

VILLAGE HEIGHTS CONDOMINIUMS

DECLARATION OF CONDOMINIUM

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VILLAGE HEIGHTS

DECLARATION OF CONDOMINIUM

ARTICLE I SUBMISSION

Brookline Associates, a Pennsylvania limited partnership ("Declarant"), owner in fee simple of certain real estate described in Exhibit "A-1" attached hereto and made a part hereof, located in the Township of College, Centre County, Pennsylvania, hereby submits the real estate together with all easements, rights and appurtenances thereunto belonging and the buildings and improvements erected or to be erected thereon (collectively referred to as the "Property") to the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa.C.S. § 3101 et seq. (the "Act"), and hereby creates with respect to the Property a condominium, to be known as Village Heights Condominiums (the "Condominium").

ARTICLE II DEFINITIONS

2.1 Capitalized Terms. Capitalized terms not otherwise defined herein or in the Plats and Plans shall have the meanings specified or used in the Act.

2.2 Defined Terms. The following terms some of which are used or defined in general terms in the Act shall have specific meanings herein as follows:

(a) "Act" shall mean the Pennsylvania Uniform Condominium Act, 68 Pa.C.S. § 3101 et seq.

(b) "Amendment" shall mean that amendment to the Declaration or other condominium documents made in accordance with Article XVIII hereof.

(c) "Association" shall mean the Unit Owners' Association of the Condominium and shall be known as the "Village Heights Condominium Association."

(d) "Buildings" means the structures erected on the Property located as shown on the Plats and Plans, and containing the Units.

(e) "By Laws" means such governing regulations as are adopted pursuant to the Pennsylvania Uniform Condominium Act for the regulation and management of the Property including such amendments thereof as may be adopted from time to time.

(f) "Common Expenses" means expenditures made or liabilities incurred by or on behalf of the Association other than individual Unit Expenses and Limited Common Expenses, together with any allocation to reserves and shall include, but not be limited to

debt service or other loans, refuse removal, grounds keeping and maintenance repair and replacement of Common Elements.

(g) **"Common Expense Assessment"** means the liability for Common Expenses assessed to each Unit in accordance with its respective Percentage Interest.

(h) **"Common Expense Surplus"** means the balance, if any, of all common charges, income, profits and revenues from the Common Elements and facilities remaining after the deduction of Common Expenses.

(i) **"Condominium"** means for the purposes of this Declaration, the Buildings located on the Property wherein an individual Unit Owner in fee simple is entitled to the exclusive ownership and possession of his Unit, and being entitled to an exclusive easement for the use of the Limited Common Elements appurtenant to his Unit, and with each Unit Owner being entitled to an undivided interest in the Common Elements and facilities of the entire Property included in this Declaration.

(j) **"Condominium Documents"** means the Declaration of Condominium, the By-Laws, the Declaration Plan, and the Rules and Regulations promulgated by the Executive Board from time to time, and any and all exhibits, schedules and amendments to any of them.

(k) **"Condominium Management Agreement"** shall mean that certain agreement for the management of the Association between the Association and Brookline Associates, in the form attached hereto as Exhibit "A-4".

(l) **"Declarant"** means the Declarant described in Article I above and all successors to any Special Declarant Rights.

(m) **"Declaration Plan"** shall mean the Plats and Plans attached hereto as Exhibit "A-2" and made a part hereof, as the same may be amended from time to time.

(n) **"Executive Board"** means the board of natural individuals of the number stated in the By-Laws who are residents of the Commonwealth of Pennsylvania and, except for the initial Executive Board, the majority of which shall be Unit Owners, who shall manage the business, operation and affairs of the Association on behalf of the Unit Owners and in compliance with and subject to the provisions of the Pennsylvania Uniform Condominium Act, and who may take title to real or personal property as agent, nominee or trustee for the Association.

(o) **"Insurance Trustee"** means a lending institution in the vicinity of State College, Pennsylvania with trust powers designated by the Executive Board to receive and administer insurance proceeds as set forth in Section 15.1(n) of this Declaration.

(p) **"Limited Common Elements"** means those portions of the Common Elements allocated to the exclusive use of a Unit pursuant to § 3209 of the Act or those portions of fixtures lying partially within and partially outside the designated boundaries of a Unit which serve only that Unit including but not limited to the elevators located in Village Centre, the parking spaces which may be allocated by Declarant to the exclusive use of a Unit, and decks, patios, chutes, flues, ducts, wires, conduits, bearing walls, bearing columns pursuant to § 3202(2) of the Act.

(q) **"Qualified Resident"** means an individual who is 55 years of age or older.

(r) **"Related Common Expenses"** means the expenses, charges and fees associated with the maintenance, repair, replacement and use of Limited Common Elements to be borne by the owner of the Unit which is allocated or served by the Limited Common Element.

(s) **"Managing Agent"** shall mean Brookline Associates or such other party appointed to serve as the manager of the Association as provided in Paragraph 13.1 hereof.

(t) **"Percentage Interest"** shall mean the interest in the Common Elements appurtenant to each Unit as set forth on Exhibit A-3 attached hereto.

(u) **"Posted Mortgage"** means the undivided ownership interest appurtenant to each Unit in the Common Elements as set forth in Exhibit "A-3" attached; share of all votes of the Unit Owners and share of Common Expense Assessments and surpluses.

(v) **"Posted Mortgage"** means a first mortgage to (i) the Declarant; (ii) the seller of a Unit; (iii) a bank, trust company, 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 mortgagee approved by the Executive Board. A holder of a Posted Mortgage is referred to herein as a "Posted Mortgagee."

(w) **"Person"** means a natural individual, corporation, partnership, association, trustee or other legal entity.

(x) **"Resident"** means any natural person who occupies a Unit either as an owner of such Unit or under written lease from a Unit Owner.

(y) **"Rules and Regulations"** means such Rules and Regulations as are promulgated by the Executive Board with respect to the use and enjoyment of the Property.

(z) **"Village Centre"** means the Buildings designated as the "Village Centre" on the Plats and Plans.

(z) **"Unit"** means a part of the Property designated or intended for any type of independent use, which has a direct exit to a public street or way, or to common Element or Common Elements leading to a road or way, or to an easement or right of way leading to a public street or way, and includes the proportioned undivided interests in the Common Elements, which is assigned thereto in this Declaration or any amendments hereto or as further defined in the Act. Unit number means the number, letter or combination thereof designating a Unit in the Plats and Plans.

(aa) **"Unit Expenses"** means the expenses, charges and fees associated with the maintenance, repair, replacement and use of the Unit and shall include but not be limited to electricity, water, heat, air conditioning and telephone as set forth with more particularity at Article XIV of the By-Laws.

(bb) **"Unit Purchase Agreement"** shall mean and refer to that certain Agreement for the purchase of a Condominium Unit executed by the Declarant, as Seller, and each Unit Owner prior to a person acquiring title to a Unit. The rights, duties, and obligations of a Unit Owner and his heirs, successors and assigns with regard to a Unit and the Condominium Documents shall be subordinate and subject to the Unit Purchase Agreement.

(cc) **"Unit Owner"** means the person or persons owning a Unit in fee simple including the Declarant.

(dd) **"Villas"** means the Buildings designated as the "Villas" on the Plats and Plans.

ARTICLE III UNIT IDENTIFICATION AND BOUNDARIES; MAINTENANCE RESPONSIBILITIES

3.1 Plats and Plans; Units/Common Elements. The location and dimensions of the Buildings and other structures and improvements comprising the Property and the Units within Village Centre and the Villas, the Common Elements and the Limited Common Elements of the

Condominium are shown on the Plats and Plans. The maximum number of Units in the Condominium, if and when constructed, shall be fifty (50).

3.2 Unit Boundaries. The title lines or boundaries of each Unit are situated as shown on the Plats and Plans and described as follows: all walls, floors, ceilings, doors and windows within or comprising part of each Unit. Each Unit shall include the items within the Unit or part of the title lines described in § 3202 of the Act which are appurtenant to the Unit, as follows:

a) All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, painted, finished flooring and other materials constituting any part of the finished surfaces of such boundary walls, flooring or ceilings are part of a Unit, and all other portions of such boundary walls, floors, or ceilings are part of the Common Elements.

b) If any chute, flue, duct, wire, conduit, bearing wall, bearing columns or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

c) Subject to the provisions of subparagraph (b), all spaces, interior partitions and other fixtures and improvements within the boundaries of a Unit are part of the Unit.

d) Any shutters, window boxes, balconies and terraces (including railings) and windows or other fixtures (including sills, frames and hardware) designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

3.3 Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the foregoing boundary descriptions, the Units and Common Elements shall be maintained and repaired by each Unit Owner and by the Association in accordance with the provisions of § 3307 of the Act, except as expressly set forth to the contrary herein. All Common Expenses associated with the maintenance, repair and replacement of a Limited Common Element other than a parking space, storage bin, balcony or patio shall be assessed as a Limited Expense allocated to the Unit or Units to which such Limited Common Element was assigned at the time the expense was incurred and in the same proportion as the respective Percentage Interest of all such Units. Ordinary maintenance and repair of any Limited Common Elements shall be the responsibility of the owner of the Unit or Units to which such Limited Common Element is appurtenant. Structural repairs and/or replacements of the parking spaces, storage bins, balconies or patios shall be the responsibility of the Association, the cost to be charged as a Common Expense.

3.4 Relocation of Unit Boundaries; Subdivision and Conversion of Units. Subject to Section 7.2, relocation of boundaries between Units and subdivision or conversion of Units will be

permitted, subject to compliance with the provisions therefor in §§ 3214 and 3215 of the Act. Subdivisions of Units by the Declarant pursuant to § 3215(c) of the Act may not result in any additional Units. Declarant shall have the express right to reconfigure the boundaries of any Unit, provided that such reconfiguration does not increase the size of any Unit by more than ten (10%) percent.

3.5 Alteration of Units. Subject to requirements of law and to applicable Rules and Regulations, a Unit Owner:

a) May make any improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Buildings;

b) May not change the appearance of the Common Elements or the exterior appearance of a Unit or any other portion of the Condominium without permission of the Association;

c) After acquiring an adjoining Unit or an adjoining part of an adjoining Unit (adjacent above or below), may remove or alter any intervening partition or create apertures therein, even if the partition, in whole or in part, is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this paragraph is not an alteration of boundaries.

d) Shall refrain from making any alteration that will adversely affect either the fire retardant or sound absorption quality of the Buildings or violate any applicable law, ordinance or governmental rule, regulation or order.

e) Shall obtain the approval of the Executive Board (which approval shall not be unreasonably withheld or delayed) for any alteration to the buildings prior to the commencement of any such alteration, subject to exemptions pursuant to the Rules and Regulations.

f) Shall expeditiously complete all alterations: (i) in accordance with the plans and specifications therefor which have been prepared at such Unit Owner's expense and which have been approved by the Executive Board prior to the commencement of such alterations, if required; and (ii) without incurring any mechanic's or materialmen's liens.

e) Shall pay all costs and expenses incurred in connection with the Executive Board's review, execution and recording of any amendment to the Declaration (including the Plats and Plans) needed in order to reflect the condition of the Buildings after completion of such alterations, which amendment shall be recorded by the Executive Board if such amendment conforms to the requirements of the Act and if such amendment

amendment is approved in writing by all Owners of all Units, the appearances of which on such amendment differ from their respective appearances on the Plats and Plans prior to such amendment, and such amendment shall not require any additional authorization or approval, notwithstanding anything contained elsewhere in this Declaration to the contrary.

f) Shall not permit installation, removal, reconstruction or repair of any electrical lighting, signal transmission and/or power circuit or electric outlet box or terminal device included in such outlet box, or any items of heating or air conditioning equipment, or any ventilation or exhaust duct or related equipment, any of which is located within an interior partition of a Unit or within the ceiling above a Unit, until after application has been made to and written approval has been received from the Executive Board. Such approval shall be granted only if the work performed shall be of similar or superior quality to that then prevailing in the Buildings and shall be performed by qualified personnel. The cost of such installation, removal, reconstruction or repair, whether undertaken by a Unit Owner or by the Association (under procedures which may be established by the Executive Board) shall be borne by the Unit Owner of the Unit benefitted thereby.

ARTICLE IV ALLOCATION OF VOTES, COMMON ELEMENT INTERESTS AND COMMON EXPENSE LIABILITIES

Attached as Exhibit "A-3" hereto is a list of all Units by their identifying numbers and the Percentage Interest appurtenant to each Unit. The Condominium consists of Units for residential use. The Percentage Interest assigned to each Unit is a fraction, the numerator of which is the "factor value" of the particular Unit and the denominator of which is the aggregate factor value of all Units located within the Condominium. The factor value of a Unit is determined by allocating factors as follows:

- a) Type A Units (located within Towne Centre) are allocated a factor of .017341
- b) Type B Units (located within Towne Centre) are allocated a factor of .018911
- c) Type C Units (located within Towne Centre) are allocated a factor of .019092
- d) Type D Units (located within Towne Centre) are allocated a factor of .018581
- e) Type E Units (located within Towne Centre) are allocated a factor of .018882
- f) Each Villa Unit is allocated a factor of .02234.

All Common Expenses will be allocated between the Units on the basis of their respective Percentage Interests. Notwithstanding the foregoing, each Unit will have one (1) vote with respect to all matter coming before the Association.

ARTICLE V
DESCRIPTION, ALLOCATION AND RESTRICTION
OF COMMON ELEMENTS

5.1 Limited Common Elements. Portions of the Common Elements are marked on the Plans as "Common Elements which may be assigned as Limited Common Elements." These portions of the Common Elements are the storage bins and parking spaces. The Declarant reserves the right to assign these storage bins and parking spaces as Limited Common Elements for the exclusive use of certain Unit Owners to whose Units these storage bins and parking spaces shall become appurtenant. The Declarant may assign such a Common Element as a Limited Common Element, storage bin or parking lot pursuant to the provisions of §3209 of the Act by making such an assignment in a written instrument of assignment or in the Deed to the Unit to which such Limited Common Element storage bin or parking space shall be appurtenant or by recording an appropriate amendment to this Declaration. Parking or storage bin rights allocated hereunder may not be severed from the Condominium Units to which they become appurtenant. After the Declarant no longer owns any Unit, the aforesaid rights of assignment shall vest in the Executive Board.

5.2 Unassigned Storage Lockers and Parking Areas. Any storage lockers or parking spaces which have not been allocated as a Limited Common Element as set forth in Section 5.1 shall be deemed Common Elements and shall be available for the use of owners on a "first come -- first served" basis, except as the Executive Board may otherwise determine.

5.3 Reserved Common Elements. Reserved Common Elements are those parts of the Common Elements which the Executive Board may designate from time to time for use by less than all of the Unit Owners or by non-owners of any Units for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Executive Board. Use of storage areas located within the basement of Village Centre as designated in the Plats and Plans is reserved in perpetuity in favor of the Declarant.

ARTICLE VI
EASEMENTS AND RESTRICTIONS

In addition to and in supplementation of the easements provided for in § 3216, 3217 and 3218 of the Act, the following easements and restrictions are hereby created:

6.1 Utility Easements. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant (during any period in which there are any unsold units) and the Association, 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 6.1 shall include, without limitation, rights of Declarant, or the providing utility or service company, or

governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements.

Notwithstanding the foregoing provisions of this Section 6.1, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located within 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.

6.2 Access. The Units and the Limited Common Elements are hereby made subject to the following easements:

(a) In favor of the Association and its agents, employees and independent contractors, (i) for inspection of the Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance and repair for which they are responsible, (ii) for inspection, maintenance, repair and replacement of the Common Elements or Limited Common Elements situated in or accessible from such Units or Limited Common Elements, or both, and (iii) for correction of emergency conditions in one or more Units or Limited Common Elements, or both, or casualties to the Common Elements, the Limited Common Elements and/or the Units, it being understood and agreed that the Association and its agents, employees and independent contractors shall take reasonable steps to minimize any interference with a Unit Owner's use of his Unit resulting from the Association's exercise of any rights it may have pursuant to this Section; and

(b) In favor of the Unit Owner benefited thereby and the Association and its agents, employees and independent contractors for the installation, repair, maintenance, use removal and/or and replacement of pipes, ducts, electrical, telephone, telegraph or other communication systems and all other utility lines and conduits which are part of the Common Elements and which pass across or through a portion of one or more Units.

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

6.4 Rights of the Association. In addition to any other rights and powers that the Association may possess pursuant to this Declaration, the Bylaw, the Rules and Regulations and the Act, as they may be amended from time to time, the Association shall have:

(a) The right to grant permits, licenses and easements over the Common Elements for utilities and other purposes reasonable necessary or useful for the proper maintenance or operation of the Condominium; and

(b) A reasonable right of entry into any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance or operation of the Condominium. Each Unit Owner shall furnish the Association with a set of keys necessary to gain access to his Unit in the exercise of such rights at the time any locks are changed or installed in the doors to such Unit. The Association shall maintain appropriate security measures to prevent access to such keys by unauthorized persons. The Association shall also have the right (but not the obligation), at its election, to install security locks on doors leading to any Building and to issue copies of keys or entry cards to all Unit Owners requiring access to such areas. The Association is empowered to charge Unit Owners a reasonable fee for the cost of such security cards or keys.

6.5 Declarant's Easement to Correct Drainage. Declarant reserves an easement on, over and under those portions of the Common Elements not located within any 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 6.3 expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil, or to take any other action reasonably necessary to achieve this purpose, following which the Declarant shall use its best efforts to restore the affected property as closely to its original condition as practicable.

6.6 Easement for Unintentional and Non-Negligent Encroachments. If a Unit shall encroach upon any Common Element or upon any other Unit, by reason of the original construction or by the non-purposeful or non-negligent act of the Unit Owner or Declarant, then an easement appurtenant to such encroaching Unit to the extent of such encroachment shall exist. If any Common Element or Limited Common Element shall encroach upon any Unit by reason of the original construction or the non-purposeful or non-negligent act of the Association or the Declarant, then an easement appurtenant to such Common Element or Limited Common Element to the extent of such encroachment shall exist so long as such encroachment shall exist.

6.7 Declarant's Use for Sales Purposes. Declarant shall have the right to maintain models, management offices and sales offices on the Property and to relocate such models, management offices and sales offices from time to time anywhere within the Property. The models, management offices and sales offices shall be in Units owned by the Declarant and not within the Common Elements. Such model Units shall not exceed one (1) model for each type of Unit. The size of each such model shall be size of the Unit which is the model. In addition to the models maintained by the Declarant, Declarant shall have the right to maintain a single office for sales and/or management purposes. Such sales or management office may not exceed the size of the largest Unit in the Condominium.

6.8 Additional Easements. The Declarant (during any period in which there are any unsold Units) and the Association each shall have the right to grant such additional electric, telephone, drainage, irrigation, sprinkler, cable television or other utility or service easements the Declarant shall have the right, with the consent of the Association, to relocate any existing utility or service easements in any portion of the Condominium or Property, and to grant such access easements as the Declarant deems necessary for the proper operation and maintenance of the improvements or any portion thereof, or for the health and safety of the Unit owners, or for the purpose of carrying out any provisions of this Declaration; provided that such easements or the relocation of existing easements will not prevent or unreasonably interfere with the use of the Units for dwelling purposes.

6.9 Windmere Park Homeowners Association. The Property is subject to certain protective covenants of Windmere Park as set forth in detail in a Declaration of Protective Covenants dated January 30, 1987 and recorded in the Office of the Recorder of Deeds of Centre County at Miscellaneous Book 207, page 1108. Each person who purchases a Unit automatically becomes a member of the Windmere Park Homeowner's Association and is subject to the terms of the said Declaration of Protective Covenants, Articles of Incorporation and By-Laws of Windmere Park Association. All assessments made by the Windmere Park Association shall be paid by the Association as a Common Expense, and the Executive Board shall have the right to exercise all voting rights of all Unit Owners to which they are entitled by virtue of their membership in Windmere Park Association.

ARTICLE VII USES, PURPOSES AND RESTRICTIONS

7.1 Use and Occupancy of Units and Common Elements. The uses of the Property and the purposes for which the Buildings and each of the Units therein, the Common Elements and the Limited Common Elements are intended shall be in accordance with the following provisions:

(a) **Subdivision.** No Unit may be divided or subdivided into a smaller unit. Any Unit may be added to or incorporated into another unit; provided that such combination of Units must be approved in writing by the Executive Board.

(b) **Structural Integrity, Combination of Units.** Nothing shall be done to any Unit or on or in the Common Elements which will impair the structural integrity of the Building or which will structurally change the Building. Additionally, all requirements set forth in §§ 3213 and 3215 of the Act and in Article XIII of the By-Laws and the Executive Board must be satisfied.

(i) Subject to the foregoing, two or more Units may be combined and doors, windows, stairways or other openings established between such Units with

the written consent of the Executive Board subject to the following:

The percentage of undivided interests appertaining to any such combined Units shall be the sum of the percentages of the individual Units so combined;

All work done in combining such Units shall be at the sole cost and liability of the Unit Owner carrying out such work;

The work shall be subject to all the requirements of the ByLaws and shall be carried out in a manner so as not to interfere with the use and enjoyment of the Common Elements on the other Units by the Unit Owners or Residents; and

Provided the conditions of this Article VII are satisfied, the required amendments to this Declaration and to the Declaration Plan will be made, the reasonable legal fees and recording costs therefor to be assessed against and borne by the Unit Owner(s) requesting such amendment.

(ii) Interior partitions or walls may be moved in accordance with this Declaration or openings may be made thereto at the sole risk and expense of then Unit Owner and subject to this Declaration and the By-Laws and approval of the Executive Board.

(c) **Use of Common Elements.** The Common Elements shall be used only for the furnishing of the services or facilities for which they are reasonably suited and which are incidents of the use and occupancy of the Units.

(d) **Maintenance and Repair of Common Elements.** The maintenance and repair of Common Elements and the making of additions or improvements thereto shall be carried out only as provided under the By-Laws and this Declaration, established and adopted pursuant to the provisions of § 3307 of the Act and of this Declaration which shall be recorded and as the same may be duly amended from time to time.

(e) **Reserve Funds.** The Executive Board shall have the power to create contingency reserve funds which funds shall be used for the benefit of Unit Owners and to assess the Unit Owners for contributions to the contingency reserve funds in accordance with their percentage of ownership of the Common Elements.

7.2 General Use Restrictions. The Property shall be subject to the following use restrictions:

(a) **Residential Use.** Except as expressly set forth herein, Units shall be used for residential purposes only, and no part of a Unit shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other nonresidential purpose.

(b) **Declarant's Use.** The Declarant shall have the irrevocable right to use its Units for sales or administrative purposes, until it has conveyed title to the last Unit. This right shall not be subject to amendment or modification by the Unit Owners.

(c) **Aesthetics.** Each Unit Owner shall maintain the interior of his Unit in good condition, order and repair, at his own expense. No Unit Owner may paint, decorate or otherwise alter or modify in any way the outside of his Unit, or install outside of his Unit any canopy, awning, covering, radio or television antenna, including any satellite receiver, dish or structure, or addition of any kind whatsoever without prior written consent of the Executive Board.

(d) **Displays, Hanging Objects.** Unit Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of any of the Buildings and no sign, awning, canopies, shutters, or radio or television antennas shall be fixed or placed upon the exterior walls or roofs or any part thereof without the prior written consent of the Executive Board; provided, however, until such time as it has conveyed title to the last Unit, the Declarant shall have the irrevocable right to display signs pertaining to the sale of the Units within or on the outside of the Buildings, and this right shall be not subject to amendment by the Unit Owners.

(e) **Pets.** Upon moving in to a Unit, each Unit owner may keep within each Unit no more than two (2) prior owned domestic animals such as a dog, cat or bird. No new pets may be brought into a Unit after occupancy. Except as set forth above, no animals of any kind shall be raised, bred or kept in a Unit or in the Common Elements or elsewhere on the Property.

(d) **Offensive Activities.** No noxious or offensive activity shall be carried on in any Unit or elsewhere on the Property nor shall anything be done therein either willfully or negligently which may or become an annoyance or nuisance to the other Unit Owners or Residents.

(e) **Exposure of Objects.** No clothing, sheets, blankets, articles of any kind or any other articles may be hung or exposed in or on any part of the Common Elements or Limited Common Elements.

(f) **Insurance.** Without the prior written consent of the Executive Board, nothing shall be done or kept in any Unit or elsewhere on the Property which will increase the rate of insurance of the Buildings or the contents thereof beyond the normal rates applicable

for its use. No Unit Owner shall permit anything to be done or kept in his Unit or elsewhere on the Property which would result in the cancellation of insurance on any portion of the Building or the contents thereof, or which will be in violation of any law. No refuse shall be permitted in the Common Elements or Limited Common Elements, except for trash containers placed outside of the Units no more than twenty-four (24) hours prior to the scheduled pick-up. There shall be no obstruction of the Common Elements or Limited Common Elements, nor shall anything be stored in those areas without the prior written consent of the Executive Board except as herein expressly provided.

(g) **Refuse.** All refuse shall be placed in designated trash chutes for transport to a common dumpster area. Other than as stated above, no refuse may be placed in the common areas for any period of time.

