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First Trust Company

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**AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

OF

HEIGHTS OF NEWTOWN HOMEOWNER'S ASSOCIATION

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One Franklin Plaza
Philadelphia, PA 19102
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NOTICE:

**EACH OWNER (OTHER THAN THE DECLARANT) OF A DWELLING
SUBJECT TO THIS DECLARATION MUST COMPLY WITH
SECTION 11.03 PRIOR TO ANY RESALE OF SUCH DWELLING.**

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AMENDED
DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

Made this 19th day of February, 1986 by GIGLIOTTI CORPORATION, a Pennsylvania corporation, as equitable owner of property within the Community, for itself, its successors, grantees and assigns, other than ultimate Dwelling purchasers (hereinafter referred to as "Declarant"), INDUSTRIAL CERMETS CORPORATION, a Pennsylvania corporation, as legal owner of property within the Community, for itself, its successors, grantees and assigns (hereinafter called "ICC") and MEMBERS OF THE HEIGHTS OF NEWTOWN HOMEOWNERS' ASSOCIATION, a Pennsylvania non-profit corporation, for themselves, their successors, grantees and assigns (the "Members").

WHEREAS, Chipin Construction Newtown, Inc., a Pennsylvania corporation and C.W. Properties, Inc., a Pennsylvania corporation, as co-partners, formed Heights of Newtown Associates, a Pennsylvania limited partnership; and

WHEREAS, Mapas, Inc., a Pennsylvania corporation, conveyed to Heights of Newtown Associates, part of the premises described in Exhibit "B" (the "Property"), on December 14, 1976, as recorded in Bucks County Deed Book 2223, page 360; and

WHEREAS, Abe Eckert and Hope Eckert, his wife, conveyed to Heights of Newtown Associates part of the Property on December 14, 1976, as recorded in Bucks County Deed Book 2223, page 364; and

WHEREAS, E. Lorraine Goodnoe, et al., Trustees, conveyed the remainder of the Property to Heights of Newtown Associates on May 23, 1978, as recorded in Bucks County Deed Book 2287, page 1160; and

WHEREAS, the Property was made subject to a Declaration of Covenants, Conditions and Restrictions, executed by Heights of Newtown Associates as the Declarant on March 8, 1978, as recorded in the Office of the Recorder of Deeds for Bucks County, Deed Book 2276, page 371, as amended on June 18, 1979 and recorded in the Office of the Recorder of Deeds for Bucks County, Deed Book 2338, page 609; and

WHEREAS, Heights of Newtown Associates has conveyed at various times since the recordation of the Declaration of Covenants, Conditions and Restrictions 108 Dwellings within the Community to Owners who are Members of the Heights of Newtown Homeowners Association; and

WHEREAS, ICC acquired 127.7571 acres of the property, excepting the 108 lots conveyed to the Members of the Association, by deeds from Lawrence R. Michaels, Sheriff, dated

April 16, 1984, as recorded in Bucks County Deed Book 2551, page 489, and September 14, 1984, as recorded in Bucks County Deed Book 2648, page 56; and

WHEREAS, ICC acquired the remaining 2.5877 acres more or less of the Property pursuant to an agreement entered into on November , 1985 between ICC and Heights of Newtown Associates as the Debtor-in-Possession under a bankruptcy Cause No. 81-038746G filed in the United States District Court for the Eastern District of Pennsylvania; and

WHEREAS, pursuant to an agreement of sale entered into on September 30, 1985, the Form of Memorandum of Agreement for Purchase and Sale of Real Property recorded March, 1986, between ICC, as seller, and the Declarant, as buyer, Gigliotti Corporation is the equitable owner of property within the Community; and

WHEREAS, the Members have ratified amendments to the Declaration of Covenants, Conditions and Restrictions, in accordance with Article 10, Section 3 of the Declaration; and

WHEREAS, the Members, the Declarant and ICC desire to subject all of the Property within the Community to the amended Declaration as hereinafter set forth.

NOW, THEREFORE, the Members, the Declarant, and ICC hereby declare that all of the properties described in Section 2.01 shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Community. These easements, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of each Owner thereof.

Article I Submission of Property

SECTION 1.01 Submission to the Declaration. Declarant and Owners hereby submit the lands hereinafter described in Section 2.01, the buildings and improvements to be constructed thereon, and all easements, rights and appurtenances belonging thereto (herein called the "Property"), to the terms, conditions and provisions of this Declaration of Covenants, Conditions and Restrictions.

Article II The Property

SECTION 2.01 The Property. The Property subject to this Declaration consists of all that certain real property with improvements erected thereon, located in Newtown Township, Bucks County, Pennsylvania and more fully described in Exhibit "B" (the

legal description) which is attached hereto and incorporated herein and made a part hereof, together with the easements, rights and appurtenances belonging thereto.

Article III The Community

SECTION 3.01 Name. The name by which the Community shall hereafter be identified is Heights of Newtown.

Article IV Definitions

SECTION 4.01 Definitions. The following terms when used herein and in the By-Laws of the Association (hereinafter called the "By-Laws") are intended to be consonant with the meanings ascribed to them by this Section 4.01.

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

(b) "Association" shall mean the Heights of Newtown Homeowner's Association, a Pennsylvania non-profit corporation, being an association of all Members, which shall have the duties and powers established in this Declaration and in the By-Laws.

(c) "Board of Directors" means a board of natural individuals of the number stated herein and in the By-Laws, who shall manage and administer the business, operation and affairs of the Association on behalf of the Owners.

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

(e) "Common Expenses" means and includes expenses for which the Owners are liable as provided herein, including, but not limited to:

(i) Expenses of administration, maintenance, repair and replacement of the Community Facilities; and

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

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

(iv) All other expenses or charges levied or to be levied pursuant to this Declaration or by the By-Laws against Owners.

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

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

(h) "Community" means the planned residential development known as "Heights of Newtown" which is more particularly described in Exhibit "A" and which has received final subdivision approval from Newtown Township and which includes the Property subjected to this Declaration.

(i) "Community Facilities" shall include the open space (including perimeter buffer, storm water retention, detention and drainage areas); active and passive recreation areas and facilities; roads and sidewalks neither dedicated nor to be dedicated to Newtown Township; street lighting (except to the extent owned and/or maintained by the utility company supplying energy or facilities for such lighting) and such other facilities as the Association may own, acquire or construct hereafter.

(j) " Dwelling" means any building erected or to be erected on the Property containing one single family detached home or one single family townhome, as well as other improvements comprising a part of the Dwelling or intended to be used for residential purposes, and for which a certificate of occupancy has been issued. Dwelling shall include the Lot on which the Dwelling building is erected, including but not limited to all land, sidewalks, driveways and curtailage up to the concrete curbing abutting the road fronting the Lot. The term Dwelling shall also include that membership interest in the Association appurtenant to each Dwelling.

(k) "Lot" means the separate and subdivided parcel of land which is shown on the Plan approved by Newtown Township and filed and recorded and upon which is erected or will be erected a Dwelling.

(l) "Member" means any Owner or the Declarant who shall be a Member of the Association.

(m) "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Dwelling which is situate within the Property, but excluding those persons having such interest merely as security for the performance of an obligation and excluding the Declarant. Multiple Owners of a Dwelling shall together be deemed one Owner for purposes of this Declaration.

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

(o) "Plan" means the Final Subdivision Plan, approved by the Township of Newtown and recorded in the Office of the Recorder of Deeds for Bucks County on _____ in Plan Book _____, pages ___ and ___, showing the Property and the Community.

(p) "Property" means and includes the real property, and all easements, rights and appurtenances belonging thereto, which have been submitted by the Declarant and the Dwelling Owners to the provisions of this Declaration.

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

Article V Applicability

SECTION 5.01 Applicability. This Declaration shall be applicable to the Property. All present and future Owners of Dwellings and residents, tenants, their guests, licensees, servants, agents, employees, and any other person or persons who shall be permitted to use the Community Facilities described in this Declaration, shall be subject to this Declaration, the By-Laws and to such rules and regulations as the Board of Directors of the Association from time to time shall promulgate to govern the conduct of its Members and occupancy of the Property. Ownership, rental or occupancy of any of the Dwellings in the Property shall be conclusively deemed to mean that said Owner, tenant or occupant has accepted and ratified this Declaration, the By-Laws and the rules and regulations of the Community Association and will comply with them.

SECTION 5.02 Interpretation of Declaration and By-Laws. In the event of a conflict of interpretation between the provisions set forth in the By-Laws and this Declaration, this Declaration shall govern except to the extent this Declaration is inconsistent with applicable law. In the event that the Internal Revenue Code is hereafter amended or changed, both this Declaration and the By-Laws shall be interpreted in such a manner as to conform to the provisions of the Internal Revenue Code with respect to non-profit entities, it being the intention to preserve the lawful status of the Association as a bona-fide non-profit entity.

Article VI The Community Facilities and Provisions Applicable Thereto

SECTION 6.01 Owners' Easement of Enjoyment. Every Owner shall have the right of ingress, egress and regress over and the right of enjoyment in and to the Community Facilities

which right shall be appurtenant to each Dwelling and shall pass with title to every Dwelling subject, nevertheless, to the following provisions:

(a) The right of the Association to make reasonable Charges and Assessments for the use of any or all of the Community Facilities, and the obligation of the Association under this Declaration to contribute to the expenses of maintenance and repair of such Community Facilities.

