

BLOSSOM HILL

**Homeowner's
Association**

BLOSSOM HILL HOMEOWNER'S ASSOCIATION

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Blossom Hill

- Public Offering Statement
- Bylaws of homeowners association
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- Budget

Buyer hereby acknowledges receipt of these documents.

Signature

Date

Signature

Date

BLOSSOM HILL, A PLANNED COMMUNITY PUBLIC OFFERING STATEMENT

NAME OF PLANNED COMMUNITY: Blossom Hill

LOCATION OF COMMUNITY: Derry Township
Mifflin County, Pennsylvania

NAME OF DECLARANT: DGB Properties, LP

ADDRESS OF DECLARANT: 406 West James Street
Lancaster, Pennsylvania 17603

EFFECTIVE DATE OF PUBLIC
OFFERING STATEMENT: June 26, 2008.

IMPORTANT NOTICE

Pursuant to section 5402 of the Pennsylvania Uniform Planned Community Act, as amended (the "Act").

- A. UNDER PENNSYLVANIA LAW, A PURCHASER OF A UNIT WITHIN A PLANNED COMMUNITY IS AFFORDED A SEVEN DAY PERIOD AFTER RECEIPT OF A PUBLIC OFFERING STATEMENT OR A MATERIAL AMENDMENT TO A PUBLIC OFFERING STATEMENT, BUT BEFORE CONVEYANCE OF THE UNIT, DURING WHICH HE OR SHE MAY CANCEL WITHOUT PENALTY ANY CONTRACT OF SALE PREVIOUSLY EXECUTED AND OBTAIN A FULL REFUND OF ANY SUMS DEPOSITED IN CONNECTION WITH THE CONTRACT. IF THE PURCHASER SO ELECTS TO CANCEL, HE OR SHE MUST DELIVER NOTICE OF CANCELLATION TO THE DECLARANT BY HAND (IN WHICH CASE EVIDENCE OF RECEIPT SHOULD BE OBTAINED) OR BY POSTAGE PREPAID UNITED STATES MAIL, RETURN RECEIPT REQUESTED.**
- B. IF THE DECLARANT FAILS TO PROVIDE A PUBLIC OFFERING STATEMENT AND ANY AMENDMENTS THERETO TO A PURCHASER BEFORE CONVEYING A UNIT, THAT PURCHASER MAY RECOVER FROM THE DECLARANT, IN ADDITION TO ANY OTHER RELIEF, AN AMOUNT EQUAL TO FIVE PERCENT (5%) OF THE SALE PRICE OF THE UNIT UP TO A MAXIMUM OF \$2,000 OR PURCHASER'S ACTUAL DAMAGES, WHICHEVER IS GREATER. A MINOR OMISSION OR ERROR IN THE PUBLIC OFFERING STATEMENT, OR ANY AMENDMENT THERETO, WHICH IS NOT WILLFUL, SHALL ENTITLE THE PURCHASER TO RECOVER ACTUAL DAMAGES ONLY.**
- C. IF A PURCHASER RECEIVES THE PUBLIC OFFERING STATEMENT MORE THAN SEVEN DAYS BEFORE SIGNING A CONTRACT OF SALE (INCLUDING**

THE SALE OF A TIME-SHARE ESTATE), HE CANNOT CANCEL THE CONTRACT, EXCEPT THAT IN ACCORDANCE WITH PARAGRAPH A, HE SHALL HAVE THE RIGHT TO CANCEL THE CONTRACT BEFORE CONVEYANCE WITHIN SEVEN DAYS AFTER RECEIPT OF ANY AMENDMENT TO THE PUBLIC OFFERING STATEMENT THAT WOULD HAVE A MATERIAL AND ADVERSE EFFECT ON HIS RIGHTS OR OBLIGATIONS.

INTRODUCTION

DGB Properties, LP (sometimes called the "Declarant"), is developing a planned community of building lots for construction of residences known as Blossom Hill (sometimes called the "Community"). The Community is the subject of a Declaration that was recorded on June 24, 2008 in the Office of the Recorder of Deeds for Mifflin County, Pennsylvania in Record Book 0578, Page 2571 and "Plat and Plans" or, more properly just a "Plat" (which was recorded as part of the Declaration), showing the building lots that are part of the Community, subject to amendment. The term "Declaration" when used in this Public Offering Statement will mean the recorded Declaration as identified above.

When the term "Plat" is used in this Public Offering Statement, it will refer to the recorded Plat. A reduced copy of the Plat is attached to this Public Offering Statement as Exhibit "A." Each lot that is made part of the Community is sometimes called a "Unit" and sometimes referred to as a "lot." The Units are shown as lots in the Subdivision Plan described below.

Blossom Hill is located off Green Avenue, Extension SR 2004 in Derry Township, Mifflin County, Pennsylvania.

Blossom Hill is also the subject of a subdivision plan submitted for approval to Derry Township and Mifflin County. The first phase of the Subdivision Plan, containing 85 building lots, has been finally approved and were recorded in the Office of the Recorder of Deeds for Mifflin County, Pennsylvania in Plan Book 24, Page 107 (the "Subdivision Plan").

Blossom Hill is being developed in phases for purposes of both the Subdivision Plan and under the Pennsylvania Uniform Planned Community Act, with the number of lots being different for each purpose. For purposes of the Pennsylvania Uniform Planned Community Act, the Declaration, and the Plat, the Community will include a first phase of 85 building lots, 47 of which will be for townhouses, 60 of which will be for duplexes and 29 of which will be for detached single family homes. Phase one will also have open space lots, storm water management facilities, and other "common elements" of the Community. The open space lots are separate, nonbuildable, lots identified by number in the Subdivision Plan and shown as common elements in the Plat. Although all the land that may become part of the Community has been subjected to the Declaration for Blossom Hill, initially only those lots or Units within phase one will be part of the Community. From time to time over the seven year period after the date the first Declaration was recorded, the Declarant may create Units (building lots) and common elements within other phases and make them part of the Community. In addition, at any time prior to the expiration of this seven-year period, the Declarant may withdraw those phases in which the Declarant has not formally created Units and remove them from Blossom Hill. If Units are created in all the Phases contemplated to be added to the Community and no Units or Phases are withdrawn, the maximum number of Units, or building lots, within Blossom Hill will be 550, although the Declarant currently is planning on there being just 383 Units.

The term "phase," when used in this Declaration, will refer to phases added to the Community for purposes of the Pennsylvania Uniform Planned Community Act and the Declaration, as shown in the Plat, as both the Declaration and Plat may be amended to reflect the addition or withdrawal of Units. Unless specifically stated otherwise, the term "phase" will not refer to the phases of the Subdivision Plan.

The Declarant has no intention of renting Units or marketing blocks of lots or "Units" to investors. It has entered into an agreement with Berks Construction Co., Inc., doing business as "Berks Homes." It plans to build homes on the Units and then to sell the homes, with the Units or lots, to home buyers. Either the Declarant or Berks Homes will convey the lot or "Unit" itself to the purchaser.

The land upon which Blossom Hill will be developed is approximately one hundred and forty eight acres in size, with Phase 1 being approximately twenty nine acres in size. As shown in the Subdivision Plan and in the Plat, access to the Community is provided by way of Green Avenue, Extension SR 2004 and access to the Units and to the common elements within the Community is provided by Geisinger Lane, Barrington Lane, Cambridge Lane, and Exeter Lane. The Declarant intends to offer to dedicate all the streets within the Community to Derry Township. Public water and public sewer will be available to all the lots within the Community. For that reason the Community will be subject to easements in favor of the public authorities and utilities providing sewer and water service. In addition, the Declarant intends to offer to dedicate the sewer and water lines themselves to those authorities or providers. Storm water management facilities will be located throughout the Community, including within the open space lots, and an easement in favor of Derry Township will be granted to permit it access to all storm water management facilities to assure they are properly maintained in the event the Blossom Hill Home Owners Association (which is the association of Unit Owners that has been formed to own some of the common elements and to provide maintenance for the common elements and is sometimes referred to in this Public Offering Statement simply as the "Association") or the Unit Owners do not fulfill their maintenance and repair obligations. Construction of site improvements and common elements began in the Fall of 2007. The Declarant expects the entire Community to be completed within seven years, but that, of course, will depend upon favorable market conditions.

This Public Offering Statement consists of two parts, a narrative portion and an Exhibit portion. The Exhibits include legal documents which are required for the creation and operation of the Community, and a projected budget for the Community. The narrative portion of the Public Offering Statement is intended to summarize the significant features of the Exhibits and also to present other information of importance to prospective purchasers. If there is any inconsistency between the Exhibits and the narrative, the provisions of the Exhibits will govern.

PLANNED COMMUNITIES IN GENERAL

The term "planned community" refers to a community in which the owners of "units" have an obligation to contribute toward the costs of maintaining certain "common elements" available for use by, or serving, the community. The property within a planned community is of two types--Units and Common Elements. Units are portions of a planned community that are intended to be owned by individuals. In the case of a residential planned community like Blossom Hill, the Units are separate building lots intended for the construction of townhouses and detached single family homes. All the Units in Blossom Hill will be owned in fee simple absolute.

Common Elements are all portions of the planned community that are to be owned or maintained by the Association. They do not include Units, although some Common Elements may be located on Units, and they do not include land or improvements that are dedicated to a governmental entity. The Common Elements of Blossom Hill include open space lots, storm water management facilities, sidewalks along open space lots, community identification signs and decorative fencing, street lights, and, until and unless they are accepted for dedication, streets, sanitary sewer lines and public water lines. When Common Elements are real estate that is not owned by the Association, they are often referred to as "controlled facilities," but they are still Common Elements. Planned communities also often include Limited Common Elements. Limited Common Elements are areas or improvements within a Community that serve fewer than all the Units, and may serve as few as one Unit.

In Blossom Hill, the Association is responsible for providing lawn mowing on Townhouse and Duplex Units, and for repairing and maintaining the roofs, downspouts, gutters, soffit, facie, siding, and

masonry surfaces of Townhouses built on Townhouse Units. The lawn areas and surfaces of the Townhouses and Duplexes may be thought of as Limited Common Elements because the maintenance and repair obligations of the Association benefit only the Townhouse and Duplex Units. In addition, if the Executive Board of the Blossom Hill Home Owners Association determines that the Single Family Unit owners are not properly maintaining their lawns, the Declaration may be amended to require that the Association provide lawn mowing for Single Family Units as well. If that were to occur, the lawns on the Single Family Units would essentially become Limited Common Elements benefitting just the Single Family Units.

The Common Elements that include open space lots or improvements on the open space lots will be owned by the Blossom Hill Home Owners Association. Other Common Elements, specifically the Limited Common Elements described in the preceding paragraph, will be part of the Units, making them Controlled Facilities, and thus the Association will not own them, but will simply be responsible for providing the described maintenance and repair. There is an exception, however. In Blossom Hill, the Unit Owners are responsible for providing snow and ice removal from sidewalks between their Units and the streets that border their Units. Additionally, owners of Single Family Units are responsible for mowing the grass areas between the sidewalks and streets, even though the sidewalks and grass areas may not be located on their Units and are available for use by all the Unit Owners in the Community. Owners of Duplexes and Single Family Units are also responsible for mowing the surface of utility and storm water easement areas on their Units.

All Unit owners benefit from the "general" Common Elements and have the obligation to pay a share of the expenses of operating and maintaining the "general" Common Elements and for operating the Association. In Blossom Hill, the share paid by owners of Units upon which townhouses are built will pay two-thirds of the share that will be paid by owners of Units upon which detached single family homes are built. Only those Unit owners that directly benefit from the repair and maintenance services provided for just their Units must also pay a share of the Association's expenses in doing so. They are called "Limited Common Expenses." In Blossom Hill, the Association's costs of providing maintenance and repair for the Townhouse Units are Limited Common Expenses that will be assessed in equal shares against the owners of the Townhouse Units upon which townhouses have been built.

The Association in Blossom Hill will be arranging for trash pick-up for all the Units that are owned or occupied by persons other than the Declarant. The costs of trash pick-up for each Unit will be assessed against and paid for by the owner of the Unit as a Limited Common Expense.

If a Unit Owner fails to fulfill his maintenance obligation, and the Blossom Hill Home Owners Association does so, then those sidewalks, grass areas between sidewalks and streets, and the surface of easement areas will be considered Limited Common Elements and the expense of maintenance will be assessed against the defaulting Unit Owner as a Limited Common Expense.

Each Unit will be taxed separately for real estate tax purposes. No Unit owner is liable for the payment of real estate taxes on any other Unit. Similarly, no Unit is subject to the lien of any mortgage on any other Unit.

The Declaration is the legal document that creates a Planned Community when it is recorded. A copy of the Declaration for Blossom Hill is attached as Exhibit "B" to this Public Offering Statement. The Declaration, together with the Plat, establishes the boundaries of the planned community as a whole, the boundaries of the Units and the Common Elements, and the shares of all Common Element (including Limited Common Element) maintenance expenses and Association operating costs borne by each Unit Owner. In addition, the Declaration establishes special property rights, such as easements, within the

Community, and use restrictions. In Blossom Hill, Units are intended for residential use and will be restricted to those uses permitted under the local Zoning Ordinance and in accordance with other restrictions described in the Declaration and later in this Public Offering Statement.

BUILDING LOTS AS UNITS CONVERTIBLE REAL ESTATE AND WITHDRAWABLE REAL ESTATE

Each building lot within Blossom Hill is a Unit. Unit boundaries are shown in the Plat. All Units will be completed and ready for the construction of a single family detached home or a townhouse on the Unit when it is conveyed by the Declarant.

Although all the land comprising Blossom Hill is subject to the Declaration, Units have been and will be created only when phases are added to the Community. Initially, Units were created only in phase 1 as shown in the Plat. The Declarant plans to develop Blossom Hill in several phases. From time to time, but not later than seven years after the original Declaration was recorded in the Office of the Recorder of Deeds for Mifflin County, Pennsylvania on June 24, 2008, the Declarant may add phases to the Community in any order. When (but only when) a phase is added to the Community, the Units which are laid out within the phase, as configured at that time, and any Common Elements within the added phase, will become part of the Community and the owners of those added Units will share in the costs of maintaining the Common Elements and the Association. At that time the owners of the newly added Units will also have the right to participate in the affairs of the Association. Furthermore, when Common Elements, including Limited Common Elements, within any phase are added to the Community, the costs of maintaining the added Common Elements will be shared by the Unit owners. When Units within additional phases are created and formally added to a Community, the real estate out of which the Units (and any related Common Elements) are created is called "Convertible Real Estate." If Units are created in all the Convertible Real Estate and added to the Community, the maximum number of Units in the Community will be 550. The Convertible Real Estate in Blossom Hill is shown in the Plat.

In addition to being able to add phases and Units to the Community, the Declarant has reserved the right to withdraw from the effect of the Declaration any land within which Units have not been created and formally added to the Community. In all events, however, any land or lots to be withdrawn by the Declarant must be withdrawn within seven years after the Declaration was recorded in the Office of the Recorder of Deeds for Mifflin County, Pennsylvania on June 24, 2008. Land that may be removed from the Community and the effect of the Declaration is called "Withdrawable Real Estate." The Withdrawable Real Estate in Blossom Hill is shown in the Plat.

COMMON ELEMENTS, SHARE OF EXPENSES, EXPENSES OF OPERATIONS

The Common Elements include all of the Community other than the Units and certain portions of Units, generally Townhouse Units, that are to be maintained by the Association, but they do not include streets, street rights-of-way, sanitary sewer lines, and public water lines within the Community that are offered and accepted for dedication by municipal bodies or other service providers. As explained above, Common Elements within Blossom Hill initially will include four open space lots (Lots 2, 18, 135 and 143), certain storm water management facilities, sidewalks along open space lots, streetlights, community identification signs and decorative fencing, and until and unless they are accepted for dedication, the streets, sanitary sewer lines and public water lines within the Community. The Declarant has reserved lot 110 for

the construction of a Community Center at such time as sales and occupancy of Units will its use. When constructed, the Community Center will include gathering, game and exercise rooms, a kitchen, patio, lounge area and bathroom facilities. The Community Center will have its own parking area. If and when additional phases are added to the Community, the Common Elements within those phases will also become part of the Community. Blossom Hill also has Limited Common Elements, which serve or benefit fewer than all the Units. In Blossom Hill, the Association is responsible for providing lawn mowing on Townhouse Units, and for repairing and maintaining the roofs, downspouts, gutters, soffit, facie, siding, and masonry surfaces of Townhouses built on Townhouse Units. The lawn areas and surfaces of the Townhouses may be thought of as "controlled facilities" and as Limited Common Elements because the maintenance and repair obligations of the Association benefit only the Townhouse Units. In addition, if the Executive Board of the Blossom Hill Home Owners Association determines that the Duplex or Single Family Unit owners are not properly maintaining their lawns, the Declaration may be amended to require that the Association provide lawn mowing for Duplex or Single Family Units as well. If that were to occur, the lawns on the Duplex or Single Family Units would essentially become "controlled facilities" and Limited Common Elements benefitting just the Single Family Units. All the Common Elements must be built by the Declarant. Common Elements necessary for Unit owners to use their Units and the homes built on their Units will be completed by the time the Units are conveyed to them, although finish paving, grading, and seeding may occur after Units are conveyed.

All Common Elements will be constructed by the Declarant. Common Elements in the nature of open space lots will be conveyed by the Declarant to the Association. "Controlled facilities" will be owned by the owner of the real estate they form part of, despite being maintained and repaired by the Association.

The Association will be responsible for maintaining, repairing, replacing, and regulating the use of the Common Elements, except for the following, which the Unit owner must maintain: the surface areas of storm water drainage and utility easement within the boundaries of a Unit (but with mowing being provided by the Association for Townhouse Units) and except for sidewalks and grass areas between a Unit and the street it borders (again, except for mowing, which, as to Townhouse Units, will be provided by the Association).

Streets, sanitary sewer mains, and public water mains that are conveyed to municipal bodies or other service providers will not be Common Elements if and when they are offered and accepted for dedication. If they become or remain Common Elements, the Declarant will convey them to the Association after they have been constructed or installed. At that time, the Association will become responsible for maintaining and repairing the streets, sanitary sewer and public water mains that were not accepted for dedication. Until dedication or conveyance to the Association, the Declarant will be responsible for maintaining the streets and the sanitary sewer and public water mains. If they become the responsibility of the Association, the costs of maintenance and repair will increase the expenses of the Association, and consequently the assessments that will be made against the Units.

The Declarant is required to post bonds with the Townships to secure its obligation to complete construction of the streets, storm water management facilities, sanitary sewer lines and potable water lines in the Community. For improvements and facilities the Declarant will complete prior to conveyance to the Association and that in all events will be Common Elements, the Declarant does not intend to provide to the Association any additional third party guarantee, bond, escrow, letter of credit or similar mechanism to assure completion. Improvements or facilities that may become Common Elements (such as streets and water and sewer mains that are not accepted for dedication) will not be conveyed to or become the responsibility of the Association until completed unless a third-party guarantee, bond, escrow or letter of credit assuring completion has been provided by the Declarant for the benefit of the Association. As to any uncompleted

improvement or facility that *may* become a Common Element (*i.e.* streets, public sanitary sewer and water mains), the same will be deemed completed upon the recording of a certificate executed by an independent registered surveyor, architect or professional engineer stating that the same has been substantially completed in accordance with the descriptions set forth in the Declaration, the Plat, and the public offering statement so as to permit its use for its intended purpose. Completed improvements or facilities that are or in all events will become Common Elements will be deemed to be completed upon approval of the municipality within which they are located. The Declarant's obligation to complete and/or convey the Common Elements to the Association is binding on the Declarant and to any successor in interest of the Declarant whether or not such successor in interest succeeds to any special declarant rights.

Each Unit owner will bear a share of the costs incurred by the Association to maintain the Common Elements and the Association itself, by way of assessments levied by the Association. Limited Common Expenses, being the expenses incurred to provide services benefitting fewer than all the Units, principally the Townhouses, will be paid for by the benefitted Units in equal shares. The costs of providing the above-described maintenance and repair for Townhouse Units will be assessed against the Townhouse Units that have townhouses built on them, but not Townhouse Units that are just vacant lots. Costs for trash pick-up for each Unit (other than unoccupied Units owned by the Declarant) will be assessed against each Unit individually. Because all Unit owners will bear a share of the costs for "general" Common Expenses and some Unit owners will bear a share of the Limited Common Expenses incurred to provide services to their Units, an owner's *percentage share* of the total costs attributable to "general" Common Expenses and Limited Common Expenses benefitting his or her Unit will decrease as and if Units are added to the Community or Units are added of the type that pay a share of the Limited Common Expenses; however, the total costs that the Units will sharing will likely *increase* because there will be more Common Elements and Limited Common Elements. Until additional Units are added to the Community, the share of the general Common Expenses of the Association borne by the owners of Units will be 1.163%. Units benefitting from services for which Limited Common Expenses are incurred will be assessed an equal share of those costs. The shares allocated to each Unit owner are based solely upon the number of Units in the Community, even though some Units may be larger or smaller than others.

THE DECLARANT

The Declarant, DGB Properties, LP is a Pennsylvania limited partnership with offices at 406 West James Street, Lancaster, Pennsylvania 17603. The Declarant's primary representative in developing Blossom Hill is Michael S. Glass.

GOVERNING DOCUMENTS

1. Declaration

The Community was created when the original Declaration of Blossom Hill, a Planned Community was recorded on June 24, 2008 in the Office of the Recorder of Deeds for Mifflin County, Pennsylvania in Record Book 0578, Page 2571. The term "Declaration" in this Public Offering Statement refers to the Declaration as further amended. A complete copy of the Declaration is attached to this Public Offering Statement as Exhibit "B." The following, however, summarizes its key features. All references to Articles and Sections refer to Articles and Sections of the Declaration. The Pennsylvania Uniform Planned Community Act (the "Act") applies to the operation and governance of the Community except to the extent

permissible contrary provisions are found in the governing documents of the Community, which include the Declaration, the Bylaws of the Unit Owners Association, and the Plat (collectively sometimes called the "Governing Documents"). Therefore, reference to the Act may be helpful in understanding the Governing Documents.

Article I submits the real estate to be developed into Blossom Hill to the planned community form of development and ownership. It also identifies the Declarant and gives the name of the Community. Article I describes certain easements affecting the property and defines most of the terms used in the Declaration. Among the easements are easements for storm water, utilities, water and sewer lines, temporary cul-de-sacs, construction, and others shown in the Subdivision Plan.

Article II, in section 2.1, describes the share of Common Expenses allocated to each Unit Owner and the number of votes in the Unit owners association that each Unit owner receives. As stated above, each Unit owner's share is a percentage share of the expenses for maintaining or otherwise fulfilling the Blossom Hill Home Owners Association's obligations with respect to the "general" Common Elements and the Association itself (these expenses are called "Common Expenses"), which is 1.163% of such costs. Limited Common Expenses incurred to provide repair and maintenance specific to the Townhouses will be shared equally by the owners of Townhouse Units upon which townhouses have been built. Each owner of a Unit will be entitled to one vote upon matters of the Blossom Hill Home Owners Association submitted to a vote of the Unit Owners.