(h) **Electricity.** No one may overload the electrical wiring of the Buildings or operate any machinery, appliance, accessories or equipment in such manner as to cause, in the judgment of the Executive Board, an unreasonable disturbance. This restriction includes the operation of high speed machinery or radio devices which disturbs television reception.

(i) **Parking Areas.** Except for motor vehicles of the type normally used for personal, daily transportation, no vehicles or other property including, but not limited to, motor homes, trailers, boats, dump trucks or heavy commercial vehicles may be parked or stored in driveways or parking areas.

(j) **Temporary Structures.** No trailer, tent, storage shack or other temporary structure may be maintained on the Property, other than what has been or shall be constructed on the Property by the Declarant as set forth in the Declaration Plan.

(k) **Fences and Clotheslines.** There shall be no fences, walls or similar structures erected or maintained on the Property, except as placed by the Declarant in its sole discretion or permitted by the Executive Board. There shall be no outside clotheslines permitted on the Property.

(l) **Use of Common Elements.** The Common Elements or common areas may be used by all Unit Owners and/or their tenants, assigns, successors in interest, family members, guests, and invitees, subject to the By-Laws, Rules and Regulations and such further Rules and Regulations as may be established from time to time by the Executive Board. Each Unit Owner may use the Common Elements in accordance with the purposes for which the Common Elements are intended without hindering or encroaching upon the lawful rights of other Unit Owners, and subject to the provisions hereof, the By-laws, and Rules and Regulations of the Executive Board.

(m) **Access to Public Roads.** Under no circumstances shall any Unit Owner's right of ingress or egress or right of access to and from any public area, public roads or over Common Elements, Common Areas and lands be impaired where the same has been designated for such use on the Declaration Plan.

(n) **Powers of the Executive Board** The Executive Board shall have the power to make such rules and regulations as may be necessary to carry out the intent of these restrictions, and shall have the right to bring suit to enforce the provisions of this Declaration, the By-Laws and the rules and regulations promulgated by the Executive Board. The Executive Board shall further have the right to levy fines for violations of the provisions of this Declaration, the By-Laws and the rules and regulations promulgated by the Executive Board; provided, however, that prior to levying any such fines, the Executive Board shall first notify the Unit Owner and, at his request, afford such Unit Owner an opportunity to be heard regarding the imposition of such fine. Any Unit Owner determined to be in violation of this Declaration, the By-Laws and rules and regulations promulgated by the Executive Board shall pay all attorney's fees and costs incurred by the Executive Board in the enforcement of the same against the Unit Owner and any fine levied by the Executive Board, provided that the fine for a single violation may not, under any circumstances, exceed \$100.00. For each day a violation continues after notice, it shall be considered a separate violation. Any fine so levied is to be considered as a Common Expense to be levied against a particular Unit Owner involved, and collection may be enforced by the Executive Board in the same manner as the Executive Board is entitled to enforce collections of Common Expense.

7.3 Permissible Class of Owners and Occupants. With the exception of a single Unit to be used by a resident manager or engineer, the Units are intended for occupancy by at least one (1) person 55 years of age or older per Unit (herein defined as a "Qualified Resident"). While Units may be owned by any natural person, each Unit owner must be or designate and provide at least one (1) Qualified Resident to reside in the Unit for regular and continuous occupancy throughout the period of Unit ownership. Occupancy of Units is restricted as follows: one bedroom Units shall be occupied by not more than two persons; likewise, all two bedroom Units shall be occupied by not more than two persons, unless the Executive Board agrees in its sole and absolute discretion to permit a third occupant. The Executive Board may arbitrarily refuse to grant permission to allow a third occupant. No children under the age of eighteen (18) may permanently occupy any Unit. Visitors (including children) may occupy a Unit for a period not exceeding thirty (30) consecutive days for a maximum of sixty (60) days in any calendar year. An occupant, if not a Qualified Resident or a visitor, must be the lawful spouse of the Qualified Resident. If the Qualified Resident is hospitalized or is absent from the Unit for a prolonged period, dies, or if the marriage between the Qualified Resident and his or her spouse is dissolved, any spouse of a Qualified Resident may continue to reside in the Unit previously occupied by the Qualified Resident without regard to the age restrictions that applied to that person.

**ARTICLE VIII
LEASES AND CONVEYANCES**

8.1 Leasing. Any Unit Owner (including the Declarant) may lease his Unit (but not less than his entire Unit) at any time provided that (except for a lease or sublease made by the Declarant or a Posted Mortgagee which is in possession or is a purchaser at judicial sale):

(a) No Unit may be leased for transient or hotel purposes or for a term of less than one (1) year;

(b) No Unit may be leased except by a written lease in a form approved by the Executive Board;

(c) No Unit may be leased without a copy of such lease furnished to the Executive Board within ten (10) days after the execution thereof and be subject to said approval of the Executive Board.

With the exception of single Unit to be used by a resident manager or engineer, no Unit may be leased to or occupied by more than two (2) individuals, at least one of which must be a Qualified Resident. The right of any lessee of the Unit shall be subject to, and each such lessee shall be bound by the covenants, conditions and restrictions set forth in the Declaration, By-Laws and Rules and Regulations and any default thereunder shall constitute a default under the lease; provided, however, that the foregoing shall not impose any direct liability on any lessee of a Unit to pay any Common Expense assessments on behalf of the Owner of that Unit.

8.2 Conveyances, Sales and Transfers. Any sale, conveyance or transfer of any Condominium Unit to any other person by any Unit Owner shall be subject to the rights of first refusal to purchase in favor of the Declarant. Unit owners shall provide or require that all offers to purchase or purchase agreements contain a statement that such offer or agreement is subject to the rights of first refusal to purchase contained in paragraph 8.2 of the Declaration. Prior to sale, or transfer, the owner shall notify the Declarant in writing and by certified mail of his intention to sell or transfer on a certain date, enclosing a copy of the agreement of sale setting forth the price and other terms thereof for a period of ten (10) days from the date of the owner's certified mailing, the Declarant or its designee (the "designated purchaser") shall have the first right over the prospective purchaser to accept such sale or transfer at the price and on the terms as provided set forth in said agreement of sale. In the event the Declarant or its designated purchaser fails to so exercise such first refusal right, the owner shall be free to transfer his Unit to the prospective purchaser pursuant to the terms set forth in the said agreement of sale.

Notwithstanding the foregoing, prior to any sale, transfer or conveyance of a Unit, the Unit Owner shall furnish to the purchaser a copy of this Declaration, the By-Laws and Rules and Regulations of the Association and a certificate containing the information required under § 3707 (a) of the Act. The Association, within ten (10) days after a request from a Unit owner,

shall furnish a certificate containing the information necessary to enable the Unit owner to comply with § 3407 (1) of the Act.

In the case of the death of the owner of the Unit, the surviving spouse and or other person designated by will or operation of law to receive title shall not be subject to the right of first refusal as set forth in this Section 8.2. However, such new holder of title shall be and remain subject to all provisions of this Declaration including, without limitation, the occupancy restrictions and other obligations and liabilities described herein.

The foregoing provisions of this Section 8.2 shall not apply to a transfer to or purchase by an institutional mortgagee that acquires its title as a result of owning a mortgage upon the Unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor, his successors or assigns, or through foreclosure proceedings. The assignee or successor of a mortgage originally given to an institutional mortgagee shall enjoy the same rights, immunities and privileges as are herein granted to the said institutional mortgagee

ARTICLE IX MORTGAGES

9.1 Posted Mortgages. A Unit Owner may not voluntarily encumber or subject his or its Unit to any lien, other than a lien of a Posted Mortgage. Whether or not they expressly so state, all such Posted Mortgages and the obligations secured thereby shall be deemed to provide, generally, that the Posted Mortgage, and the rights and obligations of the parties thereto, shall be subject to the terms and conditions of the Act and this Declaration and shall be deemed to provide specifically, but without limitation, that the Posted Mortgagee shall have no right (a) to participate in the adjustment of losses with insurers or in the decision (b) to accelerate the mortgage debt or to have any other remedies by virtue of waste or alleged waste or other conditions occurring anywhere on the Property other than within the affected Unit, and the obligation secured shall be prepayable, without penalty, upon the happening of any termination of the Condominium or determination not to restore or replace the affected Unit. No Unit Owner shall deliver any Posted Mortgage, or any obligation to be secured thereby, unless it has first notified the Executive Board of the name and address of the proposed Posted Mortgagee and of the amount of debt proposed to be so secured. When such a Posted Mortgage is delivered to the Posted Mortgagee, the Unit Owner shall simultaneously provide executed or conformed copies to the Executive Board. Upon receipt of such copy of a Posted Mortgage, the Secretary of the Executive Board shall instruct the insurer of the Property to add the name of the Posted Mortgagee to the mortgagee loss payable provision of the hazard insurance policy covering the property and to provide such Posted Mortgagee with a certificate of Insurance showing that the Posted Mortgagee's name has been so added. The lien of any proposed mortgage which does not comply with all of the requirements of this Article shall not attach to or affect the Property or any part thereof or interest therein and shall be of no force or effect as to and to the extent that it purposes to relate thereto. The

Secretary shall maintain a register of such Posted Mortgages, showing the names and addresses of the Posted Mortgagees.

ARTICLE X RIGHTS OF POSTED MORTGAGES

10.1 Reports and Notices. Upon the specific written request of a holder of a Posted Mortgage or its services, insurer, guarantor (all of whom are deemed to be Posted Mortgagees for purposes of notices and rights to information) to the Executive Board, the Posted Mortgagee shall be entitled to receive some or all of the following as designated in the request:

- (a) Copies of the current Declaration, Bylaws, and Rules and Regulations and copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Executive Board to the Owner of the Unit covered by the Posted Mortgagee.
- (b) Any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Unit Owners;
- (c) Copies of notices of meetings of the Unit Owners and the right to designate a representative to attend such meetings;
- (d) Notices of the decision of the Association to make any material amendment to this Declaration or to take any other action which requires the consent of a specific percentage of Posted Mortgagees;
- (e) Notice of damage to or destruction of any Unencumbered by a Posted Mortgage held by the requesting Posted Mortgagee or any material part of the Common Elements;
- (f) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any of the Property;
- (g) Notice of any default by the owner of the Unit which is subject to the Posted Mortgage, where such default is not cured by the Unit Owner within sixty (60) days after the giving of notice by the Association to the Unit Owner of the existence of the default;
- (h) The right to examine the books and records of the Association at any reasonable time;
- (i) Notice of any decision by the Executive Board or the Association to terminate professional management and assume self-management of the property; or

(j) Notice of lapse, cancellation or material modification of any Association insurance policies.

The Executive Board may impose charges on Unit Owners for performance of the services described in this Section 10.1.

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

10.3 Non-Compliance. Failure to comply with the requirements set forth herein or in the By-Laws or rules and regulations shall in no way invalidate otherwise proper actions of the Association and the Executive Board.

ARTICLE XI REAL ESTATE TAXES

11.1. Real Estate Taxes. It is understood that real estate taxes are to be separately assessed and taxed to each Unit for his Unit and its corresponding Percentage Interest in the Common Elements, as provided in the Act. For the year in which this Declaration is first recorded, real estate taxes shall be apportioned between the Declarant and each Unit Owner on a calendar year basis. In the event the real estate taxes for any year are not separately assessed against each Unit Owner, but rather are assessed against the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective Percentage Interest in the Common Elements and, in said event, such taxes shall be a Common Expense. The Executive Board shall have the authority to advance Association funds in payment of all or a portion of such taxes pending receipt from the respective Unit Owners of their proportionate share thereof.

ARTICLE XII POWERS OF THE EXECUTIVE BOARD

12.1 Additional Powers. In addition to the powers set forth in the Act and elsewhere herein, the Executive Board shall have the following additional powers:

(a) To appoint committees of the Board (which need not include any Board Members) and to delegate to such committees the Executive Board's authority to carry out certain duties of the Board, subject to the approval and control of the Board;

(b) To engage the services of a manager or managing agent, who may be any person, firm or corporation, upon such terms and compensation as the Executive Board deems fit, and to remove the manager or managing agent at any time, provided that with the exception of the Management Agreement to be entered into with Brookline Associations as set forth in Section 13.1 hereof, any agreement with such manager or managing agent shall extend for not more than one (1) year and must be terminable by either party to such agreement without cause and without payment of a termination fee, upon ninety (90) days' or less prior written notice.

(c) 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 Condominium, or in connection with any duty, responsibility or right of the Executive Board and to remove, at any time, any such personnel;

(d) 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, then they shall be jointly and several 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.

(e) To expend funds for the maintenance and repair of any Unit or any other portion of the Property which a Unit Owner is obligated to maintain or repair under the terms hereof, if such maintenance or repair is necessary, in the discretion of the Executive Board, to protect the Common Elements, or any other portion of the Property, and the owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Executive Board to said Unit Owner, provided that the Executive Board shall levy a special assessment against such Unit for the cost of said maintenance or repair.

(f) To establish user charges with respect to the swimming pool, health club, meeting room and other amenities. Such charges shall be billed to the Unit Owner who, or whose guest, makes use of such facilities. Nothing herein contained shall require the establishment of user charges with respect to all or any one or more of such amenities. Use of all such amenities shall be subject to the Rules and Regulations of the Executive Board.

(g) To enter into leases of portions of the Common Elements with any person or entity to provide such services as health club operation and valet services. All revenues from such leases shall be deposited in the Common Expense fund.

(h) In the event more than one Unit shall a common utility meter or if a portion of the Common Elements and one or more Units share a common utility meter, to determine the proper allocation of the cost of the utility service between or among the recipients of such utility service which determination shall be conclusive and binding.

(i) In the event of any condemnation, to represent the Unit Owners in any proceedings, negotiations, settlements or agreements with the condemning authority.

(j) To borrow money on the credit of the Association and, as security for any such borrowing, to assign the Association's rights to receive future income (including assessments) and/or pursuant to § 3318 of the Act, to encumber or convey the Common Elements, or any portion thereof.

(k) To grant permits, licenses and easements over the Common Elements subject to the limitations set forth in § 3302(a) of the Act.

12.2 Disputes. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any questions of interpretation or application of the provisions of this Declaration, the Plats and Plans, the Bylaws or the Rules and Regulations, the determination thereof by the Executive Board shall be final and binding on each and all such Unit Owners. The Executive Board shall have the authority to seek a declaratory judgment or other appropriate judicial relief or order to assist it in carrying out its responsibilities under this Section 12.2. All costs of obtaining a judgment shall be borne by the disputants, or in the absence of disputants, by the Association as a Common Expense.

ARTICLE XIII MANAGEMENT

13.1 Condominium Management Agreement. The Association has entered into a Condominium Management Agreement, a copy of which is attached hereto as Exhibit "A-4", whereby Brookline Associates (the Declarant) shall render management services on behalf of the Association for a term commencing on the first day of the month in which the Declarant closes on the purchase of the first Condominium Unit and ending five (5) years after that date. Under the terms of the Condominium Management Agreement Brookline Associates will manage the affairs of the Association, and will be paid therefore five (5%) percent of all Common Expense Assessments collected by it on behalf of the Association. The Association is given the right to terminate the Condominium Management Agreement at any time after the Executive Board

elected by the Unit Owners pursuant to § 3303(e) takes office upon not less than ninety (90) days' notice to Brookline Associates.

Each Unit Owner, his heirs, successors, personal representatives and assigns shall be bound by the Condominium Management Agreement for the purposes therein expressed, including, but not limited to, adopting, ratifying and confirming the execution thereof by the Association; covenanting to perform each of the undertakings to be performed by Unit Owners; and agreeing that the persons acting as directors and officers of the Association entering into such Condominium Management Agreement have not breached any of their duties to the Association. It is specifically recognized that Clifford R. Coldren is the sole general partner of Brookline Associates and that the persons comprising the initial Executive Board of the Association have been designated by Clifford R. Coldren. Such circumstances shall not and cannot be construed as a breach of their duties and obligations to the Association or Unit Owners, nor as possible grounds to invalidate the Condominium Management Agreement in whole or in part.

ARTICLE XIV BUDGETS; COMMON EXPENSES; ASSESSMENTS AND ENFORCEMENT

14.1 Annual Assessments. All Common Expense assessments made in order to meet the requirements of the Association's annual budget shall be deemed to be adopted and assessed against the Unit Owners on an annual basis payable in monthly installments in advance on the first day of each month. Special assessments shall be due and payable in one or more monthly installments, in advance, on the first day of each month, as determined by the Executive Board. Insurance costs of the Association shall be assessed as part of Common Expenses.

14.2 Subordination of Certain Charges. Any fees, late charges, fines and interest which may be levied by the Executive Board pursuant to §§ 3302(1)(10), (11) and (12) of the Act and that have not been reduced to liens against a Unit at the time of recordation of a Posted Mortgage, shall be subordinate to the lien of a Posted Mortgage on a Unit.

14.3 Working Capital Fund. At the closing for the initial transfer of title from the Declarant to a non-Declarant purchaser of each Unit, the Association shall collect from such purchasers an amount equal to two (2) months (calculated pursuant to the then current Association budget) installments of estimated Common Expenses assessed against the Unit transferred, which monies shall be deposited into an initial working capital fund under control of the Association. At the time of transfer of control of the Association by the Declarant, the Declarant shall pay such sums attributable to unsold Units to the Association (which shall deposited such funds into a segregated account) and may be reimbursed by purchasers of such Units when unsold Units are sold. While declarant controls the Association, it cannot use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up any budget deficits. No Unit Owner is entitled to a refund of these monies by the

Association upon the subsequent conveyance of his Unit or otherwise. Such payments do not constitute advance payment of regular assessments.

14.4 Accounting. On or before the 1st day of April each calendar year commencing after the recordation of this Declaration of Condominium, the Executive Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid together with a tabulation of the amounts collected pursuant to the annual budget or assessments and leases owned or managed by the Executive Board on behalf of the Association, and showing the net excess or deficit of income over expenditures plus reserves.

14.5 Further Assurances. If any 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 further assessments according to each Unit Owner's Percentage Interest in the Common Elements. Such further monthly assessments shall be payable over such time as the Executive Board determines. The Executive Board shall serve notice of such further assessments on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessments shall become effective as determined by the Executive Board.

14.6 Acceleration. If a Unit Owner is in default in the payment of the aforesaid charges or monthly installments of assessments for sixty (60) days, the Executive Board may, in addition to all other remedies in the Act or Declaration contained, accelerate all other charges and monthly installments of assessments to become due for the next twelve (12) months on the basis of the budget for the calendar year in which such default occurs; provided, however, a foreclosing Posted Mortgagee shall be entitled to automatic subordination of such assessments in excess of the amounts given priority over mortgage liens in the Act.

14.7 Collection Charges. Any delinquent Owner shall also be obligated to pay (i) all expenses of the Executive Board, including reasonable attorney's fees, incurred in the collection of the delinquent assessments by legal proceedings or otherwise, and (ii) any amounts paid by the Executive Boards for taxes or on account of superior liens or otherwise to protect its liens, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessments and shall be collectible as such, subject to Paragraph 14.3, above.

14.8 Confession of Judgment IN ORDER TO EXPEDITE THE EXECUTIVE BOARD'S COLLECTION OF ANY DELINQUENT ASSESSMENT, EACH UNIT OWNER (BY THE ACCEPTANCE OF THE DEED TO HIS UNIT SHALL BE DEEMED TO HAVE APPOINTED ANY ONE OR MORE EXECUTIVE BOARD MEMBERS THE ATTORNEY-IN-FACT FOR SUCH UNIT OWNER IN ANY COURT OF COMPETENT JURISDICTION IN PENNSYLVANIA, FOR ANY SUCH UNPAID ASSESSMENT(S), WHICH APPOINTMENT (BEING FOR SECURITY) SHALL BE IRREVOCABLE; AND FOR SO DOING A COPY OF THIS ARTICLE XIV AND SAID DEED, BOTH VERIFIED BY AFFIDAVIT, SHALL BE IRREVOCABLE; AND FOR SO DOING A COPY OF THIS

ARTICLE XIV AND SAID DEED, BOTH VERIFIED BY AFFIDAVIT, SHALL BE A SUFFICIENT WARRANT. THE AUTHORITY GRANTED HEREIN TO CONFESS JUDGMENT SHALL NOT BE EXHAUSTED BY ANY EXERCISE THEREOF BUT SHALL CONTINUE FROM TIME TO TIME AT ALL TIMES UNTIL THE DECLARATION SHALL BE TERMINATED.

14.8 Surplus. The budget of the Association shall segregate Limited Common Expenses from General Common Expenses and surplus shall be credited and applied as provided in § 3313 of the Act.

ARTICLE XV INSURANCE

15.1 Generally. The Executive Board shall acquire and pay for insurance as required by the Act in addition to and subject to the following:

a) Such insurance as the Executive Board deems advisable in the operation, and for the protection, of the Common Elements and the Units, including, without limitation, flood insurance to the extent appropriate and available..

b) The amount of property insurance obtained pursuant to the Act shall be equal to the full insurable replacement value of the property (including land, foundations, excavations or other items that are usually excluded from coverage) without deduction for depreciation. Full insurable value replacement cost coverage is to be assured by either (i) a Guaranteed Replacement Cost Endorsement (pursuant to which the insurer agrees to replace the insurable property regardless of the cost) and an Agreed Amount Endorsement (which waives the requirement for coinsurance) if a coinsurance clause is included, or (ii) a Replacement Cost Endorsement (pursuant to which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more) and an Agreed Amount Endorsement if a coinsurance is included. It shall insure against all risks of direct physical loss commonly and covered by the standard "all risk" endorsement, if available, and such other risks as FNMA, FHLMC or the Federal Housing Administration (or successors) may require by reason of their holding one or more Posted Mortgages. If an "all risk" endorsement is not available, a "broad form" policy will be obtained. Such insurance polic(ies) may, at the option of the Executive Board, contain a "deductible" provision in an amount to be determined by the Board but not to exceed (unless a higher amount is required by Pennsylvania law) the lesser of the maximum sum permitted by the then applicable FNMA or FHLMC regulations (or their successors), \$10,000 or one (1%) percent of the policy face amount.

c) Each Unit Owner and the Executive Board hereby waives and releases any and all claims he or it may have against any other Unit Owner, the Association, the Executive Board, and members thereof, the Declarant and their 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.

d) If the act or omission of a Unit Owner, or of a member of his family, a household pet, guest, occupant or visitor of such Unit Owner, shall cause damage to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Executive Board, to the extent such payment is not waived or released under the provisions of subparagraph (c) above.

e) Any release or waiver referred to in subparagraph (c) and (d) hereof 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. The Unit Owners and the Executive Board, with regard to the insurance carried by each of them, shall use their best efforts to see that their insurance carriers agree that such release or waiver does not affect their rights to recover.

f) If the Executive Board fails within sixty (60) days of an insured loss to initiate a claim for damages recoverable under the property insurance policy(ies) obtained pursuant to the Act, the holder of any Posted Mortgage may initiate such a claim on behalf of the Board. The Executive Board shall from time to time at such times as it shall deem appropriate, cause an appraisal of the property to be made for the purpose of determining the current full insurable replacement value of the insured property, without considering depreciation, and the Board shall change the amount of property insurance on the property to the amount of the then current full insurable replacement value of the property, without considering depreciation, and the Board shall change the amount of hazard insurance on the Property to the amount of the then current full insurable replacement value of the Property as determined by the appraisal.

g) The Association's property insurance shall cover fixtures, equipment, and other personal property and supplies of the Association and fixtures, equipment and other personal property within the Units as of the date of the initial sale of the Unit by the Declarant, whether or not part of the Common Elements. Each Unit Owner, other than the Declarant, shall notify the Board in writing of any additions, alterations or improvements to his Units and he shall be responsible for any deficiency in the insurance loss recovery resulting from his failure so to notify the Association. The Board shall use its reasonable efforts to obtain insurance on any such additions, alterations and

improvements if such Unit Owner requests to do so and if such Unit Owner shall make arrangements satisfactory to the Board to reimburse it for any additional premiums attributable thereto; and in the absence of insurance on such additions, alterations or improvements, the Board shall not be obligated to apply any insurance proceeds to restore the affected Unit to a condition better than the condition existing prior to the making of such additions, alterations or improvements.

h) Comprehensive general liability and property damage insurance as required by the Act shall be in such limits as the Board shall deem desirable provided that such limit shall not be less than One Million (\$1,000,000.00) Dollars per occurrence, for personal injury and/or property damage, insuring the Association, the Board members, the managing agent, if any, and their respective agents and employees, and the Units Owners from any liability to the public or to the Units Owners, their tenants or invitees, relating in any way to the ownership and/or use of the property or any part thereof. The policy shall cover bodily injury and property damage that results from the operation, maintenance or use of the Condominium's Common Elements, and any legal liability that results from lawsuits related to employment contracts in which the Association is a party. If a policy does not include "severability of interest" in its terms, it must include a specific endorsement to preclude the insurer's denial of a Unit Owner's claim because of negligent acts of the Association or of other Unit Owners.

i) The Board may obtain such other forms of insurance as the Board shall elect to effect including Board Members and officers liability insurance and such Workmen's Compensation insurance as may be necessary to comply with applicable laws.

j) The Association shall obtain blanket fidelity insurance to protect against dishonest acts on the part of Board members, officers, agents, employees, volunteers and all others who handle, or are responsible for handling, funds of the Association. Such bond or bonds of insurance shall name the Association as an obligee or insured and shall be in the amount as the Board deems appropriate, but not less than the greater of : (i) the maximum funds that will be in the custody of the Association or its agents at any time, or (ii) the sum of three (3) months' Common Expense assessments against all Units, plus the amount of the Association's reserve funds equal to 150% of the then current Common Expense budget or such higher amount as the Board deems appropriate. Such insurance shall contain a waiver of defense based upon the exclusion of persons who serve without compensation from the definition of "employee" or other appropriate provisions to assure coverage of such persons. Any managing agent shall be required to maintain its own insurance with the same coverage as set forth above.

k) Except as otherwise provided in this Declaration, premiums for all insurance obtained or maintained by the Board, fees and expenses of the insurance trustee, if any, and the cost of any appraisal which the Board deems advisable in connection with any insurance, shall be Common Expenses.

l) The Board shall use its best efforts to secure policies providing that the policies cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual Unit Owners or any officer or employee of the Board or managing agent, without prior demand in writing that the Board or managing agent, as the case may be, cure the defect within a reasonable period of time thereafter in which to cure the same. Association policies shall provide that the policy will be primary, even if a Unit Owner has other insurance that covers the same loss. The policy must require the insurer to notify in writing the Association, any Insurance Trustee and each mortgagee named in a mortgage clause at least ten (10) days before it cancels or substantially changes coverage.

m) Insurance coverage on the furnishings and other items of personal property belonging to a Unit Owner and insurance for his personal liability to the extent not covered by insurance maintained by the Board shall be the responsibility of each such Unit Owner.

n) All physical damage insurance policies purchased by the Executive Board shall be for the benefit of and name as insured the Association for the use and benefit of the Unit Owners and their Posted Mortgagees, as their interests may appear, and shall provide that, with respect to any single loss, if the proceeds thereof exceed \$250,000, then all such proceeds shall be paid in trust to such lending institution in the vicinity of State College, Pennsylvania with trust powers as may be designated by the Executive Board (which trustee is herein referred to as the "Insurance Trustee") and the policy loss payable provisions shall provide that such proceeds are payable to the Insurance Trustee as trustee for each Unit Owner and each Unit's mortgagees. If such proceeds do not exceed \$250,000, then the policy loss payee provision shall provide that all such proceeds shall be paid to the Executive Board to be applied pursuant to the Act as trustee for each Unit Owner and each Unit's mortgagees. If proceeds are payable to the Insurance Trustee, the Executive Board shall enter into an Insurance Trust Agreement with the Insurance Trustee which may provide that the Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form of contents of the policies, the correctness of any amount received on account of the proceeds of any insurance policies nor the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in this Declaration and the Act, for the benefit of the insureds and their beneficiaries thereunder.

