requirements of Section 8.12 of this Declaration, the swimming pool, cabana building and tennis courts, if constructed, shall be subject to an easement for the use and enjoyment of such facilities, such easement being in favor of the residents and guests of dwelling units erected on that portion of the 38.68 acres of land adjacent to the Condominium which land is subject to a declaration of covenants, conditions and restrictions establishing the Community Association. This easement shall also include the right to use the roadways and common sidewalks for vehicular and pedestrian access to the Recreational Facilities and to park vehicles, as space is available, in the common parking area immediately adjacent to these recreational facilities.

SECTION 12.10 Continuing Easements. The foregoing easements in Sections 12.01, 12.02, 12.03, 12.04, 12.05, 12.06, 12.07, 12.08 and 12.09 shall run with the land and inure to the benefit of and be binding upon the Condominium Association, each Unit Owner, and each mortgagee, lessee, occupant or other person having any interest in any Unit or in the Common Elements at the time of reference.

SECTION 12.11 Recorded Easements and Licenses. Attached to and made a part of this Declaration as Exhibit "D" is a list of the recording data for recorded easements and licenses appurtenant to or included in the Condominium or to which any portion of the Condominium is or may become subject, including the Master Declaration.

Article XIII Assessment of Taxes

SECTION 13.01 Assessment of Taxes. Each Unit and its proportionate undivided interest in the Common Elements as determined by this Declaration and any amendments hereto shall be assessed and taxed as a separate parcel of real estate entirely independent of the Building or Property of which the Unit is a part, and each Unit Owner is charged with the payment of all such taxes, municipal claims and liens assessed, liened or filed against his Unit. In the event that for any year such taxes are not separately taxed to each Unit, but are taxed on the Property as a whole, then each Unit Owner shall pay a proportionate share thereof in accordance with such Unit's respective percentage of ownership interest in the Common Elements. The Executive Board shall determine the amount due and notify each Unit Owner as to the proportionate share thereof due for each Unit.

Article XIV Assessments-Obligations of Members

SECTION 14.01 Members' Assessment Obligation. Each Unit Owner, by acceptance of the deed for the Unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Condominium Association all Common Expense Assessments including, but not limited to: (a) regular assessments to be made due and payable on a monthly basis based upon the budget of the Association; (b) special assessments, such as hereinafter provided; (c) delinquency assessments, as established from time to time by the Executive Board, against any Unit Owner whose Assessments are delinquent for a period exceeding ten (10) days after the due date ("Delinquency Assessments"); (d) Limited Expense assessments as described below; and (e) any fines or other charges or assessments for what may from time to time be determined by the Condominium Association to be Common Expenses. The Declarant shall not be liable for any assessments for any Units until the Association makes its first assessment. The Condominium Association shall make its first assessment upon the conveyance by the Declarant of a Unit to an Owner other than the Declarant at which time each Unit within the Condominium shall be charged. The regular and special assessments, together with such interest thereon, fines, Delinquency Assessments and costs of collection thereof (including attorneys' fees), as hereinafter provided, and pursuant to the Act, shall be a charge on the land and shall be a continuing lien upon the Unit against which each such Assessment is made from the time the Assessment, fines, Delinquency Assessment or costs of collection become due. Each such Assessment, together with such interest thereon, fines, Delinquency Assessment and costs of collection thereof as hereinafter provided and pursuant to the Act, shall also be the personal obligation of the Owner of the Unit charged at the time when the Assessment first became due. The Condominium Association shall have the right to assess as

Limited Expenses charges against any one or more Units to provide services which are exclusively for such Units including, but not limited to, the improvement and maintenance of Common Elements used principally by or benefitting the Owners of such Units. The Condominium Association shall assess to each purchaser of a Unit the amount of Two Hundred and Fifty Dollars (\$250.00) as a one-time nonrefundable contribution to the Condominium Association which amount may be used from time to time as revenues of the Condominium Association for such purposes as deemed appropriate or desirable by the Executive Board but which may not be used to offset any deficits assumed by the Declarant.

SECTION 14.02 Owners' Negligence. Each Owner shall be obligated to reimburse the Condominium Association for any expenses incurred by it in repairing or replacing any part or parts of the Common Elements damaged by his act, omission or negligence or by the act, omission or negligence of his tenants, agents, guests or licensees, promptly upon receipt of the Association's statement therefor. Such reimbursement shall be considered an unpaid Assessment collectable in any manner provided herein in the case of unpaid and past due Assessments.

SECTION 14.03 Common Expense Percentage. Each Unit in the Condominium shall be assigned a figure or percentage (the "Common Expense Percentage") which shall represent such Unit's proportionate share of the Common Expenses of the Condominium Association. Such Common Expense Percentages, as allocated to each Unit in the Condominium on Exhibit "C" attached hereto and incorporated herein, are established based upon the same formula as is described in Section 8.02 hereof.