Section 2.2 describes the boundaries of the Units.

Section 2.3 explains that the Blossom Hill Home Owners Association is responsible for maintaining the Common Elements, including Limited Common Elements. Each Unit owner is responsible for maintaining his or her Unit and all improvements erected on the Unit. Each Unit owner is also responsible for maintaining the surface of storm water management facilities, drainage and other easements on his Unit, including mowing (except on Townhouse and Duplex Units for which the Association will provide mowing), shrubbery trimming, and routine cleaning of inlets and outlets, and for maintaining sidewalks and grass areas between the Unit and streets bordering the Unit (again, except that the Association will provide mowing for Townhouse Units). Owners should refer to the Association's Chart of Maintenance Responsibilities.

Section 2.4 permits the Township in which the Community is located to provide maintenance of the Common Elements if the Association fails to do so and then to assess its costs against the association and the Units in the same manner as other Association assessments.

Section 2.5 restricts the ability of a Unit owner to subdivide the Unit, although the Declarant may do so. Section 2.5 also addresses how two Unit owners may relocated the boundaries of their bordering Units.

Section 2.6 restricts and regulates alterations of Townhouse Units to limit inconvenience, risks of structural problems, and annoyance of a neighboring Unit and his or her Unit or townhouse.

Article III describes the Common Elements. Every portion of the Community that is not within a Unit boundary or that has not been offered for dedication and accepted by a municipal body or other service provider (as in the case of streets, water mains, and sewer lines) is a Common Element. In addition the Common Elements include certain Controlled Facilities. Common Elements include open space lots, certain storm water management facilities, including those storm water management facilities on Lots 2, 21 through 26 and 143, sidewalks along open space lots, streetlights, community identification signs and decorative

fencing, and, until and unless they are accepted for dedication, streets, sanitary sewer lines and public water lines. The Controlled Facilities are those parts of the Community that are not owned by the Association but are to be maintained by the Association. They include the lawns of Townhouse Units and the surfaces of the townhouses as to which the Association will provide lawn mowing, roof repair, and maintenance and repair of downspouts, gutters, soffit, facie, siding and masonry surfaces. The "general" Common Elements in the nature of improvements will be built by the Declarant. All Common Elements, other than the Controlled Facilities and other than streets, water mains, and sewer lines offered for dedication and accepted by municipal bodies or other service providers, will be conveyed by the Declarant to the Blossom Hill Home Owners Association. After conveyance, the Common Elements and Controlled Facilities will be maintained by the Association at the expense of the Unit owners, who will be assessed a share of the maintenance costs, except for the surface of storm water easement areas and sidewalks and grass areas between a Unit and the street bordering the Unit, which the Unit owner must maintain at his or her expense (although the Association will provide lawn mowing for Townhouse Units). The Declarant, at its expense, will construct all the streets, storm water management facilities, walkways within open space, sanitary sewer lines and potable water lines in the Community, excluding lateral sewer and water lines serving a single home, which will be installed by the home builder. If streets (together with street rights of way), sanitary sewer lines and facilities, or public water mains and facilities are not accepted for dedication, they will become Common Elements (and Controlled Facilities, as applicable) and maintenance will be borne by the Association, with the costs of maintenance being included among the General Common Expenses assessed against all the Unit Owners. Paragraph 3.1(d) of the Declaration explains that the Association will arrange for trash pick-up throughout the Community and that Units will be assessed by the Association for that service (excluding unoccupied Units owned by the Declarant).

Section 3.2 describes a Community Center which may be built on Lot 110.

Article IV, in section 4.1, grants certain easements to the Unit owners, the Blossom Hill Home Owners Association, and the Declarant, and it permits the Declarant to grant similar rights to home builders. Among the easements are those addressing signs, those accommodating utility service lines, those permitting use of the storm water management facilities and right to use the open space, and those necessary to construct and maintain Common Elements, streets, storm water management facilities, water and sewer lines, and the like. The Association and the Declarant are also given easements throughout the Common Elements to correct drainage and other problems that might arise. Article IV also grants easements to the Declarant and it permits the Declarant to grant easements to home builders to use the Common Elements and certain lots, as well as the streets, in the course of constructing homes or other improvements within the Community and in selling homes. Article IV reserves to the Declarant the right to use sewer, water, storm water, and utility easements within the Community to benefit any Withdrawable Real Estate, and it provides for five-foot wide easements along the sides and back yards of certain Units to allow the owners of other Units to reach the back of their Units for maintenance purposes.

Section 4.2 of Article IV gives the Unit owners association the right to grant further easements and rights of use and access to utility service providers and Section 4.3 again reserves an easement in favor of the Declarant and the Association to enter the Common Elements and Units to construct, maintain and repair the Common Elements. Section 4.4 allows the Declarant and authorized home builders to maintain models for sale, management, and rental activities.

Article V describes how the Declaration may be amended and it grants to certain mortgagees the right to approve most amendments.

Article VI permits the Declarant to create Units and Common Areas within property submitted to the Declaration, but not initially part of Blossom Hill, and to add them to Blossom Hill. The areas that may be added to the Community in this way are shown in the Plat as Convertible Real Estate. The Declarant's right to add Convertible Real Estate expires seven years after the original Declaration was recorded on June 24, 2008, but the Declarant may do so at any time before that. The maximum number of Units that may be created within the Community is 550. Article VI explains that as Units are added, each Unit owner's share of the Common Expenses will go down, but the total expenses will likely increase because of the likely addition of Common Elements.

Article VII permits the Declarant to withdraw from the Community portions of the Property previously submitted to the Declaration. Such portions are called "Withdrawable Real Estate." The Declarant's right to withdraw Withdrawable Real Estate expires seven years after the original Declaration was recorded, but the Declarant may do so at any time before that.

Article VIII sets forth many use restrictions applicable to the Unit owners with respect to their Units and Common Elements. Because they are so numerous, prospective buyers of Units are advised to review them carefully in the Declaration. Furthermore, Units are intended to be residential building lots and use of a Unit is limited to those uses permitted under applicable Zoning Ordinances. In addition, all structures to be constructed or installed on any Unit must be approved by the Declarant or by an assignee of the Declarant's approval rights, such as the Executive Board of the Association, and there are a number of restrictions relating to the Units and the owners' activities on the Units. Finally there are several restrictions designed to protect sewer and storm water easements by not permitting construction or planting in certain areas. Please see the Declaration for all the prohibitions and requirements and for the method of enforcement. Article VIII also protects the Declarant or other approving body and the Association from liability for its decision making, it prohibits the Unit Owners from doing certain things on Common Elements, it allows the Executive Board to grant a variance from the enumerated restrictions affecting Units, and it permits the Declarant, the Association, and the Unit Owners to enforce the restrictions. Article VIII, in Section 8.6 assures that if the Declarant approves a sales contract providing for construction of a home, that approval will constitute approval of the structure.

Article IX states that all mortgages of Units or of the Common Elements are subject to the Declaration.

Article X describes the powers of the Executive Board of the Blossom Hill Home Owners Association. The Executive Board has most of the same powers and functions of the Board of Directors of a corporation. They have the power to manage the Community, particularly the Common Elements, including adopting budgets, hiring managing agents, establishing assessments against the Unit owners and collecting amounts assessed, granting easements over the Common Elements, and maintaining the Common Elements. The Executive Board may also assist in resolving disputes between Unit owners and in interpreting the Plat, the Declaration, the Bylaws of the Association, and rules and regulations governing use of the Common Elements.

Article XI explains that Unit owners will be assessed, in accordance with their shares of the Common Expenses and Limited Common Expenses, to pay the costs of operating the Unit owners association and maintaining the Common Elements and Limited Common Elements, as budgeted by the Executive Board. Annual assessment must be paid in monthly or quarter-annual installments in advance on the first day of each month or calendar quarter, as determined by the Executive Board, (but if an installment is not paid the Executive Board may require the balance of the annual assessment to be paid in full). The Executive Board also has authority to make special assessments when necessary to pay for unbudgeted expenses. The

Executive Board has the right to enforce payment of all assessments, which under the Act constitute a lien on the assessed Unit. Article XI also requires that the Executive Board annually deliver to each Unit owner an accounting of collected assessments and general Common Expenses and Limited Common Expenses incurred and imposes the costs of collection of delinquent payments upon the Unit owner.

Article XII lists the rights of holders of certain mortgagees, if requested by them. They include the right to examine the books and records of the Unit owners association and the right to receive copies of budgets and assessments, financial statements of the Association, notices of meetings of the members of the Association, notices of amendments to the Declaration, notice of significant damages to the Common Elements and of condemnation of the Common Elements, and notices of decisions of the Executive Board of the Association to assume management of the Planned community instead of contracting with a managing agent. Article XII also provides that in certain actions of the Association or the Declarant may require the consent of certain mortgagees.

Article XIII sets forth special rights of the Declarant. Initially, the Declarant may maintain control of the Executive Board of the Association. Within sixty days after 25% of the Units (including those that may be created within Convertible Real Estate) have been sold, twenty-five (25%) of the members of the Executive Board will be elected by Unit owners other than the Declarant. Within sixty days after fifty (50%) percent of such Units have been sold, thirty-three (33%) percent of the members of the Executive Board will be elected by Unit owners other than the Declarant. And within sixty days after 75% of the Units that may be created have been sold, or within two years after the Declarant has stopped offering Units for sale, or until seven years after the conveyance of the first Unit in the Community to a purchaser, which ever is earlier, all members of the Executive Board will resign and a new Executive Board will be elected. The percentage of sold Units will be determined with reference to all the Units that are or may become part of the Community, including those in Convertible Real Estate. Article XIII also permits the Declarant to assign to another person certain of its rights.

Article XIV describes the duties and limits the liability of officers and members of the Executive Board of the Association. Officers and members of the Executive Board are fiduciaries and must perform their duties in good faith and in a manner they reasonably believe to be in the best interests of the Association. Article XIV also provides that the Association will indemnify officers and members of the Executive Board from liabilities and costs they may incur in performing services for the Association and consistent with their duties to the Association.

Article XV contains a number of general provisions. They explain who may enforce the Declaration; they require that all Unit owners and the occupants of all Units must comply with the Declaration, Bylaws and rules and regulations of the Association. Article XV also limits the Association's liability in the event it does not fulfill its obligations under the Declaration.

2. Bylaws

The Bylaws are the rules that govern the Blossom Hill Home Owners Association, which is a Pennsylvania nonprofit corporation. Article I of the Bylaws sets forth introductory matters.

Article II establishes the Blossom Hill Home Owners Association and provides that its purpose is to administer the affairs of the Community, arrange for management of the Community, and to establish the means of making and collecting assessments against the Units to fund maintenance of the Association and the Common Elements. Article II sets forth the time, location, purpose and business to be conducted at meetings of the Blossom Hill Home Owners Association, and it sets forth the required notice, quorum and

voting rights of the Unit Owners and members of the Association. The Bylaws require the Association to conduct meetings at least annually. At the annual meeting, members of the Executive Board will be elected and the members present will conduct such other business as may be required or permitted by law. Each Unit Owner is a member of the Blossom Hill Home Owners Association. Membership terminates when the Unit is sold, in which case the new buyer becomes the member.

In addition to annual meetings, the Executive Board or Unit Owners holding 25% of the votes of the Association may call special meetings. Section 2.4 describes how the Declarant will transfer control of the Association. After 25% of the Units, from time to time, have been sold, 25% of the Executive Board will resign and replacements will be elected by the Unit owners other than the Declarant, and after 50% of the Units are sold, 33% of the Executive Board will resign and will be elected by Unit owners other than the Declarant. After 75% of the Units from time to time have been sold, or seven years after the Declaration conveyed the first Unit (or two years after the Declarant has stopped offering Units for sale in the ordinary course of business), whichever ever is earlier, all the members of the Executive Board will be elected by Unit owners, including the Declarant with respect to any Units owned by the Declarant.

Section 2.7 describes the voting process at meetings of the members of the Blossom Hill Home Owners Association. Each Unit Owner will have one vote for each Unit owned. Section 2.7 also describes how votes are cast when a Unit is owned by more than one person or by an entity. Section 2.8 permits voting by proxy. Section 2.9 establishes a quorum at twenty (20%) percent of the votes of all the members. Section 2.10 explains how meetings are conducted.

Cumulative voting will not be permitted. Cumulative voting allows a member in the election of members of the Executive Board the right to add together all the votes he is entitled to cast for all the Executive Board members standing for election and to cast them for any one or more nominees.

Article III generally deals with the make-up and operation of the Executive Board and sets forth procedures to be followed in the event of the resignation or removal of Executive Board members and the filling of vacancies. The Community will be managed by an Executive Board of between three and nine members, all of whom must be natural persons, Unit Owners, representatives of Unit owners which are not natural persons, or designees of the Declarant. Executive Board Members will serve for terms of three years, except for Members who are required to resign at the time the Declarant turns control of the Association over to the members of the Association.

Section 3.2 of the Bylaws permits the Executive Board to employ a professional managing agent to oversee the daily operation of the Community. Section 3.2 establishes requirements for the terms of any management contract entered into by the Association and specifies the powers that may and may not be delegated to a managing agent.

Article III also provides for the calling and conduct of meetings of the Executive Board, the level of attendance by members required to constitute a quorum (being a majority of the members), and it permits the Association to enter into contracts with Executive Board Members who may have a conflict of interest with the Association, as long as the terms are fair or the conflict is disclosed.

Article IV of the Bylaws contains provisions governing the election of officers of the Association by the Executive Board and the duties of the officers. The Executive Board annually will elect a president, secretary, treasurer, and any other officers, including a vice president, the Executive Board decides to have.

Article V deals with the determination, assessment, and collection of Common Expenses, including Limited Common Expenses. Unpaid Common Expense assessments are the personal liability of the Unit Owner and will be a lien on Units. The lien ultimately may be enforced by a sheriff's sale. The annual budget is to be presented to the Unit Owners and items are subject to rejection at a special meeting called for that purpose by the vote of a majority (by vote) of the Unit Owners. A Unit owner's share of Common Expenses will be payable in monthly or quarter-annual instalments on the first day of the month or calendar quarter-year (April 1, July 1, October 1, and January 1), as decided by the Executive Board. The share of the owner of a Townhouse Unit will be two-thirds of the share payable by the owner of a detached single family home for general Common Expenses. Limited Common Expenses incurred to provide repair and maintenance of Townhouse Units will be assessed equally among all the Townhouse Units..

Article VI provides that Unit Owners are liable for the damages caused by them, their tenants, and guests, including increases in insurance premiums the Association may have to pay because of things done by them. Article VI also gives the Executive Board authorization to seek damages and equitable remedies for violations of the Declaration, Bylaws, Rules and Regulations, or the Pennsylvania Uniform Planned Community Act by a Unit Owner.

Article VII addresses amendments of the Bylaws. A majority of the votes of the members of the Blossom Hill Home Owners Association is necessary to amend the Bylaws, except that the Executive Board by itself may adopt amendments that correct or clarify ambiguous, missing, defective, and inconsistent provisions, and provisions that may conflict with the Pennsylvania Uniform Planned Community Act or the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the federal Housing Administration, or the Veteran's Administration with respect to mortgage loans held by them. Some amendments require the Declarant's approval.

A copy of the Bylaws of the Association is attached to this Public Offering Statement as Exhibit "C."

RULES AND REGULATIONS

The Executive Board of the Blossom Hill Home Owners Association has authority to adopt Rules and Regulations regarding use of the Common Elements. As of the date of this Public Offering Statement no Rules and Regulations have been adopted.

MANAGEMENT AGREEMENT

The Executive Board has the authority to contract with a management company to provide management services to the Blossom Hill Home Owners Association. As of the date of this Public Offering Statement, no manager has been engaged, however the Declarant may enter into a management agreement to provide management services to the Association in connection with the Community.

PURCHASE OF UNITS/FINANCING/INITIAL FEE UPON PURCHASE OF A UNIT

The Declarant and Berks Homes intend to offer Units for sale before completing construction of all the streets and site improvements within the phase in which the Units are located. However, all such streets and site improvements, and the improvements to be built within the Common Elements of the phase containing Units that are then part of the Community (including the storm water management facilities), must be built by the Declarant. All streets, storm water management facilities, sanitary sewer and potable water lines, and like improvements will be completed to the extent necessary to be usable by Unit owners by the time homes have been constructed on their Units. The purchaser of a Unit may apply for financing from any lender or may pay all cash at settlement. The Declarant is not offering or arranging for financing for purchases of Units.

At settlement, the purchaser of a Unit will be required to pay, in addition to the purchase price of the Unit, the settlement costs which are identified in his purchase agreement. They include, but are not necessarily limited to title insurance premiums, recording fees, half the total realty transfer taxes, and other customary charges and deposits. If a purchaser obtains a mortgage loan, it is likely that the purchaser will have to pay an application fee and other costs relating to the loan that are required by the lender.

In addition, purchasers of townhouses will be required to make a nonrefundable initial capital contribution to the association of Unit owners in the amount of Two Hundred Fifty (\$250) Dollars, and purchasers of single family units and duplex units will be required to make a nonrefundable initial contribution to the association of Unit owners in the amount of Three Hundred Dollars (\$300). The general purpose of the contribution is to provide for certain initial expenses of the Blossom Hill Home Owners Association for which assessments have not been made (e.g., insurance premiums and organizational costs, equipment and supply costs). **THIS PAYMENT WILL NOT BE CREDITED AS AN ADVANCE PAYMENT OF COMMON EXPENSES.**

PURCHASE AGREEMENT

The Declarant expects that Berks Construction Co., Inc., doing business as "Berks Homes," (not affiliated with the Declarant) will construct and sell homes within the Community and that the Declarant may join into the conveyance by deed of any Unit to a purchaser. Berks Homes will use the form of Purchase Agreement attached as Exhibit "D," although the Declarant and Berks Homes may also use other forms. The example in Exhibit "D" is expected to be used when the purchaser contracts with Berks Homes to construct a home on the Unit and then to purchase the Unit, with the completed home, at settlement. In any event, the builder (whether or not Berks Homes) may have acquired the right to buy the Unit from the Declarant, in which case it may actually sell the Unit to the purchaser or it may transfer its right to buy the Unit to the purchaser. **THE DECLARANT WILL HAVE NO OBLIGATIONS OR LIABILITIES RELATING IN ANY WAY TO THE HOME CONSTRUCTED ON THE UNIT, AND WILL ONLY BE RESPONSIBLE FOR CONVEYING THE UNIT ITSELF TO THE PURCHASER IF NOT PREVIOUSLY CONVEYED TO THE HOME BUILDER.** In addition a different form of agreement may be used if the agreement is prepared by a person representing the interests of the buyer. The form of agreement to be used by the Declarant if it sells Units separately will set forth the various rights, duties, and obligations of the buyer and the Declarant.

Section 1 of the Purchase Agreement identifies the seller and the buyer. Section 2 identifies the property being sold. Section 3 sets forth the purchase price, the terms of payment, the date of settlement, the form of deed to be used at settlement, the treatment of realty transfer taxes, holding of deposits, and the way real estate and other fees will be prorated. It also advises that certain nonrefundable option money paid for options selected by the purchaser from the builder will not be refundable. Section 4 describes the mortgage contingency, if any. Section 5 describes who bears the risk of loss until settlement. Section 6 addresses site planning, conditions, and construction activities dealing with placement of utility lines, excavation,

disturbance and restoration of surface conditions, soils, and plantings. Section 7 describes when substantial completion will occur and what substantial completion means. Section 8 addresses selections and changes by the buyer in connection with the home being constructed on the Unit. Section 9 describes insulation specifications to be adopted, and Section 10 allows for substitution of comparable building materials. Section 11 addresses the buyer's inspection rights. Section 12 imposes on the seller the obligation to clean all interior surfaces, but not exterior surfaces, and section 13 describes what happens in the event of delay and when construction delays are permitted. Section 14 addresses title issues and related costs. Section 15 describes what happens if either the seller or buyer defaults. Section 16 is where the buyer indicates whether he authorizes an affiliate of the seller to order title insurance, and if not requires the buyer to obtain a commitment for title insurance and to deliver a copy to the seller. It also explains what happens if the buyer cannot or does not get title insurance and it makes clear that the buyer is responsible for all title insurance related costs. Section 17 advises the buyer about the warranty given by the seller. Section 18 discusses mold and its risks and prevention. Section 19 indicates that sewer services is going to be provided through a public system. Section 20 obligates the seller to pay a realtor commission. Section 21 lists the attachments to the agreement of sale, one of which is the limited warranty given by the seller; another or which is a notice and disclaimer about mold. Section 22 enumerates the additional documents and disclosures that will be given (or have been given) to the buyer. Section 23 explains that only the buyer and seller are parties to the agreement and bound by its terms and Section 24 addresses several miscellaneous provisions. Accompanying the agreement are a number of notices explaining purchaser rights and giving other information to purchasers.

The purchase agreement will also have an addendum attached. The addendum will relate specifically to Blossom Hill and the Declarant. This is necessary because it is expected that the purchase agreement will address construction of a home on the Unit by the seller, and the Declarant will have nothing to do with building the home. The Addendum will set forth the date the purchaser received this Public Offering Statement and it will describe the special fee that must be paid by the purchaser to the Blossom Hill Home Owners Association. Because the Declarant will not be building homes in the Community, the addendum will make it clear that the Declarant is giving no warranties, nor is it assuming any responsibilities, in connection with any improvements to the Unit, including the home being built. In fact, the addendum also provides that the purchaser is releasing the Declarant from any such responsibility or liability.

The foregoing is a very brief description of the Purchase Agreements the Declarant expects will be used when a home will be constructed, or has been constructed on a Unit. Because sales may occur through real estate agencies or by persons acquiring lots specifically for re-sale, other forms may, and often will, be used. Buyers are cautioned to read the purchase agreement used in their purchases very carefully and not to rely upon the very summary description of the Purchase Agreement described in this section.

DEPOSITS UNDER PURCHASE AGREEMENTS

Deposits under the Purchase Agreement of portions of the sales price attributable to sale of the Unit only will be held in an escrow account in accordance with the provisions of Section 5408 of the Pennsylvania Uniform Planned community Act and will be returned to the purchaser without interest if the Purchaser rightfully cancels the Purchase Agreement in accordance with section 5406 of the Act. A home builder may also charge a deposit that may or may not be refundable. Purchasers must carefully review their purchase agreements to the extent they relate to the construction of a home or other improvements on a Unit.

LIENS AND ENCUMBRANCES

The Community will be subject to the normal utility easements for water, sewer, natural gas, electric and telephone lines. The Community is also subject to storm water drainage easements over and upon land

of the Community, including both Units and Common Elements. In addition, the Community will be subject to certain easements created and described in the Declaration and the Pennsylvania Uniform Planned Community Act. Including others described in the Declaration, it is important to note that the easements include:

1. *Signs.* Declarant has reserved the right for itself and approved home builders to place signs and other advertisements within the Common Elements. The Declarant has also reserved for itself, its assigns and the Association, an easement to maintain signs identifying the Community within Common Elements and upon certain Units as shown in the Plat, and an easement of access over and across such Common Elements and Units for purposes of erecting, replacing, repairing and maintaining the signs.