(b) The right of the Association to suspend the voting rights and the right of an Owner to use any of the Community Facilities for the failure to pay in full any Assessment within thirty (30) days of the due date or for the infraction of any of the rules and regulations after being so determined by the Board of Directors.

(c) The right of the Association to declare or transfer all or any part of the Community Facilities to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the Members entitled to vote agreeing to such dedication or transfer has been executed.

(d) The right of the Association to limit or prescribe the number or kinds of guests of Members or to make a charge for use of the Community Facilities by guests of Members.

(e) The right of the Association to establish rules and regulations governing the Property and the use of the Community Facilities.

(f) The free right and privilege of the Declarant at all times hereafter, without let or hindrance, to go upon any and all of the Property, including lands conveyed or developed; to construct, reconstruct, repair, renovate or to correct work to be done by themselves, their agents, servants, workmen or contractors. Such right of the Declarant shall expire upon the conveyance by the Declarant, in the ordinary course of business, of the last Dwelling to an ultimate Dwelling purchaser other than the Declarant.

(g) An easement for the present and future installation and maintenance of electric service, master and/or cable TV service, telephone service, domestic water, storm water and sanitary sewer, gas, drainage and other utility facilities and the necessary appurtenances to the same which easement shall run in favor of the Declarant, Association and the entity or entities owning or operating such facilities.

(h) A specific easement in favor of the Declarant, its agents, servants, licensees and invitees for the purposes incident to the operation by the Declarant, in the process of construction and marketing of Dwellings; provided, however, that

such easement shall expire upon the conveyance by the Declarant, in the ordinary course of business, of the last Dwelling to an ultimate Dwelling purchaser other than the Declarant.

SECTION 6.02 Non-Resident Owners' Use. In the event an Owner leases his Dwelling, the tenant of such Dwelling shall be entitled to use any of the Community Facilities located on the Property or otherwise available for use by all Owners, provided however, that the tenant's right to use the recreation facilities shall be deemed an assignment of the Owner's right to use such facilities and shall preclude the non-resident Owner from also using such facilities (unless otherwise determined by the Board of Directors).

SECTION 6.03 No Waiver of Use. No Owner may exempt himself from liability with respect to the payment of Assessments levied by the Association, nor release the Dwelling owned by such Owner from the liens created for non-payment of Assessments by waiver of the use or enjoyment of the Community Facilities by abandonment of his Dwelling, by any conveyance or covenant severing the rights and benefits from the Dwelling, or otherwise. The obligation to pay Assessments is absolute and unconditional and, in addition to being a covenant running with the land, is a personal obligation of each Owner and shall not be subject to set offsets or counterclaims.

SECTION 6.04 Alterations By Owner.

(a) Except as permitted in accordance with Paragraph (b) below, no Owner may make any changes, additions, improvements or alterations of any kind or do any work to any of the Community Facilities. In no event may an Owner make any improvements or alterations which would jeopardize the soundness or safety of any portion of the Property. No Owner shall impair any easement or hereditament therein without the unanimous consent of the Owners affected thereby.

SECTION 6.05 Obsolescence. In the event that the Board of Directors shall determine that any Community Facility or any other real or personal property of the Association is obsolete, the Board of Directors may call for a vote of the Association Members to determine whether or not the said property should be demolished and/or replaced. In the event that eighty (80%) percent of the Members and the eligible holders of first mortgage liens on at least two-thirds (2/3) of the Dwellings shall determine that the said property should be demolished and/or replaced, the costs thereof shall be assessed equally against all of the Members.

SECTION 6.06 Recreation Facilities. The Association shall assume responsibility for all maintenance, administration, management, operation and insurance for such recreational facility. The costs and expenses incurred or to be incurred by the Association in connection with such responsibility shall be a

Common Expense. Recreation facilities shall include one swimming pool, two (2) tennis courts, a tot-lot and one club house. Additional recreational facilities, if approved by two-thirds (2/3) of the Members, shall be constructed and the cost of said construction allocated among all Members.

Article VII The Association

SECTION 7.01 The Association.

(a) The Association is the governing body for all of the Members and is responsible for

(i) maintenance, repair, replacement, management, operation and administration of the Community Facilities subject to the provisions of this Declaration; and

(ii) any additions or improvements to the Community Facilities.

Nothing herein contained shall be construed so as to preclude the Association from delegating these duties to a manager or agent or to other persons, firms or other corporations, subject to the authority of the Association. In the event that the Association, having delegated such duties, decides to terminate professional management for the development, such termination shall be subject to the provisions of Section 20.03 hereof. The Common Expenses incurred or to be incurred for the maintenance, repair, replacement, management, operation and use of the Community Facilities, shall be assessed by the Community Association against, and collected from, the Members in accordance with Article X hereof. Common Expenses benefitting fewer than all of the Dwellings may be assessed exclusively against the Dwellings benefited. All Owners upon acceptance of a deed to a Dwelling shall become Members of the Association and shall be obligated to pay all Assessments levied by the Association.

SECTION 7.02 Membership in Association.

(a) Except as otherwise provided, membership in the Association shall be limited to the Owners of Dwellings subjected to this Declaration and the Declarant.

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

(c) Each Dwelling, whether held by an Owner or by the Declarant, shall be entitled to one (1) vote; provided that the Declarant shall have one vote for each Lot on the Plan which has not been conveyed to an ultimate Dwelling Owner.

(d) When more than one person holds an interest or interests in any Dwelling, all such persons shall be one Member collectively, and the vote for such Dwelling shall be exercised as provided in Section 7.03 hereof and in the By-Laws, but in no event shall more than the votes as described in subparagraph (c) above be cast with respect to any such Dwelling. Notwithstanding any other provision of this Declaration or the By-Laws, no action shall be taken or adopted by the Association that would in any way affect any of the rights, privileges, powers or options of the Declarant (including, but not limited to, development of the Property or the marketing program of the Declarant) without the prior written approval of the Declarant of such action.

(e) A Member shall be deemed to be "in good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all Assessments made or levied against him or against his Dwelling by the Board of Directors as hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, chargeable to him or against his Dwelling, at least ten (10) days prior to the date fixed for such annual or special meeting.

(f) In the event that an Owner shall lease or permit another to occupy his Dwelling in accordance with the provisions of this Declaration, the tenant or occupant shall be permitted to enjoy the Community Facilities but shall not vote in the affairs of the Association, except as the Owner shall permit the tenant or occupant to exercise the proxy vote of the Owner.

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

(h) Membership in the Association shall automatically terminate when such Owner sells, transfers or otherwise conveys his Dwelling.

SECTION 7.03 Voting. Votes in the Association shall be allocated to each Dwelling in accordance with Section 7.02(c) above. If a Dwelling is owned by more than one person and there is a conflict between or among the Owners of the Dwelling as to how the vote associated with the Dwelling should be cast, the vote shall be deemed included for purposes of determining a quorum but the conflicting votes cast by Owners of the Dwelling shall otherwise void the vote associated with such Dwelling. If a Dwelling is owned by a corporation, the officer or employee thereof, entitled to cast the votes of the Dwelling for the corporation shall be designated in a certificate for this

purpose, signed by the president or vice-president, and attested to by the secretary or assistant secretary of the corporation, and submitted to the Secretary of the Association.

SECTION 7.04 Board of Directors.

(a) Subject to the provisions of this Declaration or the By-Laws, the Board of Directors shall have the power to act on behalf of the Association. The initial Board of Directors under this Declaration shall consist of five (5) members. The members shall consist of three (3) members appointed, removed and replaced from time to time by the Declarant without the necessity of obtaining resignations. The remaining two (2) members of Board of Director's shall be selected by the Declarant from the Owners in the Community other than the Declarant.

(b) The initial Board of Directors shall serve in that capacity until the first annual meeting of the Association. At such meeting, the two (2) members selected by the Declarant may be replaced by successors elected by the Members. Such members shall serve until the next annual meeting, at which time they may seek re-election or their successors may be chosen.

(c) Subject to the right of Declarant to alter the following procedure so as to have all or part of the transition process occur earlier than as hereafter described, the transition from Declarant-appointed members of the Board of Directors to members elected by the Members of the Association shall occur as follows:

(i) No later than ninety (90) days after the conveyance of seventy-five (75%) percent of the Dwellings to Owners other than the Declarant, the Members other than the Declarant shall elect two (2) Owners who shall replace two of the Declarant-appointed members of the Board of Directors. The two (2) Owners on the Board of Directors elected at an election held pursuant to paragraph (b) of this section shall serve until the first regular election of the Board of Directors held at the first regular annual meeting of the Association held in accordance with the By-Laws. The Owners elected to this Board of Directors at the election held pursuant to this subparagraph (c)(i) shall serve until the regular annual meeting of the Association next following the first regular annual meeting. For purposes of this Section 7.04 hereof, and Section 7.02 of the By-Laws, the "first regular annual meeting" shall be that annual meeting held at least six (6) months after the conveyance of seventy-five (75%) percent of the Dwellings to Owners other than the Declarant.