SECTION 14.04 Amount of Common Expense Assessment. Each Owner is legally obligated to contribute to the Common Expenses of the Condominium Association providing for the administration and maintenance, replacement and repair of the Common Elements of the Condominium, the administration and maintenance of the Condominium Association and all of its real and personal property, in such amounts as shall be determined by multiplying the Common Expense Percentage of the Unit by the total Common Expense for the Condominium computed on a monthly basis based upon amounts established in the budget prepared by the Executive Board. Limited Common Elements Expenses shall be assessed in accordance with Section 8.10 of this Declaration. No Owner may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Unit owned by him or by set-off or counterclaim.

SECTION 14.05 Surplus Funds. Any Common Surplus of the Condominium Association remaining after payment of or provision for Common Expenses and any prepayment of reserves may be used by the Condominium Association and, to the extent not used, credited to the Unit Owners to reduce their future Assessments.

SECTION 14.06 Time of Payment. Except as otherwise provided in this Declaration, payment by the Owner of his share of the expenses aforesaid shall be made at the discretion of the Executive Board,



provided that all regular and special Assessments shall be declared by the Executive Board and made due and payable on a monthly basis. The failure of the Executive Board to formally declare any monthly Assessment shall result in the regular monthly Assessment for the immediately preceding month being the regular monthly Assessment applicable to and due and payable for the next month. In the event Assessments are not paid as required, the Executive Board may assess fines, Delinquency Assessments and the costs of collection (including attorney's fees) and shall charge interest on any unpaid Assessment at the rate of fifteen percent (15%) per annum.

SECTION 14.07 Lien of Maintenance Charge. All Assessments and charges chargeable to any Unit including all fines, fees, charges, late charges, interest and costs of collection thereof (including attorneys' fees), shall constitute a lien against said Unit in favor of the Condominium Association provided that all fines, fees, charges, late charges, interest and costs of collection thereof (including attorneys' fees) shall be subordinate to the lien of any first mortgage on a Unit. Such lien shall be effective from and after the time the Assessment or charge becomes due. Upon full payment of all sums secured by the lien and a preparation fee, the party making payment shall be entitled to a recordable satisfaction of lien to be recorded at his sole expense. Such lien of the Condominium Association shall have the priority accorded Condominium Association liens by Section 3315 of the Act.

SECTION 14.08 Effect of Non-Payment of Assessment. Any Assessment or installment thereof not paid within sixty (60) days after the due date shall bear interest from the due date at the rate of interest set forth in Section 14.06 hereof. The Condominium Association shall have the right to accelerate payment of all remaining proposed monthly payments of any Assessments for the remainder of the fiscal year including the amount of any special Assessments. The Condominium Association may bring an action at law or in equity against the Unit Owner personally obligated to pay the same, or foreclose the lien described in Section 14.07 against the Unit or do both, or it may seek and obtain any other remedy provided at law or in equity. In addition to such other remedies available to the Condominium Association in the event of non-payment of Assessments, the Condominium Association shall have the right to revoke the rights of the Owner in the Condominium Association, including the right to vote, provided the Condominium Association shall provide written notice of such revocation and an opportunity for the defaulting Unit Owner to be heard before the Executive Board or a committee appointed for such purpose. The decision of the Executive Board or such committee shall be final.

SECTION 14.09 Method of Enforcing Collection of Assessments. Any Assessment charged against a Unit, may be enforced by a lawsuit brought by the Executive Board on behalf of the Condominium Association or of the members of the Association in an action at law or equity. Any judgment against a Unit and its Owner shall be enforceable in the same manner as is otherwise provided by law. Reasonable attorneys' fees and court costs incurred by the Executive Board incident to the collection of any Assessments or the enforcement

of any lien, together with all sums advanced and paid by the Executive Board for taxes and payments on account of superior liens which may be required to be advanced by the Executive Board in order to protect its lien, shall be payable by the Owner and secured by such lien.

SECTION 14.10 Unpaid Assessments at the Time of Execution Sale Against a Unit. In the event that title to a Unit is transferred by Sheriff's Sale pursuant to execution upon any lien against the Unit, the Executive Board may give notice in writing to the Sheriff of any unpaid assessments which are a charge against the Unit, but have not been reduced to a lien, and the Sheriff shall pay the assessments of which he has such notice out of the proceeds of the sale which remain in his hands for distribution after payment of all other claims which he is required by law to pay (including any claims of the Condominium Association given priority by the Act), but prior to any distribution of the balance to the former Owner against whom the execution issued. The purchaser at such Sheriff's sale and the Unit involved, shall not be liable for unpaid Assessments, which became due prior to the Sheriff's sale of the Unit (except as provided under the Act). Any such unpaid Assessments which cannot be promptly collected from the former Owner may be reassessed by the Executive Board as a Common expense to be collected from all the Owners, including the Purchaser or acquirer of title at the Sheriff's sale, his successors and assigns. To protect its right to collect unpaid Assessments which are a charge against a Unit, the Executive Board may, on behalf of the members of the Association, purchase the Unit. Sheriff's sale provided such action is authorized by the affirmative vote of the majority of the Executive Board, and if it does so purchase, the Executive Board shall thereafter have the power to sell, convey, mortgage or lease such Unit, to any person whatsoever.