2. *Utility Easements.* The Units and Common Elements within the Community are subject to easements in favor of utility service providers to install, construct, maintain, repair, and relocate utility service lines, including water and sewer mains and lines, electric and telephone lines, and the like.

2. *Declarant's Easement to Correct Drainage.* Declarant has reserved an easement on, over and under the open space lots and all Units for the purpose of constructing and modifying the storm water management facilities, and it has reserved for itself and the Association, an easement on, over, and under the Common Elements and all Units for the purpose of maintaining, repairing, and replacing storm water management facilities and for the purpose of correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement expressly includes the right to cut any trees, bushes, or shrubbery, and to grade the soil.

3. *Easement for Streets, Right to Dedicate.* The Declarant has reserved an easement over those portions of the Community shown as streets for ingress and egress and reserves the right to dedicate and convey the streets and any necessary rights-of-way to Derry Township. The Declarant has also reserved the right to dedicate and convey to municipalities or other service providers sewer and water lines and facilities and Storm Water Management Facilities.

4. *Easement for Use and Passage.* Subject to Rules and Regulations from time to time adopted by the Executive Board of the Blossom Hill Home Owners Association, each Unit Owner will have a non-exclusive perpetual right and easement of access to use and enjoy, in common with others, the open space and other portions of the Common Elements. Furthermore, all Unit Owners and their family members, guests, invitees, and licensees, will have a right and easement to use streets within the Community, subject, however, to the Declarant's right to dedicate all such streets to the municipalities within which the Community is located.

5. *Easement for Access, Construction, Maintenance and Repair.* The Common Elements are subject to an easement in favor of the Declarant and the Association for construction, inspection, maintenance, repair and replacement of the Common Elements. Furthermore, the Declarant and the Association have an easement of access over and across all the Units for the purposes of constructing, inspecting, maintaining, repairing and replacing Common Elements situated upon or accessible from a Unit.

6. *Easement for Construction.* The Declarant has reserved for itself, its contractors, employees, and representatives, and for each home builder to whom it grants consent, non-exclusive easements over and across the Common Elements and the Units:

(i) For the purpose of carrying out any obligation it may have or assume with respect to curing any defects in workmanship or materials in improvements constructed or required to be repaired by them;

(ii) For the purpose of storing building supplies and materials and equipment used or expected to be used by them in erecting or installing improvements within the Community;

(iii) For the purpose of changing and correcting the drainage of surface water from or onto Units or Common Elements in order to maintain reasonable standards of health, safety, and appearance;

(iv) For purposes of conducting marketing, sales, and related activities in connection with the sale of Units or residences constructed or to be constructed on Units;

(v) For any purpose deemed by them necessary to comply with the provisions of the Act, any law, ordinance, or regulation, or with any order of a governmental agency having regulatory jurisdiction over the Property or the Community; and

(vi) For purposes of constructing, installing, repairing, modifying, and replacing streets and sidewalks, for purposes of excavating, filling, and coordinating the height, grade, slope, and contour of the Property, including adding or removing soil.

7. *Support.* Each Unit Owner is also the beneficiary of a covenant by each neighboring Unit Owner and the Association prohibiting any action by such neighboring Unit Owner from taking action on or with respect to his Unit and by the Association from taking action or with respect to the Common Elements that would endanger the stability or safety of his Unit.

8. *Easements in Favor of Withdrawable Real Estate.* If any Withdrawable Real Estate is withdrawn from the Community by the Declarant, the Declarant has reserved easements for storm water drainage, utility easements, and access easements over and across the Common Elements, and easements of use of sanitary sewer and storm water drainage facilities within the Community all benefitting the Withdrawable Real Estate and as may be necessary in order to develop it separately from the Community.

9. *Easements with respect to Townhouse Units and Certain Single Family Units.*

(i) Each townhouse Unit is subject to an easement of passage over and across the rear-most five feet of its rear lawn as shown in the Plat to permit townhouse Unit owners within the same block of townhouse Units and maintenance persons to obtain access to their rear lawns and to the rear of the Townhouse erected thereon with lawn mowers and other maintenance equipment, subject to certain limitations.

(ii) Additionally, as shown in the Plat there is an easement five feet in width along the side boundary of each end Townhouse Unit in favor of each other townhouse Unit that is part of the same block of Townhouse Units for purposes of access to the rear of each such townhouse Unit by the Unit owners thereof and such Unit owner's contractors to facilitate maintenance and repair of his or her townhouse Unit and townhouse.

(iii) As shown in the Plat, there is a five-foot wide easement over some detached single family home Units in favor of the bordering Unit for the purpose of facilitating maintenance to the structures erected on the bordering Unit and as to which there is less than ten feet separating the structure from the border of the Unit.

(iv) Each Townhouse Unit is subject to an easement within party walls benefitting the adjoining townhouse Unit for the sole purpose of permitting installation, maintenance, repair, and

replacement of electric, telephone, natural gas, cable television, water, and sewer lines, and computer and Internet cabling, and heating and air conditioning ducts, within such party wall and serving only the townhouse Unit benefitting from the easement.

The Property comprising the Community is or will be subject to one or more Mortgages securing the loan by which the Declarant acquired the land and made or is making improvements. The Declarant is required by law to obtain a release of the liens for each of these loans on any Unit sold prior to conveyance of the Unit. The Units will be conveyed free of any liens other than those placed on the Planned community Unit by the Purchaser.

RESTRICTIONS ON LEASING OR TRANSFER

There are no restrictions on resale of Units, and there are no leasing restrictions.

BLOSSOM HILL HOME OWNERS ASSOCIATION

The Blossom Hill Home Owners Association is the organization responsible for governing the Community. Each owner of a Unit will have one vote in the Association. The regular operations of the Blossom Hill Home Owners Association will be under the direction of an Executive Board having between three and nine members. Initially, the Executive Board will have five members. The Executive Board may employ a managing agent to act in its behalf in the performance of all duties other than policy making duties, maintaining Association bank accounts and borrowing money. Initially, members of the Executive Board will be appointed by the Declarant. As of the date of this Public Offering Statement, the members of the Executive Board are Michael Glass, Shari Tell, Ben Horning, Gary McEwen and LaVern Horning.

The purpose of the Declarant's retaining control of the Executive Board in the early stages of the Community's existence is to ensure the stability of the association and to administer the Community's affairs until new Unit owners become familiar with the Community. The Declarant may retain control of the Executive Board for seven years following the first conveyance of a Unit by the Declarant or until 75% of the Units are sold and settled, whichever occurs earliest. After 25% of the Units are sold, 25% of the Executive Board will be elected by the Unit owners other than the Declarant, and after 50% of the Units are sold, 33% of the Executive Board will be elected by the Unit owners other than the Declarant. After termination of the Declarant's control of the Executive Board, members will be elected by the Unit owners, including the Declarant to the extent of Units it owns. The percentage of Units referred to in this paragraph includes Units that may be created out of Convertible Real Estate.

The Executive Board elects the officers of the Blossom Hill Home Owners Association. The officers are a President, Secretary, Treasurer and any other officers the Board may deem necessary. The President and any vice presidents must be members of the Board. As of the date of this Public Offering Statement the President is Ben Horning, the Secretary is Michael Glass and the Treasurer is Shari Tell.

The Executive Board also enforces the rules and regulations of the Planned community. Among these are rules that govern the external appearance, use and maintenance of the Common Elements.

The operation of the Blossom Hill Home Owners Association is governed by its Bylaws. In addition to provisions for an Executive Board, Managing Agent and officers as discussed above, the Bylaws provide for annual and special meetings, common expense assessments, limited common expense assessments, insurance, Common Elements, Limited Common Elements, and numerous other matters affecting the Community.

Please see above the narrative description of the Declaration and Bylaws in the "Governing Documents" section and please review the Declaration and Bylaws, copies of which are attached to this Public Offering Statement as Exhibits "B" and "C."

FINANCIAL MATTERS

Unit Owners will be assessed to obtain the funds necessary to meet the budget of the Blossom Hill Home Owners Association. The assessments will be made on an annual basis but payment of the assessments will be on a monthly or quarter-annual basis, as the Executive Board may determine. On the first day of each month or quarter-year (January 1, April 1, July 1, and October 1) each Unit owner will pay an installment of one-twelfth or one-fourth, as applicable, of the amount of the annual assessment in advance.

The amount assessed against each Unit will be based on its share of the general Common Expenses and Limited Common Expenses. The assessments for general Common Expenses payable by an owner of a townhouse Unit will be two-thirds the assessment payable by the owner of a detached single family home Unit. Limited Common Expenses incurred to provide maintenance of the Townhouse Units will be assessed equally against all the Townhouse Units upon which a townhouse has been built. Limited Common Expenses for trash pick-up will be assessed against each Unit for service provided to the Unit, excepting unoccupied Units owned by the Declarant.

The budget, upon which assessments will be based, will cover all anticipated general Common Expenses and Limited Common Expenses for the upcoming fiscal year. The budget may also include whatever amount the Executive Board considers necessary as an adequate reserve to provide for unforeseen contingencies, working capital and repair or replacement of Common Elements, including Limited Common Elements.

The Declarant has prepared a budget for the first year of the Community. A copy of the budget is attached to this Public Offering Statement as Exhibit "E." The budget figures are, of course, estimates and the Declarant cannot be certain that sufficient funds have been budgeted to cover all Common Expenses that may be incurred. In the event that insufficient funds are budgeted for any given fiscal year, the Executive Board may levy a special assessment to make up the budget deficit. Any special assessment will be payable by Unit owners either in a lump sum or in installments, as the Executive Board determines.

A Unit Owner must pay directly all of the costs of maintenance and repair for his own Unit and all improvements on his Unit, and he must pay for maintaining sidewalks and grass areas between his Unit and the streets bordering his Unit, excepting only Townhouse Units for which the Association will provide lawn mowing and maintenance of roofs, gutters, downspouts, facie, soffit, and masonry surfaces.

All of the amounts assessed against a Unit give rise to a lien on that Unit. A Unit Owner cannot dispose of his Unit free of the lien until the lien is satisfied by payment of the assessment secured by the lien. The Blossom Hill Home Owners Association may obtain payment of past due assessments by foreclosure of the lien (resulting in a forced sale of the Unit) or by suing the Unit owner. If any assessments are not timely paid, the Executive Board may accelerate the payments (i.e., declare immediately due and payable the total amount assessed against the Unit owner for that fiscal year but not yet paid).

INSURANCE

The Executive Board will obtain general liability insurance and property damage insurance required by the Act to protect the Blossom Hill Home Owners Association and the Common Elements, excluding Limited Common Elements that are part of a townhouse constructed on a Unit, which the Townhouse Unit

owner must maintain. The Executive Board will also maintain appropriate workers' compensation insurance if required and may maintain fidelity coverage to protect against dishonest acts on the part of officers, Executive Board members, trustees and employees of the Blossom Hill Home Owners Association and all others who handle funds of the Blossom Hill Home Owners Association, including any Managing Agent.

Each Unit owner must obtain his own insurance upon his Unit and any residence or other structure built upon the Unit.

TAXES

Real property taxes are levied separately against individual Units and each Unit owner will be responsible for the payment of the taxes on his own Unit. The assessed value of Units is presently unknown since they have not yet been assessed.

GOVERNMENT APPROVALS, AND BUILDING CODES

The Declarant has received subdivision approval of its plan to subdivide the Property comprising the Community into Open Space Lots and Units from Derry Township and from Mifflin County. The approved subdivision plan has been recorded in the Office of the Recorder of Deeds for Mifflin County Pennsylvania in Map Book 24, Page 107. Final plans for subsequent phases (both of the Subdivision Plan and for purposes of the Pennsylvania Uniform Planned Community Act, such phasing being different) that are added to the Community will be recorded when approved. The Plat (reduced from the recorded Plat) as shown in Exhibit "A" is taken largely from a portion of the approved Subdivision Plan.

As part of the subdivision approval, the Declarant became committed to construct storm water management facilities, streets, and other site improvements within the Community. In addition to subdivision approval, the Declarant must obtain or has obtained earth disturbance permit and highway occupancy permits, neither of which will expire before the related construction is completed. Each Unit owner or his builder will be required to obtain a building permit for the buildings he intends to construct upon his Unit. All site improvements to be constructed within the Community must be built prior to the conveyance of the last Unit. All permits and approvals for construction of site improvements and Common Elements within the Community have been or will be obtained by the Declarant at its expense.

There are no outstanding and uncured notices of violations of governmental requirements.

WARRANTIES

In accordance with Section 5411 of the Act, the Declarant warrants that storm water management facilities, sanitary sewer facilities, public water lines, and streets constructed by it will be free from structural defects for a period of two year or until they are conveyed to a municipality or utility service provider, whichever occurs first. Controlled facilities that are part of a Unit are warranted against structural defects for a period of two years after the unit is conveyed to a bona fide purchaser. No other warranties with respect to the Common Elements or Units are given by the Declarant, although the builder will give a separate warranty with respect to the home it builds for the Unit Owner.

"Structural defects" means those defects in components of the warranted Common Element or controlled facility that require repair, renovation, restoration or replacement and (a) which reduce its stability or safety below accepted standards, or (b) which restricts its normal intended use. These warranties shall

not be construed to make Declarant responsible for any items of maintenance relating to the Units or the Common Elements.

EXCEPT AS SET FORTH ABOVE, THE UNITS AND THE COMMON ELEMENTS ARE TO BE SOLD OR, WITH RESPECT TO THE COMMON ELEMENTS, TRANSFERRED BY THE DECLARANT, "AS IS" WITHOUT WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR HABITABILITY.

PENDING LITIGATION

As of the date of this Public Offering Statement, the Declarant knows of no litigation, pending or threatened, which could materially adversely affect the community or the Declarant's ability to convey clear title to the Units. There are no judgments against the Blossom Hill Home Owners Association.

PROPERTY REPORT

The Declarant has no knowledge regarding whether there are hazardous conditions, including contamination affecting the Community site by hazardous substances, hazardous wastes or the like, or the existence of underground storage tanks for petroleum products or other hazardous substances. A phase 1 environmental site survey was conducted for the property comprising the Community, which did not indicate the presence of any such hazardous substances or underground storage tanks or suggest that any further investigation or action be taken, nor has any governmental body, agency or authority recommended that any action be taken to correct any hazardous conditions. Information regarding environmental conditions that may affect the Planned community can be obtained from:

Pennsylvania Department of
Environmental Protection
South Central Regional Office
909 Elmerton Avenue
Harrisburg, PA 177110
Telephone number: (717) 705-4700

United States Environmental
Protection Agency
1650 Arch Street
Philadelphia, PA 19103
Telephone number: (800) 438-2474

The Community is located in Derry Township, in Mifflin County, Pennsylvania and is currently zoned for single family residential use.

The Declarant anticipates that construction of the site improvements required under the approved Subdivision Plan, including streets, storm water drainage facilities, sanitary sewer and water mains and lines, and other Common Elements, (all of which other must be built by the Declarant) should be completed prior to the sale of the last Unit in the Community, or within the time periods permitted by Derry Township. Construction commenced in the early Fall of 2007. The Declarant has obtained Financing for construction of all such improvements from its financial institutions. The Declarant intends to offer for dedication all streets in the Community to Derry Township, although it has no assurance that the offer will be accepted. Sewer mains and lines (excepting laterals owned by the Unit Owner) and water mains and lines (excepting laterals) will be offered for dedication to (and if accepted will be owned by) Derry Township. Generally, storm water management facilities will be owned and maintained by the Association. Surface areas of storm

water management facilities upon any Unit will be owned and maintained by the Unit owner, subject to easements in favor of the land from which storm water is drained and subject to a right of access to the Blossom Hill Home Owners Association to permit maintenance and repair of such facilities and other storm water management facilities installed or constructed on a Unit, which are Common Elements to be owned and repaired by the Blossom Hill Home Owners Association. Because many factors influence and can delay commencement and completion of construction, including weather, availability of labor and materials, and unanticipated site conditions, the dates set forth in this section are estimated only.

The cost to construct general site improvements within the Community (and thus the current replacement cost) for phase 1 are set forth in Exhibit "F" to this Public Offering Statement. Their anticipated useful lives are indicated below, with any improvement not so indicated having an anticipated useful life of 25 years. Because the streets and major utility installations are expected to be dedicated and not owned by the Blossom Hill Home Owners Association (other than certain storm water management facilities) the cost to replace them will not be borne by the Association unless they are not accepted for dedication. All site improvements and other Common Elements, including all Controlled Facilities will be newly-constructed.

<u>Common Element</u>	<u>Useful Life</u>
Storm Water Management Facilities	25 years
Sanitary Sewer and Water Mains	25 years
Rip Rap	25 years
Streets, curbs, common sidewalks	25 years
Community signs	7 years
Decorative fences	7 years

Limited Common Element

Roofs, gutters, soffit, facie, masonry surfaces for Townhouses	25 years
--	----------

GENERAL INFORMATION

Any information or data regarding the Planned community not presented in this Public Offering Statement or contained in the Exhibits must not be relied upon. No person has been authorized by the Declarant to make any representation not expressly contained herein. This presentation may not be changed or modified orally. The Declarant reserves the right to change the terms of this Public Offering Statement as they affect potential Purchasers not then under contract, provided, however, that any such change shall not affect the substance of the Public Offering Statement with respect to prior Purchasers or Purchasers under contract, nor shall such change affect the Percentage Interests in the Common Elements.

EXHIBITS

Exhibit A	Plat
Exhibit B	Declaration
Exhibit C	Bylaws of the Blossom Hill Home Owners Association
Exhibit D	Sample Purchase Agreement for Units
Exhibit E	Projected Budget for Blossom Hill Home Owners Association and Projected Assessments against Unit Owners
Exhibit F	Site Improvement Costs

EXHIBIT A

Plat



CONVERTIBLE/
WITHDRAWAL REAL
ESTATE

**CONVERTIBLE/
WITHDRAWAL REAL
ESTATE**

Exhibits

EASEMENT LEGEND

CRUISING CLASSIC
COMBINATION MOTOR

EASB-BIT FLA

001-244-1150

PCOA	WELL	MOULTING
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	WOLF	R-DOF
3 OF		

EXHIBIT B

Declaration

1395
53

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FILED 116⁵⁰
MIFFLIN COUNTY
J. Hunter / ELA
2008 JUN 24 P 4:04
Rec # 210779
BARBARA A. STRINGER
REGISTER & RECORDER
CLERK ORPHANS' COURT

Prepared by: Bradley Zuke, Esq.
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Return to: Bradley Zuke, Esq.
Appel & Yost LLP
33 North Duke Street
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I hereby CERTIFY that this document is
recorded in the Recorder's Office of
Mifflin County, Pennsylvania



Barbara A. Stringer
Barbara A. Stringer
Recorder of Deeds

DECLARATION OF BLOSSOM HILL

A PLANNED COMMUNITY

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

003474

BK 0578PG2572

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ARTICLE I
SUBMISSION; DEFINED TERMS

Section 1.1 Declarant; Property; County; Name. DGB Properties, LP ("Declarant"), a Pennsylvania limited partnership, owner in fee simple of the Real Estate described in Exhibit "1" attached hereto and in Declarant's subdivision plan recorded in the Office of the Recorder for Mifflin County, Pennsylvania in Map Book 24, Page 107, located in the Township of Derry, Mifflin County, Pennsylvania, hereby submits such Real Estate, including all easements, rights and appurtenances thereunto belonging and the improvements erected or to be erected thereon (collectively, the "Property") to the easements, covenants and restrictions hereinafter set forth and to those provisions of the Pennsylvania Uniform Planned Community Act, 68 Pa. C.S. §5101 *et seq.* (the "Act") enumerated, and hereby creates with respect to the Property a Planned Community, to be known as "Blossom Hill" (the "Community").

Section 1.2 Easements. Included among the easements, rights and appurtenances referred to in Section 1.1 above are the following recorded or expected to be recorded easements, and the Real Estate is hereby submitted to the Act:

- a. SUBJECT TO the terms and conditions of the Highway Occupancy Permit recorded in Deed Book 508, Page 1911.
- b. SUBJECT TO Deeds of Easement and Rights of Way right of way recorded in Deed Book 520, Pages 4430 and 4443 relating to the installation and maintenance of public water and other utility lines.
- c. SUBJECT TO an easement around and rights of access to the cemetery shown in the Plat easement as set forth in Record Book 479, Page 139.
- d. SUBJECT TO an easement permitting access to Green Avenue set forth in Record Book 476, Page 125 .
- e. SUBJECT TO sanitary sewer easement agreements and public water service easements in favor of Derry Township Sanitary Sewer Authority as shown in the Plat and Master Plan for services provided within the Community.
- f. SUBJECT TO rights-of-way and deeds of dedication granted or to be granted by the Declarant to Derry Township to be recorded in the Office of the Recorder for Mifflin County in connection with the Declarant's dedication of the streets and roads within the Community to Derry Township as shown in the Master Plan.
- g. TOGETHER WITH AND SUBJECT TO easements and restrictions benefitting and burdening the Property, and portions thereof, as shown in the Master Plan and the Plat.

Section 1.3 Defined Terms. Capitalized terms not otherwise defined herein or in the Plats and Plans shall have the meanings specified or used in the Act. The following terms are used or defined in general terms in the Act and shall have specific meanings herein as follows:

- a. "Association" means the home owners association of the Community and shall be known as the "Blossom Hills Home Owners Association."
- b. "Builder" means a person or entity among whose principal businesses is constructing single family residences and who acquires legal or equitable title to any Unit with the intention of erecting a single family residence thereon and then selling such residence, together with its interest in the Unit, to its customer, or who is engaged by the owner of a Unit to erect a single family residence on his or her Unit, provided, however that the term "Builder" shall only refer to the person or entity that erects the first single family residence on the Unit. "Builder" shall include, without limitation, Berks Construction Co., Inc..
- c. "Bylaws" means the bylaws regulating the affairs of the Association, as they may be amended from time to time.
- d. "Common Elements" means all portions of the Community other than the Units as more particularly described in Article III, plus all Controlled Facilities and other portions of the Community and facilities serving the Community identified as Common Elements in Article III, but excluding street rights-of-way, streets, sanitary sewer lines, and water lines when and if dedicated to the municipalities and municipal authorities, as the case may be. "Limited Common Elements" shall mean portions of the Common Elements appurtenant to fewer than all the Units, if any.
- e. "Common Expenses" means all expenses incurred to maintain, repair, reconstruct, and operate the Common Elements and the Association. "General Common Expenses" means Common Expenses other than Limited Common Expenses. "Limited Common Expenses" means expenses incurred to maintain, repair, and reconstruct, Limited Common Elements.
- f. "Community" means Blossom Hill, a Planned Community described in Section 1.1 above and created by this Declaration.
- g. "Controlled Facility and Controlled Facilities" mean real estate within the Community, whether or not part of a Unit, that is not owned by the Association, or structures thereon, which are maintained, improved, repaired, replaced, regulated, managed, insured or controlled by the Association.
- h. "Convertible Real Estate" means all the land included in any Future Phase of the Property as shown in the Plat, so long as Declarant continues to have the right under the Act and hereunder to create and add Units to the Community.
- i. "Declarant" means DGB Properties, LP set forth in Section 1.1 above

and all successors to any Special Declarant Rights, as defined and provided in the Act.

