

DECLARATION
OF
SILVER LEAF FARMS
PLANNED COMMUNITY

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THIS DECLARATION is made on this 15th day of May, 1998, by GAMBONE BROS. DEVELOPMENT CO., a Pennsylvania corporation (hereinafter referred to as "Declarant").

WITNESSETH:

ARTICLE I – PROPERTY: DEFINED TERMS

Section 1.1 Submission of Property

This Declaration is made pursuant to the provisions of the Pennsylvania Uniform Planned Community Act, Act 180 of 1996, Title 68, Pa. C.S.A. Section 5101 et seq. (the "Act") for the purpose of submitting to the provisions of the said Act, the property described in Article II hereof, located in the Borough of Trappe, Montgomery County, Pennsylvania as more particularly described in Exhibit "A" (the "Property"), together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind now erected or to be erected thereon, owned by Declarant in fee simple together with all easements, rights and appurtenances belonging thereto and hereby creates with respect to the Property a Planned Unit Community to be known as the Silver Leaf Farms Planned Community (the "Community").

Section 1.2 Easements and Licenses

The Property is submitted under and subject to the matters of record listed on Exhibit "B" attached hereto and made a part hereof, only to the extent such matters continue to affect the Property, the Declarant expressly disclaiming any intent to revive or extend any such matters which do not presently affect the Property.

Section 1.3 Defined Terms

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

- A. "Architectural Committee" shall mean the committee created pursuant to Article XIII hereof.
- B. "Assessments" means a Unit's individual share of the anticipated expenses of the Association for each fiscal year as reflected in the budget adopted by the Executive Board for such year.
- C. "Association" means the Unit Owners' Association of the Community and shall be known as "Silver Leaf Farms Community Association."
- D. "Borough" means Trappe Borough, Montgomery County, a municipal corporation of the Commonwealth of Pennsylvania.
- E. "By-Laws" means the document having that name and providing for the governance of the Association, pursuant to Section 5306 of the Act, as such document may be amended from time to time.
- F. "Common Elements" means all portions of the Property other than the Units, as more specifically set forth in Section 3.2 below, specifically including, but not limited to, open space and storm water management system as defined in Section 2.1 below.
- G. "Common Expenses" shall mean the actual and estimated costs of maintenance, management, operation, repair and replacement of the Common Elements, including those costs not paid by the Owner responsible for payment;

costs of compensation paid by the Association to Manager, accountants, attorneys and other employees; the cost of all gardening, landscaping and other services benefiting the Common Elements; the costs of maintaining street lights, if any; the costs of fire, casualty and liability insurance, workmen's compensation insurance, and other insurance covering the Property or the officers and directors of the Association; the costs of bonding of the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Property, or portions thereof; the costs of private fire hydrants; and the costs of any other item or items designated by, or in accordance with other expenses incurred by the Association for any reason whatsoever in connection with the Property, for the benefit of all of the Owners.

H. "Community" means the Silver Leaf Farms Planned Community to be developed by the Declarant on the Property.

I. "Community Documents" includes the Declaration, Plats and Plans, By-Laws and any Rules and Regulations which may be promulgated by the Association.

J. "Declarant" means the party described in the initial paragraph above and all successors to any special Declarant rights.

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

L. "Executive Board" means the Executive Board of the Association.

M. "Limited Common Assessment" shall mean a charge against a particular Unit Owner and his Unit directly attributable to the Unit Owner, equal to a cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, plus interest thereon as provided for in this Declaration.

N. "Lot" shall mean and refer to any residential lot shown upon the Plans as defined below.

O. "Permitted Mortgage" means a mortgage to (i) the Declarant; (ii) the seller of a Unit; (iii) a bank, trust company, savings bank, savings and loan association, mortgage service company, insurance company, credit union, pension fund, real estate investment trust or like institutional investor or lender; and (iv) any other holder of a first mortgage on any Lot who shall have provided to the Association a statement of its name, address and the Lots against which it holds a first mortgage lien. A holder of a Permitted Mortgage is referred to herein as a "Permitted Mortgagee".

P. "Plans" means the Plats and Plans attached hereto as Exhibit "C" and made a part hereof, as the same may be amended from time to time.

Q. "Property" means the Property described in Section 1.1 above.

R. "Rules and Regulations" means such rules and regulations as are promulgated by the Executive Board from time to time, with respect to various details of the use of all or any portion of the Property, either supplementing or elaborating upon the provisions in the Declaration or the By-Laws.

S. "Special Assessment" means such assessment as may be levied by the Association to cover costs not otherwise covered by the Assessment pursuant to Article VIII below.

T. "Unit" means a Lot with a residential dwelling constructed thereon as described in Section 3.1 herein and in the Plans.

U. "Unit Owner" means the person or persons whose estate or interest, individually or collectively, aggregate fee simple ownership of a Unit. In case of joint ownership of a Unit, the term "Unit Owner" shall refer to all such joint

owners collectively, and the obligations of a Unit Owner hereunder or under the Act shall, with respect to such Unit, be joint and several among such joint owners. The Declarant shall be deemed a Unit Owner so long as it is the legal title holder of any Unit.

ARTICLE II – PROPERTY SUBJECT TO THIS DECLARATION; UNITS TO BE CONSTRUCTED

Section 2.1 Units to be Constructed

The Community shall consist of 62 Units constructed within the Property, together with the easement rights and appurtenances belonging thereto. To service the Community, Declarant intends to construct the roadways, and storm water management basin and appurtenant pipes, swales, inlets and other components (collectively referred to as the "Storm Water Management System").

ARTICLE III – DESCRIPTION OF UNITS AND COMMONS ELEMENTS

Section 3.1 Unit Boundaries

Each Unit shall consist of the subdivided residential Lot as designated on the record plan prepared by Bursich Associates, Inc. dated May 1, 1997, last revised November 12, 1997, as recorded in the Office of the Recorder of Deeds of Montgomery County and the completed single-family dwelling constructed on each Lot for which a certificate of occupancy has been issued by the Borough.

Section 3.2 Common Elements

Common Elements shall include all real estate not included within the title lines of any Lot and any improvements on such real estate including but not limited to, Storm Water Management System and open space areas as designated on the Plans. Water lines shall be dedicated to Trappe Borough and sewer lines servicing the Community shall be dedicated to the Collegeville-Trappe Municipal Authority. Roads shall be dedicated to Trappe Borough. Until such time as all such public improvements are dedicated, they shall constitute Common Elements.