SECTION 14.11 Voluntary Sale of a Unit. Upon the voluntary sale or conveyance of a Unit, or any other transfer, the Unit, by operation of law or otherwise, except a transfer described in Section 14.10 or 14.12, and a transfer by Deed in lieu of foreclosure to a holder of a mortgage, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments for common expenses which are charges against the Unit as of the date of the sale, conveyance or transfer, but such joint and several liability shall be without prejudice to the right of the grantee to recover from the grantor, in the amount of any such unpaid Assessments which the grantee may pay, and until any such Assessments are paid, they shall continue to be a charge against the Unit, which may be enforced in the manner set forth in Section 14.09; provided, however, any person who shall have entered into a written agreement to purchase a Unit shall be entitled to obtain a written statement from the Treasurer setting forth the amount of unpaid Assessments charged against the Unit and its Owner, and if such statement does not reveal the full amount of the unpaid Assessments as of the date it is rendered, neither the purchaser nor the Unit after transfer thereof, shall be liable for the payment of the amount in excess of the unpaid Assessments shown on such statement.

SECTION 14.12 Mortgage Foreclosure. If a mortgagee of a "first" mortgage of record or other purchaser of a Unit acquires title

to such Unit as a result of foreclosure of the first mortgage, or by deed in lieu of foreclosure, such acquirer of title, his successors and assigns, shall be liable only for the share of Common Expenses or other charges by the Condominium Association pertaining to such Unit or chargeable to the former Unit Owner which have accrued for a period of no more than six (6) months prior to acquisition of title as a result of the foreclosure. Such unpaid share of the charges shall be deemed to be Common Expenses collectible from all of the remaining Owners, including such acquirer, his successors and assigns.

#### SECTION 14.13 Declarant's Limited Deficit Obligation.

(a) In addition to the Declarant's obligation to pay Assessments levied by the Association against Units the Declarant owns, until the earlier of three (3) years from the first recording of this Declaration or the time at which one hundred thirty (130) Units subject to this Declaration have been conveyed by the Declarant to Owners, the Declarant shall be responsible for any deficit incurred by the Association (the "Limited Deficit") with respect to the operating expenses portion of Common Expenses incurred with respect to any active recreational facilities located in the Property, but excluding any reserves.

(b) The Limited Deficit, if any, shall be calculated on an annual basis at the end of each fiscal year except with respect to the fiscal year in which the Declarant's Limited Deficit obligation terminates. During the fiscal year in which the Limited Deficit obligation terminates, there shall be an accounting prepared by the Declarant and the Board reflecting the Limited Deficit allocable only to the period in which the Limited Deficit obligation existed, which Limited Deficit shall be determined by calculating the extent by which the Common Expenses actually incurred and directly attributable to the operating expenses (excluding reserves) associated with the Common Elements exceeded the sum of the aggregate amounts of Assessments levied to Owners and allocable under the budget to the Common Elements.

#### Article XV Transfer of Units

SECTION 15.01 Transfer of Units. Any Unit Owner may, at any time, transfer all of his ownership in the Unit (which must include his undivided interest in the Common Elements) to any other person, and it shall not be necessary to secure the prior consent of the Condominium Association, the Executive Board or of any other Unit Owner. However, all Unit Owners shall comply with the appropriate provisions of Act, including Section 3407, as shall apply to the sale or transfer of a Unit.

#### Article XVI Leasing of Units; Use Restrictions

##### SECTION 16.01 Leasing of Units.

(a) Declarant reserves the right to lease any and all of the Units owned by Declarant subject only to the provisions of this Section 16.01.

(b) No Unit Owner shall be permitted to lease his Unit unless such Unit Owner has complied with the relevant provisions of the Master Declaration, this Declaration, the By-Laws and any applicable rules and regulations.

(c) All leases must be in writing for a term not to be less than one (1) year and the form of lease must be approved by the Condominium Association which approval shall not be unreasonably withheld.

(d) All leases shall provide that the lessee shall be subject in all respects to the provisions of this Declaration, the By-Laws and the rules and regulations of the Condominium, as may be promulgated from time to time by the Executive Board. The leasing of a Unit shall not affect the liability of the Owner with respect to his obligations under this Declaration, the By-Laws and any rules and regulations.

(e) The provisions of subsection (c) shall not apply to the holder of a first mortgage lien on a Unit who acquires title thereto.