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

k. "Duplex Home" means a residential structure erected on a Unit and that shares one party wall with another Duplex Home.

l. "Dwelling" means a single family dwelling constructed or to be constructed on a Unit.

m. "Executive Board" means the Executive Board of the Association, and as defined in the Bylaws of the Association. The Executive Board will consist of five (5) members.

n. "First Priority Mortgage" means a first mortgage to (i) the Declarant, (ii) the seller of a Unit, (iii) a bank, trust company, savings bank, savings and loan association, mortgage service company, insurance company, credit union, pension fund, or similar institutional investor or lender, and (iv) any other mortgagee approved by the Executive Board. A holder, insurer, or guarantor of a First Priority Mortgage and all successors and assigns of any of the above, which may include, but is not limited to the Federal National Mortgage Association the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the Veteran's Administration shall be referred to as First Priority Mortgagees."

o. "Future Phase" and "Future Phases" means the portions of the Property not included in Phase 1 as shown in the Plat and the Master Plan.

p. "Lot" means a lot as laid out and shown in the Master Plan.

q. "Master Plan" means the Master Plan for Blossom Hill, a planned residential development, phases of which that receive final approval from the Township from time to time and are recorded in the Office of the Recorder for Mifflin County, Pennsylvania.

r. "Open Space" means Lots that are Common Elements to the extent not improved with Structures, but upon which Storm Water Management Facilities, recreational facilities, walkways, and other improvements may be built or installed and labeled as such in the Master Plan.

s. "Plat" and "Plats and Plans" means the Plat of the Community recorded with this Declaration in the Office of the Recorder for Mifflin County, Pennsylvania, a reduced copy of which is attached hereto in Exhibit "2" and made a part hereof, as the same may be amended from time to time. From time to time the Plat and Exhibits "1," "2" and "3" hereof shall be amended to reflect the addition of Units as Convertible Real Estate is added to the Community and to reflect the removal of portions of the Property as

Withdrawable Real Estate as it is withdrawn. Because the Units are building lots and not the Dwellings erected thereon, there are no "Plans" as defined or contemplated by the Act

- t. "Property" means the Property described in Section 1.1 above.
- u. "Rules and Regulations" means the rules and regulations as promulgated by the Executive Board from time to time with respect to use of the Common Elements.
- v. "Single Family Detached Home" means a residential structure erected on a Single Family Unit and that is not connected to any other Dwelling.
- w. "Storm Water Management Facilities" means all the land areas and improvements within and adjacent to the Property devoted to the purpose of detaining, retaining, directing, or controlling the volume, rate, or direction of storm water flow, including but not limited to swales, detention basins, diversion terraces, drainage easements, dissipation devices, infiltration structures, retaining walls, inlets, headwalls, sedimentation basins, seepage pits and drenches, and storm sewers.
- x. "Structure" means any man-made object having an ascertainable stationary location on or in land or water, whether or not affixed to the land, including, but not limited to, buildings, fences, tennis courts, swimming pools, pavilions, tents, gazebos, garages, storage buildings or sheds, signs, abutments, ornamental projections, exterior fixtures, lights, or poles.
- y. "Townhouse" means a residential structure erected upon a Unit and that shares one or more walls with another residential structure erected upon an adjoining Unit.
- z. "Townhouse and Duplex Amenities" means those maintenance and repair services to Limited Common Elements appurtenant to the Townhouse Units as described in paragraph (b) of Section 2.3.
- aa. "Township" mean the Township of Derry, Mifflin County, Pennsylvania and within which the Community is located.
- bb. "Unit" means a Lot within the Community as described and shown in the Plat and shown as a "Lot" in the Master Plan, but excluding any Lot that is designated as Open Space or a Common Element. When used in this Declaration, "Lot" shall also mean "Unit," except when referring to Lots that are designated as Open Space or as Common Elements, and except that Lot 1 and Lot 144 are not Units and are not part of the Community. The Community shall include additional Units as and when Convertible Real Estate is added to the Community. "Townhouse Unit" means a Unit upon which a Townhouse has been or may be built. "Duplex Unit" means a Unit upon which a Duplex Home has been or may be built. "Single Family Unit" means a Unit upon which a Single Family Detached Home has been or may be built.

cc. "Unit Owner" and "Owner" shall mean the fee simple title owner of a Unit.

dd. "Withdrawable Real Estate" means so much of the Convertible Real Estate within which Units or Common Elements have not been created and added to the Community as Convertible Real Estate and which is withdrawn from the Community within the time during which the Declarant may do so.

ARTICLE II
COMMON EXPENSE ALLOCATION; VOTES IN ASSOCIATION;
UNIT IDENTIFICATION AND BOUNDARIES; MAINTENANCE RESPONSIBILITIES;
SUBDIVISION OF UNITS

Section 2.1 Common Expense Allocation; Votes.

(a) Except for Limited Common Expenses assessed against fewer than all the Units as provided hereinafter and notwithstanding Section 5314(c)(2) of the Act, General Common Expenses shall be allocated among and assessed against all the Units in equal shares (it being understood that no Common Expenses shall be allocated to any Lot that is a Common Element) at the time of each assessment. Limited Common Expenses shall be allocated among the Units to which they are appurtenant in the same manner. Each Unit Owner shall be entitled to one vote in the affairs of the Association. Each Unit's percentage of all votes in the affairs of the Association from time to time, therefore, shall be the percentage equivalent of a fraction, the numerator of which is one, and the denominator of which shall be the total number of Units. The identifying number for each Unit is set forth in the Plat, and each Unit's share of Common Expense liability, expressed as a percentage, is set forth in Exhibit "3" hereof, as such Exhibit "3" may be amended from time to time to reflect the addition of Units from Convertible Real Estate or the withdrawal of Units within Withdrawable Real Estate. As Units are added within the Convertible Real Estate, or as Units are withdrawn within Withdrawable Real Estate, each Unit's percentage share of Common Expenses, and each Unit's relative voting strength, will proportionately increase or decrease, as the case may be.

(b) Except for Limited Common Expenses to be assessed otherwise as provided in this Declaration, the costs to the Association of providing the Townhouse Amenities, as described in paragraph (c) of section 2.3 hereinafter, shall be assessed as Limited Common Expenses, in equal shares, against all (and only) the Townhouse Units that are improved with Townhouses.

Section 2.2 Unit Boundaries. The title lines or boundaries of each Unit are shown on the Plat and the Master Plan, and recorded phases thereof, each such Unit being a residential building lot upon which a Single Family Detached Home, Duplex, or a Townhouse may be built.

Section 2.3. Maintenance Responsibilities.

(a) All Unit Owners are responsible for maintaining and repairing Limited Common Elements appurtenant solely to their Units, if any, and for maintaining and repairing their Units and all structures and improvements erected within the boundaries of their Units, including but not limited to sidewalks, if any, but excluding subsurface Storm Water Management Facilities thereon, if any. In addition, Unit Owners shall be responsible for maintenance as described in the Association's Chart of Maintenance Responsibilities, issued from time to time by the Association's Executive Committee. If any such Unit Owner fails to perform any maintenance or repair required of such Unit Owner, then the Association shall have the right, but not the obligation, to perform such maintenance or repair and assess the costs thereof, plus ten percent, against such Unit Owner as a Limited Common Expense payable on demand.

(b) Maintenance responsibilities will be different for Single Family, Townhouse and Duplex Unit Owners, with these differences described in the Chart of Maintenance Responsibilities. Amenities specific to the Townhouse Units and/or the Duplex Units shall be Controlled Facilities and, notwithstanding Section 5314(c)(2) of the Act, the costs of providing such maintenance and repair shall be assessed in equal shares against all (but only) the Units affected that are improved with Townhouses or Duplexes as Limited Common Expenses, excepting, however, the costs that are incurred to repair damage caused directly by the Owner of a Townhouse or Duplex Unit, or the occupant thereof, or such Owner's or occupant's family members, guests, invitees, or licensees, which costs (plus an administrative charge of 10%) shall be assessed against such Townhouse or Duplex Unit as a Limited Common Expense payable on demand. The need for maintenance or repair included among the Townhouse and Duplex Amenities shall be determined by the Executive Board, in its discretion.

(c) After completion thereof or conveyance thereof by the Declarant to the Association, the Association shall be responsible for otherwise maintaining and repairing the Common Elements, including the Controlled Facilities, except to the extent the responsibility is expressly assigned to one or more Unit Owners hereunder.

Section 2.4 Township Rights to Enforce Maintenance. If the Association fails to maintain the Common Elements in good order and repair, the Township may serve written notice upon the Association setting forth the manner in which the Association has failed to maintain such Common Elements, which notice shall include a demand that such deficiencies of maintenance be corrected within thirty (30) days. If the deficiencies are not corrected within such thirty-day period, the Township, in order to prevent the Common Elements from becoming a public nuisance and to preserve the taxable values of the Property, may, but shall have no obligation to, enter upon the real estate upon which such Common Elements are located and maintain the same in such manner as is required by law or ordinance. Such maintenance by the Township shall not constitute a taking of the Common Elements, any Lot, or any other real estate, nor shall it vest in the public any rights to use the same. The cost of such maintenance by the Township shall be assessed against the Units in the manner provided for in Article XI and shall become a lien on the Units.

Without limiting, and in amplification of, the foregoing, if the Township should have to correct deficiencies of maintenance of the Common Elements, not only may the cost of maintenance by the Township be assessed against the Units in the manner provided in Article XI and thereby become a lien thereon, but as cumulative remedies, the Township may also file a Municipal Claim and enter a Municipal Lien against the Property and against the Units of the Community in accordance with the law relating to Municipal Claims (53 P.S. § 7101 *et seq.*, as amended from time to time) to collect the cost of such maintenance, together with interest and reasonable attorneys' fees, in accordance with the law on Municipal Claims and/or Township may proceed to recover the costs of such repair or maintenance through proceedings in equity or at law as authorized under the provisions of the Second Class Township Code (53 P.S. § 65101 *et seq.*, as amended from time to time) and/or the Township may otherwise enforce its rights against the Association and/or the Units by an appropriate action at law or in equity. Furthermore, the Township otherwise, at all times relevant, maintains its right to bring an appropriate action in law or equity to require the Association and/or the Unit Owners to perform the applicable maintenance or make the appropriate repairs.

Section 2.5 Relocation of Lot Boundaries; Subdivision. Relocation of boundaries between Units shall be permitted in accordance with section 5214 of the Act, but only if approved in advance by the Executive Board. No Unit may be subdivided by any Unit Owner other than the Declarant. The Declarant hereby reserves the right to subdivide a Unit into two or more Units, Common Elements, or a combination thereof, or to combine two or more Units into fewer Units or to create Common Elements, provided such subdivision or combination complies with all applicable laws relating thereto, and provided further that the total number of Units shall not be increased by subdivision beyond the maximum number of Units that may be created upon the conversion of all Convertible Real Estate. If any Units are subdivided into more than one Unit, or two or more Units are combined, each resulting Unit will be one Unit for purposes of allocating votes in the Association and allocating Common Expenses, and the subdivided Unit (or any Unit added to another Unit) shall cease to be a Unit for such purposes. If boundaries are relocated, the Unit Owners desiring to do so shall apply to the Executive Board, and if approved, the Executive Board shall prepare, execute, and record an appropriate amendment to this Declaration as required in Section 5214 of the Act, including the Plats. Such amendment shall be executed by the Owner or Owners of the affected Units. The Executive Board may impose a charge upon the Unit Owner or Owners applying to relocate boundaries between Units sufficient to cover the costs incurred or to be incurred to review the application, to amend the Declaration and Plat, and to record such amendment. Any provision of this section 2.5 to the contrary notwithstanding, any relocation of boundaries between Units and any subdivision of Units shall be under and subject to and shall be in compliance with all zoning ordinances, subdivision and land development ordinances, building codes, and other real estate laws and ordinances.

Section 2.6 Alterations of Townhouses and Duplex Homes. Subject to any additional requirements of law and to restrictions set forth in this Declaration, the Bylaws or the Rules and Regulations, Townhouse Unit and Duplex Unit Owners:

- a. May not make improvements or alterations to the Townhouse or Duplex

Home constructed on his Unit that impair the structural integrity or lessen the support of such Townhouse or Duplex Home or any Townhouse or Duplex Home with which it shares a party wall;

- b. May not remove party walls;
- c. May not make any alteration that will adversely affect either the fire retardant or sound absorbent quality of the building materials of the Townhouse or Duplex Home constructed upon his Unit or violate any applicable law, ordinance, governmental rule, regulation, or order;
- d. Must expeditiously complete all permissible alterations and perform such alterations in a manner that does not interfere, other than in an incidental way as determined by the Executive Board, with the peaceful enjoyment of an adjoining Townhouse Unit or Duplex Unit by its Owner;
- e. May not install, remove, reconstruct or repair any electrical lines, telephone lines, cable television lines, signal transmission lines, or electrical outlet boxes or terminal devices, or any items of heating or air conditioning equipment, or any ventilation or exhaust duct or related equipment, or any other pipe or line that is located within a party wall until after application has been made to and written approval has been received from the Executive Board.

ARTICLE III COMMON ELEMENTS

Section 3.1 Common Elements.

(a) The Declarant reserves the right to designate, and hereby does designate, certain portions of the Community to be Common Elements as shown in the Plat or otherwise described as such in this Declaration. Such Common Elements include Lots that are Open Space, Lot 2 and all pedestrian trails and other improvements thereon, Storm Water Management Facilities that are not dedicated to the Township or otherwise which the Association must maintain (including Storm Water Management Facilities upon Lots 2, 21 through 26, and 143 or otherwise within any Open Space, and upon any other Lots or Open Space hereafter added to the Community by the conversion of Convertible Real Estate), Storm Water Management Facilities within Convertible Real Estate serving the Community, which shall be Controlled Facilities until such Convertible Real Estate becomes part of the Community, recreational areas and facilities and pedestrian trails within Open Space, pedestrian trails upon any Unit, which shall be Controlled Facilities, sidewalks not upon any Unit (subject to the Unit Owners' obligation to maintain sidewalks and unpaved areas between their Units and streets in the Community, which shall be considered Limited Common Elements appurtenant to such Unit until and unless

dedicated to the municipality within which the Community is located, and except that routine mowing will be included among the Townhouse Amenities and provided by the Association for Townhouse Units), Storm Water Management Facilities upon any Unit (which shall be Controlled Facilities, subject to the Unit Owner's obligation to maintain the surface area thereof and provide routine cleaning of inlets, outlets and drainage facilities(except that routine mowing will be included among the Townhouse Amenities and provided by the Association for Townhouse Units), signs identifying the Community (which shall be Controlled Facilities to the extent not erected within Open Space), and all other Controlled Facilities. The Declarant reserves the right to designate as Common Elements (which may be Controlled Facilities as applicable) streets and street rights of way within the Community if not accepted for dedication by the Township, sanitary sewer lines, potable water mains, and related facilities if not accepted for dedication by the applicable municipality, authority, or service provider. Common Elements will not include streets, street rights-of-way, sanitary sewer lines and facilities, public water mains and facilities if they are accepted for dedication by the municipalities, or other applicable entities and the transferee assumes responsibility for maintenance, repair and replacement. If streets (together with street rights-of-way, sanitary sewer lines and facilities, or public water mains and facilities are not accepted for dedication, the same will become Common Elements (and Controlled Facilities, as applicable) and maintenance thereof will be borne by the Association, with the costs of such maintenance being included among the General Common Expenses assessed against all the Unit owners as set forth above. Storm Water Management Facilities and other improvements constituting Common Elements must be constructed by the Declarant, and after completion thereof the obligations for maintenance and repair shall automatically pass to the Association. Street lights within the Community that are either owned by the Association or that the Association is required to maintain shall be Common Elements, or Controlled Facilities, as the case may be. The costs of maintaining and operating such street lights shall also be included among the General Common Expenses.

(b) The Declarant reserves the right to designate, and hereby does designate, certain portions of the Community to be Limited Common Elements. In addition to Limited Common Elements appurtenant to a single Unit as provided elsewhere in this Declaration, the following shall be Limited Common Elements (and Controlled Facilities) collectively appurtenant to the Townhouse Units to the extent necessary for the Association to perform its maintenance obligations relating to the Townhouse Amenities as provided in paragraph (c) of Section 2.3: lawn areas of Townhouse Units, roof surfaces, downspouts, gutters, soffit, facie, siding, masonry surfaces, and other exterior surfaces of Townhouses erected on Townhouse Units.

(c) The Association shall maintain and repair all Common Elements, including Limited Common Elements, with the costs thereof being General Common Expenses or Limited Common Expenses, as the case may be, excepting sidewalks located upon a Unit and except for sidewalks and unpaved areas between a Unit and a street (which shall be maintained and repaired by the Unit owner at such Unit owner's expense, except that routine mowing will be included among the Townhouse Amenities and provided by the Association for Townhouse Units), and except for the surface of easement areas upon Units for storm water, utilities, community identification signs and the like within the boundaries of such Units (with respect to which the

Unit Owner shall provide mowing, shrubbery trimming, and routine cleaning of inlets, outlets, and similar drainage facilities, except that routine mowing will be included among the Townhouse Amenities and provided by the Association for Townhouse Units).

(d) All Unit owners are advised that if the Association fails to maintain Storm Water Management Facilities that are its responsibility, or if the Association fails to maintain Open Space or permits Open Space to become a nuisance, or if the Association otherwise fails to maintain Controlled Facilities, the Township will have the right, but not the duty, to make necessary repairs at the expense of the Association and Unit Owners. Should said repairs be made and maintenance performed by the Township, the cost of the repairs or maintenance by the Township may be assessed against the Association and upon failure of payment to be timely made to the Township, the Township may file a Municipal Claim and enter a Municipal Lien against the Association and the Property, as well as against the Units in the Community per the law in relation to Municipal Claims (53 P.S. § 7101 *et seq.*, as amended from time to time) in the amount of such cost of repair or maintenance, together with interest and reasonable attorneys' fees, in accordance with the law on Municipal Claims, and/or the Township may proceed to recover the cost of such repair or maintenance through proceedings in equity or at law as authorized under the provisions of the Second Class Township Code, (53 P.S. § 65101 *et seq.*, as amended from time to time) and/or the Township may otherwise enforce its rights against the Association and/or the Units by abn appropriate action at law or in equity. Furthermore, the Township at all times relevant, otherwise maintains its right to bring an appropriate action in law or equity to require the Association and/or the Unit Owners to perform the applicable maintenance or make the appropriate repairs.

(e) The Association shall arrange for the provision of routine trash and refuse pick-up for all the Units in the Community that have been improved with Townhouses, Duplexes, or Single Family Detached Homes, with the costs thereof being assessed as a Limited Common Expense against all such Units, excluding, however, such Units that are owned by the Declarant or a Builder and are not occupied. All Unit Owners and the occupants of all Units shall comply with such Rules and Regulations as the Association may from time to time adopt regarding such trash and refuse pick-up and the terms of service established by the providers of such service.

Section 3.2 Community Center. The community center erected upon Lot 110, and related amenities and improvements to and upon Lot 110 (the "Community Center") shall be a Common Element, with the costs of maintenance and repair being Common Expenses. The Community Center will be available for use by the Unit Owners and their tenants, family members and guests, and otherwise in accordance with rules and regulations adopted from time to time by the Association.

Section 3.3 Conveyance; Completion Bonds. Common Elements in the nature of Open Space or other land not included within a Unit will be owned by the Declarant until conveyed to the Association. Streets and street rights-of-way, as well as potable water mains and facilities and sanitary sewer mains and facilities will only become Common Elements if they are not accepted for dedication by such Township or service providers and will be owned by the

Declarant until dedicated, or if not accepted for dedication, until conveyed to the Association. On or before the later of the date the last Unit (including Units that may be created within any Convertible Real Estate) is conveyed to a Unit Owner other than the Declarant or the date of expiration of the Declarant's right to convert Convertible Real Estate as provided in Article VI, the Common Elements in the nature of Open Space or other land (including rights-of-way for streets that are not accepted for dedication by the Townships) will (and are required to) be conveyed by the Declarant to the Association by Deed of Special Warranty or other means of conveyance for no consideration; provided, however, that the Association thereupon shall be obligated to assume the Declarant's obligation to maintain all such Common Elements and the completed improvements therein. After the Declarant has completed installation or construction of Controlled Facilities, the Association automatically and without further action shall be obligated to assume responsibility for repair and maintenance thereof. The Declarant will (and is required to) complete construction or installation of the Controlled Facilities and any other improvements identified as or that may become Common Elements on or before the later of the date that the last Unit (including Units that may be created within any Convertible Real Estate) is conveyed to a Unit Owner other than the Declarant or the date of expiration of the Declarant's right to convert Convertible Real Estate as provided in Article VI. Until conveyance of the Common Elements in the nature of Open Space or land to the Association, the Declarant shall be solely responsible for real estate taxes assessed against or allocable to such Common Elements and for all other expenses in connection therewith and in connection with Controlled Facilities until construction or installation thereof has been completed. Thereafter, the Association shall assume responsibility for maintenance and repair, and the costs thereof will increase the budget of the Association. Any increase in the Association's budget will increase Common Expenses and consequently the Unit Owners' allocable shares thereof. The Declarant's obligation to complete and/or convey the Common Elements to the Association shall be binding upon the Declarant and to any successor in interest of the Declarant whether or not such successor in interest succeeds to any special declarant rights. No improvements or facilities constituting Common Elements or that may become Common Elements will be conveyed to or become the responsibility of the Association until completed unless a third-party guarantee, bond, escrow or letter of credit assuring completion has been provided by the Declarant for the benefit of the Association, in addition to the Declarant's guarantee of completion, and the Declarant's guarantee and such third-party guarantee, bond, escrow or letter of credit does not expire until completion of such improvements or facilities. As to any improvements and facilities the Declarant will complete prior to conveyance to the Association, the Declarant does not intend to provide to the Association any third party guarantee, bond, escrow, letter of credit or similar mechanism to assure completion thereof. Only the Declarant's guarantee and obligation set forth herein, and any improvements bond or letter of credit in favor of and required by the municipalities within which the Community is located will be provided to assure that such improvements will be completed. As to any uncompleted improvement or facility that may become a Common Element, the same will be deemed completed upon the recording of a certificate executed by an independent registered surveyor, architect or professional engineer stating that the same has been substantially completed in accordance with the descriptions set forth in the Declaration, the Plat, and the public offering statement so as to permit use thereof for its intended use. Completed improvements or facilities will be deemed to be completed upon approval of the municipality within which they are located. The foregoing obligations of the

Declarant shall be binding upon the Declarant and any successor in interest. The foregoing notwithstanding, Limited Common Elements the maintenance of which is in the nature of Townhouse Amenities will be completed as Townhouses are constructed upon Townhouse Units. All streets, sanitary sewer and potable water mains and facilities and other Common Elements within the Community must be built. Any provision of this section to the contrary notwithstanding, the Community Center will be completed by the time half the total number of Units permitted to be created in the Community have been improved with Dwellings or within five (5) years after the conveyance by the Declarant of the first Unit within the Community, which ever occurs first.