(o) The name of the insured under each policy required pursuant to this Article XV shall be stated in form and substance similar to the following:

Village Heights Condominium Owners Association, for the use and benefit of the individual owners, or their authorized representatives, of the Condominium Units contained in Village Heights Condominiums.

15.2 Repair and Reconstruction After Fire or Other Casualty.

(a) *When Repair and Reconstruction are Required.* Except as otherwise provided in subparagraph (d) of this Section 15.2, in the event of damage to or destruction of the Buildings or any part thereof as a result of fire or other casualty, the Executive Board, under direction of the Insurance Trustee if an Insurance Trustee is required, shall arrange for and supervise the prompt repair and restoration of the Buildings, as required by the Act. Notwithstanding the foregoing, each Unit Owner shall have the rights to supervise the redecorating of his own Unit.

(b) *Procedure for Reconstruction and Repair.*

(i) *Cost Estimates.* Immediately after a fire or other casualty causing damage to the Buildings, the Executive Board shall obtain reliable and reasonably detailed estimates of the cost of repairing and restoring the Buildings as required by the Act to a condition as good as existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Executive Board or Insurance Trustee (if any) determines to be necessary.

(ii) *Assessments.* If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of the reconstruction and repair the funds for the repayment of the costs thereof are insufficient, the amount necessary to complete such restoration and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a Common Expense (and/or Limited Expense) and special monthly assessments therefor shall be levied. The funds shall be paid out of the General Common Expense fund, one or more of the Limited Expense funds, or both, depending on whether or not the source of the shortfall can be properly determined in the opinion of the Executive Board. If such source cannot be properly determined, then the shortfall shall be allocated among the funds referred to above in proportion to the relative costs of restoration in each of the categories. Costs of restoration of a Unit to the extent required to be done by the Executive Board shall be paid out of the General Common Expense Fund unless the shortfall is due to failure of the Unit Owner to notify the Association of improvements made to his Unit, in which event the shortfall so caused shall be assessed against the particular Unit Owner. Unit Owners may apply the proceeds from their individual property insurance policies, if any, to the share of such Common Expense or Limited Expense, or both, as may be assessed to them. The Executive Board shall be responsible for restoring the Property only to substantially the same condition as it was immediately prior to the damage, and each Unit Owner shall personally assume the additional expense of any improvements to his Unit which he desires to restore it beyond such condition.

(iii) *Plans and Specifications.* Any such reconstruction or repair shall be substantially in accordance with the construction of the Property as it existed immediately prior to such casualty.

(c) *Disbursement of Construction Funds.*

(i) *Construction Fund and Disbursement.* The proceeds of insurance collected on account of casualty, and the sums received by the Executive Board or Insurance Trustee from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(A) If the estimated cost of reconstruction and repair is less than \$250,000, then the construction fund shall be disbursed in payment of such costs upon order of the Executive Board;

(B) If the estimated costs of reconstruction and repair is \$250,000 or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Pennsylvania and employed by the Insurance Trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work and stating that: (a) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to such architect for the services and material described; and (c) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested, taking into account retainage.

(ii) *Surplus.* It shall be presumed that the first monies disbursed in pay of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be used first to reimburse Unit Owners for sums paid to cover shortfalls under subparagraph b(ii) above in proportion to the sums so paid until full reimbursement and any remaining balance shall be divided among all Unit Owners in proportion to their Percentage Interests and shall be distributed in accordance with the priority of interests at law or in equity in each Unit.

(iii) *Certificate.* The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice-President, and the Secretary, certifying (i) whether the damaged Property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to any disbursement from any construction fund or whether surplus funds to be distributed are less than the assessment paid by the Unit Owners; and (iii) all other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

(iv) *When Reconstruction Is Not Required.* In the event of insubstantial damage to the Common Elements and if the Executive Board shall elect not to repair the same or in the event there is to be no repair or replacement pursuant to § 3312(g) of the Act, then in either such event any insurance proceeds received on account of such damage shall be expended and/or distributed in accordance with § 3312 of the Act. If the Condominium shall be terminated pursuant to § 3320 of the Act, the provisions of § 3320 of the Act shall apply.

ARTICLE XVI LIMITATION OF LIABILITY

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

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

(a) one or more officers or employees of the Association whom the officer or Executive Board member reasonably believes to be reliable and competent in the matters presented.

(b) counsel, public accountants or other persons as to matters which the officer or Executive Board member reasonably believes to be within the professional or expert competence of such person.

(c) a committee of the Executive Board upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the officer or Executive Board member reasonably believes to merit confidence.

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

16.3 Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers and employees:

(a) Shall not be personally 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, or from any of its pipes, drains, 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 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 or elsewhere on the Property, 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 any Building, or which might in any other way be assessed against or imputed to the

Executive Board members, as a result or by virtue of their performance of their duties, except for the Executive Board members' own willful misconduct or gross negligence.

16.4 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 has no reasonable cause to believe his conduct was unlawful. The indemnification by the Unit Owners set forth in this Section 16.4 shall be paid by the Association on behalf of the Unit Owners as such costs are incurred, either prior or subsequent to resolution of any such proceeding and shall constitute a Common Expense and shall be assessed and collectible as such. In the event any Executive Board member or officer receives any payment hereunder and is later determined not to be entitled to indemnification, he shall promptly repay such sums to the Association. 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.

16.3 Defense of Claim. Complaints brought against the Association, the Executive Board or the officers, employees or agents thereof in their respective capacities as such, or the Condominium 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.

ARTICLE XVII DECLARANT'S RIGHTS

17.1 Control.

(a) Until the 60th day after conveyance of twenty five (25%) percent of the Units to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all

officers and members of the Executive Board. Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.

(b) Not later than 60 days after conveyance of fifty (50%) percent of the Units to Unit Owners other than Declarant, two (2) of the five members of the Executive Board shall be elected by Unit Owners other than Declarant.

(c) Not later than the earlier of (i) seven years after the date of recording of this Declaration, or (ii) 180 days after seventy five (75%) percent of the Units have been conveyed to Unit Owners other than Declarant, all remaining Declarant appointed members of the Executive Board shall resign, and the Unit Owners (including the Declarant to the extent of Units owned by Declarant) shall elect their successors.

ARTICLE XVIII AMENDMENT OF DECLARATION

18.1 Amendment Generally.

(a) This Declaration may be amended only in accordance with the procedures specified in § 3219 of the Act, the other Sections of the Act referred to in § 3219 thereof and the express provisions of this Declaration.

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

(c) Every amendment to the Declaration must be recorded in Centre County, Pennsylvania in the same records as are maintained for the recording of deeds of real property. An amendment is effective only on recordation.

18.2 Rights of Posted Mortgagees. Subject to the limitations imposed by § 3221 of the Act and except as set forth below, no amendment of this Declaration may be made without the prior written approval of all record holders of first mortgages on Units if and to the extent that approval is required by the Act. Approval of holders of first lien Posted Mortgages on Units representing at least 67% of all votes is required if and to the extent that such amendment would have the effect of terminating or abandoning the Condominium (except for termination or abandonment as a result of substantial destruction or a taking by eminent domain).

Amendments of a material nature to the declaration or Bylaws must be agreed to by Unit Owners representing at least 67% of the total allocated votes of the Association. In addition, approval must be obtained from first lien mortgage holders representing at least 51% of the votes of Units that are subject to mortgages held by Posted Mortgagees. A change to any of the

provisions or requirements in the declaration or the Bylaws governing the following would be considered material: voting rights; assessment liens, the priority of assessment liens or increases in assessment that raise previously assessed amounts by more than 25%; reductions in reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in the general or Limited Common elements or rights to their use; redefinition of Unit boundaries; convertibility of Units into Common Elements or vice versa; expansion or contraction of the Condominium; hazardous fidelity insurance requirements; the imposition of restrictions on the leasing of Units; imposition of restrictions of a Unit Owners' rights to sell or transfer his or her Unit; a decision by the Association to establish self-management; restoration or repair of the Buildings (after damage or partial condemnation) in a manner other than that specified herein; any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or, any provisions that expressly benefit mortgage holders, insurers or guarantors. Termination of the legal status of the condominium for reasons other than substantial destruction or condemnation of the Property shall not be effectuated without the approval of holders of Posted Mortgages that represent at least 67% of the votes of the mortgaged Units.

18.3 Rights of Declarant. No change, modification or amendment which adversely affects the rights, privileges or obligations of the declarant which are granted in this Declaration, the Bylaws or the Act shall be effective without the prior written consent of the Declarant, until such time as the Declarant owns five (5) or fewer Units.

ARTICLE XIX TIMESHARES

19.1 Limitation. No Units may be owned in any time-share estates.

IN WITNESS WHEREOF, the said Declarant has executed these presents on this _____ day of _____, 1996.

BROOKLINE ASSOCIATES,
a Pennsylvania limited partnership

By its General Partner

Clifford R. Coldren

successor member receiving the next highest number of votes shall serve until the next annual meeting following the meeting at which he was elected.

d. Notwithstanding the foregoing, if any meeting required pursuant to subparagraphs b and c above could be held on the date an annual meeting of the Association is scheduled, then such meeting shall be held concurrently with such annual meeting.

2.5 *Notice of Meetings.* The Secretary shall give to each Unit Owner a notice of each annual or regularly scheduled meeting of the Association in the manner prescribed by § 3308 of the Act at least twenty but not more than sixty days, and of each special meeting of the Unit Owners at least ten but not more than forty-five days, prior to such meeting, stating the time, place and purpose thereof and such other information as required pursuant to § 3308 of the Act. The notice for a meeting at which one or more members of the Executive Board are to be elected shall include a description of the nominating process described in Section 3.3b below. The giving of a notice of meeting in the manner provided in this Section and Section 8.1 of these Bylaws shall be considered service of notice.

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

2.7 *Voting.* The number of votes in the Association to which each Owner is entitled shall be the votes assigned to his Unit in the Declaration. If the owner of a Unit is other than a natural person, the natural person who shall be entitled to cast the vote for such Unit shall be the person named in a certificate executed by such Unit Owner pursuant to its governing documents. If the owner of a Unit is a trust, the trustee or trustees shall be deemed to be the Unit Owner for voting purposes. Where the ownership of a Unit is in more than one Person, the natural person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary, or in the absence of such named person from the meeting or the failure to execute and file such a certificate, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one of the multiple owners are present, the votes allocated to that unit may be cast only in accordance with their unanimous agreement. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where execution by owners of a Unit in the same manner as a deed is required and subject to the provisions of the Declaration, wherever the approval or disapproval of a Unit Owner is required, such approval or disapproval shall be made only by the natural person who would be entitled to cast the vote of such Unit at any meeting of the Association.

EXHIBIT A-1

DESCRIPTION OF REAL ESTATE

ALL THAT CERTAIN PARCEL OF LAND situated in the Township of College, Centre County, Pennsylvania, being more fully shown as Lot 1 on a plan entitled "Final Development Plan for Lot 1 Windmere Park, P.R.D", prepared by Sweetland Engineering & Associates, Inc., drawing number D-3305, dated September 15, 1995 and recorded in Centre County Plat Book 51, pages 94 and 95 on February 26, 1996, bounded and described as follows:

BEGINNING at a point in the northern right-of-way line of Rolling Ridge Drive (being a 60' wide right-of-way) at the southern corner of the herein described lot; thence along said right-of-way of Rolling Ridge Drive and concluding along lands now or formerly of Mt. Nittany Residence, Inc., (part of Lot 4 Plat Book 18, Page 12) North 53 degrees 50 minutes 41 seconds West, 603.23 feet to a point in the southern line of Lot 2, as shown on the above mentioned plan, at the common northern corner of said lands now or formerly of Mt. Nittany Residence, Inc. (Part of Lot 4 - Plat Book 18, Page 12) and the western corner of the herein described lot; thence along Lot 2, North 67 degrees 13 minutes 25 seconds East 298.96 feet to an existing property corner; thence North 22 degrees 49 minutes 45 seconds West to a 3/4 inch rebar; thence North 67 degrees 13 minutes 25 seconds East 604.73 feet to a 3/4 inch rebar; thence South 22 degrees 49 minutes 45 seconds East to a common corner of the lot herein described and lands now or formerly of Fredrick J. Kissinger and Richard D. Kissinger (Part of Lot 1, Plat Book 32, Page 109); Thence North 67 degrees 13 minutes 25 seconds 121.30 feet to a common property corner of the herein described lot and lands now or formerly of Fredrick J. Kissinger and Richard D. Kissinger (Part of Lot 1, Plat Book 32, Page 109); Thence along said lands now or formerly of Windmere Park P.R.D. South 22 degrees 46 minutes 35 seconds East, 457.32 feet to a point in a curve in the northern right -of-way line of Windmere Drive at the common southwestern corner of said lands now or formerly of Windmere Park P.R.D. and the eastern corner of the herein described lot; thence along said northern right-of-way line of Windmere Drive the following two (2) courses and distances: (1) by the arc of a curve to the left, having a radius of 280.00 feet, a central angle 25 degrees 12 minutes 58 seconds, an arc length of 123.23 feet, a chord bearing and distance of South 47 degrees 14 minutes 28 seconds West, 122.24 feet to a point, said point being a point of reverse curvature; thence (2) by the arc of a curve to the right, having a radius of 15.00 feet, a central angle 73 degrees 37 minutes 53 seconds, an arc length of 19.28 feet, a chord bearing and distance of South 71 degrees 26 minutes 56 seconds West 17.98 feet to a point at the intersection of said northern right-of-way line of Windmere Drive and the northern right-of-way line of Rolling Ridge Drive, said point being a point of reverse curvature; thence along said northern right-of-way line of Rolling Ridge Drive the following three (3) courses and distances: (1) by the arc of a curve to the left, having a radius of 280.00 feet, a central angle 37 degrees 41 minutes 37 seconds, an arc length of 184.21 feet, a chord bearing and distance of South 89 degrees 25 minutes 04 seconds West 180.90 feet to a point, said point being a point of tangency; thence (2) South 70 degrees 34 minutes 15 seconds West, 184.16 feet to a point, said point being a point of curvature; thence (3) by the arc of a curve to the left, having a radius of 280.00 feet, a central angle 52 degrees 56 minutes 14 seconds, an arc length of 258.70 feet, a chord bearing and distance of South 44 degrees 06 minutes 06 seconds West 249.60 feet to the point or place of beginning.

Containing 9.87 acres of land gross measure, more or less.

UNDER AND SUBJECT TO THE FOLLOWING:

A 15 foot wide West Penn Power Company easement as shown on Plat Book 51, page 94 and 95.

A 10 foot wide wall easement a shown on Plat Book 51, Page 94.

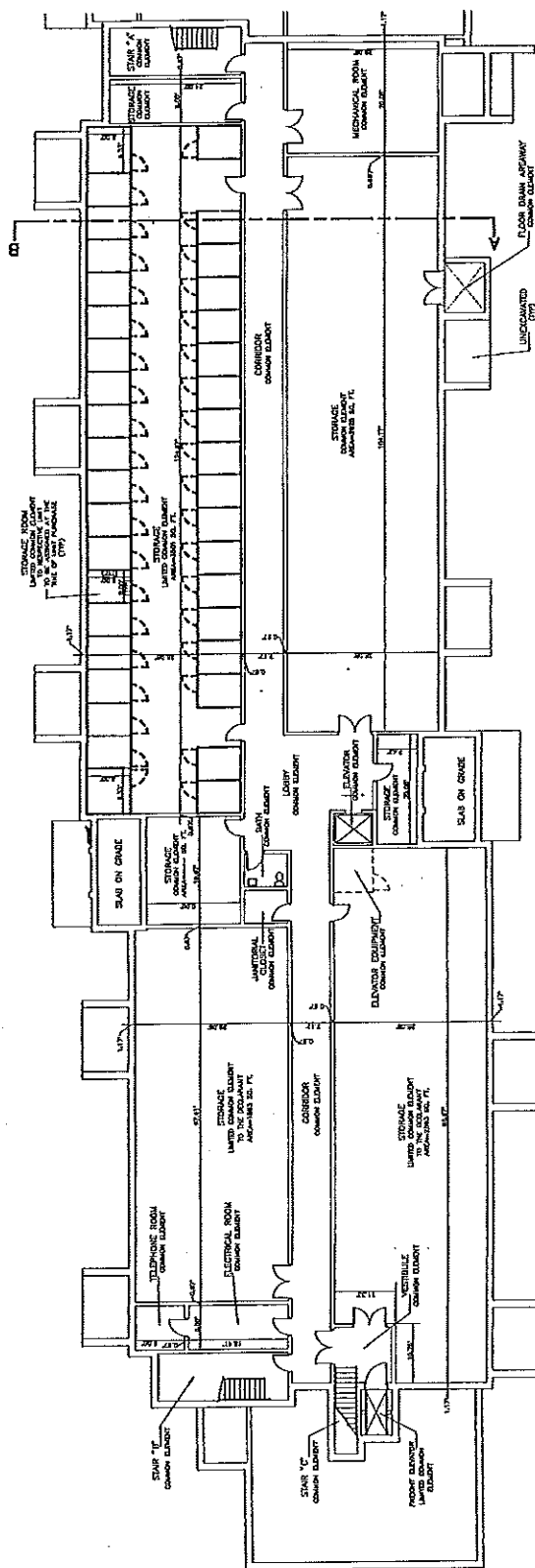
20 foot wide sanitary sewer easements as shown on Plat Book 51, Page 94.

All, covenants, easement and restrictions as recited in Centre County Deed Book 813, Page 854.

Being the same premises which became vested in Brookline Associates by Deed of Rolling Ridge Development Company., Inc., dated June 9, 1995 and recorded in Centre County Record Book 813, Page 854 and deed of College Township Industrial Development Authority dated _____ and recorded in Centre County Record Book _____, Page _____.

EXHIBIT A-2

DECLARATION PLAN



5/20/55

GRAPHIC SCALE



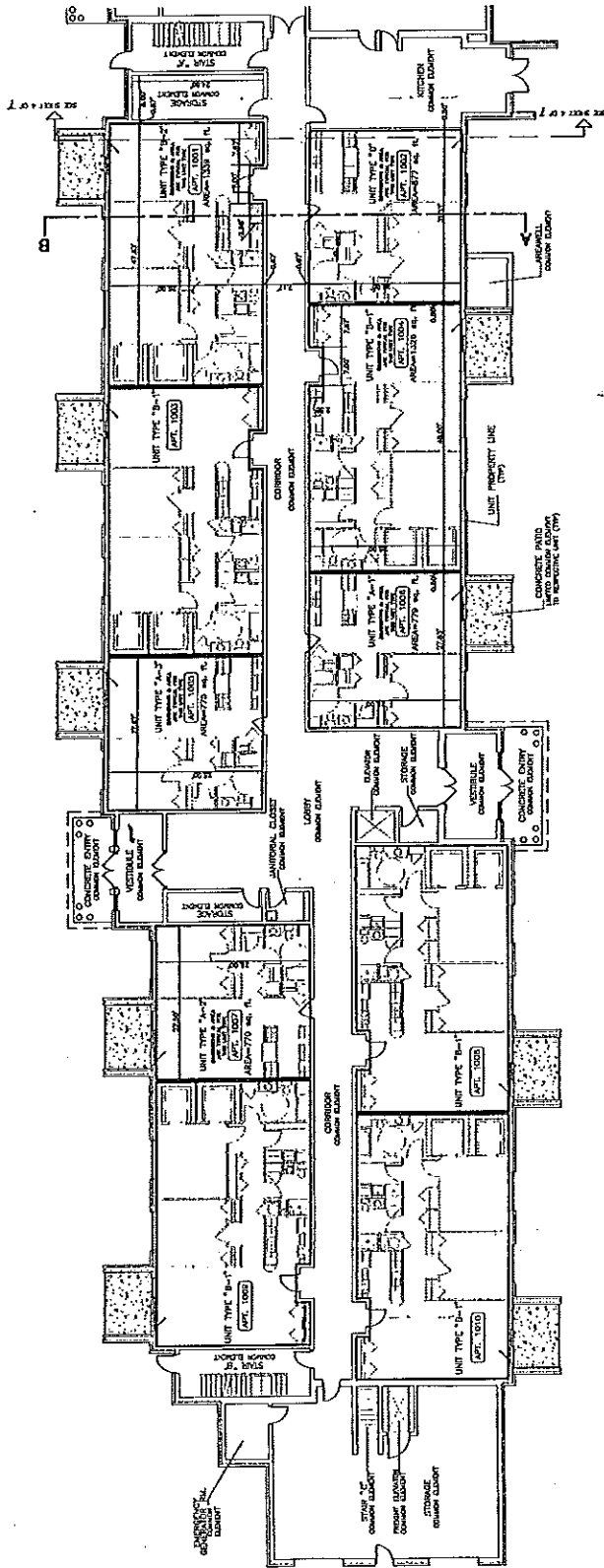
A & ASSOCIATES, INC.
SWEETLAND ENGINEERING

500 Science Park Road
State College, Pennsylvania 16803
(814)-237-6518 FAX (814)-237-1405

**CONDOMINIUM PLANS
FOR
"VILLAGE HEIGHTS"
CONDOMINIUMS**

Basement Floor Plan Village Centre

[illegible]



NOT TO SCALE



A SWEETLAND ENGINEERING & ASSOCIATES, INC.