ARTICLE IV – EASEMENTS

Section 4.1 Unit Owners' Easements of Enjoyment

Every Unit Owner shall have a right and easement of ingress and egress and of enjoyment in, to and over the Common Elements which shall be appurtenant to and shall pass with title to every Unit, subject to the following provisions:

- A. The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Elements.
- B. The right of the Association in accordance with its Articles of Incorporation, Bylaws and this Declaration, with the vote or written assent of sixty-seven percent (67%) of each class of Members to borrow money for the purpose of improving the Common Elements and facilities and in aid thereof, and, subject to the provisions of Article XII of this Declaration, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Permitted Mortgagee shall be subordinated to the rights of the Unit Owners.
- C. The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Elements.
- D. An easement hereby granted to Trappe Borough for ingress and egress over the Common Elements and over any Unit for the purpose of inspection, maintenance, service, repair or replacement of the Storm Water Management System in the event the Association does not properly maintain the Storm Water Management System; provided, however, that the Borough shall have the right to look to the Association for reimbursement for the cost of material and labor in maintaining, servicing, repairing or replacing any portion of the Storm Water Management System and shall have the right to impose appropriate liens as necessary and further provided, that nothing herein shall be deemed to impose an affirmative duty upon the Borough to undertake any such inspection, maintenance, service, repair or replacement.
- E. The right of any resident of the Borough to enter upon and use the open space areas for passive recreational activities.

Section 4.2 Delegation of Use

Any Unit Owner may delegate in accordance with the Bylaws, his right of enjoyment to the Common Elements to the members of his family, his tenants, or contract purchasers who reside in his Unit, subject to reasonable regulation by the Board.

Section 4.3 Utility Easements

The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements created in this Section shall include, without limitation, rights of the Declarant, or the providing utility or service company, or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, conduits and equipment and ducts and vents over, under, through, along and on Units and Common Elements. Notwithstanding the foregoing provisions of this Section, unless approved in writing

by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant, or so as not to materially interfere with the use or occupancy of the Unit by its occupants.

A. Declarant expressly reserves for itself, its successors and assigns, an easement for access, ingress and egress over the Common Elements for the purpose of connecting to existing storm and sanitary sewer lines, water lines and other utilities and for the purpose of installation, replacement and maintenance of such utility and service lines and systems as Declarant may in the future install and connect with the aforesaid utility lines.

Section 4.4 Easements Relating to Units

Each Unit shall be, and it hereby is, made subject to the following rights, easements, and covenants in favor of each adjoining Unit and the Association:

A. An easement in favor of the Association and its agents, employees and independent contractors for access to the Units for inspection, maintenance, repair and replacement of the Common Elements situated in or accessible from such Units; and correction of emergency conditions in one or more Units, or casualties to the Common Elements and/or the Units.

Section 4.5 Declarant Easement to Correct Drainage

Declarant reserves an easement on, over and under those portions of the Common Elements not located within a building for the purpose of maintaining and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section expressly includes the right to cut any trees, bushes or shrubbery, to grade the soil, or to take any other action reasonably necessary to achieve this result, following which the Declarant can restore the affected property as closely to its original condition as practicable.

Section 4.6 Binding Effect

All easements and rights described and mentioned herein are easements appurtenant, running with the land, the Units and the Common Elements and shall be in full force and effect for the life of this Declaration, as amended, and at all times shall inure to the benefit of and be binding upon the Declarant, his successors and assigns, the Executive Board and any Unit Owner, purchaser, Permitted Mortgagee, lessee or other person having an interest in the land or any Units, Common Elements or portions thereof.

ARTICLE V – MEMBERSHIP IN THE ASSOCIATION; VOTING RIGHTS

Section 5.1 Membership

Every Unit Owner shall be a Member of the Association. Memberships in the Association shall not be assignable, except by transfer of title and every membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of such Lot shall be the sole qualification for membership in the Association.

Section 5.2 Transfer of Membership Interest

Any transfer of membership interest shall be in writing and shall be delivered to the Executive Board before any Unit purchaser may vote. However, the Unit seller may remain liable for all charges and Assessments attributable to his Lot until fee title to the Lot sold is transferred. In the event any Unit Owner should fail or refuse to transfer the membership registered in his name to the purchaser of such Unit upon transfer of fee title thereto, the Executive Board shall have the right to record the transfer upon the books of the Association. The Executive Board shall have the right to charge a reasonable Limited Common Assessment against any Unit Owner, and his Lot, equal to the cost to the Association of effectuating any such transfer of his membership upon the books of the Association.

Section 5.3 Classes of Voting Membership

The Association shall have two classes of voting membership as follows:

Class A Class A members shall originally be all Unit Owners with the exception of the Declarant for so long as there exists a Class B membership. Class A members shall be entitled to one vote for each unit owned. Declarant shall become a Class A member with regard to Lots owned by Declarant upon the conversion of Declarant's Class B membership as provided below.

Class B The Class B member shall be the Declarant and he shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier of the sale by Declarant of 75 % of the Units which are or may become subject to this Declaration or five (5) calendar years from the date of recording of this Declaration.

Section 5.4 Vote Distribution

Members shall be entitled to one (1) vote for each Unit in which they hold the interest required for membership. When more than one person holds such interest or interests in any Unit, ("co-owner"), all such co-owners shall be Members and may attend any meetings of the Association, but only one such co-owner shall be entitled to exercise the vote to which the Unit is entitled.

ARTICLE VI – USE RESTRICTIONS

Section 6.1 Use and Occupancy of Units and Common Elements

The occupancy and use of the Units and Common Elements, shall be subject to the following restrictions:

6.1.1 Single Family Residence

Dwellings and Lots shall be used for residential purposes only. Home occupations may be carried on within a Dwelling if: (a) the use is incidental to the Dwelling's primary residential use, (b) shall have no employees, customers or clients at the Dwelling and (c) shall be approved by any municipal authorities having jurisdiction over the use. The Declarant, its successors and assigns, may use any Lot for a model home site and display, sales and/or construction office in accordance with Section 6.1.9 of this Article VI.

6.1.2 Nuisances

No noxious or offensive activity shall be carried on, in or upon any Lot or Common Elements nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any other Unit Owner. Motor vehicle repairs may occur only on the inside of a garage. No loud noises or noxious odors shall be permitted on the Property, and the Executive Board shall have the right to determine in accordance with the Bylaws if any noise, odor or activity producing such noise, odor or interference constitutes a nuisance. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smokey vehicles, unlicensed off-road motor vehicles or other items which may unreasonably interfere with television or radio reception of any Unit Owner in the Property, shall be located, used or placed on any portion of the Property, or exposed to the view of other Unit Owners without the prior written approval of the Architectural Committee. For a period of five (5) years from the date of conveyance of each Unit to a Unit Owner, the Declarant reserves an easement of access on, over and under the Units to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The Declarant shall give timely notice of intention to take such action to any affected Unit Owner, unless in the opinion of the Declarant an emergency exists which precludes such notice.

6.1.3 Signs

No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion of the Property or on any Unit except for one sign containing not more than one (1') square foot specifying the resident of the Lot and house number assigned by the United States Postal Service. After the expiration of two (2) years from the date of recording of this Declaration, or the sale of the last Unit by the Declarant to a purchaser, whichever shall later occur, a Unit Owner shall be permitted to display Sale Signs which advertise the sale of the Unit. Prior to such dates, the Unit Owner may display one For Sale sign only in the front window of the Unit.