(ii) Notwithstanding the foregoing, the Declarant shall have the right to retain one (1) Declarant-appointed member on the Board of Directors until six (6) months after the last Dwelling the Declarant reserves the right to build in the Community is conveyed by the Declarant.

(d) For purposes of determining whether the period of Declarant control has terminated or whether Owners other than the Declarant are entitled to elect members of the Board of Directors under this Section 7.04, the percentage of Dwellings conveyed is presumed to be that percentage conveyed of all two hundred and forty-three (243) Lots on which the Declarant reserves the right to build Dwellings in the Community.

SECTION 7.05 Association Maintenance Responsibilities.

(a) Notwithstanding the delineation of ownership between the Association and individual Owners or the distinctions among the Community Facilities or Dwellings, the Association shall provide, only to the extent limited below (or as otherwise determined by the Board of Directors), maintenance, repair and replacement of the recreational facilities, open area and non-dedicated roads (including snow but not ice removal).

(b) The time and extent of the foregoing maintenance, repair and replacement by the Association shall be determined solely by the Board of Directors. All costs and expenses incurred by the Association shall be Common Expenses of the Association to be assessed to the Owners by the Board of Directors. Except as specified in paragraph (a) above, all aspects of repair, maintenance and replacement of all portions of an Owner's Lot or Dwelling shall be the responsibility of such Owner and all maintenance, repair and replacement of portions of the Community Facilities shall be the responsibility of the Association, provided however, that any costs incurred by the Association in connection with any of the foregoing maintenance, repair or replacement items as may arise in connection with the negligence of the Owner or occupant of any particular Dwelling shall be charged as Limited Charges to such Owner(s). As a further exception to the Association's obligations, all maintenance, repair and replacement of water lines and sewer lines that service a particular Dwelling shall be the Owner's obligation regardless of whether such lines are located on or off the Owner's Lot.

(c) To the extent maintenance, repair and replacement by an Owner may involve the possible damage to the Community Facilities or other Dwellings, such work shall be performed only with the prior consent of the Board of Directors or its duly authorized agent except in the case of an emergency, and such work may be performed only by a person or entity who shall deliver to the Board of Directors prior to the commencement of any such work, in form satisfactory to the Board of Directors:

(i) Releases of the Board of Directors and their agents, servants and employees for all claims that such person or entity or their respective agents, servants or employees may assert in connection with work to be performed;

(ii) An indemnification for the Association and Board of Directors and their agent, servants and employees holding each and all of them harmless from and against any claims asserted for loss or damage to person or property, including but not limited to the Community Facilities or other Dwellings;

(iii) Certificates or other acceptable evidence of insurance, including liability and workmen's compensation coverage in amounts and companies reasonably acceptable to the Board of Directors, and

(iv) Such other information and protections which the Board of Directors may reasonably require.

The Board of Directors shall have the right to impose rules and regulations governing the use and care of portions of the Dwellings and Community Facilities to the extent reasonably related to the Association's maintenance, repair and replacement obligations hereunder.

Article VIII Insurance

SECTION 8.01 Liability. The Board of Directors shall obtain or cause to be obtained "broad-form" comprehensive public liability and property damage insurance covering liability for loss or damage to persons or property in such amounts, against such risks and in such insurance companies as the Board of Directors shall from time to time determine, but in no event less than One Million (\$1,000,000) Dollars for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Such insurance shall include protection against liability for property of others, and such other risks as are customarily covered in similar projects. All liability insurance contracts shall contain severability of interest provisions and cross liability endorsements to cover liabilities of the Association or the Owners as a group to an Owner.

SECTION 8.02 Property.

(a) The Board of Directors shall obtain or cause to be obtained "master" or "blanket" "all-risk" hazard and, if applicable, flood, insurance coverage covering damage to property, insuring all of the Community Facilities, including fixtures and equipment therein and thereof, and including all personal property owned by the Association (the "Insured Property"). Each Owner shall be individually responsible for maintaining all risk hazard, and, if applicable, flood, insurance coverage for his Dwelling and for all personal property of the Owner in a company or companies acceptable to the standards set by the Board of Directors in an amount equal to the maximum insurable replacement value, as determined annually by the Board of Directors, providing for no "co-insurance", and containing an "agreed amount endorsement" or its equivalent, and, if available, an "Inflation Guard Endorsement".

(b) Premiums for the hazard insurance coverage carried by the Association shall be part of the Common Expenses for which Assessments are levied against the Dwellings.

SECTION 8.03 General Insurance Provisions.

(a) All policies shall be purchased by the Association for the benefit of the Association, Board of Directors, all Owners, and their mortgagees, as their interests may appear; however, the Association shall be the named insured and it shall not be necessary to name the Board of Directors or the Owners - however, mortgagee endorsements may be issued upon request. The Association shall maintain the appropriate insurance coverage as is required under applicable law and under the guidelines and regulations promulgated by the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Department of Housing and Urban Community (HUD) and the Veterans' Administration (VA) or their successors. The company or companies with whom the Board of Directors shall place its insurance coverage, as provided in this Declaration, must be qualified and reputable, authorized to do business in the Commonwealth of Pennsylvania and rated as Excellent by A. M. Best Company, Inc. in its Key Rating Guide: "Property Casualty" or a comparable rating if Best shall no longer be in existence. Premiums for insurance coverage and other expenses related to insurance shall be paid by the Board of Directors and charged to all Owners as a Common Expense. All policies shall provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each first mortgagee listed in the insurance policies. In addition, policies shall provide for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance shall not be prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss. Policies shall be deposited with the Board of Directors. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Association. The duty of the Board of Directors, or any insurance trustee, shall be to receive such proceeds as are paid and hold the same for the purposes elsewhere stated herein and for the benefit of the Association.

(b) The types and amounts of insurance coverage described in this Article XIII are minimal for 1985 based upon the standards established by FNMA and FHLMC. The Board of Directors shall review, at least annually, all insurance coverage carried pursuant to this Declaration to evaluate such coverage with respect to its compliance with the Declaration and (to the extent the Property is or will be subject to FNMA or FHLMC approval) standards set by FNMA, FHLMC, HUD and VA, as well as with respect to what is reasonably appropriate coverage for

communities comparable to Heights of Newtown. In the event the Board of Directors determines after such a review and evaluation that the insurance coverage required hereunder is not consistent with the requirements or standards set by FNMA, FHLMC, HUD or VA or otherwise reasonably appropriate coverage when compared to coverage for projects comparable to the Property, the Board of Directors shall have the power to deviate from the specific provisions of this Article VIII only to the extent of providing such consistent and reasonably appropriate coverage, provided the Board of Directors shall provide the Owners and their mortgagees at least thirty (30) days prior written notice of any such deviation.

SECTION 8.04 Damage or Destruction; Repair or Replacement. Where a loss or damage occurs to any portion of the Community Facilities, it shall be an obligation of the Association to repair and restore the damage caused by the loss unless repair or replacement would be illegal under any state or local health or safety statute or ordinance or, with respect to the Community Facilities only, at least eighty (80%) percent of the Members, and the eligible mortgagees of eight (80%) percent of the Dwellings, vote not to rebuild. In the event of such loss or damage:

(a) The Board of Directors shall promptly obtain reliable and detailed estimates of the cost of repair and restoration and shall have the right and obligation to negotiate and contract for the repair and restoration of the Community Facilities.

(b) If the net proceeds of the insurance are insufficient to pay for the estimated cost of repair and restoration (or for the actual cost thereof if the work has actually been done), - the Board of Directors shall promptly, upon determination of the deficiency, levy a special Assessment against all Owners for that portion of the deficiency as is attributable to the cost of repair and restoration of the Community Facilities. The special Assessment funds shall be added by the Board of Directors to the insurance proceeds available for such repair and restoration.

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

SECTION 8.05 Damage or Destruction; No Repair or Replacement. If the Community Facilities are not repaired or replaced:

(i) the insurance proceeds attributable to

damaged Community Facilities shall be used to restore the damaged area to a condition compatible with the remainder of the Property as determined by the Board of Directors;

(ii) the insurance proceeds attributable to Community Facilities which are not rebuilt shall be utilized by the Association to offset Common Expenses or added to reserve accounts, as determined by the Board of Directors; and

(iii) the remainder of the proceeds shall be distributed equally to the Owners and their mortgagees as their respective interests may appear.

SECTION 8.06 Association's Power to Compromise Claim. The Board of Directors is hereby empowered to compromise and settle claims arising under insurance policies purchased by the Association, and to execute and deliver releases therefor, upon the payment of claims.

SECTION 8.07 Other Insurance. The Board of Directors shall also obtain the following insurance coverage and endorsements as may be applicable to the Community Facilities, all premiums for which are to be charged as Common Expenses:

(a) Workmen's compensation policy to meet the requirements of law.

(b) Directors' and officers' liability and such other insurance as the Board of Directors shall deem necessary to satisfy the indemnification obligations of the Association as provided in Article XVI of this Declaration.