ARTICLE IV EASEMENTS

Section 4.1 Additional Easements. In addition to and in supplementation of any easements provided for by the Act, and those contemplated or existing as described in Section 1.2, the following easements are hereby created:

a. Signs. Declarant reserves the right to place signs and other advertisements within the Common Elements in such manner, of such size, and in such locations as Declarant deems appropriate. The Declarant also reserves for itself, its assigns and the Association, an easement to maintain signs identifying the Community within Open Spaces and any Lot that is a Common Element and upon certain Units as shown in the Plat, and an easement of access over and across such Open Space, Lots, and Units for purposes of erecting, replacing, repairing and maintaining such signs. The Declarant also reserves for the benefit of each Builder a similar right to place signs and other advertisements within the Common Elements in such manner, of such size, and in such locations as may be approved by the Declarant, together with a right of access thereto in favor of each such Builder for the purpose of erecting, removing, and maintaining such signs and advertisements, provided that each such Builder obtains Declarant's prior written consent for all such signs and advertisements and their sizes and placement.

b. Utility Easements. The Units and Common Elements shall be, and hereby are, made subject to easements in favor of appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. Such easements shall include, without limitation, rights of Declarant, or the providing utility or service company, or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, CATV cables, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements. The foregoing easements shall include a right of access, a right to cut or trim trees and shrubbery, to grade the soil, or to take any other similar action reasonably necessary to provide economical and safe installation and maintenance and to maintain reasonable standards of health, safety, and appearance. Notwithstanding the foregoing provisions of this Section 4.1.b, unless

shown in the Plat or the Master Plan, or unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located so as not to materially interfere with the use or occupancy of the Unit by its occupants.

c. Declarant's Easement for Drainage. Declarant reserves an easement on, over and under the Common Elements and all Units for the purpose of constructing and modifying the Storm Water Management Facilities thereon, and the Declarant reserves for itself and the Association, an easement on, over, and under the Common Elements and all Units for the purpose of maintaining, repairing, and replacing Storm Water Management Facilities and for the purpose of correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section 4.1.c expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil, or to take any other action reasonably necessary to achieve this purpose.

d. Easement for Streets: Right to Construct and Dedicate Streets, Water and Sewer lines, and Drainage Facilities. The Declarant reserves an easement over those portions of the Property shown as streets for ingress and egress and reserves the right to dedicate and convey such streets and any necessary rights-of-way to municipalities within which the Community is located. The Declarant also reserves the right over and across all areas of the Property in order to construct and install and thereafter to dedicate and convey to the municipalities or service providers for the area in which the Community is located sewer and water lines and facilities and Storm Water Management Facilities shown in the Plat or the Master Plan.

e. Easement for Use and Passage. Subject to Rules and Regulations from time to time adopted by the Executive Board, each Unit Owner and each person lawfully residing on the Property, together with their guests, is hereby granted a non-exclusive perpetual right and easement of access to use and enjoy, in common with others, the Open Space, pedestrian trails throughout the Community, and other of the Common Elements, subject to compliance with rules and regulations adopted from time to time by the Association. Furthermore, all Unit Owners and their family members, guests, invitees, and licensees, shall have a right and easement to use sidewalks upon any Unit that are along the streets within the Community for pedestrian traffic in the manner in which public sidewalks are customarily used and they, the Declarant, and each Builder authorized by the Declarant or the Executive Board, together with the Declarant's and Builder's employees, contractors, and representatives shall have a right to use all streets and the areas shown in the Master Plan that are to be improved with streets for ingress and egress and generally in a manner similar to public streets, subject, however, to the Declarant's right to dedicate all such streets to the municipalities within which the Community is located (and upon acceptance of such dedication the foregoing easement for use of streets shall automatically be extinguished), and provided that the Unit Owners, the Declarant and each Builder shall promptly repair any damage to such streets caused by them, their contractors, employees or representatives in the course of their use prior to any such dedication, and provided further that the Unit Owners, the Declarant,

and each Builder in their use of such streets shall not unreasonably interfere with others' use thereof.

f. Easement for Access for Maintenance and Repair. The Common Elements are hereby made subject to an easement in favor of the Association and its agents, employees, and independent contractors for construction, inspection, maintenance, repair and replacement of the Common Elements. Furthermore, the Declarant and the Association shall have and enjoy an easement of access, for them and their agents, employees, and contractors, over and across all the Units for the purposes of inspecting, maintaining, repairing and replacing Common Elements situated upon or accessible from a Unit, including pedestrian trails, storm water pipes, inlets, and other Storm Water Management Facilities, to the extent the Unit Owner is not obligated to maintain such facilities under the terms of this Declaration or fails to fulfill his maintenance obligation.

g. Easement for Construction. The Declarant hereby reserves for itself, its contractors, employees, and representatives, and for each Builder to whom it grants consent, non-exclusive easements over and across the Common Elements and the Units:

(i) For the purpose of carrying out any obligation it may have or assume with respect to curing any defects in workmanship or materials in improvements constructed or required to be repaired by them, provided that any access over, across or upon portions of the Common Elements and Units not requiring the curing of defects or repairs shall be limited to those areas where access is necessary in order to cure defects and make repairs to portions of the Common Elements or to Units where such work is to be performed, and provided further that the Declarant, or Builder, as the case may be, shall repair all damage caused and restore surfaces disturbed in the course of performing such work;

(ii) For the purpose of storing building supplies and materials and equipment used or expected to be used by them in erecting or installing improvements within the Community, including, but not limited to, Structures upon Units, together with a free and uninterrupted right of access thereto, and for any purpose reasonably related to the construction, installation, or repair of any improvement (including without limitation Structures upon Units) constructed or installed by them or with respect to which they have a repair or maintenance obligation, provided that no such storage shall be permitted by a Builder in areas that will interfere with the Declarant's construction or installation of improvements required by the Master Plan or any approval or permit relating thereto, that no such storage shall be permitted upon any Unit not owned by the Declarant or Builder without the owner's prior consent, and provided that the Declarant, or Builder, as the case may be, shall repair all damage caused and restore surfaces disturbed in using any areas of the Community for storage;

(iii) For the purpose of changing and correcting the drainage of surface water from or onto Units or Common Elements in order to maintain reasonable

standards of health, safety, and appearance, provided that (A) all of the foregoing shall be in compliance with the Master Plan, approvals relating thereto, and all applicable laws, regulations and ordinances, (B) changes to land surfaces or Storm Water Management Facilities for such purposes shall not have a material adverse effect on any Unit, Common Element, or other portion of the Property, (C) the foregoing right shall specifically include the right to cut, trim and remove trees and shrubbery and to change grading, (D) the Declarant or Builder, as the case may be, shall restore adjoining Common Elements and Units adversely affected by any change to or correction of the drainage characteristics of a Unit or Common Element, as the case may be, to its original condition as nearly as practicable, (E) the Declarant or Builder, as the case may be, shall give reasonable advance notice of its intention to take any such action to all Unit Owners who may be adversely affected and to the Association, unless in the reasonable opinion of the Declarant or Builder, an emergency exists which precludes such notice, (F) neither the Declarant nor any Builder shall have any obligation to perform any work or to take any action regarding drainage of surface water within the Community except as may be required in connection with the Master Plan, any approval relating thereto, this Declaration, or under any law, regulation, or ordinance by which they may be bound;

(iv) For purposes of conducting marketing, sales, and related activities in connection with the sale of Units or residences constructed or to be constructed thereon, provided that no entry shall be permitted upon a Unit not owned by the Declarant or Builder, as the case may be, without the owner's consent;

(v) For any purpose deemed by them necessary to comply with the provisions of the Act, any law, ordinance, or regulation, or with any order of a governmental agency having regulatory jurisdiction over the Property or the Community; and

(vi) For purposes of constructing, installing, repairing, modifying, and replacing streets and sidewalks, for purposes of excavating, filling, and coordinating the height, grade, slope, and contour of the Property, including adding or removing soil, provided that all the foregoing shall be in compliance with the Master Plan, all approvals and permits relating thereto, provided that any such construction, installation, modification or replacement shall not have a material adverse effect upon any Unit or any Common Element, and provided further that the Declarant or Builder, as the case may be, shall restore Common Elements and Units adversely affected thereby as nearly as practicable to its original condition.

h. Support. Each Unit Owner shall be the beneficiary of a covenant by each neighboring Unit Owner and the Association prohibiting any action by such neighboring Unit Owner from taking action on or with respect to his Unit and by the Association from

taking action or with respect to the Common Elements that would endanger the stability or safety of his Unit.

i. Easements in Favor of Withdrawable Real Estate. If any of the Withdrawable Real Estate is withdrawn from the Community by the Declarant, the Declarant shall have the right, and hereby reserves, easements for storm water drainage, utility easements, and access easements over and across the Common Elements and Units containing Common Elements, and easements of use of sanitary sewer and Storm Water Management Facilities within the Community all benefitting the Withdrawable Real Estate and as may be necessary in order to develop the Withdrawable Real Estate separately from the Community. The Declarant does not anticipate that its reservation of such easements benefitting Withdrawable Real Estate will materially increase the budget of the Association or adversely affect the Community, it being observed, however, that such Withdrawable Real Estate will not contribute toward the Common Expenses and thus will not bear its share of the costs of maintaining the Common Elements, including the facilities utilized by the Withdrawable Real Estate within such easements.

j. Easement in favor of Lot 1. There shall be appurtenant to Lot 1 as shown in the Master Plan an easement permitting the drainage of storm and surface water across Lot 2 to the storm water detention basin and a right of use thereof, together with such other Storm Water Management Facilities as shall be installed or constructed on Lot 2.

k. Easements with respect to Townhouse Units and Duplex Units.

(i) Each Townhouse Unit shall be subject to an easement of passage over and across the rear-most five feet of its rear lawn as shown in the Plat to permit Townhouse Unit Owners within the same block of Townhouse Units and maintenance persons to obtain access to their rear lawns and to the rear of the Townhouse erected thereon with lawn mowers and other maintenance equipment, provided that whoever utilizes (or engages another who utilizes) any such easement shall be responsible for repairing all damage caused by such person upon any Townhouse Unit other than his own, and provided that use of such easements shall be limited to the hours between one hour after sunrise and one hour before sunset unless otherwise agreed to by the owner of the servient Townhouse Unit.

(ii) Additionally, as shown in the Plat there shall be an easement five feet in width along the side boundary of each end Townhouse Unit (being a Townhouse Unit upon which a Townhouse is constructed that has only one party wall) that does not border an Open Space Lot along its side boundary in favor of each other Townhouse Unit that is part of the same block of Townhouse Units for purposes of access to the rear of each such Townhouse Unit by the Unit Owners thereof and such Unit Owner's contractors to facilitate maintenance and repair of his or her Townhouse Unit and the Townhouse erected thereon, provided that whoever utilizes (or engages another who utilizes) any such easement shall be

responsible for repairing all damage caused by such person upon any Townhouse Unit other than his own, and provided that use of such easements shall be limited to the hours between one hour after sunrise and one hour before sunset unless otherwise agreed to by the owner of the servient Townhouse Unit. For purpose of this Section 4.1.k, a "block of Units" shall mean those Townhouse Units upon which adjoined Townhouses are constructed.

(iii) Subject to Section 2.6 above, each Townhouse Unit and Duplex Unit shall be subject to an easement within party walls benefitting the adjoining Townhouse Unit or Duplex Unit for the sole purpose of permitting installation, maintenance, repair, and replacement of electric, telephone, natural gas, cable television, water, and sewer lines, and computer and Internet cabling, and heating and air conditioning ducts, within such party wall and serving only the Townhouse Unit or Duplex Unit benefitting from such easement, provided that all such installation, maintenance, repairing, and replacement shall be performed during the hours of 8:00AM and 5:00PM, unless otherwise agreed by the Owner of the servient Unit, and in a way that minimizes noise and disturbance of the occupants of the Townhouse or Duplex Home erected on the servient Unit.

Section 4.2 Rights of Association. In addition to any other rights and powers that the Association may have pursuant to this Declaration, the Bylaws, the Rules and Regulations and the Act, the Association shall have the right to grant permits, licenses, and easements over and to service the Common Elements for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Community.

Section 4.3 Right to Enter Property. The Declarant hereby reserves the right to enter onto the Common Elements and all Units after conveyance thereof for the purpose of constructing, maintaining, repairing, replacing or reconstructing, or altering any and all improvements and plantings required to be made as a condition of approval of the Master Plan by the applicable approving governmental bodies or as may be required in order for any such improvements which have been offered or are intended to be offered for dedication in accordance with the Master Plan to be accepted for dedication by the governmental body to which dedication was or is to be offered.

Section 4.4 Model, Sales. Notwithstanding any restriction that might otherwise apply in this Declaration, and in addition to all other rights granted to the Declarant in the Act, all of which are expressly preserved, the Declarant hereby reserves the right to maintain offices and models in the Community in connection with the sale, rental, or management of Units, and it reserves the right to permit Builders similarly to maintain offices and models to be used in connection with their (and during the period of their) sale of Townhouses, Duplex Homes, or Single Family Detached Homes within the Community.

ARTICLE V
AMENDMENT OF DECLARATION

Section 5.1 Amendment Generally. This Declaration may be amended only in accordance with the procedures specified in Section 5219 of the Act, the other Sections of the Act referred to in Section 5219 and the express provisions of this Declaration. The foregoing notwithstanding, no amendment of this Declaration may be made that removes, revokes, or modifies any right or privilege of the Declarant without its written consent or the consent of any assignee or successor to such right or privilege, or any right or privilege of the Township without its written consent.

Section 5.2 Rights of Certain Mortgagees. Subject to the limitations imposed by Section 5221 of the Act and except as permitted hereinafter, no amendment of this Declaration may be made without the prior written approval of all First Priority Mortgagees if and to the extent that such approval is required by the Act. Without limiting the foregoing, this Declaration may not be materially amended without the approval of at least fifty-one (51%) percent of the First Priority Mortgagees (based upon one vote for each mortgage held); however, any amendment made pursuant to Section 5219(f) of the Act will not be considered material. In addition, any published requirement of the Federal National Mortgage Association, or its successors (collectively "FNMA") or of the Federal Home Loan Mortgage Corporation, or its successors (collectively "FHLMC") with respect to approval of amendments to the Declaration by holders of mortgages on Units shall be complied with if, at the time such amendment is submitted for approval, one or more mortgages on Units is held by whichever of FNMA or FHLMC imposes such requirement and the Executive Board has been notified in writing that a mortgage is held by the entity imposing such requirement and in accordance with Article XII. Furthermore, the Executive Board may amend this Declaration as permitted in Section 5219 of the Act in order to conform this Declaration to any such published requirements.

ARTICLE VI
CONVERTIBLE REAL ESTATE

Section 6.1 Reservation. Declarant hereby explicitly reserves an option, until the seventh (7th) anniversary of the recording of this Declaration, to convert all or any portion of the Convertible Real Estate to Units or Common Elements or any combination thereof from time to time in compliance with Section 5211 of the Act without the consent of any Unit Owner or holder of a mortgage on any Unit, provided that such conversion shall be in compliance with all Township zoning ordinances, subdivision and land development ordinances, building codes, or other real estate laws, ordinances or regulations. This option to convert may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. Declarant expressly reserves the right to convert any or all portions of the Convertible Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other real estate be converted, added or withdrawn; provided, however, that the Convertible Real Estate shall not exceed the total area described as such on Exhibit "2" attached hereto and in the Plat. There are no other limitations on this option to convert Convertible Real Estate.

Section 6.2 Assurances. If all the Convertible Real Estate is converted, the Units therein will be located within the areas shown on the Plat as Convertible Real Estate (and as Future Phases in the Master Plan), as such Convertible Real Estate or Future Phases may be configured from time to time. At such time, if any, that all the Convertible Real Estate is converted, the maximum number of Units in the Community, exclusive of Common Elements or Open Space Lots, but including the Units identified in Exhibit "3" attached hereto, shall be 550. All restrictions in this Declaration affecting use of Units shall apply to Units created within the Convertible Real Estate. Except as expressly set forth otherwise in this Article VI, no assurances are given (i) as to the locations of buildings or other improvements that may be made within Convertible Real Estate, (ii) as to the architectural style, quality of construction, size, or construction materials of Structures within Convertible Real Estate or as to their compatibility with other Structures and Units in the Community, (iii) as to the improvements and limited common elements that may be made upon or within Convertible Real Estate, (iv) as to the locations of any buildings or other improvements that may be made within Convertible Real Estate, (v) regarding whether limited common elements created within convertible Real Estate will be of the same general types or sizes as those within other parts of the Community, (vi) as to whether the proportion of limited common elements to Units created within Convertible Real Estate will be equal, proportionate to, or different from the proportion existing within other portions of the Community, or (vii) the applicability of assurances given regarding any Convertible Real Estate that is withdrawn as Withdrawable Real Estate. The reallocation of Common Expense liability as a result of the creation of additional Units from the Convertible Real Estate shall be computed as required by Section 2.1 above. As a result of the addition of Units resulting from the inclusion of Convertible Real Estate in the Community, the relative voting strength of each Unit will decrease in the same proportion as the decrease in such Unit's percentage liability for General Common Expenses. Common Elements within the Convertible Real Estate will be of the same kind as described in Articles II and III of this Declaration, which, when created as Common Elements, shall be maintained by the Association in the same manner as other Common Elements. Limited Common Elements of any kind may be created within the Convertible Real Estate appurtenant to Units created from the Convertible Real Estate.

ARTICLE VII OPTION TO WITHDRAW REAL ESTATE

Section 7.1 Withdrawable Real Estate. Declarant hereby explicitly reserves an option, until the seventh (7th) anniversary of the recording of this Declaration, to withdraw Withdrawable Real Estate from the Community from time to time in compliance with Section 5212 of the Act, without the consent of any Unit Owner or holder of a mortgage on any Unit, provided that such withdrawal shall be in compliance with all Township zoning ordinances, subdivision and land development ordinances, building codes, or other real estate laws, ordinances or regulations. This option to withdraw may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. Declarant expressly reserves the right to withdraw any or all the Withdrawable Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other real estate be withdrawn, added or converted, except as set forth in Section 5212 of the Act; provided, however, that the total Withdrawable Real Estate shall not exceed the Convertible Real Estate as shown in the Plat. There are no other limitations on this option to withdraw the Withdrawable

Real Estate. This Declaration shall not apply to any Withdrawable Real Estate that is withdrawn and there shall be no reallocation of Common Expense liability and no change in voting rights appurtenant to any Unit resulting from withdrawal of any Withdrawable Real Estate, except to the extent that Units which have been created and are part of the Community are withdrawn as Withdrawable Real Estate, if any. If any Withdrawable Real Estate is withdrawn after Units have been created therein, the share of Common Expense liability borne by all the Unit owners will proportionately increase because the Units within such Withdrawable Real Estate will no longer be contributing toward the Common Expenses.

ARTICLE VIII
ARCHITECTURAL CONTROL AND DESIGN,
USE RESTRICTIONS AND OTHER OBLIGATIONS

Section 8.1 Architectural Control and Design Criteria, Use and Other Restrictions. All Units shall be subject to, and all Unit Owners shall be bound by, the following:

- a. Anything herein to the contrary notwithstanding, all Units shall be restricted and limited and bound by (to the extent provided in) the applicable Zoning Ordinance or Zoning Ordinances affecting the Community, subject, however, to variances granted thereto and no provision of this Declaration shall invalidate, modify or supersede any provision of any zoning, subdivision and land development ordinance, building code or other real estate law, ordinance or regulation..
- b. Unit Owners and occupants and their respective family members, and guests, shall have the right to use and enjoy the Open Space in common with others, provided they comply with the provision of this Declaration and with Rules and Regulations adopted and amended from time to time by the Executive Board relating thereto. A copy of the initial Rules and Regulations is attached hereto as Exhibit "4." There shall be no obstruction of the Open Space nor shall anything be stored in or upon the Open Space without the prior written consent of the Declarant or the Executive Board, except as may specifically be authorized in this Declaration, and except by the Association, its employees and independent contractors in performing its obligations or exercising its rights under this Declaration.
- c. No benches, chairs, or other personal property belonging to the owner or occupant of a Unit (other than the Association) shall be left within any Open Space or Lot that is a Common Element.
- d. All Unit Owners and their residents and guests shall comply with the Rules and Regulations from time to time adopted by the Executive Board and not in conflict

with the provisions of this Declaration, concerning the use and enjoyment of the Common Elements.