6.1.4 Parking and Vehicular Restrictions

No Unit Owner shall park, store or keep on any Unit within the Property any large commercial type vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck or any other vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Executive Board), upon any uncovered parking space, so as to be visible from anywhere in the Property. The above excludes trucks up to and including one (1) ton when used for everyday-type transportation. No Unit Owner shall conduct major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of any Unit or Common Element unless such repair or restoration shall

occur inside the garage of such Owner's Unit. No recreational vehicles, vans (other than non-commercial passenger vans), mobile homes, trailers, boats, trucks shall be permitted to be parked on a Lot except on a day-to-day temporary basis in connection with repairs, maintenance or construction work. Vans, recreational vehicles, trailers, boats, trucks or commercial vehicles may be permitted to be parked entirely within a garage.

6.1.5 Animal Restriction

No animals, livestock, reptiles or poultry of any kind shall be raised, bred or kept on any Lot, except usual and ordinary dogs, cats, fish, birds and other household pets may be kept in Units subject to Rules and Regulations adopted by the Association, provided that they are not kept, bred or maintained for commercial purposes or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall ordinarily mean more than two (2) cats or dogs, or any other domestic animal of similar or larger size, per household, provided, however, that the Association (or the Architectural Committee or such other person or entity as the Association may from time to time designate) may determine that a reasonable number in any instance may be more or less. Animals belonging to Unit Owners, occupants or their licensees, tenants or invitees within the Property must be either kept in a Unit, an enclosed patio or deck or on a leash being held by a person capable of controlling the animal.

6.1.6 Outdoor Activities

No rubbish, trash or garbage or other waste material shall be kept or permitted upon any Unit unless placed in a suitable container located and screened from view from the other Units or Common Elements, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. All rubbish, refuse and garbage shall be disposed of on a regular basis (but in no event less than weekly) by a duly licensed hauler. Trash cans and any other refuse container must be removed after pick-up, the day of said pick-up. No refuse or any personal effects are to be stored on the side of the house facing the street, or in the front yard. Firewood shall be neatly stacked in a location in the rear of the Unit and manner so as not to be offensive to adjoining Units and shall at all times be kept free of rodents or insects or other hibernating animals. No clothing or household fabrics shall be hung, dried or aired outside of any building on any Unit. No building material or equipment of any kind or character shall be placed or stored upon the Unit except within the confines of an enclosed structure or except in connection with the construction on the Unit, which construction shall be promptly commenced and diligently prosecuted to completion within a reasonable time. Storage sheds shall be permitted on a Unit provided the storage shed is architecturally compatible with the Dwelling on the Unit and complies with the requirements of this Declaration and the Trappe Borough Zoning Ordinance. A perimeter fence of a height no greater than six feet (6') or the maximum height permitted by the Trappe Borough Zoning Ordinance, whichever is less, may be constructed around any portion of the rear yard of a Lot. Any such fence must be constructed of pressure treated wood and shall be of the standard "picket" or "shadow box" style. Fences may also consist of wrought iron or aluminum picket style or may be wood split rail. Any other type of fencing may be permitted if approved by the Association prior to installation. The finish side of any fence shall face the outside of a Lot.

6.1.7 Common Facilities

Nothing shall be altered or constructed in or removed from the Common Elements except upon the written consent of the Association and Borough.

6.1.8 Declarant Exemption

Declarant or its successors or assigns will undertake the work of constructing Units and developing all of the Lots and Common Elements included within the Property. The completion of that work and sale, rental and other disposal of Units is essential to the establishment and welfare of said property as a residential community. As used in this Section and its subparagraphs, the words "its successors and assigns" specifically do not include purchasers of Lots improved with completed Units. In order that said work may be completed and the Community be completed and established as a fully occupied residential community as rapidly as possible, no Unit Owner nor the Association shall do anything to interfere with, and nothing in this Declaration shall be understood or construed to:

A. Prevent Declarant, its successors or assigns, or their contractors or subcontractors, from doing on any Lot or Common Element whatever it determines to be necessary or advisable in connection with the completion of said work, including without limitation the alteration of its construction plans and designs as Declarant or its successors or assigns deem advisable in the course of development;

B. Prevent Declarant, its successors or assigns, or their representatives, from erecting, constructing and maintaining on any Lot or Common Element, or portion thereof, owned or controlled by Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures and equipment as may be reasonably necessary for the conduct of its or their business of completing said work and establishing the Property as a residential community and disposing of the same in Lots by sale, lease or otherwise;

C. Prevent Declarant, its successors or assigns or its contractors or subcontractors, from maintaining such signs on any Lot or Common Element as may be necessary including, but not by way of limitation, safety and lot identification signs in connection with the sale, lease or other marketing of Units in the Property; or

D. Prevent Declarant, its successors or assigns, from granting additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary for the proper development and disposal of the Property. The provisions herein restricting Unit Owners and the Association from interfering with the construction activities of the Declarant shall survive turnover of control of the Association pursuant to Article XIV below.

6.1.9 Sales Models

Declarant, reserves the right pursuant to Section 5217 of the Act to maintain offices and models in the Common Element portion of the Community in connection with the management of, sale or rental of Units owned by the Declarant in the Community. Declarant may maintain such offices and models in Units which have been constructed but not sold by the Declarant or in trailers placed by Declarant on the Common Elements. Declarant shall maintain no more than six (6) such offices or models which shall either be two-story Units as constructed by Declarant or one-story trailers.

6.1.10 Outside Installations

No solar panels or similar installations may be made unless specifically authorized by the Architectural Committee. Any exterior lighting installed on a Unit shall be indirect or of such controlled focus and intensity as not to disturb the residents of adjoining Units. No overhead wires (including telephone, electric and television cable wires) shall be erected or maintained on a Unit except by the Declarant during construction. No awnings or window guards shall be installed by any Unit Owner without the prior approval of the Architectural Committee. No radio station or shortwave operators of any kind shall operate from any Unit unless approved by the Architectural Committee. No

exterior radio antenna, television antenna, satellite dishes or other signal receptors of any type shall be erected or maintained in the Property without review and approval by the Architectural Committee as to location and appearance. Signal receptors shall be subject to the following restrictions:

1. Only one antenna or satellite dish shall be permitted per Unit.
2. No satellite dish may be greater than eighteen inches (18") in diameter.
3. No antenna shall be installed on the exterior of any Unit unless a Unit Owner can demonstrate that it cannot receive a reasonably acceptable signal with internal installation.
4. Any external installation shall be colored to match the surrounding or background structure.
5. No structure may be installed by a Unit Owner in the Common Elements. The Association shall have the right to establish additional Rules and Regulations as to location and screening of any externally placed signal receptor.