(c) Such other insurance as the Board of Directors shall determine from time to time to be necessary or desirable.

If available, and where applicable, the Board of Directors shall endeavor to obtain policies which provide that the insurer waives its right of subrogation as to any claims against Owners, the Association, the Board of Directors and their respective servants, agents and guests.

SECTION 8.08 Limitation of Liability. Notwithstanding the duty of Board of Directors to maintain and repair parts of the Community Facilities, Board of Directors shall not be liable for injury or damage caused by the failure of the Board of Directors to maintain or repair the same, except to the extent of the proceeds of insurance carried by the Board of Directors and collected and received therefor.

SECTION 8.09 Use and Insurance Premiums.

(a) No Dwelling shall be used, occupied or kept in a manner which will in any way increase fire, liability or other insurance premiums payable by the Association, or any other Owner

without the prior written permission of the Board of Directors, which permission shall be conditioned upon the Owner of such Dwelling being required to bear the full amount of any increase in premiums payable by the Association. No Dwelling or any part of the Property shall be used, occupied or kept in any manner which would violate any law, statute, ordinance or regulation of any governmental body or which would lead to the cancellation of any insurance policy or policies on the Property.

(b) To the extent that the use or occupancy of a Dwelling by an Owner or the occupant of any Dwelling is otherwise permitted hereunder, the Association shall have the right to charge the Owner for any increase in insurance premiums payable by the Association occasioned thereby.

Article IX Easements

SECTION 9.01 Utilities. All of that real property subjected to this Declaration shall be subject to an easement for the present and future installation and maintenance of electric service, master and/or cable television service, telephone service, water service, storm water and sanitary sewage services, gas service and other utility services and the facilities and appurtenances necessary to the same, which easement shall run in favor of the Declarant, the Association and the entity or entities owning or operating such facilities and providing the aforementioned services. The Board of Directors shall have the right to grant to third parties additional utility easements as shall be deemed reasonable by the Board of Directors in connection with the supply of utility services to the Dwellings or the Community Facilities. The Declarant and the Association shall have the right to connect or tie into Owner's outdoor water spigots and to use reasonable amounts of water therefrom without cost or charge for purposes of watering planted and grass areas of the Property. This right shall continue as to areas of the Property for a period of ninety (90) days after the planting of such areas with landscaping, seed or sod.

SECTION 9.02 Association and Board of Directors Access. The Association and its Board of Directors, officers, agents and employees, shall have the irrevocable right and easement for the following: to have access to each Dwelling as may be necessary for the inspection, maintenance, repair or replacement of any of the Community Facilities therein or accessible therefrom or the making of any addition or improvements thereto; or to make repairs to any Dwelling or the Community Facilities if such repairs are reasonably necessary for public safety or to prevent damage to the Community Facilities; or to abate any violation of law, orders, rules or regulations of the Association or of any governmental authorities having jurisdiction thereof or this Declaration. The cost of such repairs made to any Dwelling shall be chargeable to the Owner of such Dwelling as an Assessment. The Association and its Board of Directors shall have the right to grant permits, licenses and easements over and through the

Community Facilities for utilities, rights of way, and other purposes reasonably necessary or useful for the proper maintenance and operation of the Community Facilities.

SECTION 9.03 Declarant's Easement for Marketing. The Declarant reserves the right with respect to its marketing of Dwellings to use the Community Facilities and, to the extent not already conveyed to purchasers, for the ingress and egress of itself, its officers, employees, agents, contractors and subcontractors and for prospective purchasers to park on Lots other than those Lots already conveyed to Owners. The Declarant shall also have the right, in connection with its marketing of Dwellings, until the conveyance of the last Dwelling it owns in the Community to erect signs on the Community Facilities or on those Dwellings not already conveyed to purchasers. Any damages to the Community Facilities resulting from this easement shall be repaired by the Declarant within a reasonable time after the completion of its sale of all of the Dwellings in the Community or termination of such use of the Community Facilities, whichever shall first occur. The Declarant agrees to indemnify and to hold the Association harmless from all liabilities resulting from the use of the Community Facilities in conjunction with the marketing of Dwellings. The rights reserved for the Declarant by this Section 9.03 shall remain in effect for as long as the Declarant shall remain the Owner of a Dwelling in the Community. This section shall not be amended without the written consent of the Declarant.

SECTION 9.04 Declarant's Easement for Construction. The Declarant reserves the right and privilege without let or hinderance with respect to the construction of the Dwellings, Community Facilities to go upon any and all of the Property for purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Community Facilities or Dwellings (including without limitation, to change the grade of any portion of the Property and/or to install drainage control devices so as to control possible drainage and/or runoff of storm water in connection with the development of the Property or adjacent lands.) The Declarant agrees to indemnify and hold the Association harmless from liabilities resulting from the exercise of this easement. This easement shall be appurtenant and shall pass with title to every Dwelling. The rights hereby reserved for the Declarant shall last as long as Declarant is the owner of a Dwelling in the Community. This section shall not be amended without the written consent of the Declarant.

SECTION 9.05 Encroachments. If any portion of the Community Facilities hereafter encroaches upon any Dwelling, or if any Dwelling hereafter encroaches upon any other Dwelling or upon any portion of the Community Facilities as a result of settling or shifting of any building or buildings in which they are located or otherwise than as a result of the purposeful or negligent act or omission of the Owner of the encroaching Dwelling, or of the Association in the case of encroachments by

the Community Facilities, a valid easement appurtenant to the encroaching Dwellings or Community Facilities for the encroachment and for the maintenance of the same shall exist for so long as the encroachment shall exist. In the event that any building or buildings shall be partially destroyed as a result of fire or other casualty or as a result of a taking by the power of or in the nature of eminent domain or by an action or deed in lieu of condemnation, and then is rebuilt, encroachments of a portion or portions of the Community Facilities upon any Dwelling or of any Dwelling upon any other Dwelling or upon any portion of the Community Facilities, due to such rebuilding, shall be permitted, and valid easements appurtenant to the encroaching Dwellings or Community Facilities such encroachments and the maintenance thereof shall exist so long as that building as so rebuilt shall stand.

SECTION 9.06 Rights of Owners With Respect to Utilities. The rights and duties of the Owners of Dwellings within the Community with respect to sanitary sewer, storm sewer, water, electricity, telephone lines and facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections and/or water house connections or electricity, or telephone lines are installed within the Community, which connections or any portion thereof lie in or upon Dwellings owned by the Owner of a Dwelling served by said connections, the Declarant (as long as it owns a Dwelling in the Community) and Association shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon the Dwelling to have the utility companies or authorities enter upon the Dwelling in or upon which such connections, or any portion thereof, lie, to repair, replace and generally maintain such connection as and when they may deem the same necessary. The Owner shall be responsible for restoring the surface of the easement area to the same condition which existed prior to such use to the extent that the utility company or authority is not so responsible or has not done so.

(b) Wherever sanitary sewer house connections and/or water house connections, or electricity or telephone lines are installed within the Community, which connections serve more than one Dwelling, the Owner of each Dwelling served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as serve his Dwelling or Lot.

(c) In the event of a dispute between Owners with respect to repair or rebuilding of said connections, or with respect to the sharing of the costs thereof, then, upon written request of any one of such Owners, addressed to the Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute, and the decision of the Board of Directors shall be final, conclusive and binding on all parties.

SECTION 9.07 Continuing Easements. The foregoing easements in Sections 9.01, 9.02, 9.03, 9.04, 9.05, and 9.06, shall run with the land and inure to the benefit of and be binding upon the Association, each Owner, and each mortgagee, lessee, occupant or other person having any interest in any Dwelling or in the Community Facilities at the time of reference.

Article X Assessment Obligations of Owners

SECTION 10.01 Owners' Assessment Obligation. Each Owner of any Dwelling, by acceptance of the deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association (in addition to any other Charges or costs levied by the Association pursuant to this Declaration) all Assessments including, but not limited to: (a) regular Assessments to be made due and payable on a monthly basis as reasonably determined from time to time by the Board of Directors based upon the budget of the Association; (b) special Assessments, such Assessments to be fixed, established and collected from time to time as provided in this Declaration; (c) any other Charges or Assessments for what may from time to time be determined by the Association to be Common Expenses; and (d) any interest charges, penalties or fines levied by the Board of Directors for non-payment of Assessments or for non-compliance with the terms and provisions of this Declaration, the By-Laws or such rules or regulations as may be created by the Board of Directors. The Association shall have the right to assess Charges (herein referred to as "Limited Charges") against any one or more Dwellings to provide services which are exclusively used for such Dwellings including, but not limited to, the improvement and maintenance of such Dwellings' exteriors. The regular and special Assessments, Limited Charges together with any interest thereon, fines, late charge and cost of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment is made from the time the Assessment, fines, late charge or cost of collection become due. Each such Assessment, together with such interest thereon, fines, late charges and cost of collection thereof as hereinafter provided shall also be the personal obligation of the Owner who was the Owner of such Dwelling at the time when the Assessment becomes due. The Association shall assess to each purchaser of a Dwelling purchased from the Declarant an amount equal to two months Assessments as a one-time nonrefundable contribution to the Association which amount may be used from time to time as revenues of the Association for such purposes as deemed appropriate or desirable by the Board of Directors. No Owner may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of the Community Facilities or by abandonment of the Dwelling owned by him or by setoff or counterclaim.