(f) In the event the Unit Owner shall fail to pay any charge or Assessment levied by the Executive Board against a leased Unit, and such failure to pay continues for sixty (60) days, the Executive Board shall so notify the lessee of such Unit in writing of the amount(s) due and, within fifteen (15) days after the date of such notice, the lessee shall pay to the Executive Board the amount(s) of such unpaid charges or Assessments, subject however to paragraph (d) of this Section 16.01. The amounts of such unpaid charges or Assessments paid to the Executive Board by lessee after the nonpayment by the Unit Owner shall be a credited against and shall offset the next monthly rental installment due to the Unit Owner following the payment by the lessee of such charges or Assessments to the Executive Board.

(g) In no event shall the lessee be responsible to the Executive Board for any amount of unpaid charges or Assessments during any one month in excess of one monthly rental installment.

(h) The inclusion of Subsections (d), (f) and (g) of this Section 16.01 in a lease or addendum to a lease for the rental of a Unit shall be a condition precedent to the approval of the form of lease by the Executive Board.

#### SECTION 16.02 Use Restrictions.

(a) Each Dwelling Unit shall be subject to the following restrictions:

(i) The Unit shall be used for residential purposes only, provided (subject to Subsection 16.02(j)) home occupations may be carried on in such Units if such use is incidental to the Unit's primary residential use, shall have no employees,

customers or clients at the Property and shall be approved by municipal authorities having jurisdiction over such use.

(ii) The Unit shall be occupied by not more persons (including children) than the maximum permitted by law for such dwelling units.

(iii) Except as otherwise provided in Section 7.03 of this Declaration, the Unit shall not be partitioned or subdivided.

(b) No Unit shall be used so as to create a nuisance or an unreasonable interference with the peaceful possession and occupation or proper use of any other Unit or the Common Elements.

(c) Nothing shall be built, caused to be built or done in or to the Common Elements or any Dwelling Unit which will alter or cause any alteration to the Common Elements of the Condominium or the exterior appearance of a Dwelling Unit (including without limitation exterior antennas, storm doors or windows or exterior painting) without the prior written approval of the Executive Board and, until the earlier of (i) seven (7) years after the conveyance by the Declarant of the last Unit the Declarant has the right to create or (ii) the expiration of the period within which the Declarant has the right to create additional Units, without the prior written approval of the Declarant.

(d) Each Unit shall be maintained by its owner and occupant in a safe, clean and sanitary manner and condition, in good order and repair and in accordance with all applicable restrictions, conditions, ordinances, codes and any rules or regulations as may be applicable hereunder or under law. Each Unit Owner shall provide for the periodic cleaning of any chimney and flue of such Owner's fireplace in order to prevent the possibility of fire or smoke damage. Each Unit Owner shall provide for the prompt removal of snow from the Owner's balcony, deck, driveway, sidewalk and/or patio appurtenant to his Unit.

(e) No Owner or occupant of any Unit shall carry on, or permit to be carried on, any practice which unreasonably interferes with the quiet enjoyment and proper use of another Unit or the Common Elements by the Owner or occupant of any other Unit, or which creates or results in a hazard or nuisance on the Property.

(f) Except for a single non-illuminated unit number sign at the entrance to a Dwelling Unit and except for the right reserved for Declarant in Section 12.06, no sign may be created on or in a Dwelling Unit or any Limited Common Element assigned or appurtenant thereto which is visible from outside the Dwelling Unit or in the Common Elements, without the prior written approval of the Executive Board. In no event shall any Unit Owner display any real estate for sale or for rent sign on the Property for a period of five (5) years from the date of such Owner's acquisition from the Declarant of legal title to such Owner's Unit, without the prior written consent of the Declarant.

(g) To the extent that any Unit Owner or occupant shall install or maintain any draperies, blinds, curtains or other window coverings on windows or sliding terrace doors of any Unit, all such coverings shall be consistent with the appearance of the exterior of the Unit.

(h) No Unit Owner or occupant may obstruct the Common Elements in any way. No Unit Owner or occupant may store anything in or on the Common Elements without the prior written consent of the Executive Board. No outdoor clothes lines and no outdoor clothes drying or hanging shall be permitted in the Property.

(i) No Unit Owner shall perform or permit to be performed any work on any portion of his Unit, including but not limited to any equipment situated in or on any Common Elements such as heating/air conditioning equipment located on the exterior of a Building or fireplace flues serving a Dwelling Unit, which work may require access to, over or through Common Elements or which work may involve potential risk of damage to the Common Elements or other Units without the prior consent of the Executive Board or its duly authorized agent except in the event of emergency, and such work may only be performed by a person or entity who shall have delivered to the Executive Board prior to the commencement of any such work, in form satisfactory to the Executive Board, releases of the Executive Board and Condominium Association, and their agents, servants and employees for all claims that such person or entity or their respective agents, servants or employees may assert in connection with the work to be performed; indemnification for the Condominium Association and Executive Board and their agents, servants and employees holding each and all of them harmless from and against any claims asserted for loss or damage to person or property, including but not limited to the Common Elements or other Units; certificates or other acceptable evidence of insurance, including liability and workmen's compensation coverage, in amounts and companies reasonably acceptable to the Executive Board; and such other information and protections which the Executive Board may reasonably require. The Executive Board shall have the right by regulation to waive the requirements of this paragraph (i) for minor work by a Unit Owner on his Unit.