6.1.11 Insurance Rates

Nothing shall be done or kept in the Property which will increase the rate of insurance on any property insured by the Association without the approval of the Executive Board, nor shall anything be done or kept in the Property which would result in the cancellation of insurance on any property insured by the Association or which would be in violation of any law.

6.1.12 Storm Water Management System

The Unit Owner of each Unit upon which the basin portion of the Storm Water Management System is located shall be responsible for the maintenance of that portion of the basin located on said Unit Owner's Unit including, but not limited to, mowing of any lawn area, trimming of an acceptable ground cover, removal of accumulated debris and sedimentation and repair and replacement of all other parts and components of the Storm Water Management System including the outfall outlet structure of the basin and all pipes, stand boxes, mats, inlets, orifices and spillways. There shall be no structure placed within any basin, and the grade of the basin shall not be altered from the approved Grading Plan. Trappe Borough is hereby granted an easement to enter upon and perform maintenance on the Storm Water Management System including the basin and including access thereto and if Trappe Borough expends money maintaining the Storm Water Management System in default of the Owner's maintenance thereof, Trappe Borough shall be entitled to enter a lien against the Unit on which that portion of the basin is located to secure payment of any sums expended by Trappe Borough with regard to said maintenance. Nothing herein shall, however, be deemed to require the Owners of Units 12, 13 and 14 to maintain the culvert located under the driveway running through such Units.

6.1.13 Drainage

There shall be no interference by any Unit Owner with the established drainage pattern over any Common Elements within the Property. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time the overall grading of any Lot is completed by Declarant in accordance with the Subdivision Plan referred to above.

6.1.14 Sale of Units

There shall be no restriction on the sale, conveyance or other transfer of title to any Unit, but any sale, conveyance or other transfer shall be subject to the Act, this Declaration, the By-Laws, and the Rules and Regulations of the Association. Without limiting the generality of the foregoing, the sale of a Unit shall not be subject to any right of first refusal in favor of the Association or any other Unit Owner. In order to maintain proper Association records, at least thirty days' prior to any transfer, a transferring Unit Owner shall notify the Executive Board in writing of the name and address of the proposed transferee and the projected date of settlement.

6.1.15 Leasing of Units

Except as expressly provided in this Section, there shall be no restrictions on the leasing of Units. No transient tenants may be accommodated in any Unit, and no Lease shall be for less than a whole Unit, nor for an initial term of less than one (1) year. Each Lease shall be in writing and shall provide the terms of the Lease, shall be subject in all respects to the provision of the Act, this Declaration, the By-Laws and the Rules and Regulations of the Association, and that any failure by the Lessee to comply with the terms of such documents shall be an event of default under the Lease. The Association shall be a third party beneficiary of such covenants in any Lease and shall have the right to enforce them. A Unit Owner shall not engage in the leasing of his Unit except after having his lessee execute a lease which contains the following provisions:

"Lessee hereby agrees to be bound by all terms and conditions contained in the Declaration of Silver Leaf Farms Planned Community, By-Laws and Rules and Regulations of the Association as the same shall apply to the Unit leased hereunder, and agrees to assume all duties and responsibilities and be jointly and severally liable with the Unit Owner for all of the liabilities and for the performance of all of the obligations applicable to the Unit Owners under the Act, the Community documents or otherwise during the term of the Lease. Lessee further agrees that he shall not sublet or assign this Lease except with the approval and consent of the Lessor."

ARTICLE VII – EXECUTIVE BOARD OF THE ASSOCIATION

Section 7.1 Powers of the Executive Board

The Executive Board shall consist of three (3) members who shall be elected at the annual meetings of the Association members as provided in the By-Laws. The first Executive Board shall be appointed by the Declarant until their successors are elected pursuant to the provisions of Section 5303 of the Act. In addition to the powers set forth in the Act, the Executive Board shall have the following additional powers:

(a) To appoint committees of the Executive Board (which need consist of only one (1) Board Member) and to delegate to such committees the Executive Board's authority to carry out certain duties of the Executive Board, subject to the approval and control of the Executive Board.

(b) To engage the services of any persons (including, but not limited to, accountants and attorneys) deemed necessary by the Executive Board at such compensation as is deemed reasonable by the Executive Board, in the operation, repair, maintenance and management of the Property, or in connection with any duty, responsibility or right of the Executive Board and to remove, at any time, any such personnel.

(c) To pay any amount necessary to discharge any mechanic's lien or other encumbrance levied against the Property or any part thereof which may in the opinion of the Executive Board constitute a lien against the Property or against the Common Elements, rather than merely against the interest therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Executive Board by reason of said lien or liens shall be specially assessed to said Unit Owners.

Section 7.2 Abating and Enjoining Violations by Unit Owners

The violation of any Rules and Regulations adopted by the Executive Board, the breach of any provision contained in the By-Laws or the breach of any provision of this Declaration or the Act by any Unit Owner or any tenant of such Unit Owner, shall give the Executive Board the right, in addition to any other rights to which it may be entitled, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE VIII – ASSESSMENTS

Section 8.1 Creation of the Lien and Personal Obligation of Assessments

Declarant, for each Unit owned by it within the Property, hereby covenants, and each Unit Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) annual Assessments for Common Expenses, (2) Special Assessments and (3) Limited Common Assessments; such assessments to be established and collected as hereinafter provided. Each such assessment, together with interest, costs and reasonable attorney's fees, shall be the personal obligation of the person who was the Unit Owner of such Lots at the time when the assessment fell due. Subject to provisions of this Declaration protecting first Permitted Mortgagees, the personal obligation for delinquent assessments shall pass to the successors-in-title of such Unit Owner. The Executive Board shall establish one (1) or more separate accounts into which shall be deposited all assessments paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under the provisions of this Declaration.

Section 8.2 Purpose of Assessments

The Assessments levied by the Association shall be used exclusively to promote the common health, safety, benefit, and welfare of the Unit Owners and for the improvement and maintenance of the Common Elements and improvements on the Common Elements, including but not limited to the Storm Water Management System and open space areas designated on the Plan.

Section 8.3 Damage to Common Elements by Unit Owners

Any maintenance, repairs or replacements within the Common Elements arising out of or caused by the willful or negligent act or omission of the Unit Owner, his family, guests or invitees shall be done at said Unit Owner's expense or a Limited Common Assessment therefor shall be made against his Lot; provided, however, that the liability of an individual Unit Owner for such damage to the Common Elements shall not be absolute, but shall only be that for which the Unit Owner is legally responsible under the laws of the Commonwealth of Pennsylvania.