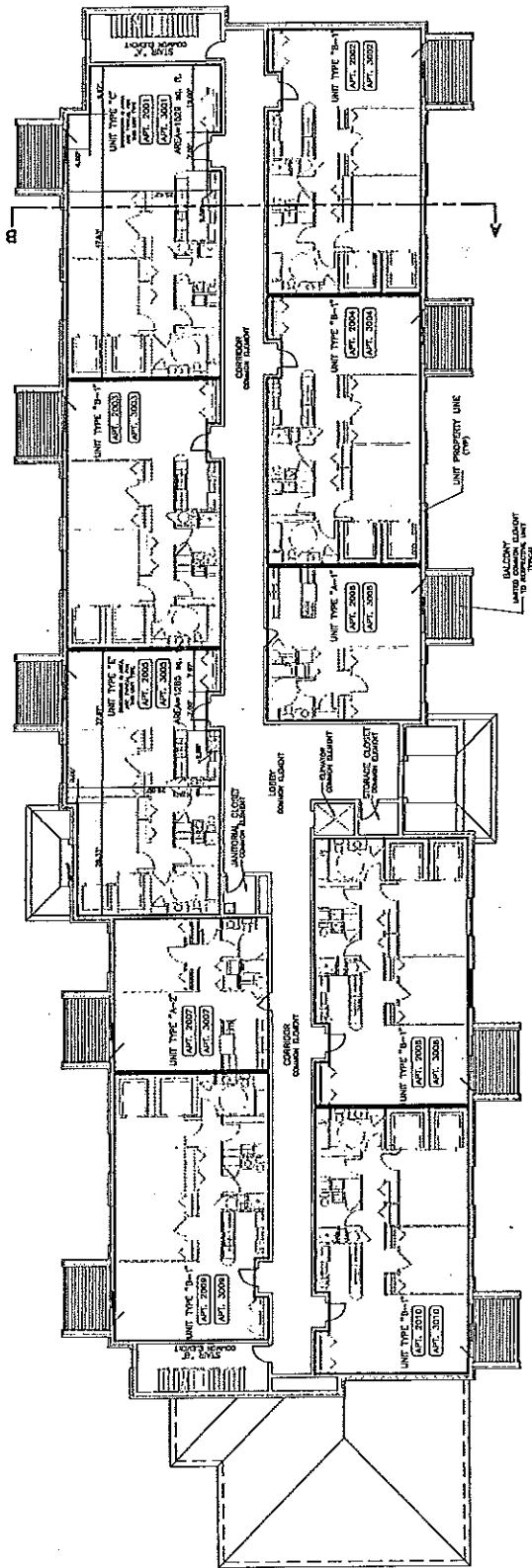
800 Science Park Road
State College, Pennsylvania 16803
(814)-237-0518 FAX (814)-237-1405

CONDOMINIUM PLANS FOR "VILLAGE HEIGHTS" CONDOMINIUMS

1st Floor Plan Village Centre Units

[illegible]

BUILDING SECTION A-B



SECOND & THIRD FLOOR PLANS VILLAGE CENTRE UNITS

SCALE 1"=10'

NOTE: THE DIMENSIONS AND AREAS ON
VILLAGE CENTRE UNITS 10-11, 10-12
AND 10-13, SEE SHEET 3 OF 7.

**SWEETLAND ENGINEERING
& ASSOCIATES, INC.**



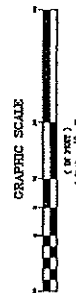
688 S. Adams Street, Suite 200
St. Louis, Missouri 63103
(314) 237-8310 FAX (314) 237-1488

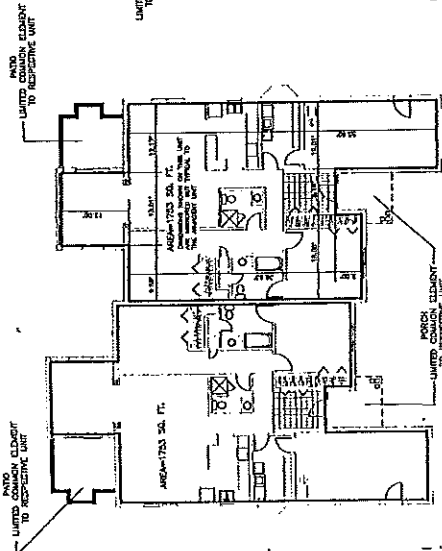
**CONDOMINIUM PLANS
FOR
"VILLAGE HEIGHTS"
CONDOMINIUMS
2nd & 3rd Floor Plan
Village Centre Units.**

DATE	11-25-93	DESIGNED BY	DAE	CHECKED BY	DAE	DATE	10-31-94			
PROJECT NAME	VILLAGE CENTRE									
PROJECT NUMBER	H3218	OWNER	SD-2433	ARCHITECT	SWEETLAND ENGINEERING & ASSOCIATES, INC.					
LOCATION	VILLAGE CENTRE, ST. LOUIS, MISSOURI									
DESCRIPTION	BUILDING PLANS FOR VILLAGE CENTRE TO VILLAGE CENTRE									

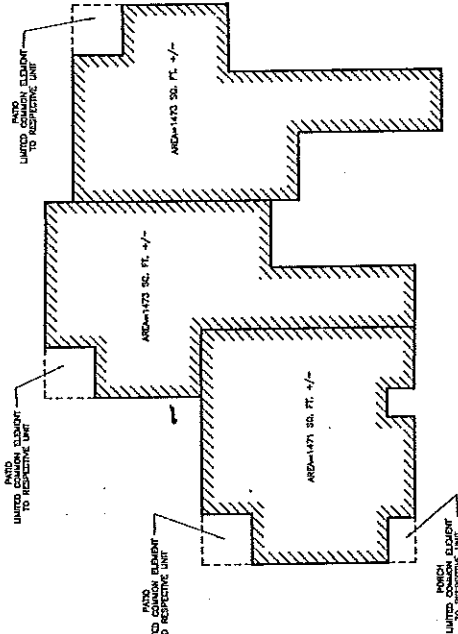


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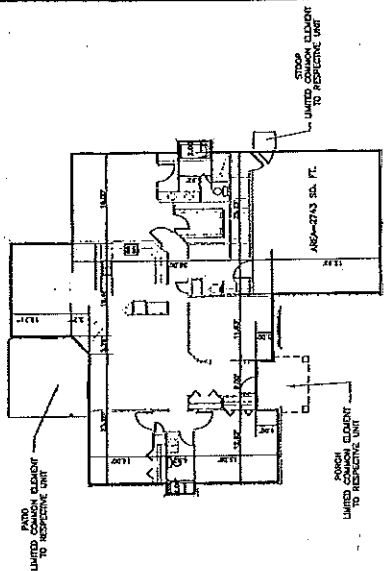


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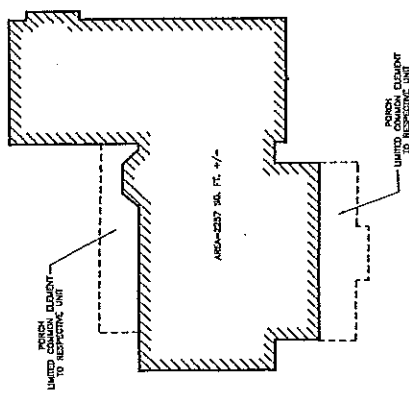


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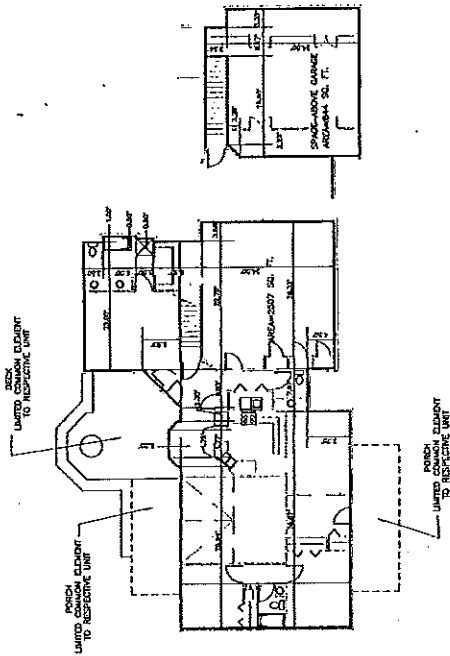


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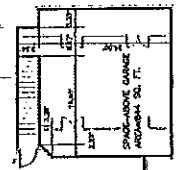
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NOT TO SCALE



VILLA UNIT TYPE "5"

NOT TO SCALE



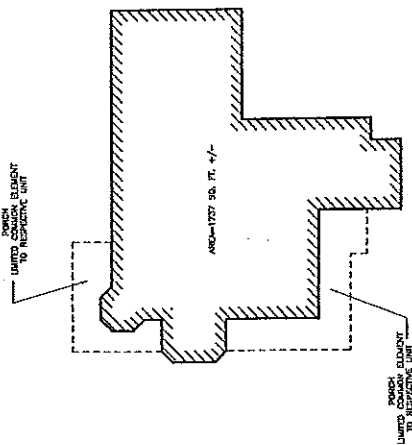
SWEETLAND ENGINEERING & ASSOCIATES, INC.
800 Seaford Park Road
State College, Pennsylvania 16801
(814) 237-6518 FAX (814) 237-1488

CONDOMINIUM PLANS FOR "VILLAGE HEIGHTS" CONDOMINIUMS

VILLAS

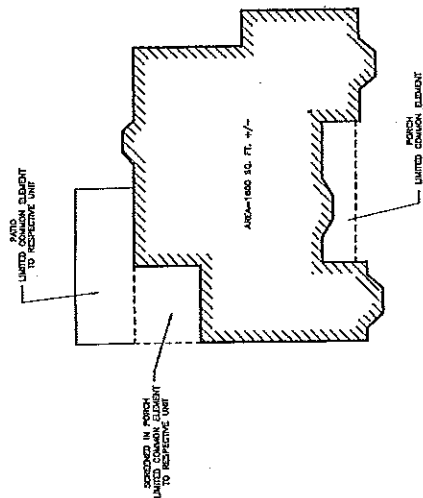
FOR BROOKING ASSOCIATES		CONDOMINIUM PROJECT INFORMATION	
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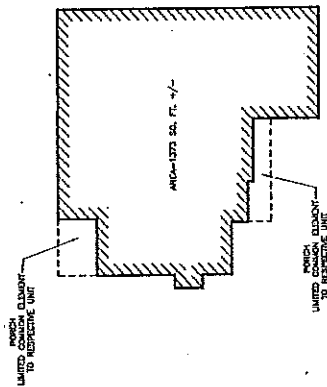


VILLA UNIT TYPE "6"

NOT TO SCALE

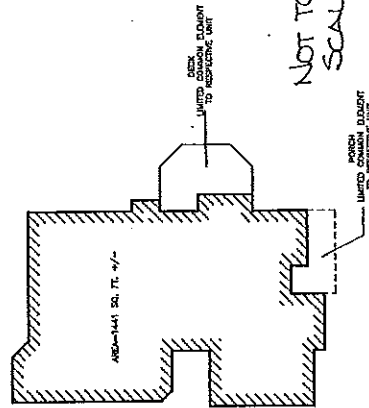


VILLA UNIT TYPE "8"



VILLA UNIT TYPE "7"


NOT TO SCALE



VILLA UNIT TYPE "9"

NOT TO SCALE

NOT TO SCALE



**SWEETLAND ENGINEERING
& ASSOCIATES, INC.**

600 Science Park Road
State College, Pennsylvania 16803
(814) 237-9316 FAX (814) 237-1440

**CONDOMINIUM PLANS
FOR
"VILLAGE HEIGHTS"
CONDOMINIUMS**

VILLAS

[illegible]

EXHIBIT A-3

ALLOCATION OF PERCENTAGE INTERESTS

15. **Headings.** Captions and paragraph headings contained in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Agreement.

16. **Binding Effect.** This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

17. **Entire Agreement.** This is the entire agreement between the parties hereto and all prior and contemporaneous agreements, understandings or representations are merged herewith. This Agreement may be modified and amended only by a writing signed by all parties hereto. The invalidity of any one of the provisions contained in this Agreement shall in no way affect any other provision of this Agreement, which other provision shall remain in full force and effect throughout the term of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers and their respective corporate seals to be hereunto affixed as to the day and year first above written.

VILLAGE HEIGHTS CONDOMINIUM
ASSOCIATION

By: _____

BROOKLINE ASSOCIATES

By: _____

VILLAGE HEIGHTS CONDOMINIUMS
Schedule of Percentage Interests

Village Centre

<u>Unit No.</u>	<u>Percentage Interest</u>
1001	.018911
1002	.018581
1003	.018911
1004	.018911
1005	.017341
1006	.017341
1007	.017341
1008	.018911
1009	.018911
1010	.018911
2001	.019092
2002	.018911
2003	.018911
2004	.018911
2005	.018882
2006	.017341
2007	.017341
2008	.018911
2009	.018911
2010	.018911
3001	.019092
3002	.018911
3003	.018911
3004	.018911
3005	.018882
3006	.017341
3007	.017341
3008	.018911
3009	.018911
3010	.018911

Villas

<u>Unit No.</u>	<u>Percentage Interest</u>
101	.02234
102	.02234
103	.02234
104	.02234
105	.02234
106	.02234
107	.02234
108	.02234
109	.02234
110	.02234
111	.02234
112	.02234
113	.02234
114	.02234
115	.02234
116	.02234
117	.02234
118	.02234
119	.02234
120	.02234

CONDOMINIUM MANAGEMENT AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of 1996, by and between VILLAGE HEIGHTS CONDOMINIUM ASSOCIATION, an unincorporated association, hereinafter called "Association," and BROOKLINE ASSOCIATES, hereinafter called the "Brookline."

WITNESSETH:

WHEREAS, Brookline is engaged in the business of providing management and related maintenance services in connection with retirement villages; and

WHEREAS, Association is the operating entity of Village Heights Condominiums (the "Condominium") located in College Township, Centre County, Pennsylvania; and

WHEREAS, the Association desires to assure all Condominium Unit Owners of the services of Brookline for the management, supervision and maintenance of the Condominium;

WHEREAS, authority is granted in the Declaration and By-laws of the Association to enter into a contract providing for the management, supervision and maintenance of the Condominium;

NOW, THEREFORE, in consideration of the premises and other good and valuable considerations, receipt of which is hereby acknowledged, and in further consideration of the mutual covenants and agreements hereinafter contained to be performed by each party in favor of the other, Association and Brookline agree as follows:

1. **Definitions in Declaration.** The definitions set forth in the Declaration and in the Exhibits thereto are incorporated herein by reference and made a part hereof, and, unless the context otherwise requires, such definitions shall prevail.

2. **Engagement.** Association hereby employs Brookline as the exclusive manager of the Association, and Brookline hereby accepts such employment for the consideration hereinafter recited, for the period and upon the terms and conditions hereinafter set forth. By the execution of this Agreement, Brookline assumes and undertakes to perform, carry out and administer all management and maintenance responsibilities imposed upon Association as set forth in its By-laws and the Declaration.

3. **Term.** The term of this Agreement will commence on the first day of the month in which the Declarant closes on the purchase of the first Condominium Unit and will end five (5) years from the date thereof; provided, however, this Agreement may be sooner terminated as follows:

(a) by the Association, while the same is controlled by Developer, upon sixty (60) days' written notice to Brookline;

(b) by Association, pursuant to § 3305 of the Pennsylvania Condominium Act, as it from time to time may be amended;

(c) by either party as a result of the other party's default, upon the nondefaulting party giving the defaulting party written notice of such default, by certified mail, return receipt requested, and the defaulting party's failure to cure such default within sixty (60) days after receipt of such notice;

(d) by Brookline, upon not less than sixty (60) days' written notice to Association; or

(e) by written agreement of both parties.

4. **Compensation.** As a net fee for the services to be performed hereunder, Association shall pay to Brookline an amount equal to five (5%) percent of all Association Fees collected by the Managing Agent from Unit Owners under the terms of the Declaration. Such compensation shall commence during the month after the month of the first conveyance of a Unit in the Condominium, and shall be payable on or before the fifteenth (15) day of each month, based upon amounts received by Brookline during the preceding month.

5. **Duties.** Brookline assumes and agrees to supervise and direct, for Association, such duties as are necessary to manage and maintain the Condominium, which duties shall be performed subject to the review, supervision, direction and control of Association's Board of Directors. Without limiting the generality of the foregoing, Brookline shall provide consultation, advice, guidance, managerial and maintenance services as, when and if needed, or as otherwise specified herein to do and accomplish the following:

A. In General.

- (1) Daily and at all other appropriate times, to take actions necessary to comply with any and all federal, state, country, or municipal laws, ordinances or orders pertaining to the Condominium; provided, however, that Brookline shall not take any such action without notifying the Board, if time permits, and shall not take any such action so long as Association is contesting, or has affirmed its intentions to contest, any such law, ordinance, or order.
- (2) Daily and at all other appropriate times, to select, hire and compensate such employees and agents of the Association as deemed necessary by the Managing Agent, all of whom shall be employees and agents of the Association.
- (3) Annually and at all other appropriate times, to review and make recommendations concerning insurance coverage and obtain and keep in force all forms of insurance needed to adequately protect the Association, its members and their mortgages. Such insurance shall include, without limitation; workmen's compensation; public

liability; fire and extended coverage; and burglary and theft. All of the various types of insurance coverage required shall be placed with such companies in such amounts and with such beneficial interests appearing therein as shall be acceptable to the Association and to the mortgages.

- (4) At all appropriate times, to cause prompt investigations and written reporting as to all accidents or claims for damage relating to the management, operation and maintenance of the Condominium including any damage or destruction to the Condominium, the estimated cost of repair, and to cooperate with and make any and all reports required by any insurance company in connection herewith.

B. Financial.

- (1) Monthly and at all other appropriate times, to cause collection, receipt and acknowledgment, in Association's name, of all assessments and charges due from Unit Owners, and, in the event of default in payment of same, to take such legal action, in Association's name, as may be necessary to enforce any and all Association rights against the defaulting unit owner, tenant, other person or party; and at least monthly, to furnish Association with an itemized list of all delinquent accounts.
- (2) Annually, to prepare a proposed annual operating budget not less than sixty (60) days before the beginning of each fiscal year, setting forth an itemized statement of anticipated receipts and disbursements for the forthcoming fiscal year, based upon the previous year's experience, the general condition of the Common Elements and the objectives for the ensuing year and to submit to the Board wage rate recommendations for the forthcoming year.
- (3) At all times, to cause the Association to keep and maintain a complete and current set of books and records for Association, which records shall be subject to examination at all reasonable hours.
- (4) At all appropriate times, supervise disbursements as Association funds for:
 - (a) Salaries and other compensation payable to employees of Association; and
 - (b) costs and expenses incurred in connection with Brookline's duties under this Agreement.
- (5) At appropriate times, supervise disbursements of Association funds for: (a) salaries and other compensation payable to employees of Association; and (b) costs and expenses incurred in connection with Management (c) company's duties under this Agreement.

- (6) Daily and at all other appropriate times, to maintain separate custodial bank account(s) or Association in institution(s) insured by the F.D.I.C. or F.S.L.I.C.
- (7) At all appropriate times, to cause the filing of proper payroll tax forms, income tax forms and other governmental reporting.
- (8) Brookline shall cooperate with the certified public accountant of the Association in the audit and certification of such report, in the audit of books of account of the condominium, and in the preparation of federal income and other tax returns.

C. Administrative.

- (1) Daily and at all other appropriate times, to negotiate or assist Association in negotiating contracts and orders for such equipment, tools, appliances, materials, supplies and services as are necessary in the opinion of Brookline, provided that Brookline may not spend more than Five Thousand Hundred and No/100 Dollars (\$5,000.00) for the purchase of any particular item or service without the prior written approval of at least one Director.
- (2) Daily and at all other appropriate times, to prepare and forward by mail or otherwise, all correspondence, including but not limited to, letters, reports and notices, as may be reasonably requested by the Board.
- (3) At all appropriate times, to cause the supervision of moving of unit owners either into or out of the Condominium and to arrange the dates of movement to insure a minimum of disturbance and inconvenience to other unit owners and their guests.
- (4) At all appropriate times, to accept applications and references, on an exclusive basis, from all prospective purchasers and to facilitate transfers of Units from one owner to another.
- (5) Annually, to prepare for and coordinate the annual meeting of the Association.
- (6) Monthly and at all other appropriate times, to attend all regular meetings of the Board of Directors and such other meetings as are deemed necessary by the Board.
- (7) Monthly and at all other appropriate times, to cause the preparation, maintenance, duplication and distribution of the minutes of Association meetings with the cooperation of the Secretary of the Association.
- (8) At all appropriate times, to coordinate the disposition of written requests for information and services concerning or relevant to the property and facilities and

unreasonably withheld) any or all of the duties hereunder, so long as the responsibility for the compliance with this Agreement remains with Brookline.

9. Personal Liability. This Agreement has been executed on behalf of Association and Brookline by their respective officers solely in their respective capacities, and no officer, director, agent, employee or attorney of Association or Brookline shall have any personal liability hereunder as to any person.

10. Non-Contemplated Events. Neither party shall be held liable for failure to comply with any of the terms of this Agreement when such failure has been caused solely by fire, labor dispute, strike, war, insurrection, government restrictions, force majeure, or act of God beyond the control and without fault on the part of the party involved, provided such party uses due diligence to remedy such default. Circumstances are likely to arise from time to time which may require that budgets be exceeded, and Brookline shall not be liable for budget overruns.

11. Relationship. The parties hereto hereby acknowledge that Brookline is affiliated with the Developer of the Condominium.

12. Attorney's Fees. In the event of any litigation by and between any of the parties hereto concerning the subject matter of this Agreement, it is agreed that the prevailing party, or parties, shall be entitled to recover attorney's fees and costs (appellate or otherwise) from the nonprevailing party or parties.

13. Notices. Any required notices to Association shall be directed to Association at the following address:

Village Heights Condominium Association
c/o Clifford R. Coldren
1930 Cliffside Drive
State College, PA 16801

Any required notices to Brookline shall be directed to Brookline at the following address:

Brookline Associate
1930 Cliffside Drive
State College, PA 16801

14. Governing Law. The interpretation, validity and performance of this Agreement shall be governed by the laws of the State of Pennsylvania. Venue with respect to any litigation shall be Centre County, Pennsylvania.

the performance of the Association's policy decision, or interpretation of covenants, easements, restrictions, and the by-laws.

D. Maintenance.

- (1) Daily and at all other appropriate times, to supervise the hiring of one or more persons necessary to provide maintenance services for the common elements of the Condominium to the extent of Association's obligations therefore under the Declaration and By-laws and to insure that the Condominium Property is maintained in a first-rate condition and state of repair; such maintenance personnel shall, in every instance, be in the employ of the Association, and not Brookline.
- (2) Daily and at all other appropriate times, to cause the development and implementation of preventive maintenance standards.

All such services performed by Brookline shall be done as Association's agent, and all obligations or expenses incurred in the performance of Brookline's duties and obligations shall be for the account of, and on behalf of, and at the expense of, Association. Brookline shall not be obligated to make any advance to or for Association's account or to pay any sum, except out of funds held or provided by Association or its members, nor shall Brookline be obligated to incur any liability or obligation on account of Association without assurance that the necessary funds for the discharge thereof will be provided. Upon request, Association shall promptly pay or reimburse Brookline for all actual costs incurred by Brookline, for time spent in performing its duties undertaken in this Agreement, but not including salaries of the officers and directors of Management including salaries of the officers and directors of Brookline. The fees to be paid and costs to be reimbursed to Brookline shall at all times be subject to prior approval by the Board.

6. Insurance; Indemnification. It is understood and agreed that the public liability insurance carried and maintained by Association shall be extended to and shall cover Brookline, its agents and employees. Association shall hold Brookline harmless from any and all liability arising out of the performance by Brookline of its duties hereunder unless the liability arises from the negligence of manager.

7. Access to Condominiums. Brookline shall have access to the Condominium at all reasonable times as may be necessary for the maintenance, repair or replacement of any improvements contained therein or accessible therefrom, or for the making of emergency repairs therein necessary to prevent damage to the same.

8. Assignment and Delegation. Brookline may assign this Agreement upon not less than ninety (90) days written notice to the Association. Upon receipt of such notice, the Association may, at its option, terminate this Agreement, effective upon the date same is assigned by Brookline. Notwithstanding anything to the contrary herein, Brookline may delegate, with the prior written consent of the Executive Board of the Association (which consent shall not be

BYLAWS
OF
VILLAGE HEIGHTS CONDOMINIUM OWNERS'
ASSOCIATION

ARTICLE I
Introductory Provisions

1.1 *Applicability.* These Bylaws provide for the governance of the Association pursuant to the requirements of Section 3306 of the Act with respect to the Condominium created by the recording of the Declaration among the land records of Centre County.

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

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

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

ARTICLE II
The Association

2.1 *Composition.* The Association is hereby organized on the date hereof as an unincorporated condominium unit owner's association pursuant to the Act. The Association shall consist of all the Unit Owners acting as a group in accordance with the Act pursuant to the Declaration and these Bylaws. A person shall automatically become a member of the Association when he acquires legal title to a Unit. A Unit Owner cannot resign from membership or transfer membership except appurtenant to transfer of title to his Unit. Transfer of membership shall be automatic upon transfer of title, but the Association may treat the prior Unit Owner as a member until satisfactory evidence of the recording of the instrument transferring title is presented to the Secretary. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association pursuant to the Act and the Declaration. The foregoing responsibilities shall be performed by the Executive Board or Managing Agent as more particularly set forth in these Bylaws.

2.2 *Annual Meetings.* The annual meetings of the Association shall be held on the second Monday of April of each year unless such date shall occur on a legal or religious holiday,

in which event the meeting shall be held on the succeeding day. At such annual meetings the Executive Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 3.3 of these Bylaws (subject to Article 17 of the Declaration) and such other business as may properly come before the meeting may be transacted. At each annual meeting, the Treasurer shall present a financial report for the immediately preceding year.