SECTION 10.02 Owners' Negligence. Each Owner shall be obligated to reimburse the Association for any expenses incurred

by it in repairing or replacing any part or parts of the Community Facilities damaged by his act, omission or negligence or by the act, omission or negligence of his tenants, agents, guests or licensees, promptly upon receipt of the Association's statement therefor.

SECTION 10.03 Surplus Funds. Any Common Surplus of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves may be used by the Association as determined by the Board of Directors and, to the extent not used, may be credited to the Owners to reduce their future Assessments.

SECTION 10.04 Time of Payment. The obligation to pay Assessments levied against a Dwelling by the Association shall commence on the date the certificate of occupancy is issued with respect to that Dwelling. Except as otherwise provided in this Declaration, payment by the Owner of Assessments shall be made at the discretion of the Board of Directors, provided that all regular and special Assessments shall be declared by the Board of Directors and made due and payable on a monthly basis. The failure of the Board of Directors to formally declare any monthly assessment shall result in the regular monthly Assessment for the immediately preceding month being the regular monthly Assessment applicable to and due and payable for the next month.

SECTION 10.05 Lien for Assessments. All Assessments and Charges chargeable to any Dwelling including all fines, fees, charges, late charges, interest and costs of collection (including attorneys fees) thereof, and penalties levied for non-compliance with this Declaration, the By-Laws and rules and regulations of the Association shall constitute a lien against said Dwelling in favor of the Association provided that all fines, fees, charges, late charges, interest, costs of collection (including attorneys fees) thereof and penalties shall be subordinate to the lien of any first mortgage on a Dwelling. Such lien shall be effective from and after the time the Assessment or Charge becomes due and shall be evidenced by the recording in the public records of Bucks County of a claim of lien stating the description of the Dwelling, the name of the record Owner and the date when the Assessment or Charge became due. Such claim of lien shall include only such sums which are due and payable when the claim of lien is recorded and shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by the lien and a preparation fee, the party making payment shall be entitled to a recordable satisfaction of lien to be recorded at his sole expense.

SECTION 10.06 Effect of Non-Payment of Assessment. Any Assessment or installment thereof not paid within sixty (60) days after the due date shall bear interest from the due date at the rate of fifteen (15%) percent per annum or such higher rate permitted by law which the Board of Directors shall from time to

time determine. The Board of Directors may assess fines, late charges and costs of collection (including attorneys' fees) and the Board of Directors shall also have the right to charge a delinquency Assessment, as established from time to time by the Board of Directors, against any Owner whose Assessments are delinquent for a period exceeding ten (10) days from the due date. The Board of Directors shall have the right to accelerate payment of all remaining proposed monthly payments of any regular Assessments for the remainder of the fiscal year or of special Assessments. In addition to such other remedies available to the Association in the event of non-payment of Assessments, the Association shall have the right to revoke the rights of the Owner in the Association.

SECTION 10.07 Method of Enforcing Collection of Assessments.

(a) Any Assessment charged against a Dwelling, may be enforced by a lawsuit brought by the Board of Directors on behalf of the Association and/or the Owners in an action at law or equity against the Owner personally obligated to pay the same, or by executing the lien described in Section 10.05 against the Dwelling, or both, and it may seek whatever other remedy is available at law or in equity to collect. In addition to these rights and remedies available to the Association, the Association shall have the right to revoke the rights of an Owner in the Association, including the right to vote, provided the Association shall provide written notice of such revocation and an opportunity for the defaulting Owner to be heard before the Board of Directors. The decision of the Board of Directors shall be final. Any judgment against a Dwelling and its Owner shall be enforceable in the same manner as is otherwise provided by law. Attorney's fees, court costs and collection expenses incurred by the Board of Directors incident to the collection of any Assessments or the enforcement of any lien, together with all sums advanced and paid by the Board of Directors for taxes and payments on account of superior liens which may be required to be advanced by the Board of Directors in order to protect its lien, shall be payable by the Owner and secured by such lien.

(b) IN CONNECTION WITH THE POWER OF THE ASSOCIATION TO COLLECT ANY UNPAID ASSESSMENTS, EACH OWNER (BY THE ACCEPTANCE OF THE DEED TO A DWELLING) SHALL BE DEEMED TO HAVE APPOINTED ANY ONE OR MORE OF THE MEMBERS OF THE BOARD OF DIRECTORS OR ANY ATTORNEY ACTING ON BEHALF OF THE BOARD OF DIRECTORS AS SUCH OWNER'S ATTORNEY-IN-FACT TO APPEAR FOR SUCH OWNER IN ANY COURT OF COMPETENT JURISDICTION IN PENNSYLVANIA TO CONFESS JUDGMENT AGAINST SUCH OWNER FOR ANY UNPAID ASSESSMENT OR CHARGE. THIS APPOINTMENT, BEING SECURITY FOR THE PAYMENT OF ALL ASSESSMENTS, SHALL BE IRREVOCABLE. FOR PURPOSES OF CONFESSING JUDGMENT, A COPY OF THIS SECTION 10.07(b) AND COPY OF THE DEED OF SUCH OWNER, BOTH VERIFIED BY AFFIDAVIT, SHALL BE SUFFICIENT WARRANT. THE AUTHORITY TO CONFESS JUDGMENT GRANTED BY THIS SECTION 10.07(b) SHALL NOT BE EXHAUSTED BY ANY EXERCISE THEREOF

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BUT SHALL CONTINUE FROM TIME TO TIME AND AT ALL TIMES WHILE THIS DECLARATION EXISTS.

SECTION 10.08 Unpaid Assessments at the Time of Execution Sale Against a Dwelling. In the event that title to a Dwelling is transferred by sheriff's sale pursuant to execution upon any lien against the Dwelling, the Board of Directors may give notice in writing to the Sheriff of any unpaid Assessments which are a charge against the Dwelling, but have not been reduced to a lien, and the sheriff shall pay the Assessments of which he has such notice out of the proceeds of the sale which remain in his hands for distribution after payment of all other claims which he is required by law to pay, but prior to any distribution of the balance to the former Owner against whom the execution issued. The purchaser at such sheriff's sale and the Dwelling involved, shall not be liable for unpaid Assessments, which became due prior to the sheriff's sale of the Dwelling. Any such unpaid Assessments which cannot be promptly collected from the former Owner may be reassessed by the Board of Directors as a Common Expense to be collected from all the Owners, including the purchaser or acquirer of title at the sheriff's sale, his successors and assigns. To protect its right to collect unpaid Assessments which are a charge against a Dwelling, the Board of Directors may, on behalf of the Owners, purchase the Dwelling at sheriff's sale provided such action is authorized by the affirmative vote of the majority of the Board of Directors, and if it does so purchase, the Board of Directors shall thereafter have the power to sell, convey, mortgage or lease such Dwelling, to any person whatsoever.

SECTION 10.09 Voluntary Sale of a Dwelling. Upon the voluntary sale or conveyance of a Dwelling, or any other transfer, of the Dwelling, by operation of law or otherwise, except a transfer described in Sections 10.08 or 10.10, and a transfer by Deed in lieu of foreclosure to a holder of a mortgage, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the Dwelling as of the date of the sale, conveyance or transfer, but such joint and several liability shall be without prejudice to the right of the grantee to recover from the grantor, in the amount of any such unpaid Assessments which the grantee may pay, and until any such Assessments are paid, they shall continue to be a charge against the Dwelling, which may be enforced in the manner set forth in Section 10.07; provided, however, any person who shall have entered into a written agreement to purchase a Dwelling shall be entitled to obtain a written statement from the Treasurer setting forth the amount of unpaid Assessments charged against the Dwelling and its Owner, and if such statement does not reveal the full amount of the unpaid Assessments as of the date it is rendered, neither the purchaser nor the Dwelling after transfer thereof, shall be liable for the payment of the amount in excess of the unpaid Assessments shown on such statement.

SECTION 10.10 Mortgage Foreclosure. If a mortgagee of

a "first" mortgage of record or other purchaser of a Dwelling acquires title to such Dwelling as a result of foreclosure of the first mortgage, or by deed in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of Common Expenses or other Charges by the Association pertaining to such Dwelling or chargeable to the former Owner which accrue prior to acquisition of title as a result of the foreclosure. Such unpaid share of the Charges shall be deemed to be Common Expenses collectible from all of the remaining Owners, including such acquirer, his successors and assigns.

SECTION 10.11 Declarant's Assessment Obligation and Assumption of Deficits.