(j) In accordance with the present zoning of the Property, the only permitted use of a Dwelling Unit is as a residence. No commercial, industrial, recreational or professional activity not permitted by the present zoning, other applicable laws and ordinances hereunder and any rules or regulations shall be carried on in any Unit at any time. If, in the future, zoning regulations change so as to expand the scope of activities permitted to be conducted within the Units, application may be made by a Unit Owner to the Executive Board for approval to commence such newly permitted use of his Unit. Each such application shall be considered by the Executive Board on an individual basis. Once the Executive Board has given its approval to a particular use of a Unit, it may not revoke such approval so long as the nature and scope of the approved use remains unchanged. No Unit Owner shall permit his Unit to be used or occupied for any prohibited purpose.

(k) No animals of any kind shall be kept or bred in any Unit, other than one (1) domesticated house dog or one (1) domesticated house cat and one (1) domesticated house cat or two (2) domesticated house cats which may be kept as a household pet. No pet shall be permitted to run loose or uncontrolled in or on the Common Elements. Pet owners shall immediately clean up any waste left by pets on the Common Elements. The tying of pets to or on any Common Elements is prohibited.

(l) No Owner or occupant of any Unit shall use or maintain any portion of the Property as a dumping or storing ground for rubbish, trash, new or used lumber or wood, metal scrap, garbage or other waste, except that such material as is to be used in connection with the Declarant's construction and development, may be kept in a Unit or in areas of the Common Elements as shall be designated for such purpose by the Executive Board, provided such material shall be kept in sanitary containers and in a clean and sanitary condition, and except that rubbish, trash, garbage and other non-hazardous waste may be placed in areas of the Common Elements as shall be designated for such purpose by the Executive Board, provided such material shall be kept in sanitary containers and in a clean and sanitary condition. Such containers shall be placed for collection only in such designated areas and only on the day such refuse material is to be collected and empty containers shall be removed promptly after collection.

(m) All roads, parking areas and driveways on the Property shall be used for licensed, registered, state inspected and operational four wheel passenger automobiles only and no recreational vehicles, vans (other than non-commercial passenger vans), mobile homes, trailers, boats, trucks or commercial (whether or not so registered with the Department of Transportation) vehicles shall be permitted to be parked on the Property except on a temporary basis in connection with Unit or Common Element repairs, maintenance or construction only or except if kept entirely within the Unit garage with the garage door kept closed except for exit and entry. Motorcycles and mopeds shall be parked only on paved parking areas of the Property. No parking at all shall be permitted on the streets except in such parking areas established for the Property. No repairs shall be performed on any vehicles on the Property.

(n) No Owner or his family members or guests or any resident of any Unit shall be permitted to enter any part of the quarry pits located on the Property. Neither the Association nor the Declarant shall be responsible for any damage or injury which occurs to any person or property due to the violation of this restriction. The only access to these quarry pits shall be through the Units which are adjacent to the Common Element open space surrounding these quarry pits or by way of the driveway down to the surface level of the quarry pit. Only the Declarant, the Association, their respective employees, contractors, subcontractors or agents shall be permitted in the quarry pits (which access shall only be via the driveway down to the surface of the quarry pit) and only for purposes of maintenance, repair and replacement of the quarry pit and/or any system or facilities located therein or in the case of an emergency.

Article XVII Compliance and Default

SECTION 17.01 Compliance and Default.

(a) Each Unit Owner shall be governed by and shall comply strictly with the terms, covenants, conditions and restrictions of this Declaration, the By-Laws and the rules and regulations adopted pursuant thereto, and the same as they may be amended from time to time.

(b) The Executive Board shall have the power to adopt, amend and enforce compliance with such reasonable rules and regulations relative to the operation, use and occupancy of the Units and the Common Elements consistent with the provisions of this Declaration and the Act, including, but not limited to such enforcement procedures and penalties for violations as the Executive Board shall deem appropriate. Any such rules and regulations shall be adopted or amended, from time to time, by means of appropriate resolutions duly approved by the Executive Board in accordance with the By-Laws. A copy of such rules and regulations and copies of any amendments thereto shall be delivered or mailed to each Owner or occupant of a Unit promptly after the adoption thereof and shall become binding upon all Owners, their successors in title and assigns, and occupants.