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

2.4 *Special Meetings.*

a. The President shall call a special meeting of the Association if so directed by resolution of the Executive Board or upon a petition signed and presented to the President by Unit Owners entitled to cast at least 20% of the voters in the Association. The notice of any special meeting shall state the time, place and purpose thereof. Such meeting shall be held within 45 days after receipt by the President of said resolution or petition; provided, however, if the purpose includes the consideration of the rejection of a budget or capital expenditure pursuant to Section 5.8 below, such meeting shall be held within 15 days after receipt by the President of said resolution of petition. No business shall be transacted at a special meeting except as stated in the notice.

b. Within sixty days after conveyance of 25% of the Units to Unit Owners other than the Declarant, a special meeting of the Association shall be held at which two of five members of the Executive Board designated by the Declarant shall resign (such members to be selected by the Declarant), and the Unit Owners, excluding the Declarant as a Unit Owner, shall thereupon elect two successor members of the Executive Board to act in the place and stead of the members resigning. Such successor members shall serve until the earlier to occur of the third annual meeting of the Association following the meeting at which they were elected or the election of a successor pursuant to subparagraph c below.

c. Within sixty days immediately preceding the date by which all Declarant appointed members of the Executive Board must resign pursuant to Article 17 of the Declaration, a special meeting of the Association shall be held at which all members of the Executive Board shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect five successor members of the Executive Board to act in the place and stead of those resigning. The two successor members receiving the highest number of votes shall serve until the third annual meeting of the Association following the meeting at which they were elected, the two successor members receiving the next highest number of votes shall serve until the second annual meeting of the Association following the meeting at which they were elected, and the

Except with respect to election of members of the Executive Board and except where a greater number is required by the Act, the Declaration or these Bylaws, the owners of Units holding more than fifty percent of the aggregate votes of those Unit Owners voting in person or by proxy at one time at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association. In all elections for Executive Board members, each Unit Owner shall be entitled to cast for each vacancy to be filled at such election the number of votes allocated to the Unit or Units owned by such Unit Owner. Those candidates for election receiving the greater number of votes cast in such elections shall be elected and, if Executive Board members are elected to unequal terms, the candidates receiving the highest number of votes shall be elected to the longest terms. Except as set forth in Section 2.4b, if the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No votes allocated to a Unit owned by the Association may be cast. There shall be no cumulative or class voting except as expressly permitted under the Declaration or these Bylaws. Voting may be accomplished at the discretion of the Executive Board by written ballots to be deposited at such place and during such time (up to a maximum of 120 days) as determined by the Executive Board.

2.8 *Proxies.* A vote may be cast in person or by proxy. If a Unit is owned by more than one Person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, Posted Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked or void, in addition to situations set forth in the Act and in Section 2.1 above, only upon actual receipt by the person presiding over the meeting of written notice of revocation from the grantor(s) of the proxy, or when the presiding officer receives written notice of the death of judicially declared incompetence of a grantor of such proxy. No proxy shall be valid for a period in excess of one year after the execution thereof. A proxy is void if it is not dated or purports to be revocable without notice. Voting rights may be assigned to holders of Posted Mortgages as collateral for loans secured by such Posted Mortgagees.

2.9 *Quorum.* Except as set forth below, the presence in person or by proxy of Unit Owners entitled to cast 50% of the votes in the Association at the commencement of a meeting shall constitute a quorum at all meetings of the Association. If a meeting is adjourned pursuant to Section 2.6 above, the quorum at any meeting subsequent to an adjournment shall be deemed present throughout any such meeting of the Association if persons entitled to cast 30% of the votes in the Association are present in person or by proxy at the beginning of the meeting.

2.10 *Conduct of Meetings.* The President (or in his absence, a vice-president) shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall

govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. All votes shall be tallied by tellers appointed by the President.

2.11 *Action Without Meeting.* At any time prior to the election referenced in Section 2.4c hereof, any action by the Association required or permitted to be taken at any meeting may be taken without a meeting if Unit Owners of Units representing at least the required number of votes which would have been necessary in order to take such action had all Unit Owners been present at a meeting of the Association shall individually or collectively consent in writing to such action. Thereafter, such action without a meeting shall require the greater of the vote required above or the vote of two-thirds of all votes entitled to be cast by all Unit Owners. Any such written consent shall be filed with the minutes of the proceedings of the Association.

2.12 *Documents and Records.* Copies of the Declaration, Plats and Plans, Bylaws, Rules and Regulations, contracts to which the Association is a party and all books, records and financial statements of the Association, including the minutes of Executive Board and Association meetings, shall be available for inspection in the offices of the Association during normal business hours or at other reasonable times upon the request of any Unit Owner or any holder, insurer or guarantor of any first mortgage which is a lien on any Unit in the Condominium.

ARTICLE III

Executive Board

3.1 *Number and Qualification.* The affairs of the Association shall be governed by an Executive Board. The Executive Board shall be composed of five natural persons, all of whom shall be at least 18 years of age and Unit Owners, general partners or officers of a Unit Owner or designees of the Declarant.

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

- (1) to adopt the annual budget, any amendment thereto or to assess any Common Expenses;
- (2) to adopt, repeal or amend Rules and Regulations;

- (3) to designate signatories on Association bank accounts;
- (4) to borrow money on behalf of the Association;
- (5) to acquire and mortgage Units;
- (6) to designate Reserved Common Elements.

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

3.3 *Election and Term of Office.*

a. At the annual meetings of the Association, the term of office of any Executive Board member to be elected (except as set forth in Section 2.4b and c and 3.5 hereof) shall be fixed at three years. The members of the Executive Board shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication or incompetency, removal, or resignation. An Executive Board member may serve an unlimited number of terms and may succeed himself.

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

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

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

3.4 *Removal or Resignation of Members of the Executive Board.* Except with respect to members designated by Declarant, at any regular or special meeting of the Association duly called, any one or more of the members of the Executive Board may be removed with or without cause by Unit Owners entitled to cast a majority of all votes in the Association and a successor may then and there be elected to fill the vacancy thus created. Any Unit Owner proposing removal of a Board member shall give notice thereof to the Secretary. Any member whose removal has been proposed by a Unit Owner shall be given at least ten days' notice by the Secretary of the time, place and purpose of the meeting and shall be given an opportunity to be

heard at the meeting. A member of the Executive Board may resign at any time and shall be deemed to have resigned upon transfer of title to his Unit. Declarant shall have the right to remove and replace any or all members appointed by the Declarant at any time and from time to time until the required resignation date specified in Article 17 of the Declaration.

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

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

3.7 *Regular Meetings.* Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the members, but such meetings shall be held at least once every six months during each fiscal year. Notice of regular meetings of the Executive Board shall be given to each member, by mail or telegraph, at least three business days prior to the day named for such meeting.

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

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

3.10 *Quorum of the Executive Board.* At all meetings of the Executive Board a majority of the members shall constitute a quorum for the transaction of business, and the votes of

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

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

3.12 *Conduct of Meetings.* The President shall preside over all meetings of the Executive Board and the Secretary shall keep a minute book of the Executive Board, recording therein all resolutions adopted by the Executive Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Roberts Rules of Order shall govern the conduct of the meetings of the Executive Board when not in conflict with the Declaration, these Bylaws or the Act. Except for the meeting to adopt the budget, Unit Owners who are not Board members shall have no right to attend Executive Board meetings unless the Board decides otherwise. All Unit Owners may attend and be heard, but may not vote (except as a Board member) at the meeting at which the budget shall be reviewed by the Board for adoption. The Secretary shall give Unit Owners notice of such meeting.

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

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

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

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

(b) The Contract or transaction is made in good faith and is not
unconscionable to the Association at the time it is authorized, approved or ratified.

3.15 *Inclusion of Interested Executive Board Members in the Quorum.* Any Executive Board member holding such director or officer position or having such financial interest in another corporation, firm or association may be counted in determining the presence of a quorum at a meeting of the Executive Board or a committee thereof which authorizes, approves or ratifies a contract or transaction of the type described in Section 3.14 hereof.

ARTICLE IV

Officers

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

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

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

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

4.5 *Vice President.* The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Executive Board shall appoint some

other member of the Executive Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Executive Board or by the President. The Vice President shall cease holding such office at such time as he ceases to be a member of the Executive Board.

4.6 *Secretary.* The Secretary shall keep the minutes of all meetings of the Association and of the Executive Board; have charge of such books and papers as the Executive Board may direct; maintain a register setting forth the place to which all notices to Unit Owners and holders of mortgagees on any Units hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary of a stock corporation organized under the laws of Pennsylvania. The Secretary shall, upon request, provide any Person or cause to be provided to any Person entitled thereto a written statement or certification of the information required to be provided by the Association pursuant to Sections 3315(g), 3401(g) and 3407(b) of the Act and Section 5.12 below.

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

4.8 *Execution of Documents.* All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of \$10,000 shall be executed by any two officers of the Association. All such instruments for expenditures or obligations of \$10,000 or less may be executed by any one officer of the Association.

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

ARTICLE V

Common Expenses; Budgets

5.1 *Fiscal Year.* The fiscal year of the Association shall be the calendar year unless otherwise determined by the Executive Board; provided, however, that the first fiscal year may begin anytime and end at the end of the calendar year.

5.2 *Preparation and Approval of Budget.*

5.2.1 On or before the first day of November of each year (or sixty days before the beginning of the fiscal year), the Executive Board shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as the which it is the responsibility of the Executive Board to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. Such budget shall also include such reasonable amounts as the Executive Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. The budget shall segregate General Common Expenses and various types of Limited Expenses. The annual budget shall separately allocate to the Owners of Units all costs associated with the cleaning, operating, maintaining, repairing and replacing of the Limited Common Elements, including (but not limited to) the costs of electricity, heat, air-conditioning and ventilation for the Limited Common Elements, the costs of cleaning, maintaining, repairing and replacing the Limited Common Elements, the cost of providing any insurance coverage applicable only to the Limited Common Elements and the compensation (including salaries and other fringe benefits) or portions thereof allocable to the Limited Common Elements, of persons who are employed to operate, clean, maintain and repair the Limited Common Elements. To the extent that the assessments and other cash income collected from the Unit Owners during the preceding year shall be more or less than the expenditures for such preceding year. Any surplus or deficit derived from the operation, service, repair, maintenance or replacement of the Limited Common Elements shall be allocated solely to the Unit Owners.

5.2.2 On or before the next succeeding tenth day of November (or fifty days before the beginning of the fiscal year), the Executive Board shall make the budget available for inspection at the Association office and shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the General Common Expenses, the Limited Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owners' assessment for the Common Expenses and Limited Expenses of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 5.8 below.

5.2.3 The Executive Board shall make reasonable efforts to meet the deadlines set forth above, but such deadlines shall not be conditions precedent to the effectiveness of any budget.

5.2.4 The Executive Board shall deliver to all Unit Owners copies of each budget approved by the Executive Board and notice of any capital expenditure approved by the Executive Board promptly after either such approval.

5.3 *Assessment and Payment of Common Expenses.*

5.3.1 *General Common Expenses.* The Executive Board shall calculate the annual assessments for General Common Expense against each Unit by multiplying (a) the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any Limited Expenses and income expected to be received from sources other than Common Expense assessments and the operation of the Limited or Reserved Common Elements to which the Limited Expenses pertain, by (b) the Percentage Interest (expressed in decimal form) allocated to such Unit. Such assessments shall be adopted and assessed on an annual basis, but payable in equal monthly installments due and payable on the first day of each calendar month and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration as of the date of non-payment by a Unit Owner of any installment when due. Within ninety (90) days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each Posted Mortgagee an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to General Common Expenses, after application of reserves as the Executive Board may determine, shall be assessed promptly against the Unit Owners in accordance with their Percentage Interests and shall be payable in one or more monthly assessments, as the Executive Board may determine.

5.3.2 *Limited Expenses.* The Executive Board shall calculate the annual assessments for each category of Limited Expense against each Unit obligated to pay such Limited Expenses by multiplying (a) the total amount of the estimated funds required to such category of Limited Expenses set forth in the budget adopted by the Executive Board for the fiscal year in question, after deducting any income expected to be received from the operation of the Limited or Reserved Common Elements to which such Limited expenses pertain other than Limited Expense Assessments by (b) the share of such category of Limited Expenses (expressed in decimal form) allocated to each such Unit. Such assessments shall be adopted and assessed on an annual basis, but payable in equal monthly installments due and payable on the first day of each calendar month and shall be a lien against each Unit Owner's Unit as provided in the Act and the Declaration as of the date of non-payment by a Unit Owner of any installment when due. Within ninety days after the end of each fiscal year, the Executive Board shall prepare and deliver to each Unit Owner and to each Posted Mortgagee an itemized accounting of the Common Expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. Any net shortage with regard to any category of Limited Expenses, after application of such reserves as the Executive Board may determine, shall

be assessed promptly against the Unit Owners obligated to pay such Limited Expenses in accordance with their allocable share of such Limited Expenses and shall be payable in one or more monthly installments, as the Executive Board may determine.

5.3.3 *Reserves.* The Executive Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Unit Owner's assessments, the Executive Board may at any time levy further General Common Expense and/or Limited Expense assessments, which shall be assessed against the Unit Owners either according to their respective Percentage Interests with regard to General Common Expenses or in accordance with allocable shares of Limited Expenses with regard to Limited Expenses (whichever is appropriate), and shall be payable in one or more monthly installments as the Executive Board may determine.

5.4 *Further Assessments.* The Executive Board shall serve notice on all Unit Owners of any further assessments pursuant to Sections 5.3.1, 5.3.2, 5.3.3 or otherwise as permitted or required by the Act, the Declaration and these Bylaws by a statement in writing giving the amount and reasons therefor, and such further assessments shall, unless otherwise specified in the notice, become effective with the next monthly installment which is due more than ten days after the delivery of such notice of further assessments. All Unit Owners so assessed shall be obligated to pay the amount of such assessments in such installments (if any) as determined by the Executive Board. Such assessments shall be a lien as set forth in the preceding Sections 5.3.1 and 5.3.2 as of the date of failure to pay any assessment or installment thereof when due.

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

5.6 *Effect of Failure to Prepare or Adopt Budget.* The failure to delay of the Executive Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjustment budget, each Unit Owner shall continue to pay each monthly installment at the rate established for the previous fiscal year until the new annual or adjusted budget shall have been adopted.

5.7 *Accounts; Audits.* All sums collected by the Executive Board with respect to assessments against the Unit Owners or from any other source may be commingled into a single

fund. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Executive Board, with audited financial statements delivered to Unit Owners.

5.8 *Rejection of Budget; Limitations on Expenditures and Borrowing.* Anything herein to the contrary notwithstanding, the Association, by majority vote of all votes in the Association, may reject any budget or capital expenditure approved by the Executive Board, within thirty days after approval of the Executive Board. The power of the Executive Board to expend funds, incur expenses or borrow money on behalf of the Association is subject to the requirement that the consent of Unit Owners entitled to cast at least two-thirds of the votes in the Association obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to (i) expend funds or incur expenses that it is reasonably anticipated will cause the aggregate amount of all expenses in the budget (including reserves) to be exceeded by more than 5% of such aggregate amount after taking into account any projected increases in income, and (ii) to borrow so that loans of the Association then outstanding would exceed 5% of such aggregate amount.

5.9 *Budgets for Limited Expenses.* The owners of a majority of the Units, respectively have the power to reject that portion of the budget of the Association (including, but not limited to, proposed capital expenditures) relating to the operation, maintenance, repair or replacement of the Limited Common Elements, as the case may be, even if such portion of the budget has not been rejected by a majority of all Unit Owners pursuant to Section 5.8 above, in the manner and pursuant to the procedures set forth in Section 4.2 of the Declaration.

5.10. *Payment of Common Expenses.* Each Unit Owner shall pay the Common Expenses assessed by the Executive Board pursuant to the provisions of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. The purchase of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time such recordation, without prejudice to the purchaser's right to recover from selling Unit Owner amounts paid by the purchaser therefor; *provided, however*, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five days following a written request therefor to the Executive Owner within five days following a written request therefor to the Executive Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed by subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and, *provided further* that, subject to Section 3315(b)(2) of the Act, each Permitted Mortgagee who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against

such Unit which accrue prior to the time such holder or purchaser comes into possession thereof, except for claims for pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged unit.

5.11 *Collection of Assessments.* The Executive Board or the Managing Agent, at the request of the Executive Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment or installments thereof not paid within five days after due shall accrue a late charge in the amount of five (5%) percent of the overdue assessment in addition to interest accruing at the rate of 10% per annum or such other rate as may be determined by the Executive Board from time to time.

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

ARTICLE VI

Compliance and Default

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

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

b. *Costs and Attorney's Fees.* In any proceedings arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

c. *No Waiver of Rights.* The failure of the Association, the Executive Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be

granted by the Declaration, these Bylaws, the Rules and Regulations or the Act shall not constitute a waiver of the right of the Association, the Executive Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Executive Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, the Rules and Regulations or the Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws, the Rules and Regulations or the Act or at law or in equity.

d. *Abating and Enjoining Violations by Unit Owners.* The violation of any of the Rules and Regulations adopted by the Executive Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration or the Act shall give the Executive Board the right, in addition to any other rights: (a) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any thing or condition (other than alteration or demolition of items of construction) that may exist therein contrary to the intent and meaning of the provisions hereof, and the Executive Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach, including, without limitation, requiring the alteration or demolition of items of construction.

ARTICLE VII

Amendments

7.1 *Amendments by Bylaws.* Subject to Section 7.2 of the Declaration, these Bylaws may be modified or amended only by vote of Unit Owners entitled to cast a majority of the votes in the Association, except as otherwise expressly set forth herein or in the Act; provided, however, if any amendment would have a material effect upon any of the rights, privileges, powers and options of the Declarant, such amendment shall require the written approval of the Declarant. Additionally, if any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or with the Act or the Declaration, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to condominium projects, then at any time and from time to time the Executive Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property, 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.

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

ARTICLE VIII

Miscellaneous

8.1 *Notices.* All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given upon delivery if delivered personally or two (2) business days after mailing if sent by registered or certified mail, return receipt requested, postage prepaid (or otherwise as the Act may permit), (i) if to a Unit Owner, at the single address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Executive Board or to the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designates a single address in writing to the Secretary shall be entitled to receive all notices hereunder.

8.2 *Books and Records.* Upon written request to the Secretary of the Association, Unit Owners, their authorized agents, Posted Mortgagees and servicers, insurers and guarantors of Posted Mortgages shall have the right to inspect current copies of the Declaration, Bylaws, Rules and Regulations, books, records and financial statements of the Condominium and the Association.

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

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

**VILLAGE HEIGHTS CONDOMINIUMS
PURCHASE AGREEMENT - CONTRACT SCHEDULE**

I. NAMES AND ADDRESSES:

- A. DECLARANT: Brookline Associates
1930 Cliffside Drive
State College, PA 16801
(814) 238-3193
- B. PURCHASER: _____
- C. HOME ADDRESS: _____
- D. TELEPHONE: _____

II. UNIT BEING PURCHASED: _____

- A. Legal Address: _____
- B. Percentage Interest in Common Elements: _____

III. PRICE AND TERMS:

- A. COST:
1. UNIT SALES PRICE \$ _____
 2. COVERED PARKING (If Any) \$ _____
 3. ALLOWANCES AND/OR DISCOUNTS PER RIDERS (If Any): \$ _____
 4. TOTAL PURCHASE PRICE: \$ _____
- B. EARNEST MONEY
1. AMOUNT PAID ON EXECUTION OF AGREEMENT (including reservation deposit, if any): \$ _____
 2. AMOUNT DUE ON COMPLETION OF ROOF: (See Section 4(a) of Contract Terms): \$ _____
 3. AMOUNT DUE ON COMPLETION OF DRYWALL: (See Section 4(a) of Contract Terms): \$ _____
- C. BALANCE DUE AT SETTLEMENT: \$ _____
- D. LATEST POSSIBLE SETTLEMENT DATE: _____
(Subject to Section 6(a) of the Contract Terms)

IV. MORTGAGE CONTINGENCY:
(Check One)

_____ The Declarant and Purchaser agree that the within Purchase Agreement is subject to the Mortgage Contingency set forth as Exhibit C-M hereto.

_____ The Declarant and Purchaser agree that the sale of the Unit is not subject to a financing contingency.

IV. PUBLIC OFFERING STATEMENT:

- A. Purchaser acknowledges that Purchaser received a copy of the Public Offering Statement including all attachments and Exhibits thereto on or before

THIS SCHEDULE, THE CONTRACT TERMS AND EXHIBITS WHICH ARE ATTACHED CONSTITUTE A SINGLE CONTRACT BETWEEN THE DECLARANT AND PURCHASER.

Executed by Purchaser this ____ day of _____, 199__.

Purchaser _____ Purchaser _____

Accepted by Declarant on this ____ day of _____, 199__.

("Acceptance Date")

BROOKLINE ASSOCIATES, A PENNSYLVANIA
LIMITED PARTNERSHIP

By _____

Its _____

CONTRACT TERMS

1. The Unit. Declarant agrees to sell to Purchaser and Purchaser agrees to purchase from Declarant the Unit described in Item II(A) of the Schedule and situated the Real Estate, and an appurtenant undivided proportionate ownership interest ("Percentage Interest") (as listed in Item II(B) of the Schedule) in the Common Elements, as the same are described in the Declaration (including the Plats and Plans). (All referenced hereinafter to "Unit" are deemed to include the Percentage Interest and membership in the Association, unless otherwise expressly stated).

2. Definitions. All capitalized terms not defined herein shall have the same meanings as they are given in either or both of the Declaration and the Act. The following terms shall have the following specific meanings in this Agreement of Sale:

(a) The "Construction Lender" means Mid-State Bank and Trust Co., with offices in State College, Pennsylvania, or such other lending institution that serves as construction lender with respect to the Condominium project.

(b) The "Earnest Money" means the sums paid by Purchaser to the Declarant prior to the Settlement Date to be credited against the Purchase Price of the Unit.

(c) The "Settlement" is that meeting at which the Purchaser is obligated to pay the Balance Due at Settlement and other sums described herein and the Declarant is obligated to convey title to the Unit to Purchaser.

(d) The "Settlement Date" is that date on which the settlement is to occur as described in Section 6(a) hereof.

(e) The "Real Estate" means the real property which the condominium occupies as described on Exhibit C-1 attached hereto and made a part hereof.

3. Condominium Documents.

(a) Purchaser hereby acknowledges having received and reviewed a copy of Declarant's current Public Offering Statement for the Premises including all attachments and exhibits thereto (as required by Section 3402 of the Act). It is understood and agreed by Purchaser that until the first recorded conveyance of a Unit in the Premises from Declarant to any third-party, Declarant shall have the right, acting alone, to amend either or both of the Declaration (including the Plats and Plans) and the Bylaws for the Premises; provided, however, that if any such amendment materially adversely affects the rights of Purchaser, Declarant must obtain Purchaser's written consent thereto. The actual configuration of the Unit may differ from that shown in the Plats and Plans attached to the Public Offering Statement but, in such event, at Settlement, Purchaser shall receive a revised set of Plats and Plans showing the actual configuration of Purchaser's Unit. Prior to the recording of the Declaration, Declarant shall also have the right, acting alone to:

- (i) change the location, size and layout of all Units in the condominium other than the Unit;

- (ii) change the location of the Common Elements to provide for access to other Units whose location, size or layout have been altered, provided that such changes do not impair access to the Unit; and
- (iii) change the Percentage Interests of other units in the Condominium provided that such changes do not affect the Percentage Interest of Purchaser's Unit, except as permitted in the Declaration.

(b) Purchaser agrees to be bound by and comply with the terms and conditions of the Declaration and the Bylaws of Village Heights Condominiums from and after the completion of the Settlement hereunder, which agreement shall survive such Settlement. Purchaser and Declarant agree that all of the rights, terms and conditions, contained in the Public Offering Statement, including all attachments and exhibits thereto, are incorporated in this Agreement and Purchaser and Declarant agree to be bound by the provisions contained therein.

4. Price and Terms.

(a) The Purchase Price is as set forth in Item III (A)(4) of the Schedule. Upon execution of this Agreement, Purchaser has paid by cash or check (subject to collection if paid by check) is hereby acknowledged by Declarant, the amount set forth in Item III(B)(1) of the Schedule as Earnest Money. Purchaser agrees to pay the additional amount set forth in Item III(B)(2) at such time as Declarant provides Purchaser with a written certification from a Registered Architect that the roof to the building in which the Unit is contained is substantially complete. Purchaser agrees to pay the additional amount set forth in Item III(B)(3) at such time as Declarant provides Purchaser with a written certification from a Registered Architect that the drywall to the building in which the Unit is contained is substantially complete. The Balance Due at Settlement set forth in Item III(C) will be payable by Purchaser to Declarant on the Settlement Date in cash or by cashier's check. Any interest earned on the Earnest Money shall become the property of Seller, and shall not be credited against the purchase price at Settlement. For purposes of this and all other Sections of this Agreement, "interest earned" on the Earnest Money shall be deemed to be the interest actually earned on the Earnest Money, less any service charges imposed by the agent holding such funds. The interest shall be at least the amount earned on passbook savings accounts.