Section 8.4 Basis of Assessment

The Executive Board shall periodically (and in no event less than annually), determine the estimated Common Expenses for the ensuing period (of not more than one year) including any reserves it deems advisable, and the Common Expenses incurred and the assessments and other receipts, if any, received during the prior period. Promptly following each determination of the Common Expenses theretofore incurred (and not theretofore assessed) and of budgeted estimated future Common Expenses, the Executive Board shall determine whether it is necessary to assess and collect from each Unit Owner (including Declarant with respect to any Unit owned by Declarant on the assessment date for which a certificate of occupancy has been issued by Borough) in the event the income from the maintenance fee fund is not sufficient to pay the Common Expenses. Upon such determination by the Executive Board, each such Unit Owner agrees to pay the Association a share of such incurred and estimated Common Expenses as set forth in Section 8.9 of this Article 8.

Section 8.5 Surplus

The budget of the Association shall segregate capital expenses from Common Expenses. Any amounts accumulated from Assessments for Common Expenses and income from the operation of the Common Elements to which such Common Expenses pertain in excess of the amount required for actual Common Expenses may be reserved for future

capital expenses at the discretion of the Executive Board. Any amounts accumulated in excess of the amounts required for actual Common Expenses and reserves for future capital expenses may, at the discretion of the Executive Board, be credited to each Unit Owner in accordance with its proportionate Common Expense liability. The Executive Board shall determine the application of such excess funds.

Section 8.6 Capital Expense

The Association shall establish an adequate capital expense fund for major repair and replacement of those Common Elements which are anticipated to require replacement, repair or major repair on a periodic basis.

Section 8.7 Special Assessments

If the annual budget proves inadequate for any reason, including nonpayment of any Unit Owner's assessments, or any nonrecurring Common Expense or any Common Expense not set forth in the annual budget as adopted, the Executive Board may at any time levy a further assessment, which shall be assessed to the Unit Owners in accordance to each Unit Owner's percentage interest in the Common Elements. Such further assessment shall be payable in such monthly installments as the Executive Board may determine. The Executive Board shall serve notice of further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall become effective and shall be payable at such time or times as determined by the Executive Board.

Section 8.8 Failure to Fix New Assessments

If the Executive Board shall fail to fix new assessments for Common Expenses for the subsequent fiscal year before the expiration of any fiscal year, the Unit Owners shall continue to pay the same sums they were paying for such assessments during the fiscal year just ended and such sum shall be deemed to be the new assessments for the succeeding fiscal year. If the Executive Board shall change the assessment at a later date, such new assessment shall be treated as if it were a Special Assessment under Section 8.7 hereof.

Section 8.9 Rate of Assessment

Assessments provided for shall be assessed against Units equally. The share of each Unit shall be determined by taking the total amount of the Common Expenses and multiplying by a fraction the numerator of which is the number one and the denominator of which is the total number of Units subject to this Declaration. Until such time as the denominator is 90% of the Units projected for the Property, it shall be assumed that the denominator is 90% of the Units projected for the Property and the Declarant shall pay any shortfall between the actual expenses of the Association and the Assessments collected from Unit Owners other than the Declarant.

Section 8.10 Maintenance Fee

Every Unit Owner shall, at the time of such Unit Owner's purchase of the Unit from the Declarant, shall pay to the Association the sum of One Thousand Dollars (\$1,000.00) as an Association maintenance fee. Upon any resale of the Unit and purchase by a subsequent Unit Owner, the purchasing Unit Owner shall pay the Association a maintenance fee as then established by the Association. Income generated to the Association by the fund created pursuant to this Section 8.10 shall first be applied to pay the Common Expenses.

Section 8.11 Nonpayment of Assessments

Any installment of an Assessment, a Special Assessment or Limited Common Assessment not paid when due shall bear interest from the due date of such installment at the rate of fifteen percent (15 %) per annum. If a Unit Owner

is in default of a monthly payment of any Assessment, Special Assessment or Limited Common Assessment for thirty (30) days, the Executive Board may, in addition to all other remedies in the Act or Declaration, accelerate all other monthly payments of Assessments, Special Assessments or Limited Common Assessment due for the following twelve (12) months.

Section 8.12 No Waiver of Assessments

No Unit Owner may be exempt from personal liability for assessments duly levied by the Association, nor release the Unit from the liens and charges hereof, by waiver of use and enjoyment of the Common Elements or by abandonment of his Unit.

Section 8.13 Liability of Purchaser of Unit for Unpaid Assessments

Subject to the provisions of Section 5407 of the Act, upon the voluntary sale, conveyance or any other voluntary transfer of a Unit or any interest therein, the grantee thereof shall be jointly and severally liable with the grantor thereof for all unpaid assessments for Common Expenses which are a charge against the Unit as of the date of consummation of the sale, conveyance or transfer, but such joint and several liability shall be without prejudice to such grantee's right to recover from such grantor the amount of any such unpaid assessments which such grantee may have paid, and until any such assessments are paid, they shall continue to be a lien against the Unit which may be enforced in the manner set forth in Section 5315 of the Act.

Section 8.14 Fees and Expenses

All expenses of the Executive Board in connection with any actions or proceedings, including court costs and attorney's fees and other fees and expenses and all damages, liquidated or otherwise, asserted by the Association in collecting Assessments, Special Assessments or Limited Common Assessments shall be added to and deemed a Limited Common Assessment and the Association shall have a lien for all of the same, upon the defaulting Unit. Any and all rights and remedies shall be exercise any time and from time to time, cumulatively or otherwise.

Section 8.15 Utility Charges

All utilities provided to the Premises shall be separately metered and will be billed directly to Unit Owners and will be each Unit Owner's sole obligation to pay. Unit Owners shall be responsible for service charges covering any costs of billing incurred by the Association.

ARTICLE IX – MAINTENANCE AND REPAIR OBLIGATIONS

Section 9.1 Maintenance Obligations of Unit Owners

It shall be the duty of each Unit Owner, at his sole cost and expense to maintain and repair his Unit in a neat, safe, sanitary and attractive condition, in good order and repair, and in accordance with all applicable restrictions, conditions, ordinances, codes and any rules and regulations which may be applicable under this Declaration or under law. Each Unit Owner shall be responsible for maintenance of, including snow removal from, driveways and other paved surfaces within the Unit Owner's Unit, including any portion of the common sidewalk that lies within the Unit Owner's Unit. The Unit Owners shall also be responsible for maintaining any underground pipes or channels which are part of the Storm Water Management System. Nothing herein shall, however, be deemed to require the Owners of Units 12, 13 and 14 to maintain the culvert located under the driveway running through such Units. Owners of Units 30, 31 and 32 as shown on the Plans shall be responsible for maintaining the landscaping on the berm installed along the rear property line of such Units in order to maintain screening and buffering between the Units and the immediately adjacent lots in the Regency Knoll Development. Unit Owners shall be responsible for maintaining any portion of a detention basin or related facilities located within the title lines of their Unit, including but not limited to mowing of grass and clearing of debris.