(c) Failure of the Unit Owner to comply therewith shall entitle the Condominium Association or Unit Owners to the remedies provided in this Declaration and the Act, and also to the following relief, none of which remedies shall be exclusive of any other remedies:

(i) Suits: Failure to comply with the terms of this Declaration, By-Laws and the rules and regulations adopted pursuant thereto, and the same as they may be amended from time to time, shall entitle the Condominium Association or any aggrieved Unit Owner to sue for the recovery of damages or for injunctive relief, or both. Such relief shall not be exclusive of other remedies provided by law.

(ii) Costs and Attorneys' Fees: In any proceeding arising because of an alleged failure of a Unit Owner to comply with the terms of the Declaration, the By-Laws and the rules and regulations adopted pursuant thereto, and the same as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and reasonable attorneys' fees; provided, however, that no attorneys' fees may be recovered against the Executive Board in any such action unless the court shall first expressly find that the Executive Board acted in bad faith.

(iii) No Waiver of Rights: The failure of the Declarant, or the Executive Board, or any Unit Owner to enforce any covenant, restriction or other provision of the Act, this Declaration, the By-Laws or the rules and regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.



SECTION 17.02 Appeal and Hearing Procedure; Actions by Owners. No Owner or resident shall have the right to object, challenge, commence any suit at law or in equity or take any other action under any act, power or authority now in force or hereafter to be enacted except after following such procedures as are established by the Executive Board by rule or regulation consistent with the provisions of this Section. The Executive Board, or a committee as may be appointed by the Executive Board, shall hear appeals from Owners or residents of alleged violations of the Condominium documents (other than violations with respect to Assessment obligations) and rules and regulations of the Condominium Association. The Executive Board or such committee shall hold a hearing on any such appeal within thirty (30) days after the receipt by the Executive Board of a formal notice of appeal from an Owner or resident. A decision shall be issued in writing by the Executive Board within ten (10) days after the conclusion of the hearing. The Executive Board shall have the right to establish various rules and procedures governing the operation and administration of the appeal and hearing process and the enforcement of the Condominium documents and rules and regulations. Unless the internal remedies provided by this Section and such rules and regulations as may be promulgated by the Executive Board shall be expressly waived by the Condominium Association, or the Condominium Association fails or refuses to act, no action at law or in equity shall be commenced by any Owner or resident until such internal remedy is pursued to exhaustion. Any action by an Owner or resident against any other Owner or resident arising out of any term, covenant or condition contained in this Declaration, the By-Laws or any rule or regulation made pursuant thereto shall be subject to the same procedures. In hearings before the Executive Board or the committee designated by the Executive Board, all parties shall be entitled to be represented by counsel.

Article XVIII Indemnification of Officers,  
Executives and Committee Members

SECTION 18.01 Indemnification of Officers, Executives and Committee Members. The Condominium Association shall indemnify every Executive, officer and committee member, his heirs, executors and administrators, against all loss, costs and expenses, including attorneys' fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been an Executive, officer or a committee member, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matter covered by the settlement as to which the Condominium Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Executive, officer or committee member in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Executive, officer or committee member may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Condominium Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be

treated by the Condominium Association as Common Expenses; provided, however, that nothing in this Article contained shall be deemed to obligate the Condominium Association to indemnify any member, who is or has been an Executive, officer or a committee member of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Condominium Association.

#### Article XIX Amendments

SECTION 19.01 Generally. Subject to the other provisions of this Declaration and the Act relative to amendment, this Declaration may be amended in the following manner:

(a) Before Any Conveyances: Prior to the transfer of any Unit by the Declarant to a Unit Owner, the Declarant may amend this Declaration in any legal fashion as the Declarant may deem appropriate. After such first transfer of title, the terms of the following subsections shall apply; provided, however, that any other provisions of this Declaration setting forth other conditions of amendment shall take precedence.

(b) Notice: Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the Executive Board in which a proposed amendment is considered, and shall be served upon all Unit Owners in the manner hereinafter provided for service of notices.

(c) Resolution: An amendment may be proposed by either the Executive Board or by Unit Owners holding an aggregate Common Elements Interest of not less than twenty percent (20%). No resolution of the Executive Board adopting a proposed amendment shall be effective unless it has been adopted by the affirmative vote of at least sixty-seven percent (67%) of the Unit Owners.

(d) Agreement: In the alternative, an amendment may be made by an agreement signed and acknowledged by at least sixty-seven percent (67%) of the Unit Owners in the manner required for the execution of a deed, and such amendment shall be effective when recorded.