(a) Neither the Declarant nor any transferee of Declarant (other than an ultimate Dwelling purchaser) shall be liable for any Charges or Assessments applicable to any Dwellings for which a certificate of occupancy has been issued until such time as there has been (i) a conveyance to a bona fide purchaser of a Dwelling provided the Association and not the Declarant is providing all services with respect to the Dwelling or (ii) the leasing of a Dwelling by the Declarant to a third party tenant for residential use. While the Declarant is providing services to a Dwelling that would otherwise have been provided by the Association, the Declarant shall not be liable for any Charges or Assessments allocated to that Dwelling, whether owned by the Declarant or a transferee of the Declarant (other than an ultimate Dwelling Purchaser), but the Declarant shall be responsible for the cost of any services that the Association is actually providing for such Dwelling. Until Assessments are due for any Dwellings, the Declarant and/or transferee(s), other than an ultimate Dwelling purchaser, shall be responsible for the costs and expenses, including any applicable Common Expenses, related to the Dwelling and its accompanying improvements.

(b) Prior to the election held pursuant to Section 7.04(c)(i) of this Declaration, to the extent that the Assessments collected, including nonrefundable contributions made by initial purchasers of Dwellings, are, in the aggregate, insufficient to meet the Common Expenses of the Association so as to create a deficit, the Declarant shall have the right but not the obligation to subsidize any portion of such deficit; provided that in no event shall any subsidy paid by the Declarant be deemed to establish any precedent for further or additional subsidies.

Article XI Transfer and Leasing of Dwellings

SECTION 11.01 Transfer of Dwellings. Any Owner may, at any time, transfer all of his ownership in the Dwelling (which must include his membership in the Association) to any other person, and it shall not be necessary to secure the prior consent of the Association, Board of Directors or of any other Owner. However, all Owners shall comply with the appropriate provisions

of Section 12.02 as shall apply to the sale or transfer of a Dwelling.

SECTION 11.02 Leasing of Dwellings.

(a) No Owner shall be permitted to lease his Dwelling unless such Owner has complied with the relevant provisions of this Declaration (including Section 11.03), the By-Laws and any applicable rules and regulations. All leases must be in writing for a term of not to be less than one (1) year. The form of lease must be approved by the Association which approval shall not be unreasonably withheld. All leases shall provide that the tenant shall be subject in all respects to the provisions of this Declaration, the By-Laws and the rules and regulations of the Association, as may from time to time be promulgated by the Board of Directors. The leasing of a Dwelling shall not affect the liability of the Owner with respect to his obligations under this Declaration, the By-Laws and any rules and regulations. The provisions of this paragraph shall not apply to the Declarant or the holder of a first mortgage lien on a Dwelling who acquires title thereto.

(b) In the event the Owner shall fail to pay any Charge or Assessment levied by the Board of Directors against a leased Dwelling, and such failure to pay continues for sixty (60) days, the Board of Directors shall so notify the tenant in writing of the amount(s) due and, within fifteen (15) days after the date of such notice, the tenant shall pay to the Board of Directors such unpaid Charges or Assessments, subject however to paragraph (c) of this Section 11.02. Such unpaid Charges or Assessments paid to the Board of Directors by the tenant after the nonpayment by the Owner shall be a credited against and shall offset the next monthly rental installment due to the Owner following the payment by the tenant of such Charges or Assessments to the Board of Directors.

(c) In no event shall the tenant be responsible to the Board of Directors during any one month for any amount of unpaid Charges or Assessments in excess of one monthly rental installment.

(d) The inclusion of paragraphs (b) and (c) of this Section 11.02 in a lease or addendum to a lease for the rental of a Dwelling shall be a condition precedent to the approval of such lease by the Board of Directors.

SECTION 11.03 Mandatory Disclosure to Dwelling Purchaser or Lessee

(a) Any Owner who leases or sells his Dwelling shall provide his tenant or purchaser, at the Owner's expense, a current copy of this Declaration, the By-Laws, any rules and regulations (and any amendments thereto) promulgated by the Association and such other covenants, conditions or restrictions

and related documents as may apply to such Dwelling. Within seven (7) days after the execution by an Owner of a lease for or an agreement for the sale of such Dwelling the Owner shall submit to the Association a certificate signed by his tenant or purchaser that certifies that such tenant or purchaser has received copies of such documents and rules and regulations as are applicable to such Dwelling. Within seven (7) days after the execution, by an Owner of a lease for such Dwelling, the Owner shall submit a copy of the executed lease to the Association. Upon the sale by an Owner of his Dwelling, the selling Owner shall furnish a certificate issued by the Association containing the following information:

(i) a statement of the then current amount of the Assessment payable monthly and any unpaid Assessment currently due and payable from the selling Owner.

(ii) a statement of any other fees payable by the Owner.

(iii) a statement of any special Assessments for capital expenditures currently proposed or adopted by the Association for the current and two next succeeding fiscal years, if such have been determined.

(iv) a statement of the amount of any reserves for capital expenditures and of any portions of those reserves designated by the Association for any specified project.

(v) a copy of the most recent regularly prepared balance sheet and income and expense statement, if any, of the Association.

(vi) a copy of the current operating budget of the Association.

(vii) a statement describing any insurance coverage which may be provided for the benefit of Owners.

The Association shall fully cooperate in the preparation and provision of such certificate and information to a selling Owner within fifteen (15) days after such is requested in writing by such Owner. An Owner providing such a certificate to a purchaser is not liable to the purchaser for any erroneous information provided by the Association and included in the certificate. A purchaser shall not be liable for any unpaid Assessment greater than that set forth in such certificate. The Association shall have the power to assess the reasonable cost of the preparation of such certificate to the selling Owner and require payment thereof prior to the delivery of such certificate to the Owner.

Article XII Use and Additional Restrictions

SECTION 12.01 Use Restrictions.

(a) Except as used by Declarant in connection with its construction and marketing of Dwellings in the Community, each Dwelling shall:

(i) be used for residential purposes only; provided (subject to Subparagraph (h) below) home occupations may be carried on in such Dwellings if such use is incidental to the Dwelling's primary residential use, shall have no employees, customers or clients at the Dwelling and shall be approved by municipal authorities having jurisdiction over such use; and

(ii) be occupied by not more persons (including children) than the maximum permitted by law for such Dwelling;

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

(c) Except for work done by the Declarant in connection with the construction and marketing of Dwellings, nothing shall be built, caused to be built or done in or to any Dwelling which will alter or cause any alteration to the Community Facilities without the prior approval of the Association.

(d) Each Dwelling shall be maintained by the Owner or occupant in a safe, clean and sanitary manner and condition, in good order and repair and in accordance with all applicable restrictions, conditions, ordinances, codes and any rules or regulations as may be applicable hereunder or under law.

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

(f) Except for a single non-illuminated address number sign on the door to a Dwelling and except for the right reserved for Declarant in Section 9.03, no sign may be erected by any Owner on or in a Lot or Dwelling (visible from the outside of the Dwelling) or on any of the Community Facilities without the prior written approval of the Board of Directors.

(g) No Owner or occupant may obstruct the Community Facilities in any way. No Owner or occupant may store anything in or on the Community Facilities without the prior written consent of the Board of Directors.

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

(i) No portion of the Property shall be used or maintained as a dumping ground for rubbish, trash, new or used lumber or wood, metal scrap, garbage or other waste, except that such material may be kept in a Dwelling or in areas of the Property as shall be designated for such purpose by the Declarant (in connection with its construction) or the Board of Directors, provided such material shall be kept in sanitary containers and in a clean and sanitary condition. Such containers shall be placed for collection only in such designated areas and only on the day such refuse material is to be collected, and empty containers shall be removed promptly after collection.

(j) To the extent maintenance is not specifically provided by the Association, the Owner of each Dwelling shall maintain such Dwelling in a manner satisfactory to the Association and in accordance with those additional covenants, conditions or restrictions as may apply to such Dwelling. In the event that a Dwelling shall not be so maintained, the Association shall have the right to enter upon the Dwelling to maintain the same, after giving the Owner at least fifteen (15) days written notice, to cure any maintenance problems or deficiencies and, in such event, the Association shall have the right to assess the particular Owner for the cost of such maintenance. The Association by its Board of Directors shall have the right to establish rules and regulations governing the exterior maintenance of any Dwelling.

(k) No sign of any kind shall be placed upon any of the Community Facilities or any Dwelling except those specifically approved in writing by the Board of Directors and the Board of Directors shall have the power to remove any such sign and to charge the person or persons causing the erection of same the cost thereof. In the event that the person so responsible cannot be ascertained or the funds cannot be collected, then the Board of Directors shall be permitted to pay the same from the Association funds.

(l) No Owner or lawful occupier shall leave any non-operating vehicle or vehicle not currently registered and licensed and having a valid and unexpired state motor vehicle inspection to be operated on or about the property of either the Owner or the Association.

(m) Driveways and streets and other exterior parking areas on the Property shall be used by Owners and residents for four wheel passenger vehicles only. No recreational vehicles, vans (other than non-commercial passenger vans), mobile homes, trailers, boats, trucks or commercial (whether or not registered as a commercial vehicle with the State Department of Transportation) vehicles shall be permitted to be parked on a Lot or in the Community Facilities. Vans, recreational vehicles, trailers, trucks or commercial vehicles may be permitted to be parked entirely within Dwellings by rule or regulation of the Board of Directors.

(n) In the event of a taking in condemnation of the Community Facilities or any portion thereof, the award for such taking shall be payable to the Association for use by the Association to defray costs and expenses of operation, maintenance and replacement of Community Facilities.