(b) All Earnest Money paid to Declarant shall be held in escrow until consummation or termination of this Agreement pursuant to the provisions of Section 3408 of the Act.

(c) The Purchase Price does not include the cost of any work in the Unit the Purchaser desires ("Customizing Work") other than as expressly included in Exhibit C-2 hereto. No Customizing Work is covered by this Agreement except as provided in the next following sentence and it is Purchaser's obligation to contract directly for any Customizing Work with the person or persons who will perform such work. The identity of all contractors shall be subject to the prior approval of Declarant, which will not be

unreasonably withheld. No Customizing Work on the Unit may be commenced prior to the Settlement for such Unit unless and until all plans and specifications for such work have been submitted to and approved by the Declarant and Declarant's Construction Lender and the full cost of such work shall have been secured by Purchaser in a manner satisfactory to Declarant and such Construction Lender.

5. Possession and Title.

(a) Possession of the Unit (exclusive of the Percentage Interest) shall be given at Settlement by delivery of a special warranty deed (which shall be drawn by Declarant), conveying the title to the Unit as described in subparagraph (b) below and by delivery of the keys to the Unit which shall then be vacant. Purchaser's membership in the Association shall commence automatically upon the completion of the Settlement hereunder without the necessity for any documentation thereof.

(b) Title to the Unit shall be good and marketable, subject to the rights, covenants, benefits, restrictions and title exceptions set forth in: (i) The Declaration, Plats and Plans, Bylaws and Rules and Regulations, as each of them may be amended as provided herein; (ii) The Title Exceptions Set forth on Exhibit C-3 attached hereto and made a part hereof; (iii) Liens or other matters insured over by the title insurer at Declarant's cost; and (iv) applicable zoning and building laws and ordinances.

(c) If Purchaser consists of husband and wife, title to the Unit shall be conveyed to such persons as tenants by the entireties, unless otherwise specifically stated in Item I(D) of the Schedule.

(d) If the Unit to be purchased is to be conveyed to more than one individual, and such individuals are not husband and wife, the Unit shall be deeded to such individuals as tenants in common, unless otherwise specifically stated in Item I(D) of the Schedule.

(e) Subject only to the Special Warranty contained in the deed to the Unit and the warranties described in Section 10 hereof, and to the completion of any insubstantial work remaining to be performed in or on the Unit (exclusive of the Percentage Interest) as permitted by the terms hereof, the acceptance by Purchaser of the deed to the Unit shall constitute a complete release and discharge of all warranties, obligations and liabilities of Declarant to Purchaser, expressed or implied with respect to: (i) the construction of the Unit, and the Common Elements; (ii) any injury, loss or damage to the Purchaser, to the Unit, or to the Common Elements resulting from any cause whatsoever; and (iii) all of the covenants and obligations of Declarant herein contained.

6. Settlement and Title Insurance.

(a) The Settlement Date shall be on such date at such time and at such place in the State College, Pennsylvania (or a location in reasonable proximity thereto) as the Declarant selects on not less than thirty (30) days prior written notice to Purchaser

(provided that the Settlement Date shall be not less than 60 days following the Acceptance Date). The Settlement Date shall occur no later than the Latest Possible Settlement Date as set forth in Item III(D) of the Schedule. Notwithstanding the foregoing, the Settlement Date may be extended in the event that Declarant is unable to complete Settlement due to inclement weather, contractor delays, strikes, governmental acts or requirements, unavailability of manpower or materials or other acts or circumstances beyond the control of Declarant. The delivery of the deed and other documents and payment of the Balance Due at Settlement shall occur on the Settlement Date.

(b) Nothing contained in this Agreement shall be construed as requiring Purchaser to use any title insurance company recommended by Declarant or mentioned herein.

(c) If requested by Purchaser, and provided Purchaser pays for same, Declarant shall provide an Owner's Title Insurance Policy issued by either Chicago Title Insurance Company or Lawyers Title Insurance Company (either company hereinafter called the "Title Insurer") in the full amount of the Purchase Price less the purchase price of the personal property as set forth in Item III(A)(1) of the Contract Schedule, subject only to the matters set forth in Section 5(b) hereof and acts done or suffered by Purchaser (including, with respect to the Owner's Title Insurance Policy, Purchaser's mortgage). The Owner's Title Insurance Policy shall be furnished upon completion of Settlement. In the event of a defect in Declarant's title, so that the title insurer is not prepared to issue its Owner's Title Insurance Policy as aforesaid, Declarant may, at its option, adjourn the Settlement Date not less than sixty (60) days after the Settlement Date. If, after using its best effort to do so, Declarant is unable to clear such defect prior to the extended Settlement Date, this Agreement, at Purchaser's option (exercised by written notice to Declarant within ten (10) days after the expiration of said sixty (60) day period) shall become null and void and all funds paid by Purchaser to Declarant shall be returned to Purchaser. In the absence of such notice, Purchaser shall be deemed to have accepted the status of title and shall be obligated to complete Settlement within five (5) days after the expiration of said ten (10) day period.

(d) At Settlement, Declarant shall pay all costs incurred in connection with: (i) clearing Declarant's title; and (ii) State realty transfer tax stamps.

(e) At Settlement, Purchaser shall pay the following costs: (i) deed and mortgage recordation charges; (ii) City or County realty transfer tax stamps; (iii) any Title Insurance obtained by Purchaser including, but not limited to, the cost of any mortgagee's title insurance policy; (iv) all costs imposed by Purchaser's mortgage lender (if any); and (v) an amount equal to two (2) months installments of the Declarant's initial estimate of monthly assessments for Common Expenses for the Unit pursuant to Section 14.3 of the Declaration, which payment shall be in addition to Purchaser's regular monthly assessment for Common Expenses. The payment described in clause (v) of the immediately preceding sentence shall be paid directly to the Association, shall be non-refundable and shall provide working capital for the Association to be used by the Association when needed, and for such purposes as the Executive Board may determine. Notwithstanding the foregoing

sentence, if Declarant has already paid to the Association the amount described in clause (v) of the first sentence of this subparagraph shall be paid to Declarant.

(f) Declarant and Purchaser shall apportion the following items at Settlement:

- (i) Current real estate taxes and all other governmental assessments, if any, (each of which is hereinafter called "Governmental Charges") against the Unit that are payable directly to Unit Owners rather than by the Association, and any other items customarily prorated shall be apportioned as of the Settlement Date and Purchaser shall reimburse Declarant at Settlement for the portion thereof applicable to the Unit and theretofore paid by Declarant. In the event that at the time of Settlement the Unit has not been billed separately from the balance of the Premises for any Governmental Charges against the Premises, the amount thereof to be prorated shall be determined by multiplying the amount of such Governmental charges by the Unit's Percentage Interest. Real Estate taxes shall be prorated on the basis of the last ascertainable bill and re prorated when the actual bill is presented (even if such re proration shall occur after the Settlement Date).
- (ii) The amount of Common Expenses assessed against the Unit for the calendar month during which the Settlement hereunder takes place shall be apportioned between Declarant and Purchaser on a per diem basis as of the Settlement Date and Purchaser shall reimburse Declarant at the Settlement for the portions thereof that are allocable to the portion of the month commencing on the Settlement Date and that theretofore have been paid by Declarant. Such payment by Purchaser shall constitute his share of the Common Expenses for the calendar month during which the Settlement hereunder takes place.

(g) In the event Purchaser is delinquent in completing Settlement, and Declarant does not elect the remedy set forth in Section 7(c) hereof, but elects instead to extend the Settlement Date to a date certain, all adjustments shall be as of the Settlement Date and not the date the sale actually occurs. In the event Purchaser fails to close the same on the extended Settlement Date, Declarant shall have the remedies set forth in Section 7(c) hereof.

7. Defaults.

(a) Tender of deed or Purchase Price shall not be necessary where the other party has defaulted.

(b) Each of the following shall be a default by Purchaser hereunder: (i) Recordation by Purchaser of this Agreement or any memorandum thereof; (ii) Purchaser's failure to pay any portion of the Earnest Money, when due; (iii) Purchaser's failure to appear at the time and place as stated in the notice of the Settlement Date; (iv) Purchaser's failure to complete the Settlement hereunder in accordance with the terms of this Agreement; and (v) Purchaser's refusal to carry out any other obligations of the Purchaser under the terms of this Agreement and any supplemental agreement.

(c) If Purchaser shall be in default hereunder, then, (as Declarant's sole remedy) all Earnest Money (with interest earned thereon) and other sums theretofore paid by Purchaser with respect to the Unit shall be forfeited as liquidated damages and shall be paid to or retained by Declarant, and this Agreement shall then automatically be null and void.

(d) In the event: (i) Declarant shall fail or be unable to deliver title to the Unit as herein provided on account of title defects which Purchaser is unwilling to waive; (ii) Declarant notifies Purchaser that Declarant is unable to complete Settlement hereunder notwithstanding Declarant's good faith efforts to do so; or (iii) Declarant is otherwise in default hereunder, then this Agreement shall automatically be null and void, and all Earnest Money (including interest earned thereon) shall be returned forthwith to Purchaser as Purchaser's sole remedy.

(e) Notwithstanding the incorporation of the provisions of the Public Offering Statement into this Agreement, Purchaser shall be entitled only to those remedies granted by the Act for one or more violations of the Act by reason of the information contained in the Public Offering Statement or information which the Act requires to be included in the Public Offering Statement but which is not so included. Unless the Act otherwise provides, the failure of Declarant to comply with all of the requirements of the Act with respect to the Public Offering Statement shall not be deemed a default under this Agreement nor shall such failure in any way affect Purchaser's obligation to complete Settlement hereunder.

(f) Time is of the essence of this Agreement.

8. Assignment. Purchaser shall neither transfer nor assign this Agreement or any interest herein without the prior written consent of Declarant, which Declarant may withhold for any reason or for no reason whatsoever. Any purported assignment of this Agreement in violation hereof shall be voidable at the option of the Declarant and shall constitute a default hereunder. Declarant's refusal to consent to an assignment shall not entitle Purchaser to terminate this Agreement or give rise to any claim for damages against Declarant. Declarant may assign its rights hereunder and, if such assignment shall be for the purpose of securing a lender to Declarant, Purchaser's rights hereunder shall, at the option of such lender, be subject and subordinate to the rights of such lender. Upon foreclosure or deed in lieu thereof, such lender may terminate this Agreement, whereupon the Earnest Money shall be returned to Purchaser with interest as set forth in Section 4(a) above, and Declarant, such lender and Purchaser shall be released from any further liability or obligation hereunder. Subject to these limitations, this Agreement shall be

binding upon and extend to the respective heirs, executors, administrators, and personal representatives, successors and assigns of the parties hereto.

9. Brokers. Purchaser warrants that no broker, sales person or any other party, other than those employed or retained by Declarant, was instrumental in submitting, showing or selling the Unit to Purchaser. Purchaser agrees to indemnify and hold harmless the Declarant from and against the claims of any and all brokers and other intermediaries employed by, acting on behalf of or claiming to be employed by, or claiming to be acting on behalf of Purchaser in connection with the sale of the Unit.

10. Warranties.

(a) Declarant hereby provides Purchaser and the Association with the warranties against structural defects contained in Sections 3411(a), (b) and (e) of the Act. THE FOREGOING WARRANTIES ARE EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BY WAY OF ILLUSTRATION AND NOT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND HABITABILITY. DECLARANT NEITHER ASSUMES NOR AUTHORIZES ANY PERSON TO ASSUME FOR DECLARANT ANY OTHER LIABILITY IN CONNECTION WITH THE SALE OR USE OF THE UNIT SOLD HEREUNDER, AND THERE ARE NO AGREEMENTS OR WARRANTIES, EITHER ORAL OR WRITTEN, COLLATERAL TO OR AFFECTING THIS AGREEMENT.

(b) DECLARANT SPECIFICALLY EXCLUDES ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NEITHER MAKES NOR ADOPTS ANY WARRANTY, EXPRESSED OR IMPLIED, AS TO THE ITEMS OF PERSONAL PROPERTY BEING SOLD TO PURCHASER PURSUANT TO THIS AGREEMENT (OR AS TO ANY "CONSUMER PRODUCT," AS SUCH TERM IS DEFINED IN 15 U.S.C. § 2301(1), WHICH MAY BE CONTAINED IN THE UNIT), EXCEPT THAT NO DISCLAIMER IS INTENDED AS TO ANY WARRANTY REQUIRED TO BE MADE BY DECLARANT UNDER APPLICABLE FEDERAL, STATE OR MUNICIPAL STATUTES, REGULATIONS OR ORDINANCES. WHERE NEW CONSUMER PRODUCTS ARE COVERED BY A MANUFACTURER'S WARRANTY, DECLARANT SHALL, SUBJECT TO THE PROVISIONS OF THIS SECTION 10, PROVIDE WARRANTIES OF NO GREATER SCOPE NOR DURATION THAN THAT GRANTED BY SUCH MANUFACTURER'S WARRANTY.

(c) The warranty set forth herein shall not apply if the defective part of the Unit or of the Common Elements has been subjected to misuse or damage by accident or has not been afforded reasonable care. The liability of Declarant under this warranty or for negligence or other breach of this Agreement is limited to replacing or repairing any defective parts or materials which do not comply with this warranty and in no event shall such liability to Purchaser for consequential damages arising from any breach of this warranty or for the negligence of Declarant or other breach of this Agreement by

Declarant. Declarant shall have the sole right to determine whether the defect shall be corrected by repair or replacement, and Purchaser shall make every reasonable effort to make the Unit (exclusive of the percentage interest), together with reasonable access thereto, available to Declarant and its agents and invitees during normal business hours in order to permit such repair or replacement to be made.

(d) No claim arising out of any of the foregoing warranties may be brought unless, prior to the expiration of the warranty period set forth in Section 3411(b) of the Act, Purchaser shall have delivered notice to Declarant of all alleged breaches of these warranties that would give rise to such a claim.

11. Certification Statements.

(a) Declarant hereby warrants and represents that: (i) the zoning classification of the property is Planned Residential Development; (ii) the present and proposed use of the Unit is in compliance with the zoning laws and ordinances pertaining thereto; and (iii) as of the Acceptance Date there are no outstanding notices of any uncorrected violations of the housing, building, plumbing, electrical, safety or fire ordinances applicable to the Premises.

(b) Declarant shall furnish to Purchaser, if obtainable, on or prior to the Settlement Date: (i) pursuant to Act of Assembly of May 11, 1959, P.L. 303, as amended (21 Pa.Stat.Ann. §611-615), at Declarant's sole cost and expense a copy of a Use Certificate issued by the appropriate municipal officer, certifying the accuracy of the warranties and representations of Section 11(a); (ii) a copy of the Certificates of Completion recorded or to be recorded at the Settlement pursuant to Sections 3414(c) and (d) of the Act; and (iii) a copy of a statement of the amount of unpaid assessments levied against the Unit pursuant to Section 3315(g) of the Act. Notwithstanding the foregoing, in the event that the Purchaser has elected to receive an allowance in place of the completion of portions of the Unit (as set forth in Exhibit C-4 hereof), or Purchaser has received permission from Declarant and Declarant's Construction Lender to perform Customizing Work in the Unit prior to Settlement, and due to either or both of (1) the deletion of such items or (2) the Customizing Work not having been fully and satisfactorily completed, Declarant is unable to obtain either a certificate of occupancy or the certificate described in clause (i) of this Section 11(b), then Declarant shall be under no obligation to deliver these certificates and Purchaser agrees to obtain such certificates at his own expense.

12. *Offer.* If Purchaser shall execute and deliver this Agreement together with the Earnest Money required hereunder without Declarant's execution hereof, then this Agreement shall be considered a firm offer by Purchaser which shall remain open in consideration of Declarant reserving the Unit for Purchaser for a period of fourteen (14) days from the date of Purchaser's execution hereof, and may be accepted and executed by Declarant at any time during said period. Upon execution by Declarant, an executed copy of this Agreement shall be sent to Purchaser; otherwise the offer shall be considered rejected and all funds paid by Purchaser to Declarant shall be promptly refunded to Purchaser.

13. Captions, Etc. The Section captions are for the convenience of the parties and shall not be used in interpreting or construing the meaning of any part of this Agreement. The singular number denotes the plural numbers and the masculine gender denotes the feminine or neuter genders wherever appropriate.

14. Condemnation or Destruction.

(a) As between Declarant and Purchaser, risk of loss or damage to the Unit between the date of this Agreement and the time of delivery of the deed to the Unit is assumed by Declarant.

(b) In the event that the Unit or such portion of the Common Elements as is reasonably necessary for safe and comfortable access to the Unit are destroyed or materially damaged or taken by eminent domain proceeds prior to the Settlement Date, Declarant may, as its option, by notice to Purchaser within thirty (30) days following such destruction or material damage, cancel this Agreement, in which event the Earnest Money shall be refunded to Purchaser. Declarant's liability in such event shall be limited to the return of the Earnest Money, with interest earned thereon, as aforesaid. If Declarant does not elect to terminate this Agreement as aforesaid, then Purchaser shall not be relieved of its duties hereunder, unless the damaged or destroyed portions of the Premises are not restored in the condition they were in prior to the damage or destruction, or the Premises, after such taking, is not restored to its full utility and use within one hundred eighty (180) days from the date of such damage or destruction, or taking, as the case may be, in which event Purchaser shall have the right to terminate this Agreement by notice to Declarant within thirty (30) days after expiration of said one hundred eighty (180) day period. In the event of such taking or destruction, if Declarant and/or Purchaser do not elect to cancel this Agreement pursuant to this Section 14, the Settlement Date shall be delayed until the completion of repairs or restoration of the Unit. For the purposes of this Section 14, damage or destruction to a Unit shall be "material" if a reasonable estimate of the cost of repair thereof shall exceed an amount equal to one-half of the Purchase Price of the Unit and damage or destruction to the Common Elements shall be "material" if a reasonable estimate of the cost of repair thereof shall exceed \$100,000. If "damage or destruction" occurs which is not "material" as defined in this section, Declarant shall repair the damage or destruction not later than the Settlement Date and Declarant may delay the Settlement Date to accomplish same.

Common Elements

15. Entire Agreement.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, of any kind whatsoever that are not herein referred to or expressly incorporated by reference. Any agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Agreement in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought. All amendments, supplements or riders hereto, if any, shall be in writing and

executed by both parties. ANY AND ALL CHANGES, DELETIONS, OMISSIONS, ADDITIONS AND/OR DEVIATIONS FROM THE PRINTED FORM OF THIS AGREEMENT, OR ANY ATTACHMENTS HERETO, OTHER THAN THE APPROPRIATE COMPLETION OF THE "BLANKS" WHICH APPEAR HEREIN, ARE AGREED TO BE IN EXCESS OF THE AUTHORITY OF DECLARANT'S SALES REPRESENTATIVES, SHALL BE OF NO FORCE, EFFECT OR VALIDITY, AND SHALL NOT BE BINDING UPON DECLARANT, UNLESS INITIALED AS "APPROVED" BY DECLARANT.

(b) THERE ARE NO COLLATERAL UNDERSTANDINGS, REPRESENTATIONS OR AGREEMENTS OTHER THAN THOSE EXPRESSLY CONTAINED HEREIN OR IN THE PUBLIC OFFERING STATEMENT, NO SALESPERSON, EMPLOYEE OR AGENT OF THE DECLARANT HAS THE AUTHORITY TO MODIFY THE TERMS HEREOF, OR HAS ANY AUTHORITY WHATSOEVER TO MAKE ANY REFERENCE, REPRESENTATION OR AGREEMENT NOT CONTAINED IN THIS AGREEMENT OR THE PUBLIC OFFERING STATEMENT AND ONLY THOSE CONTAINED HEREIN AND IN THE PUBLIC OFFERING STATEMENT SHALL BE BINDING UPON DECLARANT, OR SHALL GRANT ANY RIGHTS TO PURCHASER OR IN ANY WAY AFFECT THE VALIDITY OF THIS AGREEMENT OR FORM ANY PART HEREOF, PURCHASER ACKNOWLEDGED THAT, OTHER THAN EXPRESSLY STATED HEREIN AND IN THE PUBLIC OFFERING STATEMENT, NO REPRESENTATIONS HAVE BEEN MADE BY DECLARANT, ITS AGENTS OR EMPLOYEES, IN ORDER TO INDUCE PURCHASER TO ENTER INTO THIS AGREEMENT OF SALE. PURCHASER ACKNOWLEDGES THAT ANY INFORMATION RECEIVED BY IT FROM DECLARANT OR DECLARANT'S PARTNERS, AGENTS OR EMPLOYEES RELATING TO CARRYING COST, TAX BENEFITS OF OWNERSHIP, OR OTHERWISE WAS OFFERED AS AN ESTIMATE ONLY AND PURCHASER DECLARES THAT PURCHASER DID NOT RELY THEREON IN ENTERING INTO THIS AGREEMENT.

16. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, including the choice of law rules thereof. A defined term shall be deemed to include all derivatives thereof, unless a contrary intent is expressed.

17. Notices. All notices, demands, requests and approvals that may or are required to be given by either party hereto to the other shall be in writing and shall be deemed to have been sufficiently given if deposited in the United States Mail, registered or certified, return receipt requested, with all postal charges prepaid, and addressed to the addresses stated in Item I of the Schedule (the Home Address for Purchaser) or to such other address as such party may have fixed by written notice given pursuant to this Section 17. Notices mailed as aforesaid shall be deemed received three (3) business days after the date of mailing thereof.

18. Death of Purchaser. If all Persons constituting Purchaser shall die prior to the Settlement Date or if all Persons constituting Purchaser are husband and wife and if either of them

shall die prior to the Settlement Date, then in either of such events the legal representative or surviving spouse of the decedent (as the case may be) may terminate this Agreement and obtain a refund of the Earnest Money (without interest) from Declarant by notifying Declarant in writing of the election to do so, within twenty (20) days after the date of such death(s) (but in all events prior to the scheduled Settlement Date), which notice shall be accompanied by a death certificate for the decedent(s).

19. Title Insurance. The purchaser hereby authorizes Declarant to order title insurance from Chicago Title Insurance Company (the "Title Insurer"). At Settlement, Purchaser shall pay all premiums and other costs charged by the Title Insurer for the title insurance, except the premium for the Owner's Policy described in § 6(c) above. Purchaser agrees that in the event Purchaser later decides to use a title company other than the Title Insurer, or to not obtain any title insurance, Purchaser shall be responsible for all charges imposed by the Title Insurer for expenses incurred on behalf of Purchaser prior to the date Purchaser informs Declarant of his decision to not use a title company or use a title company other than Title Insurer.

20. Severability; Merger. The invalidity of any provision of this Agreement shall not affect the validity or enforceability of any other provision set forth herein. The terms hereof shall be merged into and extinguished by delivery of the deed at Settlement except for Sections 5(f), 6(d), 6(e), 6(f), 7(e), 9, 10, 11, 15, 16 and 19 which shall survive delivery of the deed and shall not be merged therein.

21. Other Settlement Documents. If not delivered to the Purchaser prior thereof, on the Settlement Date, Declarant shall deliver to Purchaser a copy of any Rules and Regulations adopted pursuant to the Declaration and Bylaws that are in effect at that time and an insurance certificate disclosing the types and amounts of insurance in force.

22. Governmental and Other Actions. If, prior to the Settlement Date, any law, statute, ordinance, rule or regulation, whether then in effect or pending, or any judicial or administrative proceeding, whether pending or threatened, may, in Declarant's sole judgment, have the effect of prohibiting, delaying or materially interfering with Declarant's ability to sell or convey units at Master Condominium or would restrain Declarant from selling, conveying or marketing units at Master Condominium. Declarant may, at its option, at any time prior to the Settlement Date, cancel this Contract and return all of Purchaser's Earnest Money (without interest) hereunder in which event neither Declarant nor Purchaser shall have any rights or obligations hereunder.

EXHIBIT C-1

THE REAL ESTATE

EXHIBIT C-2

CUSTOMIZING WORK

EXHIBIT C-3

TITLE EXCEPTIONS

EXHIBIT C-4

SCHEDULE OF ALLOWANCES

EXHIBIT C-M

MORTGAGE CONTINGENCY RIDER

1(M). Mortgage Contingency.