(e) Proviso: Provided, however, that except as otherwise permitted by the Act and provided in this Declaration (particularly with respect to Convertible Real Estate, and in the case of the subdivision of Units) no amendment may increase the number of Units or change the boundaries of any Unit, the Common Element interest, Common Expense liability or voting strength in the Condominium Association allocated to a Unit, or the uses to which any Unit is restricted without the unanimous consent of the Unit Owners and the consent of the eligible holders of first mortgage liens on Units to which at least two-thirds of the votes in the Condominium Association are allocated. No amendment of this Declaration or any action taken by the Condominium Association or its Executive Board, shall be made or taken which, in any way would affect any of the rights, privileges, powers and options of the Declarant, its

successors or assigns unless the Declarant, or its successors or assigns shall join in the execution of such amendment or consent, in writing, to the action of the Condominium Association or Executive Board.

(f) Execution and Recording: A copy of each amendment shall be attached to or included with a certificate, certifying that the amendment was duly adopted, which certificate shall be executed and acknowledged by the officers of the Executive Board with the formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded.

(g) Correcting Errors: If any amendment to this Declaration or the By-Laws is necessary in the judgment of the Executive Board to change, correct or supplement anything appearing or failing to appear therein which is incorrect, defective or inconsistent with anything in either this Declaration, the Master Declaration, the By-Laws or the Act, or if such amendment is necessary to conform to the requirements of FNMA, FHLMC, HUD or VA with respect to condominium projects or to the requirements of the municipality in which the Condominium is located, the Executive Board may, at any time and from time to time effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or part of the Property, upon receipt by the Executive Board of an opinion from independent counsel to the effect that the proposed amendment is permitted by the terms of this paragraph and by the Act, together with a like opinion from an independent registered architect or licensed professional engineer, in the case of an amendment to the Plan. Each amendment shall be effective upon its recording pursuant to Subsection 19.01(f) hereof.

#### Article XX Termination

SECTION 20.01 Statute. The Condominium may be terminated as provided by Section 3220 of the Act.

SECTION 20.02 Destruction. In the event it is determined in the manner provided in the Act and the By-Laws that any Building or Buildings shall not be reconstructed after casualty, the Condominium will be thereby terminated as to such Building or Buildings and the Common Element Interest, votes in the Condominium Association and Common Expense liability of any Unit or Units not rebuilt shall be reallocated as provided in the Act. The determination not to reconstruct after casualty shall be evidenced by a certificate of the Executive Board executed by the President and Secretary or Treasurer certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded.

SECTION 20.03 By Unanimous Agreement. The Condominium may be terminated at any time by the unanimous agreement, in writing, in the form of a Deed of Revocation, executed by all of the Unit Owners and by the holders of all mortgages, judgments or other liens affecting the Units. Such deed of revocation shall become effective upon being recorded.

SECTION 20.04 General Provisions. Upon termination of the Condominium, each Unit Owner shall thereby become a tenant-in-common of the Property as provided in Section 3220 of the Act, and the mortgagee and lienor of a former Unit Owner shall have a mortgage and lien solely and exclusively upon the respective interest of such tenant in the Property after the termination.

#### Article XXI Notice

SECTION 21.01 Notice. All notices required to be served upon Unit Owners pursuant to the Act, this Declaration or the By-Laws shall be sufficient if delivered to the Unit or mailed to the Unit Owner at the Unit mailing address by regular mail. The effective date of a notice shall be the date of delivery to the Unit in the case of actual delivery and a date five (5) days after deposit in the mail in the case of notice sent by mail.

#### Article XXII Rights of First Mortgage Holders, Insurers and Guarantors

SECTION 22.01 Eligibility. A holder, insurer or guarantor of a first mortgage on a Unit in the Condominium shall be required to provide to the Condominium Association a statement of its name, address and the Unit against which is the first mortgage it holds, insures or guarantees in order to be an eligible holder, insurer or guarantor as such terms are used in this Declaration and thereby entitled to the rights set forth for its benefit in this Article XXII and elsewhere in this Declaration.

SECTION 22.02 Notices to Eligible Holder, Insurer or Guarantor. Upon written request to the Condominium Association, identifying the name and address of the eligible holder, insurer or guarantor and the designation of the particular Unit, any eligible holder, insurer or guarantor of a first mortgage lien on a Unit shall be entitled to timely notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder, insurer or guarantor, as applicable;

(b) Any delinquency in the payment of Assessments or charges owed by an Owner of a Unit subject to a first mortgage held, insured or guaranteed by such eligible holder, insurer or guarantor, or any other default in the performance by an Owner of the Unit against which the mortgage lien applies of any obligation under this Declaration, the By-Laws or any rules and regulations of the Condominium Association which delinquency or other default continues for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of eligible first mortgagees as specified in Sections 22.03 and 22.04 below.

SECTION 22.03 Mortgagee Approval.

(a) Any restoration or repair of the Condominium, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Plan, and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of all eligible holders, insurers and guarantors.

(b) Any election to terminate the legal status of the Condominium after substantial destruction or a substantial taking in condemnation of the Condominium property shall require the approval of at least fifty-one percent (51%) of all eligible holders holding first mortgages on Units. Any other abandonment or termination of the Condominium by act or omission shall require the prior written approval of at least sixty-seven percent (67%) of all eligible holders of first mortgages on Units.