(o) No motor vehicle, including, but not limited to, mini-bikes, snowmobiles and motorcycles, may be driven on the Property (other than on streets and driveways) by any Owner, occupant or guest.

(p) No swimming pools may be erected or installed on any Lot except with the prior written approval of the Board of Directors. Those Dwellings which have swimming pools erected or installed prior to the effective date of this Declaration may maintain such swimming pools in accordance with the provisions of this Declaration.

(q) No tents, storage tanks, or temporary or accessory buildings or structures shall be erected or permitted to remain on the Property except with the prior written approval of the Board of Directors.

(r) No Owner shall alter in any way any of the Community Facilities. No Owner shall change the exterior appearance of his Dwelling (including, but not limited to, the exterior surfaces of fences, doors and garage doors) or any other portion of the Property without the prior written approval of the Board of Directors and compliance with all applicable provisions hereof and rules and regulations promulgated by the Board of Directors.

SECTION 12.02 Additional Restrictions. The following deed restrictions shall be binding upon the Owners of Dwellings identified on the recorded Plan as S-30, S-45, S-46, S-47, S-50, S-51, S-52, S-53, S-54, S-55 and S-56:

PURSUANT TO THE RIGHT-OF-WAY HELD BY TRANSCONTINENTAL GAS PIPE LINE CORPORATION FOR ONE OR MORE PIPELINES WHICH RUN THROUGH THIS PROPERTY,

- A. PLANTING ON THE RIGHT-OF-WAY SHALL BE LIMITED TO LAWN AND SHALLOW ROOTED SHRUBS PROVIDED THAT THE SHRUBS ARE PLANTED AT LEAST FIVE FEET FROM THE CENTERLINE OF THE PIPELINE. TREES ARE NOT PERMITTED; AND
- B. NO PERMANENT STRUCTURES MAY BE PLACED ON THE RIGHT-OF-WAY.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION WILL STAKE OUT THE LOCATION OF THE RIGHT-OF-WAY, AT NO COST TO THE OWNER, UPON THE OWNER'S REQUEST. TRANSCONTINENTAL GAS PIPE LINE CORPORATION MAY BE REACHED AT (215) 644-7373 OR (201) 862-8600 DURING NORMAL BUSINESS HOURS.

THE DWELLING DESIGNATED AS S-34 ON THE PLAN SHALL NOT CONTAIN A BASEMENT PURSUANT TO THE RESTRICTION PLACED ON THE APPROVAL OF DEVELOPMENT OF THIS LOT BY NEWTON TOWNSHIP.

All restrictions pursuant to this Section 12.02 shall be set forth in full in all deeds of conveyance from the Declarant to Dwelling purchasers for the Dwellings referenced in this Section.

Article XIII Architectural Review of Changes to Dwellings.

SECTION 13.01 Review and Approval. No building, fence, wall or other structure or improvement (including, but not limited to, landscaping or plantings) shall be commenced, erected installed or maintained upon the Owner's Dwelling nor shall any exterior addition to or change (including change of external color scheme) or alteration or addition be made to any Dwelling (which alters the external appearance of the Dwelling or fence (erected on the Lot by the Declarant) until the plans and specifications showing the nature, kind, shape, height, materials, finish, colors and location of same, as well as proof of compliance with all applicable codes, laws and ordinances, shall have been submitted by certified mail to, and approved, with or without conditions, in writing, as to harmony and compatibility of design, location and appearance in relation to surrounding structures and topography, by the Architectural Review Committee empowered by the By-laws and the Board of Directors to so act. Such Committee shall be established and members appointed to the Committee as provided in the By-Laws. The Committee shall have the right to impose conditions on any approval given. The Committee shall have the right to request additional information, plans and materials concerning any proposed alterations, additions and improvements. In the event

said Committee fails to approve, with or without condition, or deny such application within forty-five (45) days after all said plans and specifications, including all additional information, plans and materials as may have been requested by the Committee pursuant to the preceding sentence have been submitted to it, approval will be deemed to have been denied. The Board of Directors or the Committee, with the approval of the Board of Directors, shall have the right to establish design criteria and standards for alterations, additions and improvements within the Property. Notwithstanding the above, the Committee shall have the power to grant waivers from architectural design criteria and standards according to procedures and subject to such conditions as may be established by the Board of Directors. The provisions of this Section shall not apply to the Declarant with respect to Dwellings to be sold to purchasers.

Article XIV Party Walls

SECTION 14.01 Party Walls. Each wall which is built as part of the original construction of each Dwelling and placed upon the dividing line between adjacent Dwellings shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the applicable rules of law regarding party walls and liability for property damage due to negligent or willful acts or omissions shall apply thereto.

SECTION 14.02 Cost of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

SECTION 14.03 Destruction or Damage. If a party wall is destroyed or damaged by fire or other casualty, subject to the provisions of Article VIII, any Owner who has used the wall may restore it, and if the Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under the rule of law regarding liability for negligent or wilful acts or omissions.

SECTION 14.04 Disputes. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, the Board of Directors shall decide the dispute.

Article XV Compliance and Default

SECTION 15.01 Compliance and Default.

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

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

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

SECTION 15.02 Suits. Failure to comply with the terms of this Declaration, the By-Laws and any rules and regulations adopted pursuant thereto, and the same as they may be amended from time to time, shall entitle the Association or any aggrieved Owner to sue for the recovery of damages or for injunctive relief, or both. Such relief shall not be exclusive of other remedies provided by law.

SECTION 15.03 Costs and Attorney's Fees. In any proceeding arising because of an alleged failure of an Owner to comply with the terms of the Declaration, the By-Laws and any rules and regulations adopted pursuant thereto, and the same as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and reasonable attorney's fees; provided, however, that no such costs or attorney's fees may be recovered against the Board of Directors in any such action unless the court shall first expressly find that the Board of Directors acted in bad faith.

SECTION 15.04 No Waiver of Rights. The failure of the Declarant, or the Board of Directors, or any Owner to enforce any covenant, restriction or other provision of this Declaration, the By-Laws or any rules and regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

SECTION 15.05 Complaint and Hearing Procedure; Actions by Owners. No Owner or occupant shall have the right to object, challenge, commence any suit at law or in equity or take any other action under any act, power or authority now in force or hereafter to be enacted except after following such procedures as are established by the Board of Directors by rule or regulation consistent with the provisions of this Section. The Board of

Directors, or a committee as may be appointed by the Board of Directors, shall hear complaints from Owners or occupants of alleged violations of this Declaration, (other than violations with respect to Assessment obligations), the By-Laws and any rules and regulations of the Association. The Board of Directors or such committee shall hold a hearing on any such complaint within thirty (30) days after the receipt by the Board of Directors of a formal notice of complaint from an Owner or occupant. A decision shall be issued in writing by the Board of Directors within ten (10) days after the conclusion of the hearing. The Board of Directors shall have the right to establish various rules and procedures governing the operation and administration of the complaint and hearing process and the enforcement of this Declaration, the By-Laws and any rules and regulations. Unless the internal remedies provided by this Section and such rules and regulations as may be promulgated by the Board of Directors shall be expressly waived by the Association, or the Association fails or refuses to act, no action at law or in equity shall be commenced by any Owner or occupant until such internal remedy is pursued to exhaustion. Any action by an Owner or occupant against any other Owner or occupant arising out of any term, covenant or condition contained in this Declaration, the By-Laws or any rules or regulations made pursuant thereto shall be subject to the same procedures. In hearings before the Board of Directors or the committee designated by the Board of Directors, all parties shall be entitled to be represented by counsel.

Article XVI

Indemnification of Officers, Directors
and Committee Members

SECTION 16.01 Indemnification of Officers, Directors
and Committee Members. The Association shall indemnify every Director, officer and committee member, his heirs, executors and administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director, officer or a committee member of the Association, except as to matters to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matter covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director, officer or committee member in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director, officer or committee member may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as Common Expenses; provided, however, that nothing contained in this Article shall obligate

the Association to indemnify any Member, who is or has been a member of the Board of Directors, an officer or a committee member with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Association.

Article XVII Amendments

SECTION 17.01 Generally. Subject to the other provisions of this Declaration relative to amendment, this Declaration may be amended in the following manner, provided, however, that any other provisions of this Declaration setting forth other conditions of amendment shall take precedence.

SECTION 17.02 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the Board of Directors in which a proposed amendment is considered, and shall be served upon all Members in the manner hereinafter provided for service of notices.

SECTION 17.03 Resolution. An amendment may be proposed by either the Board of Directors or by at least twenty (20%) percent of the Members of the Association. No resolution of the Board of Directors adopting a proposed amendment shall be effective unless it has the affirmative vote of the Members to which at least sixty-seven (67%) percent of the votes in the Association are allocated.

SECTION 17.04 Agreement. In the alternative, an amendment may be made by an agreement signed and acknowledged by the members to which at least sixty-seven (67%) percent of the votes in the Association are allocated in the manner required for the execution of a deed, and such amendment shall be effective when recorded.