- (a) In the event Purchaser desires to obtain financing to pay a portion of the Purchase Price, Purchaser shall complete and deliver an application to a Posted Mortgagee within fifteen (15) days of the date on which Declarant gives Purchaser written notice that Purchaser should apply for financing ("Financing Notice"), for a mortgage loan of not more than eighty (80%) percent of the Purchase Price, or such lesser sum as Purchaser accepts, with interest, term of amortization, type of mortgage and service charge for such loan to be at currently prevailing rates and terms (to be determined by reference to rates and terms being offered by lending institutions doing business in State College, Pennsylvania, to the purchasers of condominium units applying for mortgage loans in the same ratio to the price of such units that the amount of the mortgage being sought by Purchaser bears to the Purchase Price at the time Purchaser's loan application is made) and Purchaser shall: (i) use his best good faith efforts to obtain a commitment for such a mortgage loan; (ii) promptly execute all documents and disclose all necessary information required in order to obtain such mortgage loan or close such loan, or both; (iii) promptly and duly comply with all requests of the mortgagee to apply for and close the loan; (iv) pay the usual and customary charges imposed by the mortgagee for credit and appraisal fees; and (v) on or before fifteen (15) days after the date on which Purchaser receives the Financing Notice ("Financing Notice Date"), notify Declarant of the name, address and telephone number (and name of loan officer, if available) of the Posted Mortgagee(s) to which Purchaser has submitted loan applications. Failure of Purchaser to act in accordance with the preceding sentence shall constitute a default under this Agreement unless Purchaser notifies Declarant in writing within twenty-five (25) days after the Financing Notice Date that Purchaser has waived the provisions of this Section 1(M) and intends to purchase the Unit without financing. If, after complying with the preceding provisions, Purchaser is unable to secure such a commitment, despite Purchaser's best efforts, then Purchaser shall so notify Declarant in writing within sixty (60) days after the Financing Notice Date. If Declarant does not receive such notice within such sixty (60) day period, it shall be conclusively presumed that Purchaser has secured such commitment or will purchase the Unit without mortgage financing.
- (b) If within sixty (60) days after the Financing Notice Date, Declarant receives a written notice from Purchaser that Purchaser has been unable to secure the commitment described in the preceding paragraph (a) of this Section 1(M), then, this Agreement shall be null and void and the Earnest Money shall be returned to Purchaser unless Declarant, at its option, exercised within forty-five (45) days following receipt of Purchaser's written notice, has elected by notice to Purchaser given at any time within such forty-five (45) day period, to endeavor to secure such a commitment for Purchaser upon the terms described in paragraph (a) of this Section 1(M). If Declarant elects to attempt to obtain such a mortgage

commitment, Purchaser agrees to furnish to Declarant and/or the proposed lender(s) all requested credit information and to sign the customary papers relating to the application and securing of mortgage commitments. If Purchaser notifies Declarant as above provided and Declarant is thereafter unable or unwilling to secure such commitment for Purchaser within the aforesaid forty-five (45) day period, this Agreement shall be null and void and the Earnest Money shall be returned to Purchaser (with interest earned thereon).

- (c) PURCHASER UNDERSTANDS AND AGREES THAT NO MORTGAGE MAY BE PLACED UPON THE PREMISES UNLESS PURCHASER SHALL HAVE COMPLIED WITH THE PROVISIONS OF ARTICLE IX OF THE DECLARATION PRIOR TO THE EXECUTION AND RECORDATION OF SUCH MORTGAGE. IT SHALL BE PURCHASER'S RESPONSIBILITY TO CAUSE HIS MORTGAGEE TO SUBMIT TO THE ASSOCIATION ALL DOCUMENTATION AND INFORMATION REQUIRED BY THE TERMS OF ARTICLE IX OF THE DECLARATION AT LEAST TEN (10) DAYS PRIOR TO THE SCHEDULED DATE OF SETTLEMENT HEREUNDER IN ORDER TO ENABLE THE ASSOCIATION TO REVIEW THE SAME AND TO NOTIFY PURCHASER PRIOR TO THE SETTLEMENT DATE WHETHER OR NOT IT IS GRANTING THE APPROVALS REQUIRED BY SUCH ARTICLE.

DEED

MADE the ____ day of _____, in the year nineteen hundred and ninety-six (1996),

BETWEEN BROOKLINE ASSOCIATES, a Pennsylvania limited partnership. with offices at 1930 Cliffside Drive, State College, Centre County, Pennsylvania, GRANTOR, and Parties of the First Part,

-AND-

_____, of _____,
GRANTEES, and Parties of the Second Part,

WITNESSETH, that in consideration of the sum of _____
(\$ _____) DOLLARS, receipt whereof is hereby
acknowledged, the said Grantor does hereby grant and convey to the said Grantees, their heirs
and assigns,

ALL THAT CERTAIN Unit of and in the property known, named, and identified in the Declaration referred to below as "Village Heights Condominiums", located in College Township, Centre County, Pennsylvania, which has heretofore been submitted to the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa. C.S.A. §3101, et seq., by the recording in the Office of the Recorder of Deeds of Centre County of a Declaration dated _____, and recorded _____ in Deed Book _____, page _____, being designated in such declaration as UNIT NO. _____, as more fully described in such Declaration, together with a proportionate interest in the Common Elements (as defined in such Declaration) of _____%

BEING a portion of the same premises which became vested in Brookline Associates by deed of Rolling Ridge Development Company, Inc., dated _____, recorded in Centre County Deed Book _____, page _____.

UNDER AND SUBJECT to any and all existing covenants, conditions, restrictions, rights of way, easements and agreements of record.

The Grantees COVENANT AND AGREE to become members of the Windmere Park Association, Inc. in accord with the provisions contained in the Articles and By-Laws of said Association, and further agree and covenant on behalf of themselves, their heirs, executors, administrators and assigns that membership in such Association will be maintained continuously so long as said Association shall remain in existence; that the Grantees shall pay all assessments lawfully imposed in accordance with the Protective Covenants aforesaid; and in the event the Grantees should sell, convey or otherwise dispose of their interest in the aforescribed premises, whether by private or judicial sale or otherwise, said subsequent owner, heirs, executors,

administrators and assigns shall be legally bound to maintain membership in said Association and to pay such assessments as provided in the Declaration of Protective Covenants as aforesaid. Membership in the Association and the payment of assessments shall be a covenant running with the land and such assessments shall be collectible by the Association of the Owner of such land in accordance with law.

TOGETHER WITH all singular the said Unit, improvements, ways, streets, alleys, driveways, passages, waters, water-courses, rights, liberties, privileges, hereditaments and appurtenances, whatsoever upon the hereby granted premises belonging, or in any wise appertaining, and the reversions and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, property, claim and demand whatsoever, of it, the said Grantor, as well at law as in equity, of, in and to the same.

TO HAVE AND TO HOLD the said Unit described above, together with an undivided _____ interest in the Common Elements together with all hereditaments and premises hereby granted, or mentioned and intended so to be, with the appurtenances unto the said Grantees, their heirs and assigns, to and for the only proper use and behoof of the said Grantees, their heirs and assigns, subject as aforesaid.

The said Grantor will **SPECIALLY** warrant the property hereby conveyed.

IN WITNESS WHEREOF, the said Grantor has hereunto set his hand and seal the day and year first above written.

Sealed and Delivered in
the Presence of:

BROOKLINE ASSOCIATES

by: _____ (SEAL)
Clifford R. Coldren,
its General Partner

CERTIFICATE OF RESIDENCE

I hereby certify that the correct address and place of residence of the Grantee herein is:

Attorney for Grantee

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF CENTRE:

SS

On this the ____ day of _____, 1996, before me, a notary public, the undersigned officer, personally appeared CLIFFORD R. COLDREN, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he is the sole General Partner of Brookline Associates and has executed the within instrument for the purposes herein contained.

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

Notary Public

RECORDED in the Office of the Recorder of Deeds, etc., in and for said County
in _____ Book Volume _____, Page _____.

WITNESS my hand and official seal this ____ day of _____, 1996.

Recorder of Deeds

RULES AND REGULATIONS
OF
VILLAGE HEIGHTS CONDOMINIUMS

A. INTRODUCTION

1. Village Heights Condominium Association ("Association"), acting through its Executive Board, has adopted the following Rules and Regulations ("Regulations"). These Regulations may be amended from time to time by resolution of the Executive Board.

2. Wherever in these Regulations reference is made to "Unit Owners," such term shall apply to the owner of any Unit, to his family, tenants whether or not in residence, servants, employees, contractors, agents, visitors, and to any guests, invitees or licensees of such Unit Owner. Wherever in these Regulations reference is made to the Association, such reference shall include the Association and the Managing Agent when the Managing Agent is acting on behalf of the Association.

3. The Unit Owners shall comply with all the Regulations hereinafter set forth governing the Building, public halls, balconies, terraces, lobbies, drives, recreational areas, grounds, parking areas and any other appurtenances.

4. The Association reserves the right to alter, amend, modify, repeal or revoke these Regulations and any consent or approval given hereunder at any time by resolution of the Association or the Executive Board.

5. Some Regulations are taken in whole or in part from applicable provisions in the Declaration or the Act. In the event of any conflict or ambiguity, the applicable provisions of the Declaration or the Act shall govern.

6. Because a Condominium combines proximate living with home ownership, it is imperative that each member of this community be aware and respectful of the rights of his/her neighbors and his/her own obligations. These Regulations are not designed to constrict lifestyles in any unreasonable manner, but rather are designed to ensure a clean, quiet, safe, and valuable environment for all.

7. The Executive Board is empowered by the Act, the Declaration, the Bylaws, and these Regulations to take such legal and/or administrative action as may be necessary to ensure that all those subject to the Regulations adhere to the provisions of these Regulations. Because violations either may be unintentional, the result of a misunderstanding, or easily remedied by informal means, an internal administrative enforcement mechanism has been established in Section J of these Regulations. The Regulations will be enforced, without discrimination, for the benefit of all members of our community.

B. RESTRICTIONS ON USE

1. No part of the Condominium shall be used for any purpose except housing and the related common purposes for which the Condominium was designated. Each Unit shall be used as a residence for a single family or housekeeping unit, its servants and guests.

2. There shall be no obstruction of the Common Elements. Nothing shall be stored on the Common Elements without the prior written consent of the Executive Board except as herein or in the Bylaws expressly provided. No public hall shall be decorated or furnished by any Unit Owner in any manner.

3. Nothing shall be done or kept in any of the Common Elements which will increase the rate of insurance for the Building or contents thereof applicable for residential use without the prior written consent of the Executive Board. No Unit Owner shall permit anything to be done or kept in his Unit or on the Common Elements which will result in the cancellation of insurance on the Building or contents thereof or which would be in violation of any public law, ordinance or regulation. No gasoline or other explosive or inflammable material may be kept in any Unit or storage area. No waste shall be committed on the Common Elements.

4. All garbage and trash must be placed in the trash rooms and areas as designated by the Executive Board and no garbage or trash shall be placed on the floor or elsewhere on any Common Element. No garbage cans, containers or bags of any kind shall be placed in public halls, on the staircase landings or anywhere other than designated trash areas for collection.

5. Except in the recreational or storage areas as may be designated as such by the Executive Board, no playing or lounging shall be permitted, nor shall baby carriages, bicycles, playpens, wagons, toys, benches, chairs or other articles of personal property be left unattended in public areas of the Building or passageways, parking areas, sidewalks or lawns or elsewhere on the Common Elements.

6. The water closets and other water and sewer apparatus shall be used only for the purposes for which designated, and no sweepings, matches, rags, ashes or other improper articles shall be thrown therein. The cost of repairing any damage resulting from misuse of any such apparatus shall be borne by the Unit Owner causing such damage.

7. Each Unit Owner shall keep his Unit in a good state of preservation, repair and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors, windows or balconies thereof, any dirt or other substance.

8. Nothing shall be done in any Unit or on the Common Elements which may impair the structural integrity of the Building or which may structurally change the Building nor shall anything be altered or constructed on or removed from the Common Elements, except upon the prior written consent of the Executive Board.

9. No noxious or offensive activity shall be carried on in any Unit or on the Common Elements, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner shall make or permit any disturbing noises in the Building or do or permit anything which will interfere with the rights, comforts or convenience of other Unit Owners. All Unit Owners shall keep the volume of any radio, television or musical instrument in their Units sufficiently reduced at all times so as not to disturb other Unit Owners. Despite such reduced volume, no Unit Owner shall operate or permit to be operated any such sound producing devices in the Unit between the hours of eleven o'clock p.m. and the following eight o'clock a.m. if such operation shall disturb or annoy other occupants of the Building.

10. No industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, exploitation or otherwise, shall be conducted, maintained or permitted on any part of the Condominium, nor shall any "For Sale," "For Rent" or "For Lease" signs or other window displays or advertising be maintained or permitted on any part of the Condominium or in any Unit, nor shall any Unit be used or rented for transient, hotel or motel purposes. The right is reserved by the Declarant and the Board of Directors or the Managing Agent, to place "For Sale," "For Rent" or "For Lease" signs on any unsold or unoccupied Units, and the right is hereby given to any Posted Mortgagee who may become the owner of any Unit to place such signs on any Unit owned by such Mortgagee, but in no event will any sign be larger than one foot by two feet.

11. No blinds, covers, shades or screens shall be attached to, hung in, or used in connection with any balcony or terrace. Draperies, curtains or venetian blinds must be installed by each Unit Owner on all windows of his Unit and must be so maintained at all times.

12. No Unit Owner shall cause or permit anything to be hung, displayed or exposed on the exterior of a Unit or Common Elements appurtenant thereto, whether through or upon windows, doors or masonry of such Unit. The prohibition therein includes without limitation laundry, clothing, rugs, signs, awnings, canopies, shutters, radio or television antennas or any other items. Under no circumstances shall any air conditioning apparatus, television or radio antennas or other items be installed by the Unit Owner beyond that boundaries of his Unit. A Unit Owner may, however, use a central radio or television antenna or cable facilities provided as a part of his Unit. No clothes line, clothes rack or any other device may be used to hang any items on any balcony, terrace, patio or window nor may such devices be used anywhere on the Common Elements except in such areas as may be specifically designated for such use by the Executive Board. Balconies, terraces and patios shall not be used as storage areas. No balcony, terrace or patio shall be enclosed or covered by a Unit Owner after settlement without the prior consent in writing of the Executive Board.

13. No Unit shall be used for any unlawful purpose and no Unit Owner shall do or permit any unlawful act in or upon his Unit.

14. No alterations externally visible from outside the Building shall be made to the balconies, terraces or patios without specific prior written approval by the Executive Board which may be given subject to reasonable conditions.

15. No noise or vibration shall be made or cooking or other odor created, nor shall any work or other thing be done which shall unreasonably disturb, annoy or interfere with the rights, comfort or convenience of other occupants of the Building. All cooking equipment shall be used in such a way to prevent noxious odors from permeating the Building.

16. The elevators must not be interfered with by any Unit Owner or his family, servants, employees, agents, visitors or licensees. Children under the age of eight (8) shall not be permitted to operate elevators.

17. The exterior portion of windows shall be cleaned by the Association's employees or agents. Unit Owners shall keep the interior portion of their windows in clean condition. Exterior balcony, terrace or patio glass doors and windows shall be cleaned by the Unit Owner.

18. Except as may exist on the date hereof, no water beds or other furniture willed with a liquid or semi-liquid substance shall be installed or used in any Unit.

C. PET RULES

1. No non-domestic animal life may be raised, bred or kept in any Unit or in the Common Elements. A maximum of two (2) dogs or cats or one dog and one cat may be kept in any Unit. Small animals other than dogs or cats (including hamsters, birds, reptiles, amphibians and fish) may be kept by a Unit Owner as household pets provided that such permitted species are not kept for any commercial purposes. Dogs or cats in excess of the permitted number and/or weight which are owned by grantees of Declarant at the time of conveyance of the Unit may be kept by such grantees, but may not be replaced.

2. A pet may be maintained in a Unit so long as it is not a nuisance. Actions which will constitute a nuisance including, but are not limited to, abnormal or unreasonable noise, crying, scratching or unhygienic offensiveness.

3. All pets must be registered and inoculated as required by law and registered with the Association. Tropical fish are excluded from this limitation.

4. Pet owners are fully responsible for personal injuries and/or property damage caused by their pets.

5. Pets are not permitted in the swimming pools and such other areas as have been or may be designated as no pet areas by the Executive Board.

6. Pets may not be walked or exercised in the halls except for Seeing Eye Dogs. Such pets must be kept on a leash and accompanied by an adult when outside of the Unit in or about the Building.

8. Any Owner of a pet permitted in the Building shall be obligated to exercise proper care and custody over the pet to ensure the health and welfare of the other residents of the Building and preservation of the Building and grounds.

D. PARKING AND STORAGE

1. All personal property placed in any portion of the building or any place appurtenant thereto, including, without limitation, the storage areas, shall be at the sole risk of the Unit Owner and the Association shall in no event be liable for the loss, destruction, theft or damage to such property. Any Unit Owner may use the storage bin in the common storage rooms in the Building assigned to his Unit without charge for the storage of trunks, suitcases, snow tires and other items permitted by the Executive Board.

2. Should an employee of the Association or the Manager at the request of a Unit Owner move, handle or store any articles in storage rooms or remove any articles therefrom or handle, move, park or drive any automobile placed in the parking areas, then, and in every such case, such employee shall be deemed the agent of the Unit Owner. The Association shall not be liable for any loss, damage or expense that may be suffered or sustained in connection therewith.

3. Unless otherwise authorized by the Association, the parking areas may not be used for any purpose other than parking automobiles and small passenger vans. No buses, trucks, trailers, boats, vans (other than small passenger vans), stretch cars, recreations or commercial vehicles shall be parked in the parking areas or in driveways except in such areas, if any, specifically designated for such parking by the Executive Board. All vehicles must have current license plates and be in operating condition. No vehicles shall be parked on the Condominium property with conspicuous "For Sale" signs attached.

4. All Unit Owners shall observe and abide by all parking and traffic regulations as posted by the Association or by municipal authorities. Vehicles parked in violation of any such regulations may be towed away at the Unit Owner's sole risk and expense.

5. Parking so as to block sidewalks or driveways shall not be permitted. If any vehicle owned or operated by a Unit Owner, any member of his family, tenants, guests, invitees or licensees shall be illegally parked or abandoned on the Condominium property, the Association shall be held harmless by such Unit Owner for any and all damages or losses that may ensue, and any and all rights in connection therewith that the owner or driver may have under the provisions of state or local laws and ordinances are hereby expressly waived. The Unit Owner shall indemnify the Unit Owners Association against any liability which may be imposed on the Unit

Owners Association as a result of such illegal parking or abandonment and any consequences thereof.

E. ENTRY INTO UNITS

1. The Association or Managing Agent shall not cause a master key system to be used for Units in the Condominium; however, each Unit Owner shall provide to the Association or the Managing Agent, and the Association or Managing Agent shall have the right to keep, a working copy of any key(s) required to gain entry to any Unit. These key(s) ("emergency keys") shall be coded in such a way as to prevent identification by unauthorized persons and secured by the Association or Managing Agent in a locked box for use only if entry to such Unit is necessitated by the fact or threat of fire, flood, or any other condition which may adversely affect the Common Elements or other Units. The Association or Managing Agent shall establish and implement, subject to prior approval of the Executive Board, procedures and controls to insure the proper use of such emergency keys. In no event shall such keys be removed from the locked box and used to facilitate entry to a Unit for purposes other than those noted above. Unit Owners may provide to the Association or Managing Agent an additional working copy of any key(s) to a Unit for casual or non-emergency entry ("convenience keys"). Such keys shall be similarly coded and secured and released only upon written authorization of the Unit Owner. No Unit Owner shall alter any lock or install additional locks, or a knocker, or a bell on any doors of a Unit without the prior written consent of the Executive Board.

2. The agents of the Executive Board or the Managing Agent, and any contractor or workman authorized by the Executive Board or the Managing Agent, may enter any room or Unit in the Building at any reasonable hour of the day after notification (except in case of emergency in which case entry may be immediate and without notification) for the purpose of exercising and discharging their respective powers and responsibilities, including without limitation inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

3. A charge may be made for opening a Unit Owner's door at such Unit Owner's request between six o'clock p.m. and eight o'clock a.m. when such request requires the assistance of an employee of the Condominium.

4. If packages, keys (whether for a Unit or an automobile), money or articles of any description are left with the employees or agents of the Association, the Unit Owner assumes the sole risk therefor and the Unit Owner, not the Association, shall be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith. The Association does not assume any responsibility for loss or damage in such cases. Deliveries requiring entrance to a Unit Owner's Unit will not be accepted without the prior written permission of the Unit Owner accompanied by a written waiver of all liability in connection with such deliveries.

F. RECREATIONAL FACILITIES

1. All persons using any of the recreational facilities do so at their own risk and sole responsibility. The Association does not assume responsibility for any occurrence, accident or injury in connection with such use. No Unit Owner shall make any claim against the Association, its servants, agents, or employees, for or on account of any loss or damage to life, limb or property sustained as a result of or in connection with any such use of any of the recreational facilities. Each Unit Owner shall hold the Association harmless from any and all liabilities and any action or whatsoever nature by any tenants, guests, invitees or licensees of such Unit Owner growing out of the use of the recreational facilities, except where such loss, injury or damage can be clearly proved to have resulted from and been proximately caused by the direct negligence of the Association or its agents, servants or employees in the operation, care or maintenance of such facilities.

2. In addition to all other rights which the Executive Board has for nonpayment of assessments, the Executive Board of the Association shall have the right to bar the use by a Unit Owner of any of the recreational facilities for failure to make payment of any assessments or fees due.

3. At the election of the Owner of a Unit, his lessee or sublessee in possession of a Unit, and the members of the family of such lessee and sublessee residing in the Unit, may use the recreational facilities in the place of such Owner and his family and such lessee or sublessee shall be entitled to all of the rights and be subject to all of the restrictions that the Owner of such Unit would possess or bear; provided, however, that such Unit Owners and such lessee or sublessee shall be jointly and severally liable for, and shall indemnify and hold harmless the Association of, from and against any damage or injury suffered by reason of such use. Notwithstanding the foregoing, use of the recreational facilities by the lessee, or sublessee in possession of a Unit may be prohibited by the Association (at its election) if and when the Association receives written notice from either such lessee or sublessee or such Unit Owner that the person giving such notice thereafter refuses to accept the liability described in the immediately preceding sentence.

G. MOVING

1. No move into or out of any Unit may be made until a written permit for the purpose of obtained from the Manager, who is authorized to prohibit any moves for which such advance arrangements have not been made.

2. Move-ins and move-outs are restricted to the hours between 9:00 a.m. and 5:00 p.m., Monday through Friday, excluding holidays.

H. CONSIDERATION IN USE OF UNITS

1. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the Board of Fire Underwriters and the public authorities having jurisdiction.

2. Unit Owners are cautioned against excessive use of soaps and other detergents in their appliances or plumbing apparatus which may cause overflow of suds in any Unit or in any central waste disposal system. Detergents and soaps shall be used only pursuant to manufacturer's directions.

3. Unit doors opening into the public halls and Building entry doors shall be kept closed and secured at all times except when in use. Windows and balcony or terrace doors must be kept closed during air-conditioning season while an air conditioner is in use in order to prevent condensation from forming in the Unit's cooling mechanism and causing damage to carpets and floors.

4. All contractors performing major work or alterations on a Unit or Limited Common Element shall file a certificate of insurance and indemnity with the management, which certificate must be approved by management before said contractors may begin work in the Building. Any Unit Owner who wishes to perform any interior alteration to his Unit shall:

(a) Refrain from making any interior alteration that will: (i) impair one or more of the structural integrity of the Buildings or any mechanical or electrical system therein; (ii) adversely affect either the fire retardant or sound absorbent quality of the Buildings; (iii) Lessen the support of any portion of the Buildings; or (iv) violate any applicable law, ordinance or governmental rule, regulation or order;

(b) Obtain such insurance coverage with respect to such interior alteration as the Executive Board may reasonably require in order to protect the Association and the other Unit Owners, as well as the Unit Owner performing such alternations;

(c) Expeditiously complete all interior alterations without incurring any mechanics' or materialmen's liens;

(d) Pay the full cost of performing all such interior alterations;

(e) At such Unit Owner's expense secure all necessary governmental permits and approvals prior to performing all such alterations;

(f) Comply with all other requirements under Section 3.5 of the Declaration of Condominium.

I. GENERAL

1. The planting of plants, flowers, trees, shrubbery and crops of any type is prohibited anywhere on the Common Elements without the prior written consent of the Executive Board. No fences may be erected around or on the Common Elements.

2. Solicitors are not permitted in the Building. If any Unit Owner is contacted by a solicitor on the Property, the Managing Agent must be notified immediately.

3. Except as may be supplied and installed by the Declarant, or except with the prior written consent of the Executive Board, the installation of additional major appliances in any Unit is prohibited. Such prohibited appliances include, but are not limited to, portable washing machines, dryers and dishwashers. Replacement of existing major appliances with comparable equipment is permitted.

4. All persons shall be properly attired when appearing in any of the Common Elements portions of the Property.

5. The appearance of the Units, terraces and balconies shall conform to the Condominium's standards of integrity and appearance. Each Unit Owner is fully responsible for maintaining the Unit premises, Limited Common Elements appurtenant to such Unit and any Garage Unit in a good state of upkeep and cleanliness. If the Association and/or management has to intercede to maintain said premises, the Unit Owner shall be charged for such service.

6. No corridor doors or public areas shall be decorated or furnished by Unit Owners, or other persons, except in observances in good taste of appropriate religious customs. A resident may identify his Unit with a nameplate established as standard for the Condominium by the Executive Board. No other signs of any type may be displayed on any exterior portion of the Unit, Common Elements, or Limited Common Elements.

7. Children shall not be permitted to become a nuisance in the Common Elements. Parents shall at all times be responsible for their children while in the Units, Limited Common Elements, and Common Elements. Children are not permitted to play in the shrubs, flower beds, and must refrain from riding or wheeling bicycles or skating within the Building or the Condominium grounds.