Section 9.2 Maintenance Obligations of Association

The Association shall maintain or provide for the maintenance of the Common Elements in good order and repair. The Association shall provide for all necessary landscaping and gardening, including mowing, to properly maintain and periodically replace when necessary the trees, plants, grass and other vegetation in the Common Elements. The Association shall be responsible for maintaining the storm water detention basin, berms and other appurtenant facilities which are part of the Storm Water Management System, including the culvert running through Units 12, 13 and 14 together with the appurtenant head walls. The maintenance responsibilities of the Association shall be performed at such times and in such manner as the Executive Board may, in its sole discretion, determine.

Section 9.3 Damage and Destruction Affecting Units - Duty to Rebuild

If all or any portion of any Unit is damaged, falls into disrepair, or is destroyed by fire or other casualty, it shall be the duty of the Unit Owner to rebuild, repair or reconstruct said residence in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty. If the Unit Owner should fail to rebuild, repair or reconstruct, the Association may undertake such repair or reconstruction and may levy a Limited Common Assessment against the Unit Owner.

ARTICLE X – INSURANCE

Section 10.1 Casualty Insurance

Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, property insurance on the Common Elements insuring against fire and extended coverage perils and all other perils customarily covered by standard extended coverage endorsements in such amount as the Association may determine, but in no event less than One Hundred (100%) percent of the current replacement cost of the insured property, exclusive of land, foundations and other items normally excluded from property policies. The Association may also insure against any other property, whether real or personal, owned by the Association, against the loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Elements shall be written in the name of, and the proceeds thereof shall be payable to, the Association. The insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses. In the event of damage to or destruction of any part of the Common Elements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may levy a Special Assessment against all Unit Owners to cover the additional costs of repair or replacement not covered by the insurance proceeds.

Section 10.2 Liability Insurance to be Carried by Association

Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain, to the extent determined by the Association, but in no event less than \$1,000,000 per occurrence, comprehensive general liability insurance coverage on all Common Elements of the Property covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements. Liability insurance shall include medical payments insurance.

Section 10.3 Additional Endorsements

All policies obtained pursuant to the provisions of this subsection shall: (i) provide that the Association or its authorized representative shall be the sole adjuster of any losses; (ii) contain waivers of all rights of subrogation; (iii) provide that the coverage afforded to any insureds shall not be affected by the acts or omissions of any one or more other insureds; and (iv) provide that such policy shall not be cancelled or modified without thirty (30) days' prior written notice to all whose interests are covered thereby. Each policy shall designate that insurance proceeds for the loss shall be payable to the Association and not to any Permitted Mortgagee, and shall otherwise comply with the provisions of Section 5312 of the Act.

Section 10.4 Other Insurance

The Association shall maintain workers' compensation insurance and employer's liability as required by law for any employees of the Association. The Association shall maintain directors and officers liability insurance, to the extent reasonably available.

Section 10.5 Fidelity Bonds

The Association shall maintain blanket fidelity bonds for anyone who either handles or is responsible for funds held by or administered by the Unit Owners Association, whether or not said individual has received compensation for their services. The Association bond shall name the Association as the obligee and the premium shall be paid as a common expense by the Association. Any management agent that handles funds for the Association shall be covered by its own fidelity bond which shall provide the same coverages as required of the Association. The fidelity bonds obtained shall cover the maximum funds that will be in custody of the Association or its management agent at any time while the bond is enforced. In addition, the fidelity bond coverage shall at least equal to one-half the average balance of the Association's funds. Said fidelity bond shall include a provision requiring thirty (30) days written notice to the Association or to each holder of a mortgage on an individual Unit in the Community before the bond can be canceled or substantially modified for any reason.

Section 10.6 Waiver and Release

Subject to the provisions of this Article X, each Unit Owner and the Executive Board hereby waives and releases any and all claims which he or it may have against any other Unit Owner, the Association, the Executive Board and members thereof, the Declarant and its respective employees and agents, for damage to the Common Elements, the Units or to any personal property located in the Units or Common Elements, caused by fire or other casualty or any act or omission of any such party to the extent that such damage is covered by fire or other form of hazard insurance. Such release or waiver shall be valid only if such release or waiver does not affect the right of the insured under the applicable insurance policy to recover thereunder. In no event shall insurance obtained and maintained by the Association and by individual Unit Owners be the subject of any action for contribution.

Section 10.7 Insurance Maintained by Unit Owners

Each Unit Owner will be responsible for the purchase and payment of insurance to protect on a so-called "all risk" basis of his Unit, any improvement made to his Lot, his own personal property, and all personal liability not provided for above.

No Unit Owner shall do or permit any act which would void or impair the coverage afforded by any policies held by the Association or would result in an increase in the premium therefor; and any Unit Owner so doing or permitting any such act shall be liable to the Association for any such increase which shall be assessable as a Common Expense exclusively against such Unit Owner pursuant to the assessment provisions of this Declaration.

ARTICLE XI – MORTGAGE PROTECTION CLAUSE

Notwithstanding any and all provisions hereof to the contrary, in order to induce the Federal Home Loan Mortgage corporation ("FHLMC"), the Government National Mortgage Association ("GNMA") and the Federal National Mortgage Association ("FNMA") the Federal Housing Authority ("FHA"), the Veterans Administration ("VA") and other governmental and quasi-governmental agencies to participate in the financing of the sale of Units within the Property, the following provisions are added hereto and to the extent these added provisions conflict with any other provisions of the Declaration, these added provisions shall control:

A. Each first Permitted Mortgagee of a Mortgage encumbering any Unit, at his written request, is entitled to written notification from the Association of any default by the Mortgagor of such Unit in the performance of such Mortgagor's obligations under this Declaration, the Articles of Incorporation of the Association or the Bylaws of the Association, which default is not cured within thirty (30) days after the Association learns of such default.

B. Each first Permitted Mortgagee of a Mortgage encumbering any Unit which obtains title to such Unit pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage, or by deed in lieu of foreclosure, shall take title to such Unit free and clear of any claims of unpaid assessments or charges against such Unit which accrued prior to the acquisition of title to such Unit by the Permitted Mortgagee, subject to the provisions of Section 5315 of the Act.

C. Unless at least sixty-seven percent (67%) of Unit Owners (other than Declarant) have given their prior written approval, neither the Association nor the Unit Owners shall:

(1) by act or omission seek to abandon, partition, alienate, subdivide, release, hypothecate, encumber, sell or transfer the Common Elements and the improvements thereon which are owned by the Association (the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association or the transfer of the Common Elements to an unincorporated association of the Unit Owners in accordance with the Articles of Incorporation of the Association shall not be deemed a transfer within the meaning of this clause.)

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Unit Owner; or

(3) amend this Declaration or the Articles of Incorporation or Bylaws of the Association in such a manner that the rights of any first Permitted Mortgagee will be affected. The addition of additional land to the Property shall not be considered a material amendment or an amendment which affects the rights of any first Permitted Mortgagee.

D. First Permitted Mortgagees shall have the right to examine the books and records of the Association during normal business hours.