SECTION 17.05 Proviso. No amendment of this Declaration shall make any change which would in any way affect any of the rights, privileges, powers and options of the Declarant unless the Declarant shall join in the execution of such amendment. The Declarant may amend this Declaration or the By-Laws in any manner which will not materially adversely affect those Owners other than the Declarant by recording such amendment or amendments on or before the conveyance of the last Dwelling in the Community.

SECTION 17.06 Execution and Recording. A copy of each amendment shall be attached to or included with a certificate which certifies that the amendment was duly adopted; such certificate shall be executed and acknowledged by the officers of the Association with all the formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the Office of the Recorder of Deeds for Bucks County.

SECTION 17.07 Correcting Errors. If any amendment to this Declaration or the By-Laws is necessary in the judgment of the Board of Directors to change, correct or supplement anything appearing or failing to appear therein which is incorrect, defective or inconsistent with anything in either this Declaration or the By-Laws as applicable law, or if such amendment is necessary to conform to the requirements of FNMA, FHLMC, HUD, or VA with respect to comparable projects, the Declarant (while it owns a Dwelling in the ordinary course of its business) or the Board of Directors may, at any time and from time to time effect an appropriate corrective amendment without the approval of the Owners or the holders of any liens on all or part of the Property, upon receipt by the Declarant or Board of Directors of an opinion of counsel to the effect that the proposed amendment is permitted by the terms of this paragraph, together with a like opinion from an independent registered architect or licensed professional engineer, in the case of an amendment to the Plan. Each amendment shall be effective upon its recording pursuant to Section 17.06 hereof.

Article XVIII Duration and Termination

SECTION 18.01 Duration. The covenants and restrictions of this Declaration shall run with and bind the land, for a term not to exceed twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated, at least six (6) months before the commencement of any extension, by a vote of not less than seventy-five (75%) percent of the Members subjected hereto, evidence of which shall be recorded.

SECTION 18.02 By Unanimous Agreement. This Declaration may be terminated at any time by the unanimous agreement, in writing, in the form of a Deed of Revocation, executed by all of the Owners, the Declarant (while it owns a Dwelling within the Community) and by the holders of all mortgages, judgments or other liens affecting the Dwellings. Such deed of revocation shall become effective upon being recorded.

Article XIX Notice

SECTION 19.01 Notice. All notices required to be served upon Owners pursuant to this Declaration or the By-Laws shall be sufficient if delivered to the Dwelling or mailed to the Owner at the Dwelling mailing address by regular mail. The effective date of a notice shall be the date of delivery to the Dwelling in the case of actual delivery and a date five (5) days after deposit in the mail in the case of notice sent by mail.

Article XX Rights of First Mortgage Holders, Insurers and Guarantors

SECTION 20.01 Eligibility. A holder, insurer or

guarantor of a first mortgage on a Dwelling in the Property shall be required to provide to the Association a statement of its name, address and the Dwelling against which it holds, insures or guarantees the first mortgage in order to be an eligible holder, insurer or guarantor as such terms are used in this Declaration and thereby entitled to the rights set forth in this Article XX and elsewhere in this Declaration.

SECTION 20.02 Notices to Eligible Holder, Insurer or Guarantor. Upon written request to the Association, identifying the name and address of the eligible holder, insurer or guarantor and the number or designation of the particular Dwelling, any eligible holder, insurer or guarantor of a first mortgage lien on a Dwelling shall be entitled to timely notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Property or any Dwelling on which it holds, insures or guarantees a first mortgage;

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

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

(d) Any proposed action which would require the consent of a specified percentage of eligible first mortgagees as specified in Sections 20.03 and 20.04, below.

SECTION 20.03 Mortgagee Approval.

(a) Restoration or repair of the Property, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Plan, and the original plans and specifications, unless other action is approved by eligible holders holding first mortgage liens on Dwellings which have at least fifty-one (51%) percent of the votes of the Dwellings subject to liens of eligible first mortgagees.

(b) Any election to remove this Declaration from record or to terminate the legal status of the Association after substantial destruction or a substantial taking in condemnation of the Property shall require the approval of eligible holders holding first mortgages on Dwellings which have at least fifty-one (51%) percent of the votes of Dwellings subject to liens held by eligible first mortgagees. Any other abandonment

or termination of the Association or revocation of this Declaration by act or omission shall require the prior written approval of the eligible holders of first mortgages on Dwellings which have at least sixty-seven (67%) percent of the votes of Dwellings subject to liens held by eligible first mortgagees.

(c) Any decision to establish self-management by the Association shall require the prior consent of at least sixty-seven (67%) percent of the Members of the Association and the approval of eligible holders holding first mortgages on Dwellings which have at least fifty-one (51%) percent of the votes of Dwellings subject to liens held by eligible first mortgagees.

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

SECTION 20.04 Document Amendments.

(a) Other than amendments to this Declaration or the By-Laws (the "Association Documents") or termination of the Association or revocation of this Declaration made as a result of destruction, damage or condemnation, and subject to other applicable provisions of this Declaration, the consent of at least eighty (80%) percent of the Members of the Association and the approval of holders of mortgages on Dwellings which have at least sixty-seven (67%) percent of the votes of Dwellings subject to eligible first mortgages, shall be required to terminate the Association or revoke this Declaration.

(b) The consent of at least sixty-seven (67%) percent of the Members of the Association and the approval of eligible first mortgagees on Dwellings which have at least fifty-one (51%) percent of the votes of Dwellings subject to liens of eligible first mortgagees, shall be required to add or amend any material provisions of this Declaration or the By-Laws including, but not limited to those provisions which establish, provide for, govern or regulate any of the following:

(i) Voting;

(ii) Assessments or Assessment liens or subordination of such liens;

(iii) Reserves for maintenance, repair and replacement of the Community Facilities;

(iv) Insurance or fidelity bonds;

- (v) Rights to use of the Community Facilities;
- (vi) Responsibility for maintenance and repair of the Community Facilities;
- (vii) Expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property;
- (viii) Interests in the Association and rights to the Community Facilities;
- (ix) Leasing of Dwellings;
- (x) Imposition of any right of first refusal or similar restriction on the right of a Owner to sell, transfer, or other wise convey his Dwelling;
- (xi) Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Dwellings.

(c) An addition or amendment to this Declaration, the By-Laws or any rules and regulations shall not be considered material if it is for the purpose of correcting technical errors, or for clarification as described in Section 17.07 hereof. An eligible mortgage holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Article XXI Provisions Benefitting Newtown Township

SECTION 21.01 Newtown Township as Beneficiary.

Newtown Township (the "Township") shall be a third party beneficiary of the provisions of the Declaration requiring the Association to preserve and protect the open space portions of the Community Facilities (as defined in the Pennsylvania Municipalities Planning Code and Newtown Township Subdivision and Land Development Ordinance). The Township shall have the right to compel such preservation and protection and in the event of the Association's failure to fulfill such obligations, the Township, after notice and opportunity to cure (as provided in the Municipalities Planning Code), shall have the right to perform such obligation and be reimbursed for all expenses incurred and such amount shall be a lien against such open space and the Dwellings whose Owners have not paid the Assessments levied against them for the cost of preservation and protection of such open space.

Article XXII General Provisions

SECTION 22.01 Severability. If any provisions of this Declaration are determined to be invalid, that determination shall not affect the validity or effect of the remaining provisions hereof or the By-Laws or any rules and regulations, all of which shall continue in effect as if such invalid provisions had not been included herein.

SECTION 22.02 Headings. The headings herein are for reference purposes only and shall not affect the meaning or interpretation of this Declaration.

SECTION 22.03 Effective Date. This Declaration shall become effective when it has been duly entered of record.

SECTION 22.04 Binding. This Declaration shall inure to the benefit of and shall be binding upon the Declarant's successors or assigns.

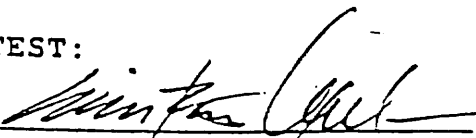
SECTION 22.05 Construction. Number and gender, as used in this Declaration, shall extend to and include both singular and plural and all genders as the context and construction require.

IN WITNESS WHEREOF, the Declarant, ICC, through its authorized agent, have set their hand and seal the day and year first written above.

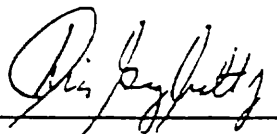
WITNESS:

GIGLIOTTI CORPORATION,
a Pennsylvania corporation,
as equitable owner of property
within the Community

ATTEST:



ASST. SECRETARY

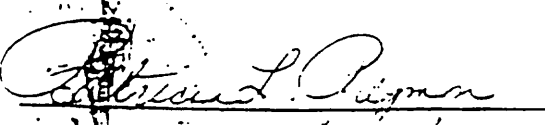
By: 

PRESIDENT

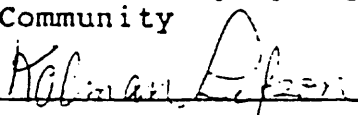


ATTEST:

INDUSTRIAL CERMETS CORPORATION,
a Pennsylvania corporation, as
legal owner of property within
the Community



ASST. SECRETARY

By: 

PRESIDENT

D2663-1010