- e. Fences are governed by the Rules and Regulations.
- f. Wash lines are governed by the Rules and Regulations.
- g. No vans, trucks, or other vehicles longer than twenty (20) feet or in excess of 6,800 lbs. gross vehicle weight, and no tractor trailer cabs, or trailers of any type shall be permitted to be parked or kept upon any Unit (except wholly within a garage) or upon streets bordering any Unit, except for service vehicles making deliveries to the Unit and then only during the time such deliveries are being made. The foregoing, however, shall not be construed to prevent the placement or parking of construction vehicles and equipment needed for and during construction of structures upon a Unit.
- h. No boats, snow mobiles, motorcycles, all terrain vehicles, campers, motor homes, trailers, recreational vehicles, or inoperable or unlicensed vehicles may be stored or parked upon any Unit or upon any street bordering a Unit, except wholly within a garage, and except for temporary parking for periods not to exceed twenty-four hours.
- i. No swimming pools of any kind may be erected, installed or maintained on any Townhouse or Duplex Unit. No above-ground swimming pools are permitted to be erected, installed, or maintained on any Single Family Unit. Subject to paragraph (p) hereinafter, in-ground swimming pools may be permitted on Single Family Units.
- j. Unit owners' signs are governed by the Rules and Regulations.
- k. Units may not be used in whole or in part for the storage of rubbish of any kind, nor for the storage of any property or thing that will cause such Unit to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor may any substance, thing or material be kept or used, nor anything done, upon any Unit that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of surrounding Units (excluded from this restriction, however, are construction activities of the Declarant or any Builder, and their respective employees and contractors). No rubbish, trash, garbage, scrap metal, waste, new or used lumber or wood (except lumber or wood to be used in constructing a permitted structure on a Unit and firewood to be used in fireplaces in dwellings erected on Units, provided such firewood is stacked no higher than five feet) shall be placed or permitted on any Unit except wholly indoors; provided, however, usual household trash and rubbish may be kept in closed sanitary containers at curb side for collection purposes only on the day such trash and rubbish is to be collected. No garbage or trash containers may be located in the front or side lawn area of a Unit for more than a twenty-four (24) hour period. This section shall not apply to the storage of building materials and the temporary presence of waste building materials on a Unit during construction of the Single Family Home, Duplex, or Townhouse thereon by a Builder, provide that such waste shall promptly be removed upon completion of construction.

l. Dwellings and Units may be used for single-family residential purposes only and no business or commercial enterprise may be commenced, maintained, or operated in any Dwelling or on any Unit; provided, however, that the Declarant or Builder shall be permitted to maintain sales offices in any Dwelling and to maintain models as provided in Section 4.4 and to maintain speculative inventory on any Unit. No improvements or Structures other than a Dwelling, patios, permitted fences and walls, permitted decks, permitted swimming pools, customary outbuildings, garage, or carport may be erected, placed, or maintained on any Unit. Without limiting the foregoing, sheds may not be erected, placed or maintained on any Townhouse Unit. Only one shed may be erected, placed, or maintained upon any Single Family Unit or Duplex Unit and then only if the shed is not larger than ten (10') feet in width and twelve (12') feet in depth. All permitted sheds must be of the same materials and the exterior surfaces must be of the same colors as the Single Family Detached Home or Duplex Home constructed on the Unit. All building materials incorporated into a Dwelling or other structure on a Unit, including but not limited to roof shingles, shutters, siding, masonry, gutters, downspouts and other trim must be replaced or otherwise repaired and maintained when needed with materials of similar type, quality and color and shall be in harmony and in keeping with other Dwellings within the Community. The provisions of this paragraph are in addition to and not in limitation of the provisions of paragraph (p) hereinafter. The use of a portion of a Dwelling on a Unit as an office by the Unit Owner or tenant will be considered a residential use if such use does not create regular customer or client traffic to and from the Unit.

m. Animals are governed by the Rules and Regulations.

n. No radio towers, television antennas or similar structures shall be erected, placed, permitted or maintained on any Unit except as permitted in this paragraph. A Unit Owner may install and maintain satellite dishes or other facilities upon his/her Unit for the receipt of radio or television broadcasts, subject to compliance with the following requirements: (i) The satellite dish or other facilities must be of the smallest size reasonably commercially obtainable that will provide radio or television reception; (ii) the satellite dish or other facilities may not be located in front of the plane created by the front of the dwelling constructed on the Unit; (iii) if possible, the satellite dish or other facilities may not be visible from the street in front of the dwelling constructed on the Unit; and (iv) without limiting the preceding requirements, the location of such installations must be as unobtrusive as possible, provided reception is of adequate quality in such location. In the event these provisions contradict any rulings or regulations of the Federal Communications Commission or any other agency having jurisdiction in effect, then the current rulings or regulations of the FCC or other applicable agency shall prevail.

o. No dwelling or structure upon any Unit shall be occupied in any manner while in the course of construction, nor at any time prior to its being fully completed, nor shall any residence, when completed, be in any manner occupied until made to comply with the approved plans and all covenants, conditions, reservations and restrictions herein set forth. All construction shall be completed within a reasonable time from the

commencement of construction. No temporary house, temporary dwelling, temporary garage, trailer home or other temporary structure shall be placed or erected upon any Unit.

p. All building plans for any building or structure, or appurtenance thereto, such as decks, to be erected upon any Unit, the proposed location of any building or structure upon any Unit, any change after approval thereof, and any remodeling (including but not limited to exterior painting, re-roofing, replacement of doors and shutters, and the like), reconstruction, alteration or addition to any building, driveway or other structure upon any Unit, shall require the approval in writing of the Declarant, its successors or assigns. Before beginning the construction of any driveway, building or other structure whatsoever, or remodeling, reconstruction or alteration of any driveway or structure upon any Unit, the person or persons desiring to erect, construct or modify the same shall submit to the Declarant, or its successors or assigns, for approval two (2) complete sets of driveway plans showing the location, course and width of same, and two (2) complete sets of building plans and specifications (including details of the nature, kind, shape, height, materials, floor plans, exterior colors, scheme, location, front and rear facings, elevations, and statement of the approximate cost thereof, as well as grading plans). No remodeling or structure of any kind, the plans and specifications of which have not received the written approval of the Declarant, its successors or assigns, and which does not comply fully with such approved plans and specifications shall be erected, constructed, placed or maintained upon any Unit. Approval of such plans and specifications shall be evidenced by written endorsement of Declarant, its successors or assigns, on such plans and specifications. No changes or deviations in or from such plans and specifications as approved shall be made without the prior written consent of Declarant, its successors or assigns, who shall not be responsible for any structural defects in such plans or specifications or in any building or structure erected according to such plans and specifications. Plans and specifications may be rejected for purely aesthetic reasons. At any time, the Declarant may assign its rights and obligations under this paragraph (p), with respect to any part or all of the Community, to the Executive Board. Any provision of this paragraph (p) to the contrary notwithstanding, all Structures and improvements to and upon any Unit shall be under, subject to, and in compliance with all zoning ordinances, subdivision and land development ordinances, building codes, and other real estate laws and ordinances of the Township. With respect to storage sheds and auxiliary structures placed or erected upon an Unit the following shall apply: Roof shingles must match the roof shingles of the house constructed on the Unit, all siding must match the majority of the siding materials of the house constructed on the Unit, the maximum footprint shall be ten feet by twelve feet, and must be new when placed or constructed on the Unit.

q. Dwellings on Units shall have the following minimum completed living spaces:

(i) Single Family Homes: For ranch style houses - nine hundred (900) square feet; For one and one-half story style houses - one thousand fifty (1,050) square feet of living space on the first floor; For two-story style houses - one thousand two hundred (1,200) square feet.

(ii) For Duplex Homes: nine hundred (900) square feet of living space, excluding garages.

(iii) Townhouses: nine hundred (900) square feet of living space, excluding garages.

r. Swales and the surface area of other Storm Water Management Facilities located upon a Single Family Unit or Duplex Unit shall be maintained by the Unit owner. Such Unit owners shall also provide routine surface maintenance to areas upon their Units that are burdened by sanitary sewer, utility, and other easements.

s. Nothing may be placed, planted, constructed or installed upon any Unit within any sanitary sewer, utility, or storm water easement area. Moreover, no storm water swales, channels, basins or ponds upon any Unit may be altered, and no shrubbery, trees, plantings, or structures shall be permitted within clear sight triangles, as shown in the Master Plan, unless they are in compliance with all restrictions relating thereto.

t. It is the responsibility of each Unit Owner to prevent the occurrence or continuation of any unclean, unhealthy, unsightly, or unkempt condition on his or her Unit. All Units shall be kept neat and orderly and free of rubbish, trash and junk of every kind at all times. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Property. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted upon a Unit provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve hours.

u. All landscaping of or on the Units shall be designed and constructed in keeping with the Rules and Regulations, the residential character of the Community and the design of the Dwelling constructed on the Unit. All landscaping shall be maintained and pruned regularly to provide an aesthetically acceptable environment. All Units shall be mowed and kept free and clear of all weeds at all times by the Owners thereof, except for routine mowing included among the Townhouse Amenities that will be provided by the Association for Townhouse Units. No hedge shall be permitted to be planted or maintained upon Townhouse Units other than along the rear boundary thereof. Unit Owners shall keep all flower and vegetable gardens free from unsightly weeds, and they shall remove dead crops, and maintain such gardens in such a way as to prevent soil erosion. In no event may vegetable gardens be closer to the street than the rear line of the Dwelling constructed on the Unit.

v. No offensive or noxious activity may be carried on upon any Unit, nor shall anything be done on a Unit which may be or may become an annoyance or nuisance to the Community. Construction activities of the Declarant and Builders shall not be

considered offensive or noxious. The Executive Board shall have the right to determine whether and when anything done on a Unit is offensive or a nuisance.

w. Above ground or underground pumps, water, gas or other storage tanks are prohibited.

x. In addition to any other rule restricting parking within the Community, Long term parking of automobiles and other vehicles on any street upon the Property or within the Community (including Township streets) by Unit Owners, occupants of Units, and their family members, guests, and invitees is not permitted. Parking will be considered long term, and will thus a violation of this paragraph, if a vehicle is parked on a street within the Community for more than forty-six hours out of any forty-eight hour period.

z. The breach of any covenant or restriction herein contained, or the continuance of any such breach, may be enjoined or remedied by appropriate proceedings initiated by Declarant, its successors and assigns, the Association, or by the owner of any Unit in the Community. No delay or omission on the part of Declarant, its successors and assigns, the Association, or the owners of Units in exercising any right, power or remedy herein provided in the event of any breach shall be construed as a waiver thereof or acquiescence therein, and no right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant, its successors or assigns, or on account of the failure to bring any action on account of any breach of these covenants, conditions, reservations and restrictions, or for imposing any covenants, conditions, reservations or restrictions which may be unenforceable.

Section 8.2. No Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations, and to preserve the appearance, integrity, and value of the Property only, and approval of any request does not guarantee or otherwise ensure the physical or structural integrity of any building, wall, fence, swimming pool, roof, exterior light, or any other Structure or improvement of any kind. Neither the Executive Board nor the Association shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Executive Board nor the Association, nor any committee, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Unit.

Section 8.3. Common Elements Use Restrictions. Except for the Community Center, neither the Association nor any Unit Owner shall erect any permanent or temporary Structure (other than Storm Water Management Facilities), or dump grass clippings, leaves, trash or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances on any Open Space or any Lot that is a Common Element, or block or obstruct any Common Element. Unit Owners may not mow, prune, clip or otherwise affect any plantings on any Open Space or any Lot that is a Common Element.

Section 8.4. Variance. The Executive Board reserves the right to grant a variance to

any of the use restrictions and standards set forth in Sections 8.1 and 8.2, provided that the restriction as to which a variance is granted complies with all applicable ordinances, laws, and regulations, and provided further that no variance shall be effective unless approved by the Executive Board in writing and recorded in the Office of the Recorder for the county in which the Community is located.

Section 8.5. Enforcement. The Declarant, so long as it owns any portion of the Community, any Unit Owner, and the Association each may enforce the obligations or restrictions contained in this Article VIII at law or in equity to compel compliance or to prevent the violation or abate the violation or breach thereof. In addition to any other remedy they may have, if the Declarant or Association consults an attorney or commences an action in any court to compel compliance with the restrictions set forth in this Article VIII by a Unit Owner or to seek damages on account of any violation thereof, the offending Unit Owner shall reimburse the Declarant or, as the case may be, the Association for all attorneys fees and litigation costs incurred by it in doing so within ten days after its written demand. Pending payment by the Unit Owner, such attorneys fees and litigation costs shall constitute a limited common expense allocated to and assessed against the Unit of such Unit Owner.

Section 8.6 New Construction. As provided in section 8.1.p. above, no construction of the initial improvements upon any Unit may be commenced until plans and specifications have been approved, in writing, by the Declarant, or the Executive Board, as the case may be. If the Declarant has approved (or provided for the review and approval of) any Structure to be built upon any Unit under the terms of any contract or agreement, the terms of such contract or agreement shall control and shall constitute approval under section 8.1.p. Moreover, and notwithstanding any contrary provision of Article V, no provision of this Article VIII may be amended without approval of and joinder into such amendment by the Declarant (or successor in interest to the Declarant).

Section 8.7 Survival. If any one or more of the covenants or restrictions set forth in this Article VIII are declared for any reason by a court of competent jurisdiction to be null and void or unenforceable, such judgment or decree shall not in any manner affect, modify, change, or nullify any of the other covenants or restrictions, all of which shall continue in full force and effect.

ARTICLE IX MORTGAGES

Section 9.1 Mortgages. Whether or not they expressly so state, all mortgages of any Unit or the Common Elements shall be deemed to provide, generally, that the mortgage, and the rights and obligations of the parties thereto, shall be subject to the terms and conditions of the Act and this Declaration.

ARTICLE X
THE EXECUTIVE BOARD; INSURANCE

Section 10.1 Additional Powers. In addition to the powers set forth in the Act and elsewhere in this Declaration, the Executive Board shall have the following powers:

- a. To appoint committees of the Executive Board and to delegate to such committees the Executive Board's authority to carry out certain duties of the Executive Board, subject to the approval and control of the Executive Board.
- b. To engage the services of a manager or managing agent, which may be any person, limited liability company, corporation or other entity, upon such terms and compensation as the Executive Board deems fit, and to remove such manager or managing agent at any time, provided any agreement with such manager or managing agent shall extend for not more than one year and must be terminable by either party without cause and without payment of a termination fee upon ninety days prior written notice.
- c. To engage the services of any persons (including but not limited to attorneys and accountants) deemed necessary by the Executive Board at such compensation as it deems reasonable, in the operation, repair, maintenance and management of the Common Elements or the Association, or in connection with any duty, responsibility or right of the Executive Board and to remove any such person at any time.
- d. To pay any amount necessary to discharge any mechanics' liens or other encumbrances against the Property or any part thereof that may in the opinion of the executive Board constitute a lien against the Common Elements.
- e. To expend funds for the maintenance and repair of the Common Elements.
- f. In the event of any condemnation of the Common Elements or any portion thereof, to represent the Association in any proceedings, negotiations, settlements, or agreements with the condemning authority.
- g. To borrow money on the credit of the association and, as security for such borrowing, to assign the Association's rights to receive future income (including assessments) or, pursuant to section 5318 of the Act, encumber or convey the Common Elements, or any portion thereof.
- h. To grant permits, licenses and easements over the Common Elements subject to the limitations set forth in section 5302(a)(9) of the Act.

Section 10.2 Resolution of Disputes. In the event any dispute or disagreement between any Unit Owners relating to the Property, or any questions of interpretation or application of this

Declaration, the Plat, the Bylaws, or the Rules and Regulations, the determination thereof by the Executive Board shall be final and binding on each and all such Unit Owners. The Executive Board shall have the authority to seek a declaratory judgment or other appropriate judicial relief or order to assist it in carrying out its responsibilities under this section. All costs of obtaining such a judgment shall be borne by the disputants, or in the absence of disputants, by the Association as a Common Expense.

Section 10.3 Insurance. The Executive Board shall cause the Association to obtain (if and to the extent available) and pay for all insurances required under section 5312 of the Act.

ARTICLE XI

BUDGETS; COMMON EXPENSES; ASSESSMENTS AND ENFORCEMENT

Section 11.1 Annual Assessments; Monthly Payments. The Association shall have the power and authority, as provided in the Act, to make assessments against all Units (consistently with their allocable Shares) to pay the General Common Expenses, (b) against Units to which Limited Common Elements are appurtenant, if any, to pay Limited Common Expenses, and (c) against Units for services, such as trash removal, the costs of which are to be assessed against such Units to pay for such services. All regular Common Expense assessments made in order to meet the requirements of the Association's annual budget shall be adopted and assessed on an annual basis payable by the Unit Owners in equal monthly installments, in advance on the first day of each month. In addition, special assessments may be made by the Association and shall be due and payable by the Unit owners (or with respect to special assessments for Limited Common Expenses, shall be due and payable by the Unit Owners to whose Units the applicable Limited Common Elements are appurtenant) in one or more periodic installments, in advance, on the first day of the applicable period, as determined by the Executive Board. Insurance costs of the Association shall be assessed as part of the Common Expenses. The Executive Board may include in Common Expenses (including Limited Common Expenses as applicable) charges for taxes upon and costs incurred for proper maintenance, operation, repair, or replacements of the Common Elements, including, without limitation, lawn care, landscaping, Storm Water Management Facilities repair and cleaning, walkways maintenance, lighting maintenance and repair, recreational facilities maintenance, provision of Townhouse Amenities, provision of refuse and trash pick-up, and the like.

Section 11.2 Subordination of Certain Charges. Any fees, charges, late charges, fines and interest which may be levied by the Executive Board pursuant to Sections 5302(a) (11) and (12) of the Act, shall be subordinate to the lien of all First Priority Mortgages on a Unit.

Section 11.3 Reserves. The Association may establish reserve accounts to be funded through monthly assessments over a reasonable period of time and thereafter may maintain adequate reserves for maintenance, repair and replacements of the Common Elements that are anticipated to require maintenance, repair or replacement on a periodic basis and to cover deductible amounts in property insurance policies. Extraordinary expenditures not originally

included in the annual budget that may be incurred in any year may be charged first against such reserves. In addition, the Executive Board shall have the right to segregate all or any portion of the reserves for any specific replacement or contingency upon such conditions as the Executive Board deems appropriate.

At the closing for the initial transfer of title from the Declarant to the non-Declarant purchaser or each Unit, the Association shall collect from such purchasers an amount equal to three hundred fifty (\$350) dollars, which monies shall be deposited into an initial working capital fund under the control of the Association. No Unit Owner is entitled to a refund of these monies by the Association upon subsequent conveyance of his Unit or otherwise. Such payments do not constitute advance payments of regular assessments. The foregoing notwithstanding, a Builder who acquires a Unit from the Declarant, with the Declarant's consent, may either make such \$350 contribution to the Association at such closing, or it may defer making such contribution until it constructs a home on the acquired Unit and conveys the Unit and home to its customer, and then require its customer to make such \$350 contribution at its closing instead of the Builder.

Section 11.4 Accounting. Within one hundred eighty (180) days after the end of each fiscal year of the Association, being the calendar year unless changed, commencing after the end of the year 2007, the Executive Board shall supply to all Unit Owners a balance sheet and a statement of revenues and expenses of the Association for the preceding year, including an accounting of the Common Expenses actually incurred and paid together with a tabulation of the amounts collected pursuant to the annual budget or assessments and showing the excess or deficit of income over expenditures plus reserves.

Section 11.5 Acceleration. If a Unit Owner is in default in the payment of the assessed charges or installments thereof for sixty days or more, the Executive Board may, in addition to all other remedies in the Act or this Declaration, accelerate all other charges and installments of assessments to become due for the next twelve months on the basis of the budget for the calendar year in which such default occurs and assuming the same budget for the following year; provided, however, a foreclosing mortgagee shall be entitled to automatic subordination of such sums in excess of the amounts given priority in lien or payment over mortgage liens in the Act.

Section 11.6 Collection Charges. Any delinquent Unit Owner shall also be obligated to pay all expenses of the Executive Board, including reasonable attorneys' fees, incurred in the collection of any delinquent assessments by legal proceedings or otherwise, and any amounts paid by the Association for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessments and shall be collectible as such.

ARTICLE XII
RIGHTS OF CERTAIN MORTGAGEES AND OTHER REQUIRED CONSENTS

Section 12.1 Reports and Notices. Upon the specific written request of a holder of a First Priority Mortgage or its servicer to the Executive Board, the mortgagee shall be entitled to receive some or all of the following as designated in the request:

- a. Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Executive Board to the Owner of the Unit covered by the mortgage;
- b. Any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Unit Owners;
- c. Copies of notices of meetings of the Unit Owners and the right to designate a representative to attend such meetings;
- d. Notice of the decision of the Unit Owners to make any material amendment to this Declaration and Notice of any meetings at which a matter requiring approval of holders of First Priority Mortgages will be considered;
- e. Notice of substantial damage to or destruction of any part of the Common Elements (the repair of which would cost in excess of \$10,000);
- f. Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Common Elements;
- g. Notice of any default by the owner of the Unit which is subject to the mortgage, where such default is not cured by the Unit Owner within thirty (30) days after the giving of notice by the Association to the Unit Owner of the existence of the default;
- h. The right to examine the books and records of the Executive Board at any reasonable time; or
- i. Notice of any decision by the Executive Board to terminate professional management and assume self-management of the Property.

The request of a mortgagee or its servicer shall specify which of the above items it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Executive Board. The Executive Board need not inquire into the validity of any request made by a mortgagee hereunder.

Failure to comply with the requirements set forth above shall in no way invalidate otherwise proper actions of the Association and the Executive Board.

Section 12.2 Further Consents. If any mortgage or deed of trust upon a Unit is held by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC") or if any Unit is encumbered by a mortgage or deed of trust insured or guaranteed by the Federal Housing Administration ("FHA"), the Veterans Administration ("VA", or the Department of Housing and Urban Development ("HUD"), and any action proposed by the Association or the Unit Owners requires the approval pursuant to the then applicable regulations of FNMA, FHLMC, FHA, VA, or HUD of a specified percentage of Unit Owners, the holders of a specified percentage of such mortgages, or of such organizations, then such action shall not be taken until such requirement has been met and, further, no action proposed by the Association or the Unit Owners shall be taken or be valid unless the Declarant (during any period that the Declarant has the right to appoint members of the Executive Board), has consented to such action. The foregoing actions include, but are not limited to, the following:

a. Abandon, partition, alienate, release, hypothecate, dedicate, subdivide, encumber, sell or transfer any interest in any of the Common Elements, provided, however, the granting of rights-of-way, easements, and the like for public utilities or other purposes consistent with the use of the Common Elements, and the Association's or Declarant's decommissioning or dedication to a governmental body of any Common Element shall not be subject to such approval or consent requirements of this paragraph.

b. Abandon or terminate this Declaration.

Furthermore, neither the Executive Board nor the Association may abandon, release, subdivide, encumber, sell or transfer any interest in Common Elements that the Township has the right under this Declaration to maintain in the event of the Association's failure to do so without the Township's written consent; provided, however, that the granting of rights-of-way, easements, and the like for public utilities or other purposes consistent with the use of the Common Elements, and the Association's or Declarant's decommissioning, dedication, or sale of any Common Element which, under the terms of any agreement with the Township or other municipal body, is permitted, shall not be subject to the approval or consent requirements of this paragraph.

ARTICLE XIII DECLARANT'S RIGHTS

Section 13.1. Control.

a. Until the 60th day after conveyance of twenty-five (25%) percent of the total number of Units which may be created have been sold to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board, provided, however, that Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.

b. Not later than 60 days after conveyance of twenty-five (25%) percent of the total number of Units which may be created have been sold to Unit Owners other than Declarant, one (1) member of the Executive Board shall be elected by Unit Owners other than

Declarant, and not later than 60 days after conveyance of fifty (50%) percent of the Units which may be created to Unit Owners other than Declarant, two (2) of the Executive Board shall be elected by Unit Owners other than the Declarant.

c. Not later than the earlier of (i) seven years after the date of the first conveyance of a Unit to a person other than the Declarant, (ii) 60 days after seventy-five (75%) percent of the total number of Units which may be created have been sold to Unit Owners other than Declarant, or (iii) two years after the Declarant has ceased to offer Units for sale in the ordinary course of business or after the Declarant has last exercised any development right to add new units was last exercised, all members of the Executive Board shall resign, and the Unit Owners (including Declarant to the extent of Units owned by Declarant) shall elect an Executive Board, a majority of the members of which shall be Unit Owners.

Section 13.2 Assignment. Any or all the special rights and obligations of the Declarant set forth in this Declaration, the Bylaws, or the Act may be transferred to other persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, in the Bylaws, or in the Act, as applicable, and provided further, that no such transfer shall be effective unless it is in a written instrument signed by the Declarant and recorded in the Office of the Recorder for the county in which the Community is located.

ARTICLE XIV
DUTIES OF OFFICERS AND MEMBERS OF THE EXECUTIVE BOARD;
LIMITATION OF LIABILITY

Section 14.1 Standard of Conduct.

a. In the performance of their duties, the officers and members of the Executive Board shall stand in a fiduciary relation to the Association and shall perform their duties, including duties as members of any committee of the Board upon which they may serve, in good faith, in a manner they reasonably believe to be in the best interests of the Association and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances.

b. In discharging the duties of their respective positions, the Executive Board members and officers may, in considering the best interests of the Association, consider the effects of any action upon employees and upon suppliers of the Association and upon communities in which the Community is located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of the standards described above.

c. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as an Executive Board member or officer or any failure to take any action shall be presumed to be in the best interest of the Association.