E. First Permitted Mortgagees may, jointly or singly pay taxes or other charges which are in default and which may or have become a charge against any Common Elements facilities and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property, and first Permitted Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. In addition to the foregoing, the Executive Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the FHLMC, the FNMA or the GNMA or any similar governmental or quasi-governmental entity, so as to allow for the purchase, insurance or

guaranty, as the case may be, by such entities of Permitted Mortgages. Each Unit Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential seller of their Units if such agencies approve the Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time.

ARTICLE XII – LIMITATION OF LIABILITY

Section 12.1 Limited Liability of the Executive Board

The Executive Board, and its members in their capacity as members, officers and employees:

A. Shall not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of the building of which the Unit is a part, or from any of its pipes, drain conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;

B. Shall not be liable to the Unit Owners as a result of the performance of the Executive Board members' duties for any mistake of judgment, negligence or otherwise, except for the Executive Board members' own willful misconduct or gross negligence;

C. Shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;

D. Shall not be liable to a Unit Owner, or such Unit Owner's tenants, employees, agents, customers or guests, for loss or damage caused by theft of or damage to personal property left by such Unit Owner or his tenants, employees, agents, customers or guests in a Unit, or in or on the Common Elements, except for the Executive Board members' own willful misconduct or gross negligence.

E. Shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or gross negligence in the performance of their duties; and

F. Shall have no personal liability arising out of the use, misuse or condition of the building, or which might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board members' own willful misconduct or gross negligence.

Section 12.2 Indemnification

Each member of the Executive Board, in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his duties; provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board Member) approves such settlement and reimbursement as being in the best interests of the Association; and provided further that, indemnification hereunder with respect to any criminal action or proceeding is permitted only if such Executive Board member and/or officer had no reasonable cause to believe his conduct was unlawful. The indemnification by the Unit Owners set forth in this Section 12.2 shall be paid by the Association on behalf of the Unit Owners and shall

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

Section 12.3 Defense of Claims

Complaints brought against the Association, the Executive Board or the officers, employees or agents thereof in their respective capacities as such, or the Community as a whole, shall be directed to the Executive Board of the Association, which shall promptly give written notice thereof to the Unit Owners and the holders of any mortgages on Units and such complaints shall be defended by the Association. The Unit Owners and the holders of mortgages on Units shall have no right to participate in such defense other than through the Association.

Section 12.4 Insurance

The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth in Section 12.2 above, if and to the extent available.

ARTICLE XIII – ARCHITECTURAL CONTROL

Section 13.1 Members of the Committee

The Architectural Committee, sometimes referred to in this Declaration as the "Committee", shall consist of three (3) members. The initial members of the Committee shall consist of representatives of Declarant until such time as Declarant's Class B membership expires pursuant to Section 5.3 above. Thereafter, new members of the Committee shall be appointed for one year terms by the Executive Board. Members of the Committee may be removed at any time without cause. The Executive Board shall have the right to appoint and remove all members of the Committee.

Section 13.2 Review of Proposed Construction

Subject to Section 6.1.8 of this Declaration and subject to all applicable municipal zoning ordinances, no addition, change or alteration to the exterior of any Unit, including change in color, shall be made until the plan and specifications showing the nature, kind, shape, height, materials and location of the same shall have been approved by said Committee and submitted to and approved in writing as to harmony of external design, color and location in relation to surrounding structures and topography by the Architectural Committee. The Unit Owner shall obtain approval by the Committee prior to filing an application with the municipality for a building permit. The Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the location indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, and that the upkeep and maintenance thereof will not become a burden on the Association. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate, upon the agreement by the Unit Owner submitting the same to grant appropriate easements to the Association or to assume any additional cost of maintenance and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee payable to the Association to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval. Thereafter, the Committee shall communicate its response to the submitting Unit Owner within forty-five (45) days after such receipt. Lack of a timely response shall be deemed an approval of the request as made.

Section 13.3 Approved Materials

The Committee shall maintain a list of approved storm doors and storm windows and shall be published as part of the Rules and Regulations of the Association. The Committee may add additional exterior improvements or materials.

Section 13.4 Meetings of the Committee

The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously adopted in writing, designate a Committee Representative (who shall be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of

variances pursuant to Section 13.9 hereof. In the absence of such designation, the vote of a simple majority of the members of the Committee taken without a meeting, shall constitute an act of the Committee.

Section 13.5 No Waiver of Future Approvals

The approval of the Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

Section 13.6 Compensation of Members

The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 13.7 Inspection of Work

Inspection of work and correction of defects therein shall proceed as follows:

A. Upon the completion of any work for which approved plans are required under this Article XIII, the Unit Owner shall give written notice of completion to the Committee.

B. Within thirty (30) days thereafter, the Committee or its duly authorized representative may inspect such work. If the Committee finds that such work was not done in substantial compliance with the approved plans, it shall notify the Unit Owner in writing of such noncompliance within such thirty-day period, specifying the particulars of noncompliance, and shall require the Unit Owner to remedy the same.

C. If upon the expiration of thirty (30) days from the date of such notification the Unit Owner shall have failed to remedy such noncompliance, the Committee shall notify the Executive Board in writing of such failure. Upon notice and hearing, the Executive Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Unit Owner shall remedy or remove the same within a period of not more than fifteen (15) days from the date of announcement of the Executive Board ruling. If the Unit Owner does not comply with the Executive Board ruling within such period, the Executive Board, at its option, may either remove the non-complying work or remedy the noncompliance, and the Unit Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Unit Owner to the Association, the Executive Board shall levy a Limited Common Assessment against such Unit Owner for reimbursement.

D. If for any reason the Committee fails to notify the Unit Owner of any noncompliance within thirty (30) days after receipt of said written notice of completion from the Unit Owner, the work shall be deemed to be in accordance with said approved plans.

Section 13.8 Non-Liability of Committee Members

Neither the Committee nor any member thereof, nor its duly authorized Committee representative shall be liable to the Association, or to any Unit Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Committee or any such member or representative. The Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations

and the overall benefit or detriment which would result to the immediate vicinity and the Property generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 13.9 Variance

The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration when circumstances such as hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by at least a simple majority of the members of the Committee, and shall become effective upon recordation in the Office of the Recorder of Deeds of Montgomery County. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Unit Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including but not limited to zoning ordinances or other requirements imposed by any governmental or municipal authority.