(c) Any decision to establish self-management by the Condominium Association shall require the prior consent of at least sixty-seven percent (67%) of the Unit Owners and the approval of at least fifty-one percent (51%) of the eligible holders holding first mortgages on Units.

(d) Any abandonment, partition, subdivision, encumbrance, sale or transfer of any of the Common Elements (except for granting easements for utilities or other public purposes consistent with the intended use of the Common Elements) by act or omission shall require the prior written approval of at least sixty-seven percent (67%) of the eligible holders of first mortgages on Units.

SECTION 22.04 Document Amendments.

(a) Other than amendments to this Declaration or the By-Laws (the "Condominium Documents") or termination of the Condominium made as a result of destruction, damage or condemnation, the consent of at least eighty percent (80%) of the Unit Owners and the approval of at least sixty-seven percent (67%) of the eligible holders holding mortgages on Units shall be required to terminate the Condominium.

(b) The consent of at least sixty-seven percent (67%) of the Unit Owners and the approval of at least fifty-one percent (51%) of the eligible holders of first mortgages on Units shall be required to add or amend any material provisions of this Declaration or the By-Laws which establish, provide for, govern or regulate any of the following:

(i) Voting;

(ii) Assessments, assessment liens or subordination of such liens;

(iii) Reserves for maintenance, repair and replacement of the Common Elements (or Units if applicable);

(iv) Insurance or fidelity bonds;

(v) Rights to use of the Common Elements;

(vi) Responsibility for maintenance and repair of the Common Elements of the Condominium;

(vii) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;

(viii) Boundaries of any Unit;

(ix) The interests in the Common Elements or Limited Common Elements;

(x) Convertibility of Units into Common Elements or of Common Elements into Units;

(xi) Leasing of Units;

(xii) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit;

(xiii) Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Units.

(c) An addition or amendment to the Condominium Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification as described in Section 19.01(g) hereof. An eligible holder of a mortgage who receives a written request to approve additions or amendments who does not deliver to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

#### Article XXIII Provisions Benefitting Tredyffrin Township

SECTION 23.01 Tredyffrin Township As Beneficiary.  
Tredyffrin Township (the "Township") shall be a third party beneficiary of the provisions of this Declaration requiring the Condominium Association to preserve and protect the open space (as defined in the Pennsylvania Municipalities Planning Code and the Tredyffrin Township Subdivision and Land Development Ordinance) portions of the Common Elements. The Township shall have the right (but not the obligation) to compel the preservation and protection of the open space areas and storm water drainage facilities and to compel the Condominium Association to abide by its maintenance and repair

responsibilities under this Declaration and, in the event of the Condominium Association's failure to fulfill any of these obligations, the Township, all pursuant to and as provided in Section 10705(d)(2) of the Pennsylvania Municipalities Planning Code, Act of July 31, 1968, P.L. 805 as codified on the date hereof, shall have the right (but not the obligation) to perform these obligations and be reimbursed for all expenses incurred; the amount of any expenses incurred by the Township shall be a lien against the open space and the Units whose Owners have not paid the assessments levied against them by the Township for the cost of preservation and protection of these open spaces. This Section 23.01 shall not be amended without the prior written consent of the Board of Supervisors of the Township.

Article XXIV General Provisions

SECTION 24.01 Severability. If any provisions of this Declaration are determined to be invalid, that determination shall not affect the validity or effect of the remaining provisions hereof or the By-Laws or any rules and regulations, all of which shall continue in effect as if such invalid provisions had not been included herein.

SECTION 24.02 Headings. The headings herein are for reference purposes only and shall not affect the meaning or interpretation of this Declaration.

SECTION 24.03 Effective Date. This Declaration shall become effective when it has been duly entered of record.

SECTION 24.04 Binding. This Declaration shall inure to the benefit of and shall be binding upon the Declarant's successors or assigns.

IN WITNESS WHEREOF, the Declarant, has set its hand and seal the day and year first written above.

Its: \_\_\_\_\_

*[Handwritten signature]*  
V.P.

Daylesford Development Corp.,  
a Delaware corporation

:

Its: \_\_\_\_\_

(Seal)

STATE OF Pennsylvania :  
COUNTY OF Chester : SS.  
:

On this, the 2nd day of June, 1989, before me, a Notary Public residing in the State and County aforesaid, the undersigned officer, personally appeared J. Donald McCawson, who acknowledged himself/herself to be the Vice President of Daylesford Development Corp., a Delaware corporation, and that (s)he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as Vice President.

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

Mary Frederick  
NOTARY PUBLIC

My Commission Expires:

NOTARIAL SEAL  
MARY FREDERICK, Notary Public  
Willhatown Twp., Chester County, PA  
My Commission Expires Aug. 10, 1989