Section 14.2 Good Faith Reliance. In performing his duties, an officer or Executive Board member shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- a. One or more other officers or employees of the Association whom the officer or Executive Board member reasonably believes to be reliable and competent in the matters presented.
- b. Counsel, public accountants or other persons as to matters which the officer or Executive Board member reasonably believes to be within the professional or expert competence of such person.
- c. A committee of the Executive Board upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the officer or Executive Board member reasonably believes to merit confidence.

An officer or Executive Board member shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 14.3 Limited Liability. No Executive Board member or officer, in his capacity as such, shall be personally liable for monetary damages for any action taken, or any failure to take any action, unless he has breached or failed to perform the duties of his office under the standards described above; provided, however, that the provisions of this Section 14.3 shall not apply to the responsibility or liability of an Executive Board member or officer pursuant to any criminal statute, or to the liability of an Executive Board member or officer for the payment of taxes pursuant to local, state, or federal law.

Section 14.4 Indemnification. To the extent permitted under Pennsylvania law, each member of the Executive Board, in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged to be in breach of the standards of conduct described above; provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association; and provided further that, indemnification hereunder with respect to any criminal action or proceeding is permitted only if such Executive Board member and/or officer had no reasonable cause to believe his conduct was unlawful. The indemnification by the Unit Owners set forth in this Section 14.4 shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such.

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Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise.

To the extent permissible under Pennsylvania law, expenses incurred by an Executive Board member or officer in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon the request of the Executive Board member or officer, after the Association has received an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Association.

Section 14.5 D & O Insurance. The Executive Board may obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth in Section 14.4 above, if and to the extent available at reasonable cost.

ARTICLE XV GENERAL PROVISIONS

Section 15.1 Enforcement. The obligations and rights set forth herein shall run with the land and shall inure to the benefit of and be enforceable by the Association, the Unit Owners, and their respective personal representatives, heirs, successors, and assigns.

Section 15.2 Severability. The invalidity of any provision of this Declaration as determined by a court of competent jurisdiction shall not affect any other of the provisions, all of which shall remain in full force and effect.

Section 15.3 Compliance. Each Unit Owner and occupant of any Unit shall comply with all the provisions of this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 15.4 Limitation of Association Liability. The Association shall not be liable to any Unit Owner for any failure of any services required to be obtained or performed by the Association or paid for out of assessments, or for injury or damage to persons or property caused by weather, Acts of God, any circumstance or happening beyond the reasonable control of the Association, or the flow or presence of any water from or upon the Common Elements, or any pipe, conduit, or other Storm Water Management Facilities. Moreover, the Association shall not be liable to any Unit Owner for loss or damage, by theft or otherwise of articles left upon the Common Elements, nor shall any diminution or abatement of assessments be claimed, allowed, or permitted for inconvenience or discomfort arising from the making of repairs or improvements to Common Elements, or any failure to make such repairs or improvements, nor from any action taken by the Association to cause compliance with the provisions of this Declaration, any law or ordinance, or any order or directive or any governmental entity or agency. The foregoing,

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however, shall not relieve the Association of its obligations set forth in this Declaration or the Act and shall not be construed as limiting the liability of the Association to the Township or persons other than Unit Owners in the event of its failure to do so.

Section 15.5 Applicable Law. The provisions of this Declaration do not, and are not intended to, supersede, render unenforceable, or affect adversely the enforceability of the Township's Zoning Ordinance, Subdivision and Land Development Ordinance, or other ordinances or regulations.

IN WITNESS WHEREOF, DGB Properties, LP has caused its name to be signed to these presents by its authorized member on this 6 day of JUNE, 2008.

DGB Properties, LP

By: Dana/Glass Properties, Inc., general partner

By: _____

Michael S. Glass, President

COMMONWEALTH OF PENNSYLVANIA

:

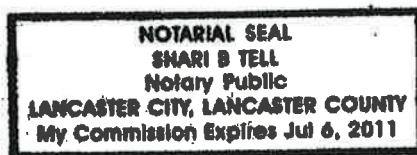
: SS.

COUNTY OF LANCASTER

:

On this, the 6 day of JUNE, 2008, before me, a Notary Public, personally appeared Michael S. Glass, known to me (or satisfactorily proven) and who acknowledged himself to be the president of Dana/Glass Properties, Inc., a general partner of DGB Properties, LP, and as such president, and being authorized so to do, signed the foregoing Declaration in the name of such general partner, for DGB Properties, LP and acknowledged the foregoing to be its act and deed and desired the same to be recorded as such.

Witness my hand and notarial seal this 6 day of JUNE, 2008.



Shari B. Tell
Notary Public

My Commission Expires: July 6, 2011

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SUBORDINATION OF MORTGAGE AND JOINDER BY MORTGAGEE

The undersigned, FIRST COMMONWEALTH BANK, ("Mortgagee") being holder of an Open End Mortgage dated January 15, 2008 and recorded January 17, 2008 at Book 0573 and Page 1428 in the Office of the Recorder for Mifflin County, Pennsylvania, upon the within described Property that is the submitted to this Declaration, as further described in Exhibit 1 hereto, and as holder of any other mortgages that the Mortgagee may now or hereafter hold upon such Property (all such mortgages hereinafter collectively referred to as the "Mortgages"), joins in, consents to, and approves the rights, obligations, easements, and privileges in the attached Declaration of Blossom Hill, a Planned Community (the "Declaration"), subordinates its rights as Mortgagee thereto.

The Mortgagee, for itself and its successors and assigns (which shall include any assignee of the Mortgages and any purchaser of the Property or portions thereof at a sale in foreclosure of the Mortgages or otherwise), herein covenants and agrees that the rights, obligations, easements, and privileges granted and created in the Declaration with respect to said Real Estate shall not be terminated or disturbed by reason of any foreclosure or other action that may be instituted by Mortgagee, its successors or assigns, as a result of any default under the Mortgages or the debt instruments that such Mortgages secure. Mortgagee by consenting to the Declaration shall not by virtue of its interest as Mortgagee be deemed to have undertaken any obligations of the Mortgagor, as Declarant, under the Declaration, including but not limited to construction or maintenance of the Common Elements or other site improvements.

IN WITNESS WHEREOF, the Mortgagee has executed this Subordination of Mortgage and Joinder by Mortgagee on this the 9 day of June, 2008.

Attest: [Signature] FIRST COMMONWEALTH BANK
By: [Signature]

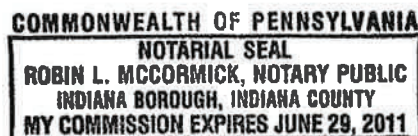
COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF ~~LANCASTER~~ Indiana :

On this, the 9 day of June, 2008, before me, a Notary Public, personally appeared Brian Buser known to me (or satisfactorily proven) and who acknowledged himself to be a Vice President of First Commonwealth Bank, a corporation, and as such Vice President, and being authorized so to do, signed the foregoing Declaration in its name and acknowledged the foregoing to be its act and deed and desired the same to be recorded as such.

Witness my hand and notarial seal this June 9 day of June 9, 2008.

[Signature]
Notary Public

My Commission Expires:



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EXHIBIT 1

SUBMITTED REAL ESTATE

"Blossom Hill" Phase 1
 Derry Township
 Mifflin County, PA

All that certain tract of situate on the southeastern right of way line of Green Avenue, located in Derry Township, Mifflin County, Pennsylvania. Said tract of land shown more fully on a Final Subdivision Plan of "Blossom Hill" Phase 1, prepared by ELA Group, Inc. and recorded in Map Book 24 Page 107, in the Office for the Recording of Deeds in and for the County of Mifflin, Commonwealth of Pennsylvania. Bounded and described as follows:

Beginning at a point on the southeastern right of way line of Green Avenue, the northwest corner of the herein described tract:

1. Thence by the southeastern right of way of Green Avenue, North sixty-three degrees forty-two minutes six seconds East, five-hundred thirty-three and three hundredths feet, (N 63°42'06" E - 533.03'), to a point.
2. Continuing by the southeastern right of way of Green Avenue, North twenty-six degrees seventeen minutes fifty-four seconds West, ten and zero hundredths feet, (N 26°17'54" W - 10.00'), to a point.
3. Continuing by the southeastern right of way of Green Avenue, North sixty-three degrees forty-two minutes six seconds East, two-hundred thirteen and forty-seven hundredths feet, (N 63°42'06" E - 213.47'), to a point.
4. Continuing by the southeastern right of way line of Green Avenue in a northeast direction with a tangent curve concave to the southeast having an interior angle of 03°24'43", a radius of 5,867.74', an arc length of 349.42', and the chord thereof being North sixty-five degrees twenty-four minutes twenty-eight seconds East, three-hundred forty-nine and thirty-seven hundredths feet, (N 65°24'28" E - 349.37'), to a point.
5. Continuing by the southeastern right of way of Green Avenue, North sixty-seven degrees six minutes forty-nine seconds East, eight-hundred ninety-six and twenty-nine hundredths feet, (N 67°06'49" E - 896.29'), to a point on line of lands of Sherman and Kay Glick.
6. Thence by lands of Sherman and Kay Glick, South forty-three degrees twenty-eight minutes three seconds East, twenty-one and thirty-six hundredths feet, (S 43°28'03" E - 21.36'), to a point on line of Phase II of Blossom Hill Subdivision.
7. Thence by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees six minutes forty-nine seconds West, one-hundred sixty-five and ninety-eight hundredth feet, (S 67°06'49" W - 165.98'), to a point.
8. Continuing by proposed Phase II of Blossom Hill Subdivision, South seven degrees

seventeen minutes forty-six seconds East, one-hundred ninety-nine and forty-eight hundredths feet, (S 07°17'46" E - 199.48'), to a point on the northern right of way line of Exeter Lane.

9. Thence by the northern right of way line of Exeter Lane in a east direction on a curve concave to the south having an interior angle of 03°11'56", a radius of 330.00', an arc length of 18.42', and the chord thereof being North eighty-four degrees eighteen minutes twelve seconds East, eighteen and forty-two hundredths feet, (N 84°18'12" E - 18.42'), to a point.

10. Thence through the bed of Exeter Lane, South four degrees five minutes fifty seconds East, fifty and zero hundredths feet, (S 04°05'50" E - 50.00'), to a point on the southern right of way line of Exeter Lane.

11. Thence by the southern right of way line of Exeter Lane in a west direction on a curve concave to the south having an interior angle of 06°17'44", a radius of 280.00', an arc length of 30.77', and the chord thereof being South eighty-two degrees forty-five minutes eighteen seconds West, thirty and seventy-five hundredths feet, (S 82°45'18" W - 30.75'), to a point on line of Phase II of Blossom Hill Subdivision.

12. Thence by proposed Phase II of Blossom Hill Subdivision, South twenty-two degrees fifty-three minutes eleven seconds East, two-hundred forty-three and thirty-seven hundredths feet, (S 22°53'11" E - 243.37'), to a point.

13. Continuing by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees six minutes forty-nine seconds West, one-hundred twenty and zero hundredths feet, (S 67°06'49" W - 120.00'), to a point on the northeastern right of way of Barrington Lane.

14. Thence by the northeast right of way line of Barrington Lane, North twenty-two degrees fifty-three minutes eleven seconds West, twelve and zero hundredths feet, (N 22°53'11" W - 12.00'), to a point.

15. Thence through the bed of Barrington Lane, South sixty-seven degrees six minutes forty-nine seconds West, sixty and zero hundredths feet, (S 67°06'49" W - 60.00'), to a point on the southwestern right of way of Barrington Lane.

16. Thence by the southwestern right of way line of Barrington Lane, North twenty-two degrees fifty-three minutes eleven Seconds West, one-hundred thirteen and zero hundredths feet, (N 22°53'11" W - 113.00'), to a point on line of Phase II of Blossom Hill Subdivision.

17. Thence by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees six minutes forty-nine seconds West, three-hundred two and zero hundredths feet, (S 67°06'49" W - 302.00'), to a point.

18. Continuing by proposed Phase II of Blossom Hill Subdivision, South twenty-two degrees fifty-three minutes eleven seconds East, one-hundred twenty-five and zero hundredths feet, (S 22°53'11" E - 125.00'), to a point.
19. Continuing by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees six minutes forty-nine seconds West, thirty and zero hundredths feet, (S 67°06'49" W - 30.00'), to a point.
20. Continuing by proposed Phase II of Blossom Hill Subdivision, North twenty-two degrees fifty-three minutes eleven Seconds West, one-hundred twenty-five and zero hundredths feet, (N 22°53'11" W - 125.00'), to a point.
21. Continuing by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees six minutes forty-nine seconds West, three-hundred seventy-two and zero hundredths feet, (S 67°06'49" W - 372.00'), to a point.
22. Continuing by proposed Phase II of Blossom Hill Subdivision, South twenty-two degrees fifty-three minutes eleven seconds East, ten and zero hundredths feet, (S 22°53'11" E - 10.00'), to a point.
23. Continuing by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees six minutes forty-nine seconds West, one-hundred forty and zero hundredths feet, (S 67°06'49" W - 140.00'), to a point.
24. Continuing by proposed Phase II of Blossom Hill Subdivision, South twenty-two degrees fifty-three minutes eleven seconds East, two-hundred ninety and zero hundredths feet, (S 22°53'11" E - 290.00'), to a point.
25. Continuing by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees six minutes forty-nine seconds West, fifty-five and fourteen hundredths feet, (S 67°06'49" W - 55.14'), to a point on the future northeastern right of way line of Exeter Lane.
26. Thence by the future northeastern right of way line of Exeter Lane in a northwest direction on a curve concave to the northeast having an interior angle of 20°53'39", a radius of 280.00', an arc length of 102.11', and the chord thereof being North Forty-three degrees thirty-seven minutes forty-one seconds West, one-hundred one and fifty-four hundredths feet, (N 43°37'41" W - 101.54'), to a point.
27. Thence through the bed of Exeter Lane, South fifty-six degrees forty-nine minutes nine seconds West, fifty and zero hundredth feet, (S 56°49'09" W - 50.00'), to a point on the southwestern right of way of Exeter Lane.
28. Thence by the southwestern right of way of Exeter Lane, North thirty-one degrees fifty-eight minutes thirteen seconds West, thirteen and ninety-four hundredths feet, (N 31°58'13" W - 13.94'), to a point.

29. Thence by a curve connecting the southwestern right of way of Exeter Lane and the southeastern right of way of Cambridge Lane in a west direction on a curve concave to the south having an interior angle of $85^{\circ}31'42''$, a radius of 17.00', an arc length of 25.38', and the chord thereof being North seventy-three degrees thirty-one minutes twenty-seven seconds West, twenty-three and nine hundredths feet, (N $73^{\circ}31'27''$ W - 23.09'), to a point on the southeastern right of way line of Cambridge Lane.

30. Thence by the southeastern right of way line of Cambridge Lane in a southwest direction with a tangent curve concave to the southeast having an interior angle of $22^{\circ}22'50''$, a radius of 320.00', an arc length of 125.00', and the chord thereof being South fifty-two degrees thirty-one minutes seventeen seconds West, one-hundred twenty-four and twenty hundredths feet, (S $52^{\circ}31'17''$ W - 124.20'), to a point on line of Phase II of Blossom Hill Subdivision.

31. Thence by proposed Phase II of Blossom Hill Subdivision, South forty-one degrees forty-three minutes thirty-seven seconds East, one-hundred forty-seven and sixty hundredths feet, (S $41^{\circ}43'37''$ E - 147.60'), to a point.

32. Continuing by proposed Phase II of Blossom Hill Subdivision, South fifty-nine degrees thirty-five minutes fifty-five seconds East, one-hundred thirteen and fifty hundredths feet, (S $59^{\circ}35'55''$ E - 113.50'), to a point.

33. Continuing by proposed Phase II of Blossom Hill Subdivision, North sixty-four degrees twenty-nine minutes thirty-nine seconds East, one-hundred eighty-one and ninety-three hundredths feet, (N $64^{\circ}29'39''$ E - 181.93'), to a point.

34. Continuing by proposed Phase II of Blossom Hill Subdivision, South thirty-four degrees thirty-five minutes fifty-one seconds East, one-hundred eighty and fifty-two hundredths feet, (S $34^{\circ}35'51''$ E - 180.52'), to a point.

35. Continuing by proposed Phase II of Blossom Hill Subdivision, South sixty-seven degrees forty-eight minutes fifty-nine seconds West, two hundred fifty-six and four hundredths feet, (S $67^{\circ}48'59''$ W - 256.04'), to a point.

36. Continuing by proposed Phase II of Blossom Hill Subdivision, South forty-five degrees fifteen minutes twenty-eight seconds West, fifty and zero hundredths feet, (S $45^{\circ}15'28''$ W - 50.00'), to a point on the proposed right of way of Geisinger Lane.

37. Thence by the proposed northeastern right of way line of Geisinger Lane, North forty-four degrees forty-four minutes thirty-two seconds West, forty-nine and fifty-nine hundredths feet, (N $44^{\circ}44'32''$ W - 49.59'), to a point.

38. Thence by the proposed northeastern right of way line of Geisinger Lane in a northwest direction with a tangent curve concave to the southwest having an interior angle of $06^{\circ}48'36''$, a radius of 530.00', an arc length of 62.99', and the chord thereof

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being North forty-eight degrees eight minutes fifty seconds West, sixty-two and ninety-six hundredths feet, (N 48°08'50" W - 62.96'), to a point.

39. Thence through the bed of Geisinger Lane, South thirty-eight degrees twenty-six minutes fifty-two seconds West, sixty and zero hundredths feet, (S 38°26'52" W - 60.00'), to a point on the southwestern right of way line of Geisinger Lane.

40. Thence by the southwestern right of way line of Geisinger Lane in a northwest direction on a curve concave to the southwest having an interior angle of 10°40'14", a radius of 470.00', an arc length of 87.53', and the chord thereof being North fifty-six degrees fifty-three minutes fifteen seconds West, eighty-seven and forty hundredths feet, (N 56°53'15" W - 87.40'), to a point on line of Phase II of Blossom Hill Subdivision.

41. Thence by proposed Phase II of Blossom Hill Subdivision, North sixty-two degrees thirteen minutes twenty-two seconds West, eight and twenty-three hundredths feet, (N 62°13'22" W - 8.23'), to a point.

42. Continuing by proposed Phase II of Blossom Hill Subdivision, South thirty-one degrees four minutes thirty-five seconds West, one-hundred nine and fifty-seven hundredths feet, (S 31°04'35" W - 109.57'), to a point.

43. Continuing by proposed Phase II of Blossom Hill Subdivision, South forty degrees eight minutes six seconds West, one-hundred and forty-eight hundredths feet, (S 40°08'06" W - 100.48'), to a point.

44. Continuing by proposed Phase II of Blossom Hill Subdivision, South fifty-one degrees seventeen minutes fifty-one seconds West, one-hundred fifty-eight and sixteen hundredths feet, (S 51°17'51" W - 158.16'), to a point.

45. Continuing by proposed Phase II of Blossom Hill Subdivision, South fifty-nine degrees thirty-eight minutes forty-seven seconds West, three-hundred fourteen and seventy-six hundredths feet, (S 59°38'47" W - 314.76'), to a point.

46. Continuing by proposed Phase II of Blossom Hill Subdivision, South sixty-four degrees thirty-one minutes eleven seconds West, two hundred forty and sixty-nine hundredths feet, (S 64°31'11" W - 240.69'), to a point on line of lands of Tressler Lutheran Service Association.

47. Thence by lands of Tressler Lutheran Service Association, North twenty-five degrees twenty-eight minutes forty-nine seconds West, three-hundred forty-one and forty-six hundredths feet, (N 25°28'49" W - 341.46'), to a point.

48. Thence by lands of Tressler Lutheran Service Association, North sixty-five degrees seven minutes zero seconds West, thirty-three and sixty-four hundredths feet, (N 65°07'00" W - 33.64'), to a point on line of lands of Penn State Geisinger Medical Facility.

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49. Thence by lands of Penn State Geisinger Medical Facility, North fifty-four degrees fifty-three minutes twelve seconds East, seven-hundred thirty-one and nineteen hundredths feet, (N 54°53'12" E - 731.19'), to a point in the centerline of Geisinger Lane.

50. Thence by the centerline of Geisinger Lane and by lands of Penn State Geisinger Medical Facility in a northwest direction on a curve concave to the northeast having an interior angle of 26°46'37", a radius of 840.00', an arc length of 392.57', and the chord thereof being North thirty-nine degrees forty-one minutes twelve seconds West, three-hundred eighty-nine and one hundredth feet, (N 39°41'12" W - 389.01'), to a point.

51. Continuing by the centerline of Geisinger Lane and by lands of Penn State Geisinger Medical Facility, North twenty-six degrees seventeen minutes fifty-four seconds West, one-hundred and forty-nine hundredths feet, (N 26°17'54" W - 100.49'), to the point of beginning.

Containing: 28.9753 acres.

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EXHIBIT 2

PLAT



CONVERTIBLE/
WITHDRAWAL REAL
ESTATE

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EXHIBIT 3
SHARE OF COMMON EXPENSES, VOTES IN ASSOCIATION

Each Unit shall have one vote in the Association and Each Unit's share of General Common Expenses shall be 1.177%

Lots 1 and 144 are not Units, nor are they part of the Community, and thus they have no liability for Common Expense assessments.

Lots 2, 18, 35, 110 and 143 are Common Elements and thus have no liability for Common Expense assessments.

<u>LOT NUMBER</u>	<u>SHARE OF COMMON EXPENSE</u>
3	1.177%
4	1.177%
5	1.177%
6	1.177%
7	1.177%
8	1.177%
9	1.177%
10	1.177%
11	1.177%
12	1.177%
13	1.177%
14	1.177%
15	1.177%
16	1.177%
17	1.177%
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31	1.177%
32	1.177%
33	1.177%
34	1.177%
36	1.177%
37	1.177%
38	1.177%
39	1.177%
40	1.177%
41	1.177%

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42	1.177%
43	1.177%
44	1.177%
45	1.177%
46	1.177%
47	1.177%
48	1.177%
70	1.177%
71	1.177%
72	1.177%
73	1.177%
74	1.177%
75	1.177%
76	1.177%
77	1.177%
102	1.177%
111	1.177%
112	1.177%
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131	1.177%
132	1.177%
133	1.177%
134	1.177%
135	1.177%
136	1.177%
137	1.177%
138	1.177%
139	1.177%
140	1.177%
141	1.177%
142	<u>1.177%</u>
100.045%	

EXHIBIT C

Bylaws of the Blossom Hill Home Owners Association

BYLAWS OF BLOSSOM HILL HOME OWNERS ASSOCIATION

ARTICLE 1 Introductory Provisions

1.1 **Applicability.** These Bylaws provide for the governance of the Association pursuant to the requirements of Section 5306 of the Pennsylvania Uniform Planned Community Act, 68 P.S. § 5101, *et seq.*, as amended (the "Act"), with respect to the Planned Community created by recordation of the Declaration among the records of the Mifflin County Recorder of Deeds on June 24, 2008 in Record Book 0578, Page 2571 as Instrument Number 2008-003474 (the "Declaration") along with an accompanying plat.