Section 13.10 Reasonable Accommodations; Governmental Requirements

Whenever the Executive Board determines that pursuant to applicable law any structure is required as a reasonable accommodation under applicable law (or whenever a final determination of any governmental authority having jurisdiction to such effect shall have been made and shall not be subject to appeal or further appeal (a "final governmental determination")), the Executive Board shall approve the construction thereof subject to such reasonable rules and regulations as the Executive Board and the Architectural Committee shall impose, which may include, without limitation, (i) a requirement that the person seeking such accommodation furnish to the Executive Board reasonable evidence to substantiate the basis for the reasonable accommodation requested (except in instances in which the need for such reasonable accommodation has been determined by a final governmental determination); (ii) a requirement that such reasonable accommodation shall remain in effect only so long as the individual whose condition gave rise to the reasonable accommodation remains a resident of the property in question and continues to experience the condition which gave rise to the reasonable accommodation, and that thereafter all improvements constructed pursuant to the reasonable accommodation be removed by and at the expense of the Unit Owner of the Lot upon which or at whose request such improvements were constructed; (iii) a requirement that the Unit Owner of the Lot in question furnish annually to the Executive Board reasonable evidence as to the matters set forth in (ii) above; and (iv) all reasonable accommodations shall be subject to all of the requirements of this Declaration, the Rules and Regulations or requirements of the Architectural Committee, to the end and effect that the Executive Board and the Architectural Committee shall have the fullest authority permitted by law to approve plans and specifications, design, materials and appearance of the improvement in question.

ARTICLE XIV – UNITS SUBJECT TO COMMUNITY DOCUMENTS; EMINENT DOMAIN

Section 14.1 Applicability of Community Documents

Each present and future owner, occupant and Permitted Mortgagee of a Unit, shall be subject to and shall comply with the provisions of the Act, this Declaration, the Plan, the By-Laws and the Rules and Regulations and with the covenants, conditions and restrictions as set forth in this Declaration, the Plan, the By-Laws, the Rules and Regulations and the deed to such Unit; provided that nothing contained herein shall impose upon any lessee or Permitted Mortgagee of a Unit any obligation which the Act or one or more of such documents, or both, make applicable only to Unit Owners (including, without limitation, the obligation to pay assessments for Common Expenses). The acceptance of a deed or mortgage to any Unit, or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Act, this Declaration, the Plan, the By-Laws, the Rules and Regulations and the covenants, conditions and restrictions set forth in the deed to such Unit are accepted and ratified by such grantee or Permitted Mortgagee. All of such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or mortgage thereof.

Section 14.2 Amendment Generally

Except as limited by Section 5219 of the Act, this Declaration may be amended by the vote of sixty-seven percent (67%) of the allocated votes in the Association pursuant to Section 5.3 above. The Community may be terminated only by the vote of ninety (90%) percent of all allocated votes in the Association pursuant to Section 5.3 above.

(a) Any amendment or termination which may affect Borough or its interests, whether they are made by the Association, Unit Owners and/or Declarant, are subject to approval by Borough.

(b) As long as there is a Class B membership, the following actions will require the prior approval of FHLMC, GNMA, FNMA, FHA, VA or similar government agencies: Annexation of additional properties, mergers and consolidations, mortgaging of Common Elements, dedication of Common Elements, amendment of the Declaration, Articles of Incorporation and the By-Laws.

(c) Until such time as seventy-five (75 %) percent of all of the anticipated Units within the Community have been conveyed by the Declarant, the Declarant reserves the right to amend the Plans without consent of the Executive Board or the Association. No such amendment by Declarant shall have any effect upon the rights of any Unit Owner holding ownership by deed, or other means of conveyance at the time of amendment by the Declarant.

Section 14.3 Rights of Secured Lenders

Subject to the limitations imposed by Section 5221 of the Act and except as set forth below, no amendment of this Declaration may be made without the prior written approval of holders of first mortgages on Units to which at least Fifty-one percent (51 %) of the votes of the Units subject to a mortgage appertain, if and to the extent that such approval is required by the Act or if and to the extent that such amendment would have the effect of (1) terminating the Community (except for termination as a result of a taking of all the Units by eminent domain) or (2) abandoning, selling or transferring the Common Elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed to be a transfer within the meaning of this Section.

Section 14.4 Rights of Declarant

No change, modification or amendment which affects the rights, privileges or obligations of the Declarant shall be effective without prior written consent of the Declarant.

Section 14.5 Other Amendments

If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of this Declaration or the Plats and Plans which is defective or inconsistent with any other provision hereof or thereof or with the Act, or to change, correct or supplement anything appearing or failing to appear in the Plats and Plans which is incorrect, defective or similarly inconsistent, or if such amendment is necessary to conform to the then current requirement of FNMA, FHLMC, VA, FHA, GNMA, or other similar government agency with respect to community projects, the Executive Board may, at any time and from time to time, effect such amendment without the approval of the Unit Owners, or Permitted Mortgagees, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence, together with a like opinion from an independent registered architect or licensed professional engineer in the case of any such amendment to the Plats and Plans. Each such amendment shall be effective upon the recording of an appropriate instrument setting forth the amendment and its due adoption, execution and acknowledgments by one or more officers of the Executive Board.

ARTICLE XV – DECLARANT'S RIGHTS

Section 15.1 Control

Until the sixtieth (60th) day after the conveyance of sixteen (16) of the Units to a Unit Owner other than Declarant, Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board. Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.

15.1.1 Not later than sixty days after the conveyance of sixteen (16) of the Units to a Unit Owner other than Declarant, one member of the Executive Board shall be replaced by a Unit Owner other than Declarant, as provided in Article V of the By-Laws.

15.1.2 Not later than the earlier of (i) five (5) years after the date of the recording of this Declaration, or (ii) one hundred twenty (120) days after forty-six (46) of the Units have been conveyed to Unit Owners other than the Declarant, all members of the Executive Board shall resign, and the Unit Owners shall elect a new three-member Executive Board.

Section 15.2 Enforcement

This Declaration, the Articles of Incorporation and the Bylaws may be enforced by the Association as follows:

A. Breach of any of the covenants contained in the Declaration or the Bylaws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by any Unit Owner, by the Association or the successors-in-interest of the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include the amount of any delinquent payment, interest thereon, costs of collection, including attorney's fees, court costs and penalty charges.

B. The result of every act or omission by which covenants contained in this Declaration or the Bylaws are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Unit Owner, by the Association or its successors-in-interest.

C. The remedies herein provided for breach of the covenants contained in this Declaration or in the Bylaws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

D. The failure of the Association to enforce any of the covenants contained in this Declaration or in the Bylaws shall not constitute a waiver of the right to enforce the same thereafter.

E. A breach of the covenants, conditions or restrictions contained in this Declaration or in the Bylaws shall not affect or impair the lien or charge of any bona fide Mortgage or deed of trust made in good faith and for value on any residential Lot or the Unit thereon, provided, however, that any subsequent Unit Owner of such property shall be bound by said covenants, whether such Unit Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

Section 15.3 Severability

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 15.4 Interpretation

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of Common Elements. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the masculine, feminine and neuter.

Section 15.5 Constructive Notice and Acceptance

Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Property does and shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Property, or any portion thereof. The Declarant will supply a copy of the Declaration to every person purchasing from the Declarant prior to the execution of an Agreement of Sale.