1.2 **Definitions.** Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws pertain or, if not defined therein, the meanings specified or used for such terms in the Act.

1.3 **Compliance.** Pursuant to the provisions of the Act, every Unit Owner and all Persons entitled to occupy a Unit shall comply with these Bylaws.

1.4 **Office.** The office of the Community, the Association, and the Executive Board shall be located at the Property or at such other place as may be designated from time to time by the Executive Board.

1.5 **Incorporation of Statutory Law.** Except as expressly provided herein, in the Declaration, or in the Act, the Association shall be governed by the provisions of the Non-profit Corporation Law of 1988 of the Commonwealth of Pennsylvania, 15 Pa. C.S. §5101 *et seq.*, as it may be amended from time to time (the "Corporation Law"). The "Board of Directors" described therein shall be referred to herein and in the Declaration as the "Executive Board."

ARTICLE 2 The Association

2.1 **Composition.** The Association has been organized as a Non-Profit Corporation under the laws of the Commonwealth of Pennsylvania. The Association shall consist of all of the Unit Owners acting as a group and through the Executive Board in accordance with the Act, the Declaration and these Bylaws. The Association shall have the responsibility of administering the Community, establishing the means and methods of collecting assessments and charges, arranging for the management of the Community and performing all the other acts that may be required or permitted to be performed by the Association pursuant to the Act and the Declaration. The foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in these Bylaws.

2.2 **Annual Meetings.** The annual meetings of the Association shall be held on the first Monday of April of each year unless such date shall occur on a holiday, in which event the meetings shall be held on the succeeding Monday. At such annual meetings the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.3 of these Bylaws (subject to Article XIII of the Declaration and Section 2.4 of these Bylaws) and such other business as may properly come before the meeting may be transacted.

2.3 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated by the Executive Board.

2.4 Special Meetings.

2.4.1 The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon a petition signed and presented to the Secretary by Unit Owners entitled to cast at least twenty-five percent of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within forty-five days after receipt by the President of such resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.8 below, such meeting shall be held within fifteen days after receipt by the President of such resolution or petition. No business shall be transacted at a special meeting except as stated in the notice.

2.4.2 Within sixty days after conveyance of twenty-five percent (25%) of the Units to Owners other than the Declarant, a special meeting of the Association shall be held at which twenty-five percent (25%), but not fewer than one, of the members of the Executive Board designated by the Declarant shall resign (such members to be selected by the Declarant), and the Unit Owners, excluding the Declarant as a Unit Owner, shall thereupon elect successor members of the Executive Board to act in the place and stead of each member resigning. Within sixty days after conveyance of fifty percent (50%) of the Units to Owners other than the Declarant, if at least thirty-three percent (33%) of the members of the Executive Board were not elected by Unit Owners other than the Declarant, another special meeting of the Association shall be held and members of the Executive Board shall resign (to be designated by the Declarant) so that remaining members appointed by the Declarant constitute no more than 67% of the total members of the Executive Board, and the Unit Owners, excluding the Declarant as a Unit Owner, shall thereupon elect successor members of the Executive Board to act in the place and stead of the resigning members. Such successor members, in each instance, shall serve until the annual meeting of the Association following the meeting at which they were elected.

2.4.3 Within the earlier of (i) seven years after the date of the first conveyance of a Unit to a person other than the Declarant, or (ii) sixty days after conveyance of seventy-five percent (75%) of the Units to Owners other than the Declarant, or (iii) two years after the Declarant has ceased to offer Units for sale in the ordinary course of business or last exercised its right to add new Units to the Community, all the members of the Executive Board shall resign and the Unit Owners, including the Declarant with respect to Units owned by the Declarant, shall thereupon elect a new Executive Board, not fewer than a majority of whom must be Unit Owners (or authorized representatives of Unit Owners that are not natural persons). Of the elected members, one-third (or the percentage closest to one-third) receiving the highest numbers of votes shall serve until the third annual meeting of the Association following the date of the election pursuant to this Section 2.4.3 above, the one-third (or percentage closest to one-third) receiving the next highest numbers of votes shall serve until the second annual meeting of the Association following the date of the election, and the remaining members shall serve until the first annual meeting of the Association following the date of the election.

2.4.4 Notwithstanding the foregoing, if any meeting required pursuant to Sections 2.4.2 and 2.4.3 above could be held on the date an annual meeting of the Association is scheduled, then such meeting(s) shall be held concurrently with such annual meeting.

2.5 Notice of Meetings. The Secretary shall give to each Unit Owner a notice of each annual or regularly-scheduled meeting of the Association at least ten but not more than sixty days, prior to such meeting, stating the time, place and purpose thereof, including, without limitation, any proposed budget or assessment changes, the general nature of any proposed amendment to the Bylaws or Declaration, and any

proposal to remove an Executive Board member or Officer. The giving of a notice of meeting in the manner provided in this Section and Section 8.1 of these Bylaws shall be considered service of notice.

2.6 Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Unit Owners entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time not less than forty-eight hours after the time for which the original meeting was called.

2.7 Voting. Each Owner of a Unit (as defined in the Declaration) shall be entitled to one vote for each Unit owned at all meetings of the Association. Such votes may not be separated among multiple owners of a Unit. If the owner of a Unit is a corporation, limited liability company, or partnership, the natural person who shall be entitled to cast the vote for such Unit shall be the natural person named by such entity pursuant to its governing documents and certified as such to the Association. If the owner of a Unit is a trust, the trustee or trustees shall be deemed to be the owner for voting purposes. Where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be the natural person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the natural person who shall be entitled to cast the vote of such Unit shall be the natural person owning such Unit who is present. If more than one of the multiple Owners is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to Section 5310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Subject to the requirements of the Act, wherever the approval or disapproval of a Unit Owner is required by the Act, the Declaration or these Bylaws, such approval or disapproval shall be made only by the natural person who would be entitled to cast the vote of such Unit at any meeting of the Association. Except with respect to election of members of the Executive Board and except where a greater number is required by the Act, the Declaration or these Bylaws, the Owners of twenty percent or more of the aggregate Votes in the Association voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. In all elections for Executive Board members, each Unit Owner shall be entitled to cast for each vacancy to be filled at such election one vote for each Unit owned. Those candidates for election receiving the greatest number of votes cast in such elections shall be elected and, if Executive Board members are being elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms. Except as set forth in Section 2.4.2, if the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No vote allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting.

2.8 Proxies. Votes may be cast in person or by proxy. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a holder of a mortgage on a Unit or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the Person presiding over the meeting of written notice of revocation from the grantor(s) of the proxy. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice.

2.9 Quorum. Except as set forth below, the presence in person or by proxy of Unit Owners holding twenty percent or more of the aggregate votes of all Unit Owners shall constitute a quorum at all meetings of the Association.

2.10 Conduct of Meetings. The President (or in the President's absence, one of the vice-presidents) shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE 3

Executive Board

3.1 Number and Qualification. The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of five members, all of whom shall be natural persons, Unit Owners, designees of Unit Owners who are not natural persons, or designees of the Declarant. The foregoing notwithstanding, until and at the date of the special meeting at which all members of the Executive Board are to be elected by the Unit Owners in accordance with Section 2.4.3, the Executive Board shall be composed of five members.

3.2 Delegation of Powers; Managing Agent. The Executive Board may employ for the Community a "Managing Agent" at a compensation established by the Executive Board. The Managing Agent shall perform such duties and services as the Executive Board shall authorize, including, but not limited to, all of the duties listed in the Act, the Declaration and these Bylaws; provided, however, where a Managing Agent does not have the power to act under the Act, the Declaration or these Bylaws, such duties shall be performed as advisory to the Executive Board. The Executive Board may delegate to the Managing Agent all of the powers granted to the Executive Board by the Act, the Declaration and these Bylaws other than the following powers:

3.2.1 to adopt the annual budget and any amendment thereto or to assess any Common Expenses;

3.2.2 to adopt, repeal or amend Rules and Regulations;

3.2.3 to designate signatories on Association bank accounts;

3.2.4 to borrow money on behalf of the Association;

3.2.5 to acquire and mortgage Units;

3.2.6 to designate Reserved Common Elements;

3.2.7 to allocate Limited Common Elements.

Any contract with the Managing Agent must provide that it may be terminated with cause on no more than thirty days' written notice and without cause on no more than ninety days' written notice. The term of any such contract may not exceed one year.

3.3 Election and Term of Office.

3.3.1 At the annual meeting of the Association, subject to Article XIII of the Declaration and Section 2.4 of these Bylaws, the election of members of the Executive Board shall be held. The term of office of any Executive Board member to be elected (except as set forth in Sections 2.4.2 and 2.4.3 and

3.5 hereof) shall be fixed at three years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

3.3.2 Persons qualified to be members of the Executive Board may be nominated for election only as follows:

1. Any Unit Owner may submit to the Secretary at least thirty days before the meeting at which the election is to be held a nominating petition signed by five or more Unit Owners, together with a statement that the person nominated is willing to serve on the Executive Board and a biographical sketch of the nominee. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meeting; and

2. Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by petition.

3.4 Removal or Resignation of Members of the Executive Board. Except with respect to members designated by the Declarant, at any regular or special meeting of the Association duly called, any one or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least ten days' notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit. The Declarant shall have the right to remove and replace any or all members appointed by the Declarant at any time and from time to time until the required resignation date specified in Section 13.1 of the Declaration.

3.5 Vacancies. Except as set forth in Section 3.4 above with respect to members appointed by the Declarant, vacancies in the Executive Board caused by any reason other than the removal of a member by a vote of Unit Owners shall be filled by a vote of a majority of the remaining members at a special meeting of the Executive Board held for such purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Executive Board for the remainder of the term of the member being replaced and until a successor shall be elected at the next annual meeting of the Association at which such seat is to be filled upon expiration of the term of his predecessor. In the case of multiple vacancies, the member receiving the greatest number of votes shall be elected for the longest term.

3.6 Organization Meeting. The first meeting of the Executive Board following each annual meeting of the Association shall be held within ten days thereafter at such time and place as shall be fixed by the President (even if he is the outgoing President) at the meeting at which such Executive Board shall have been elected, and no notice shall be necessary to the newly elected members of the Executive Board in order legally to constitute such meeting, if a majority of the Executive Board members shall be present at such meeting.

3.7 Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least every six months during each fiscal year. Notice of regular meetings of the Executive Board

shall be given to each member, by mail or facsimile, at least three business days prior to the day named for such meeting.

3.8 Special Meetings. Special meetings of the Executive Board may be called by the President on at least three business days' notice to each member, given by mail or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two members of the Executive Board.

3.9 Waiver of Notice. Any member may at any time, in writing, waive notice of any meeting of the Executive Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all members are present at any meeting of the Executive Board, no notice shall be required and any business may be transacted at such meeting.

3.8 Quorum of the Executive Board. At all meetings of the Executive Board a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Executive Board. If at any meeting of the Executive Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. One or more members of the Executive Board may participate in and be counted for quorum purposes at any meeting by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other.

3.9 Compensation. No member of the Executive Board shall receive any compensation from the Association for acting as such, but may be reimbursed for any expenses incurred in the performance of his duties.

3.10 Conduct of Meetings. The President, or in his absence any vice-president, shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board meetings, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Executive Board if and to the extent not in conflict with the Declaration, these Bylaws or the Act.

3.11 Action Without Meeting. Any action by the Executive Board required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Executive Board shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Executive Board.

3.12 Validity of Contracts with Interested Executive Board Members. No contract or other transaction between the Association and one or more of its Executive Board members or between the Association and any corporation, firm or association in which one or more of the Executive Board members are directors or officers, or are financially interested, shall be void or voidable because such Executive Board member or members are present at any meeting of the Executive Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

3.12.1 The fact that an Executive Board member is also such a director or officer or has such financial interest is disclosed or known to the Executive Board and is noted in the minutes thereof, and the Executive Board authorizes, approves or ratifies the contract or transaction in good faith by a vote

sufficient for the purpose without counting the vote or votes of such Executive Board member or members;
or

3.12.2 The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

3.13 Inclusion of Interested Board Members in the Quorum. Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.12 hereof.

ARTICLE 4 **Officers**

4.1 Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint a vice president, an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The President and vice president, if the office is created, shall be members of the Executive Board. Any other officers may, but need not, be Unit Owners or members of the Executive Board. An officer other than the President may hold more than one office.

4.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organization meeting of each new Board and shall hold office at the pleasure of the Executive Board.

4.3 Removal of Officers. Upon the affirmative vote of a majority of all members of the Executive Board, any officer may be removed, either with or without cause, and a successor may be elected at any meeting of the Executive Board called for such purpose.

4.4 President. The President shall be the chief executive officer of the Association, preside at all meetings of the Association and of the Executive Board and have all of the general powers and duties which are incident to the office of president of a corporation organized under the laws of Pennsylvania including without limitation the power to appoint committees from among the Unit Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall cease holding such office at such time as the President ceases to be a member of the Executive Board.

4.5 Vice President. Upon the creation of the office of vice president, the vice president shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice president is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the President, on an interim basis. The vice president shall also perform such other duties as shall from time to time be delegated or assigned to the vice president by the Executive Board or by the President. The vice president shall cease holding such office at such time as the vice president ceases to be a member of the Executive Board.

4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board, have charge of such books and papers as the Executive Board may direct, maintain a register setting forth the place to which all notices to Unit Owners and holders of mortgages on any Units hereunder shall be delivered and, in general, perform all the duties incident to the office of secretary of a corporation organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any Person, or cause to be provided to any Person entitled thereto a written statement or certification of the

information required to be provided by the Association pursuant to Sections 5315(h), 5407(a) and 5407(b) of the Act and Sections 5.6 and 5.11 below.

4.7 Treasurer. The Treasurer shall have the responsibility for the safekeeping of Association funds and securities, be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data and be responsible for the deposit of all monies in the name of the Executive Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Executive Board and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of Pennsylvania.

4.8 Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of \$500 shall be executed by any two officers of the Association. All such instruments for expenditures or obligations of \$500 or less may be executed by any one officer of the Association.

4.9 Compensation of Officers. No officer who is also a member of the Executive Board shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any out-of-pocket expenses incurred in performing such officer's duties; provided, however, the Secretary and Treasurer may be compensated for their services if the Executive Board determines such compensation to be appropriate.

ARTICLE 5 Common Expenses; Budgets

5.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year shall begin upon recordation of the Declaration.

5.2 Preparation and Approval of Budget.

5.2.1 On or before the first day of November of each year (or sixty days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Executive Board to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses, including Limited Common Expenses, by the Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Common Elements and the Association. Such budget may include such reasonable amounts as the Executive Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements.

5.2.2 On or before the next succeeding fifth day of November (or fifty-five days before the beginning of the fiscal year if the fiscal year is other than the calendar year), the Executive Board shall make the budget available for inspection at the Association office and shall send to each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the Common Expenses. Such budget shall constitute the basis for determining each Unit Owner's assessments for Common Expenses and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

5.2.3 Within thirty days after creation of Units in any Convertible Real Estate or the expiration of any right of the Declarant to withdraw Withdrawable Real Estate, the Executive Board shall revise the budget to reflect changes in the Common Expenses resulting from such conversion or expiration of rights to withdraw Withdrawable Real Estate and to reflect the proportionate liability of all Units for Common Expenses for the remainder of the fiscal year in which such events occur. The amount of assessments attributable to each Unit thereafter shall be the amount specified in the adjusted budget until a new budget has been adopted by the executive Board.

5.2.4 The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

5.3 Assessment and Payment of Common Expenses.

5.3.1 Common Expenses. Assessments shall be made annually, but paid in period installments, either monthly or quarter-annually as the Executive Board may determine from time to time. The Executive Board shall calculate the periodic assessments for Common Expenses against each Unit by multiplying (a) the total amount of the estimated funds required for the operation of the Property and the Association and to discharge its obligations under the Declaration as set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any income expected to be received from sources other than Common Expense assessments, by (b) the Share of Common Expenses allocated to such Unit with respect to general Common Expenses and Limited Common Expenses, and dividing the resultant product by (c) the number of months of calendar quarter years in such fiscal year. Such assessments shall be deemed to have been adopted and assessed on an annual basis payable in monthly or quarterly installments, shall be due and payable on the first day of each month or calendar quarter, as applicable, (January 1, April 1, July 1, October 1) and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration. Within one hundred eighty days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each record holder of a mortgage on a Unit who has registered an address with the Secretary an itemized accounting of the general Common Expenses and Limited Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves, together with any other financial reports required by the Act. Any net shortage with regard to general Common Expenses or Limited Common Expenses, after application of such reserves as the Executive Board may determine, shall be assessed promptly against the Unit Owners in accordance with their shares thereof and shall be payable in one or more monthly or quarter-annual assessments, as the Executive Board may determine.

5.3.2 Reserves. The Executive Board may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Unit Owner's assessments, the Executive Board may at any time levy further assessments for Common Expense which shall be assessed against the Unit Owners either according to their respective shares of the Common Expenses, and shall be payable in one or more quarter annual assessments as the Executive Board may determine.

5.4 Further Assessments. The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to Sections 5.3.1 or 5.3.2 or otherwise as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly or quarterly assessment which is due more than ten days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such assessments. Such assessments shall be a lien as of the effective date as set forth in the preceding Sections 5.3.1 and 5.3.2.

5.5 Initial Budget. At or prior to the time assessment of Common Expenses commences, the Executive Board shall adopt the budget, as described in this Article, for the period commencing on the date the Executive Board determines that assessments shall begin and ending on the last day of the fiscal year during which such commencement date occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as is provided in Section 5.3 above.

5.6 Delivery of Approved Budget and Notice of Capital Expenditure; Effect of Failure to Prepare or Adopt Budget. The Executive Board shall deliver to all Unit Owners copies of each budget approved by the Executive Board and notice of any capital expenditure approved by the Executive Board promptly after each such approval. The failure or delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay such Unit Owner's allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each assessment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.7 Accounts; Audits. All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be compiled, reviewed, or audited at least once each year by an independent accountant retained by the Executive Board.

5.8 Rejection of Budget. Anything herein to the contrary notwithstanding, the Association, by majority vote of all votes in the Association, may reject any budget or capital expenditure approved by the Executive Board, within thirty days after approval by the Executive Board at a special meeting properly called for such purpose.

5.9 Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article 5. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice for the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within ten days following a written request therefor to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments with respect to the time period covered by such statement, in excess of the amount therein set forth; and, provided further that, subject to Section 5315(b) of the Act, each record holder of a mortgage on a Unit who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue prior to the time such holder comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

5.10 Collection of Assessments. The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment not paid within five days after its due date shall accrue a late charge in the amount of five

percent of the overdue assessment in addition to interest at the rate of fifteen percent per annum or such other rate as may be determined by the Executive Board.

5.11 Statement of Common Expenses. The Executive Board shall promptly provide any Unit Owner, contract purchaser or proposed mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses, including Limited Common Expenses, due from such Unit Owner. The Executive Board may impose a reasonable charge for the preparation of such statement to cover the cost of its preparation, to the extent permitted by the Act.

ARTICLE 6

Compliance and Default

6.1 Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Declaration, these Bylaws, the Rules and Regulations and the Act, as any of the same may be amended from time to time. In addition to the remedies provided in the Act and the Declaration, a default by a Unit Owner shall entitle the Association, acting through its Executive Board or through the Managing Agent, to the following relief:

6.1.1 Additional Liability. Each Unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Executive Board. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, or occupancy of any Unit or Common Elements. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

6.1.2 Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit Owner of these Bylaws or of the Declaration, the Association shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

6.1.3 No Waiver of Rights. The failure of the Association, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

6.1.4 Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE 7

Amendments

7.1 Amendments to Bylaws. These Bylaws may be modified or amended only by vote of Unit Owners entitled to cast a majority of the votes in the Association, except as otherwise expressly set forth

herein or in the Act; provided, however, that until the date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to Article XIII of the Declaration, (i) Section 2.4, (ii) Section 3.1, and (iii) this Section 7.1 may not be amended without the consent in writing of the Declarant, and further, these Bylaws may not be modified or amended prior to the date on which all Declarant-appointed Board members voluntarily resign or are required to resign pursuant to Article XI of the Declaration if, at the time of such amendment or modification, any Unit is encumbered by a mortgage in favor of or insured by the Veteran's Administration ("VA"), the Federal Housing Administration ("VHA"), or through a similar program administered by the Department of Housing and Urban Development ("HUD") if so required under regulations relating thereto.

7.2 Approval of Mortgagees. These Bylaws contain provisions concerning various rights and interests of record holders of mortgages on Units. Such provisions in these Bylaws are to be construed as covenants for the protection of such holders on which they may rely in making loans secured by such mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of such a holder shall be adopted without the prior written consent of such holders who have registered an address with the Secretary.

7.3 FNMA, FHLMA, FHA, VA Amendments. If any amendment to these Bylaws is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision that is defective, missing or inconsistent with any other provision, or with the Act or the Declaration, or if such amendment is necessary to conform to the then current requirements of any agency or entity that has established national or regional standards with respect to loans secured by mortgages or deeds of trust on units in community projects, including but not limit to the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, the Federal Housing Administration or the Veteran's Administration, the Executive Board may, at any time and from time to time, effect such amendments without the approval of the Unit Owners or the holders of any liens on all or any part of the Community, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of the Act.

7.4 Amendments to the Declaration. Any two officers or Executive Board members of the Association may prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

ARTICLE 8

Miscellaneous

8.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt, postage prepaid (or otherwise as the Act may permit), (i) if to a Unit Owner, at the single address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

8.3 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

ADOPTED THE 26th DAY OF JUNE, 2008.

**UNANIMOUS CONSENT IN LIEU OF
MEETING OF DECLARANT AND EXECUTIVE BOARD OF
BLOSSOM HILL HOME OWNERS ASSOCIATION**

THE UNDERSIGNED, being the Declarant of Blossom Hill, a Planned Community, and all the members of the Executive Board of the Blossom Hill Home Owners Association, hereby adopt and consent to the following resolutions:

RESOLVED, that the Executive Board shall be composed of five members until and unless changed, and the following persons are hereby elected to the Executive Board for terms of one year, or such shorter period as may be set forth in the Bylaws, and until their successors are duly chosen and qualified: Michael S. Glass, Shari Tell, Ben Horning, Gary McEwen and LaVern Horning.

RESOLVED, that the following persons are hereby elected to the indicated offices for terms of one year and until their successors are duly chosen and qualified:

<u>BEN HORNING</u>	President
<u>MICHAEL GLASS</u>	Secretary
<u>SHARI TELL</u>	Treasurer

RESOLVED, that the Bylaws as presented are hereby approved and adopted;

Dated: 6-26-08, 2008

DGB Properties, LP, a limited partnership
By: Dana/Glass Properties, Inc.
its sole general partner

By: [Signature]
Michael S. Glass, President

[Signature]
Michael S. Glass

[Signature]
Ben Horning

[Signature]
LaVern Horning

[Signature]
Shari Tell

[Signature]
Gary McEwen

The undersigned, the Secretary of the above corporation, does hereby acknowledge that the above consent has been filed with the Secretary.

Dated: 6-26, 2008

[Signature]
Secretary