J. THE INTERNAL DISPUTE RESOLUTION COMMITTEE

1. The Executive Board shall appoint five (5) Unit Owners to serve one (1) year terms as members of the Association "Internal Dispute Resolution Committee." Three members shall constitute a quorum and two votes shall be required for any Committee decision. The

Committee shall elect its own Chairman. No member of the Committee may serve on the Executive Board.

2. The "Internal Dispute Resolution Committee" shall be empowered to receive, investigate, attempt to resolve, hold hearings on, and recommend sanctions arising out of complaints from Unit Owners, lessees, mortgagees, or other aggrieved parties concerning alleged violations of the provisions of the Declaration, the Bylaws and/or these Regulations.

3. Upon receipt of a written and signed Complaint Form (to be provided by the management), the Chairman of the Committee shall present the same to the management who shall then attempt to informally resolve the dispute in a fair and equitable manner.

4. If the management has not resolved the dispute to the complainant's satisfaction within seven (7) days, the Committee shall then give the alleged violator at least ten (10) days notice of a hearing to be held to hear the charges of the complainant. Notice of the hearing date and time and the parties involved shall be publicly posted in the Building and mailed to the record address of any non-resident Owner. The hearing shall be held no more than thirty (30) days after the formal complaint has been filed with the Committee.

5. The public hearing shall be conducted as an informal, quasi-judicial proceeding. All parties shall have the right to be represented by counsel, to call witnesses, to introduce documentary or other evidence, and to confront and cross-examine witnesses. Formal rules of evidence shall not be used. Each party shall have the right to have the proceedings transcribed by a court reporter, but the costs shall be borne by the party requesting the transcription and shall be paid in advance.

6. In order to ensure an unbiased tribunal, no member of the Committee may sit and hear a case in which he/she has a personal relationship with either part to the proceeding or in which he/she is intimately involved in any other respect. If any member of the Committee shall excuse him/herself, or be otherwise unavailable, the Executive Board shall appoint another disinterested Unit Owner to temporarily sit in his/her stead.

7. After a full hearing on the dispute, the Committee shall make a written report to the Executive Board and shall recommend sanctions if a violation has been found. The Committee shall make recommendations in accordance with the following Sanction schedule depending upon the seriousness and frequency of the violation(s):

- (1) Reprimand/warning
- (2) \$25.00 Fine
- (3) \$50.00 Fine
- (4) \$100.00 Fine
- (5) \$200.00 Fine
- (6) Any of such Fines per day or per occurrence, as appropriate.

8. Within ten (10) days after receipt of the Committee Report, the Executive Board shall ratify the Committee decision and recommendation, unless the Executive Board finds that the decision is unsupported by the evidence and/or constitutes a manifest abuse of discretion.

9. In the event the Executive Board does not ratify in accordance with paragraph 8, the Executive Board may hold a second full hearing on the matter. In such case, the Executive Board may also levy a fine higher than that provided in the Schedule above, and may also, in a proper case, require a repeat offender to deposit with the Association a Special Security Deposit of up to \$1,000.00 to protect the Association and its members against future violations.

10. Decisions of the Executive Board in these disputes are *final* as set forth in the Declaration.

11. An aggrieved Unit Owner, lessee, mortgagee, or occupant must first exhaust his/her internal remedies with the Committee and the Executive Board before he/she may seek redress in a court of law.

DECLARATION OF PROTECTIVE COVENANTS

WINDMERE PARK
Planned Residential Community
and
Residential Office Community

Prepared by
Galen E. Dreibelbis
State College, Pennsylvania

Developer
Rolling Ridge Development, Inc.
1535 North Atherton Street, Suite #4
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SECTION 3.3 POWERS AND DUTIES. The ARC shall have the following powers and duties:

(A) To recommend, from time to time, to the Board of Directors of the Association modifications and/or amendments to the Design Criteria. Any modification or amendment to the Design Criteria shall be consistent with the provisions of this Declaration, and shall not be effective until adopted by a majority of the members of the Board of Directors of the Association at a meeting duly called and noticed and at which a quorum is present and voting and are approved in writing by the Developer.

(B) To require submission to the ARC of at least three (3) complete sets of all plans and specifications for any Improvement, the construction or placement of which is proposed upon any Lot or Property in W.P. The ARC may also require submission of samples of building materials and colors proposed for use on any Lot or the Property, and may require such additional information as reasonably may be necessary for the ARC to evaluate complete the proposed improvement in accordance with this Declaration and the Design Criteria. Reviews shall be coordinated with any required Township and County approvals or approvals of other governing bodies.

(C) To approve or disapprove any Improvement or change or modification thereto, the construction, erection, performance or placement of which is proposed upon any Lot or the Property in W.P. and to approve or disapprove any exterior additions, changes, modifications, or alterations therein or thereon. All decisions of the ARC shall be submitted in writing to the Board of Directors of the Association, and evidence thereof may, but need not, be made by a certificate, in recordable form, executed under seal by the President or any Vice President of the Association. Any party aggrieved by a decision of the ARC shall have the right to make a written request to the Board of Directors of the Association, within thirty (30) days of such decision, for a review thereof. The determination of the Board upon reviewing any such decision shall in all events be final and dispositive upon all parties.

(D) If any Improvement is changed, modified or altered without prior approval of the ARC, then the Owner shall upon demand cause the Improvements to be restored to comply with the plans and specifications originally approved by the ARC and shall bear all costs and expenses of such restoration, including the costs and reasonable attorney's fees of the ARC.

(E) To adopt a schedule of reasonable fees for processing requests for ARC approval or proposed Improvements. Such fees, if any, shall be payable to the Association in cash, at the time that plans and specifications are submitted to the ARC. In the event such fees, as well as any other costs or expenses of the ARC pursuant to any other provisions of this Article are not paid by the Owner, they shall become a lien of the Association on the Property, pursuant to Article VIII hereof.

(F) To retain professional advisors such as attorneys and architects as may be necessary in the exercise of its powers.

(G) To perform such incidental acts as may be necessary in the exercise of its powers.

SECTION 3.4 LIABILITY. Neither the ARC nor Declarant or their respective successors or assigns shall be liable in damages to anyone submitting plans to them for approval, or to any Owner affected by this Declaration, by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval, disapproval or failure to approve any such plans and specifications. Every person who submits plans to the ARC for approval agrees, by submission of such plans and specification, and every Owner or tenant of any of said Building Sites agrees, by acquiring title thereto or an interest therein, that he will not bring any action or suit against the ARC or Declarant to recover any such damages.

SECTION 3.5 LIMITATION OF ACTION. Notwithstanding anything to the contrary herein contained, after the expiration of one (1) year from the date of issuance of a building permit by the appropriate governmental authority for any Improvement or three (3) months after the completion of any Improvement, whichever shall last occur, said Improvement shall, in favor of purchasers and encumbrancers, in good faith and for value, be deemed to be in compliance with all provisions of this Article, unless actual notice of such noncompliance or noncompletion, executed by the Association, shall appear in the Public Records

of Centre County, Pennsylvania, or unless legal proceedings shall have been instituted to enforce compliance or completion.

ARTICLE IV

REGULATION OF IMPROVEMENTS

SECTION 4.1 GENERAL. No Improvement shall be commenced, erected, constructed, altered, or maintained upon any Lot, nor shall any change or alteration thereon or thereof be made, nor any subdivision, plat or replat be made unless and until the plans, specifications and location shall have been submitted to and approved in writing by the ARC as more fully set forth in Article III of this Declaration.

SECTION 4.2 MINIMUM SETBACK LINES. No structure of any kind, and no part thereof shall be placed on any site closer to a property line than therein provided, unless specifically approved, in writing, by the ARC.

(A) Setbacks within the PRD will be as shown on the Windmere Park PRD, Master Plan drawings as recorded on February 9, 1988 in Plat Book 38, pages 57, 58 and 59.

(B) Setbacks within the R-O zone will be as defined in College Township Zoning Ordinance.

SECTION 4.3 DRAINAGE AND WATER RETENTION. Every lot and/or individual development within W.P. must conform to the requirements of the site and drainage plan, attached or available from the Developer.

SECTION 4.4 EXCAVATION AND SITE GRADING. No excavation shall be made except in connection with construction of an Improvement, and upon completion thereof, exposed openings shall be backfilled, graded and leveled. Site grading shall be subject to the approval of the ARC and shall be in conformance with the Design Criteria.

SECTION 4.5 SITE FURNITURE. Site furniture and mechanical equipment visible from a street shall be considered as landscape elements, and all site furniture, including exterior lighting fixtures, shall be subject to the approval of the ARC as elsewhere herein provided, and in conformance with the Design Criteria.

SECTION 4.6 CURB CUTS. It is intended that curb cuts be minimized and designed in accordance with the Design Criteria.

SECTION 4.7 OFF-STREET PARKING. No parking shall be permitted on any street, lawn, median strip, public walkway, swale, berm or other unpaved area or at any place other than on the paved parking spaces provided for as described herein below. Each Owner and tenant shall be responsible for compliance with the foregoing by his employees and visitors. Off-street parking shall be provided by each Owner and tenant for customers and visitors. The location, number and size of parking spaces shall be in accordance with the Design Criteria, subject to approval by the Architectural Review Committee pursuant to Article III hereof. The minimum standard shall be the total of the following:

(A) One parking space for each 300 sq. ft. of gross floor area used for offices;

(B) Two parking spaces for each residential dwelling unit.

All off-street parking, access drives and loading areas shall be paved and properly graded to assure proper drainage. Proper visual screening, i.e., trees, earth mounding and other landscaping must be provided between any parking lot and any street. Overnight parking of campers, mobile homes, boats, trailers, or motor homes is prohibited unless prior written approval is obtained from the Declarant, his agents or the Association. If parking requirements increase as a result of the change in use or number of employees, additional

off-street parking shall be provided to satisfy the intent of this Article. If governmental zoning requirements ever exceed the above minimum standards, the such zoning requirements shall become the minimum standards.

SECTION 4.8 LOADING, SERVICE AND OUTSIDE STORAGE. Each Lot devoted to development shall provide sufficient on-site loading facilities to accommodate site activities. All loading movement, including turnarounds, shall be made off of the public right-of-way. Loading docks shall be located and screened so as to minimize their visibility from any street or other right-of-way. Screening of service areas, loading docks and so forth may consist of any approved combination of earth mounding, landscaping, walls and/or fencing.

SECTION 4.9 LANDSCAPING.

(A) All building sites shall be landscaped only in accordance with the Design Criteria and approved in writing by the ARC prior to any development of the Building Site. Such landscaping plan shall include information regarding the type of sodding, the type of seeding, the types of trees, hedges and shrubs and information regarding other customary landscape treatment for the entire site, including fences, walls and screening. All landscaping shall be undertaken, completed and maintained in accordance with such approved plan and said plan may not be altered, amended or revised without submitting the revised landscaping plan for prior written approval by the ARC.

(B) All landscaping required hereunder or otherwise to be provided on any Building Site shall be completed within sixty (60) days after the substantial completion of construction of any buildings to be constructed on the building site; provided, however, if weather conditions do not at such time permit, then such landscaping shall be completed as soon thereafter as weather conditions permit. If any Owner fails to undertake and complete his landscaping with the time limit previously set forth herein, the Declarant, his agents or the Association may, at its option, after giving the Owner ten (10) days written notice forwarded to Owner, undertake and complete the landscaping of the building site in accordance with the landscaping plan. If Declarant undertakes and completes such landscaping because of the failure of Owner to complete the same, the costs of such landscaping shall be assessed against the Owner, and if said assessment is not paid within thirty (30) days after written notice of such assessment from Declarant, said assessment will constitute a lien on the Building Site and may be enforced as set forth in Article VIII hereof.

SECTION 4.10 UTILITY CONNECTIONS. All utility connections, propane tanks, electrical and telephone connections and installations of wires to buildings shall be designed and installed in accordance with the Design Criteria.

SECTION 4.11 HEIGHT RESTRICTIONS. No building or appurtenance including, but not limited to, penthouses, elevators or elevator equipment, stairways, ventilating fans or similar equipment required to operate and maintain any building fire or parapet walls, skylights, tanks, cooling or other towers, wireless radio or television masts, or flagpoles shall exceed any height restrictions by any governing municipal or regulatory agencies and the Design Criteria.

(A) Roofs will be encouraged to have character and flat roofs will be discouraged and permitted only in very special circumstances.

(B) All H.V.A.C. and other equipment shall not be permitted on the roof of any building except if built in and concealed.

SECTION 4.12 COMPLETION OF CONSTRUCTION. After commencement of construction of any structure, the Owner shall diligently prosecute the work thereon, to the end that the structure shall not remain in a partly finished condition any longer than reasonably necessary for completion thereof.

SECTION 4.13 SIGNS.

(A) All signs which shall be erected shall have the prior written approval of the ARC as to size, color, location and content and be in conformance with the Design Criteria and harmonious to the look of W.P. All signage on a given building or project must be of the same look and family, e.g., all back-lit, all wood routed, all flat mounted, etc. Further, all signs must comply with governing municipal regulatory agencies.

(B) A flat wall sign shall not: (i) protrude more than eighteen (18) inches from the face of the building or protrude above the building, (ii) be nearer than fifteen (15) feet to a walk area; and (iii) exceed the lesser of ten percent (10%) of a wall or fifty (50) square feet.

(C) A single sign shall be permitted on the front of each facility (facing the roadway), stating only the name or identification of the occupant of that facility. A second sign under special circumstances may be permitted only upon the Board's written approval.

(D) All signs on a building shall identify the primary occupant within the building; primary being the occupant having the largest percentage of floor space within the building. All other occupants shall be restricted to signage five (5) square feet, located directly on or adjacent to the entrance of the occupant's space. Signage shall not be an advertising vehicle or a subsidiary or division notification device.

(E) The naming of a building shall be at the discretion of the Developer and may be a common name unrelated to any occupant within such building.

(F) No billboard or outdoor advertising shall be permitted; however, the Declarant and/or developers of the Property may erect a sign or signs identifying, describing or advertising W.P. or any of its available buildings or land. No advertising signs shall be placed by a lessee anywhere on the premises. All realtor signs for lease or sale must conform to the Design Criteria.

(G) Parking of trucks, vans, campers or any other vehicle or movable objects having sides which identify the business with signs, insignias, or logos will not be permitted in the front of the building for any extended period.

(H) During the construction of a building, signs identifying the Owner, architect, general contractor and construction lender shall be permitted subject to a maximum of twenty-five (25) square feet.

SECTION 4.14 EXTERIOR AND INTERIOR LIGHTING. No exterior lighting of any nature shall be installed or operated without the prior written approval of the ARC. Exterior lighting on all building sites shall be limited to signs and security and safety illumination of streets or roadways, parking lots, access drives and walks, building entrances, loading areas and service areas and exterior lighting of overall building surfaces. All interior and exterior lighting must be arranged or shielded so as to avoid excessive glare or reflection onto any portion of any adjacent street or into the path of oncoming vehicles or onto any adjacent property. No flashing, traveling, animated or intermittent lighting shall be visible from the exterior of any building. Pole mounted exterior fixtures shall be limited to a maximum height of thirty (30) feet, or in compliance with the governing municipal and regulatory authorities and the Design Criteria. Exterior lighting on all building sites as set forth above shall be in compliance with all applicable ordinances and the Design Criteria.

ARTICLE V MAINTENANCE

SECTION 5.1 MAINTENANCE RESPONSIBILITIES. Owners and Occupants of any Lot or Property in W.P. shall, jointly and severally, have the duty and responsibility, at their sole cost and expense, to keep that part of W.P. so owned or occupied, including buildings, improvements, and grounds in connection therewith, in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

- (A) Removing promptly all litter, trash, refuse and wastes;
- (B) Mowing of lawn no less often than when the grass is more than five (5) inches high; if the Property is unimproved, weeds must be kept cut below twelve (12) inches;
- (C) Pruning of trees and shrubbery;
- (D) Watering and fertilizing;
- (E) Keeping exterior lighting, signs, and mechanical facilities in working order;
- (F) Keeping lawn and landscaped areas alive, free of weeds and attractive;
- (G) Keeping parking areas, driveways and roads in good repair;
- (H) Complying with all governmental, health, police and fire requirements, statutes and regulations;

(I) Striping of parking and driveway areas;

(J) During construction, it shall be the responsibility of each Lot Owner to insure that construction sites are kept free of unsightly accumulations of rubbish and scrap materials, and that construction materials, trailers, shacks and the like are kept in a neat and orderly manner;

(K) Keeping all drainage systems in good repair and working order;

(L) Painting of all exterior painted surfaces shall be done at least every five (5) years, unless a waiver is obtained from the ARC.

SECTION 5.2 ENFORCEMENT. If, in the opinion of the Developer and/or Association, any such Owner or Occupant has failed in any of the foregoing duties or responsibilities, then the Developer and/or Association may give such person written notice of such failure and such person must within ten (10) days after receiving such notice, perform the care and maintenance required. Should any such person fail to fulfill this duty and responsibility within such period, then the Developer and/or Association, through its authorized agents, shall have the right and power to enter onto the premises and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise to any person. The Owners and Occupants for which such work is performed shall jointly and severally be liable for the cost of such work and shall promptly reimburse the Developer and/or Association for such cost. If such Owner or Occupant shall fail to reimburse the Developer and/or Association within thirty (30) days after receipt of a statement for such work from the Developer and/or Association, then said indebtedness shall be a debt of all of said persons jointly and severally, and shall constitute a lien against the Lot on which said work was performed. Such lien shall have the same attributes as the lien for assessments and special assessments set forth in Article VIII and the Developer and/or Association shall have identical powers and rights in all respects including, but not limited to, the right of foreclosure.

SECTION 5.3 ACCESS AT REASONABLE HOURS. For the purpose of performing the maintenance authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Lot, Property or the exterior of any Improvements thereon at reasonable hours.

ARTICLE VI

PROPERTY RIGHTS

SECTION 6.1 OWNERS' EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title of portions of the Property, subject to the following:

(A) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure;

(B) All provisions of this Declaration, and plat of all or any part or parts of the Property, and the Articles and By-Laws of the Association;

(C) Rules and regulations governing use and enjoyment of the Common Area adopted by the Association; and

(D) Restrictions contained on any and all plats of all or any part of the Common Area or filed separately with respect to all or any part or parts of the Property.

SECTION 6.2 PERMITTED OPERATIONS AND USES. All of the building sites are intended to be used for office, research and development, residential and business of a kindred nature, including accessory or directly related services in compliance with all ordinances of the Township of College and Centre County. Unless otherwise specifically prohibited by the governing municipal and regulatory agencies, the Design Criteria or this Declaration, any operation and use, as described above, will be permitted if it is performed or carried out entirely within a building that is so designed and constructed that the enclosed operations and uses do not cause or produce a nuisance to adjacent sites such as, but not limited to, vibration, sound electromechanical disturbance and radiation, discharge of waste materials, electromagnetic disturbance, radiation, air or water pollution, dust emission of odorous, toxic or non-toxic matter. All excessive lighting is to be shielded and confined within

property lines. Unusual traffic hazards or congestion shall not be permitted. Further, no noxious or offensive service or activity shall be permitted.

SECTION 6.3 DELEGATION OF USE. Subject to such limitations as may be imposed by the By-Laws, each Owner may delegate this right of enjoyment in and to the Common Area and facilities to its tenants and invitees.

SECTION 6.4 EASEMENTS.

(A) Easements for installation and maintenance of utilities and drainage facilities are shown on any recorded subdivision plat. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may damage, interfere with, or change the direction of flow of drainage facilities in the easement. The easement area of each Lot and all improvements therein shall be continuously maintained by the Owner of such Lot, except for improvements for maintenance of which a public authority or utility company is responsible.

(B) No improvement of any kind shall be built, erected, or maintained on any such easement, reservation, or right-of-way, and such easements, reservations, and rights-of-way shall at all times be open and accessible to public and quasi-public utility corporations, their employees and contractors, and shall also be open and accessible to Declarant all of whom shall have the right and privilege of doing whatever may be necessary in, on, under, and above such locations to carry out any of the purposes for which such easements, reservations, and rights-of-way are reserved.

SECTION 6.5 RIGHT OF ENTRY. The Association, through its duly authorized employees and contractors, shall have the right after reasonable notice to the Owner thereof, to enter any Lot or other Property subject to this Declaration at any reasonable hour on any day to perform such inspection and/or maintenance as may be authorized herein.

SECTION 6.6 NO PARTITION. There shall be no judicial partition of the Common Area, nor shall Declarant, or any Owner or any other person acquiring any interest in the subdivision or any part thereof, seek judicial partition thereof.

ARTICLE VII ASSOCIATION

SECTION 7.1 MEMBERSHIP. Every person or entity who is a record fee simple Owner of a Lot or Property in W.P., including the Developer at all times as long as it owns all or any part of the Property subject to this Declaration shall be a member of the Association, provided that any such person or entity who holds such interest only as security for the performance of an obligation shall not be a member. When one or more persons or entities holds fee simple title to any part of the Property, all such persons or entities shall be members but voting power is limited as provided in the Articles. Membership shall be appurtenant to, and may not be separated from, the ownership of any Property.

SECTION 7.2 VOTING. Voting rights in the Association shall be as are set forth in the Articles of the Association.

ARTICLE VIII MAINTENANCE ASSESSMENTS

SECTION 8.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Each Owner of any portion of the Property, (by acceptance of a deed for such portion of the Property, whether or not it shall be so expressed in any such deed or other conveyance) including any purchaser at a judicial sale, shall be deemed to covenant and agree to pay to the Association any annual assessments or charges, and any special assessments to be fixed, established and collected from time to time as hereinafter provided. All such assessments, together with interest thereon, from the due date at the rate of fifteen percent (15%) per annum and costs of collection thereof (including reasonable attorney's fees), shall be a charge on the Lot and shall be continuing lien upon the Lot(s) against which each such assessment is made, and shall also be the personal obligation of the Owner. No Owner of a lot may waive or otherwise escape liability for the assessments provided for herein by non-use of the

Common Area or by abandonment. No portion of any Property which does not constitute a Lot will be liable for any annual or special assessment under this Section.

SECTION 8.2 PURPOSE OF ASSESSMENTS. The annual and special assessments levied by the Association shall be used exclusively for the purpose of promoting the health, beauty, safety, security, and welfare of the Owners of W.P. and in particular for the improvements and maintenance of the Common Areas and of any easement in favor of the Association and maintenance and beautification of public rights-of-way if not maintained by a public body, including, but not limited to, the cost of taxes, insurance, labor, equipment, materials, management, maintenance and supervision thereof, as well as for such other purposes as are permissible activities of, and undertaken by, the Association.

SECTION 8.3 ANNUAL ASSESSMENTS. Except as hereinafter provided, the annual assessment, excluding any special assessment, shall be set by a two-thirds (2/3) vote of the Board of Directors of the Association. The amount of the annual assessment shall be determined by the Board of Directors in accordance with the projected financial needs of the Association. The decision of the Board of Directors of the Association as to such amount shall be final.

SECTION 8.4 SPECIAL ASSESSMENTS. In addition to any annual assessments, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of a capital improvement as approved by the Board of Directors of the Association, including the necessary fixtures and personal property related thereto, or to make up the difference between actual operating costs and the annual assessment provided that any such assessment shall have the assent of a majority of the Lot Owners who are voting in person at a meeting duly called for this purpose, written notice of which shall be sent to all Lot Owners at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 8.5 UNIFORM RATE OF ASSESSMENT. All regular and special assessments shall be at a uniform rate of each one-half acre or any portion thereof of non-residential (exclusive of Common Areas) shall be equal to one residential dwelling unit. Exception to Section 8.5 - Owners of Lot No. 1 shall have a maximum number of residential unit assessment of 50 and owners of Lot #1 shall accept full responsibility for the maintenance and care in a condition as expected from all the Common Open Space with W.P. of Common Open Space Lot #7, thereby relieving the Owners' Association of any costs relating to the upkeep of Lot #7.

SECTION 8.6 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATE. The assessments for which provision is herein made shall commence on the date or dates (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement. The due date of any assessment shall be fixed in the resolution authorizing such assessments, and any such assessment shall be payable in advance in monthly, quarterly, semi-annual, or annual installments, as determined by the Board.

SECTION 8.7 DUTIES OF THE BOARD OF DIRECTORS. At least thirty (30) days before an assessment due date, the Board of Directors of the Association shall determine the date of commencement and the amount of the assessment against each Lot for each assessment period. In addition, at such time the Board of Directors shall prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment shall be sent to every Owner subject thereto not later than seven (7) days after fixing the date of commencement. The Association shall upon demand, furnish to any Lot Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid.

SECTION 8.8 REPAIR ASSESSMENT. If in the process of construction upon any Lot or other Property or in the making of any Improvement, the Owner, its employees, agents or independent contractors cause damage to any other Lot, Improvement, Common Area, dedicated roads or to any other property owned by someone else within W.P., the Owner shall be responsible for such damage. If the Association, either voluntarily or involuntarily, makes repairs or otherwise cures the damage caused by the Owner, its employees, agents or independent contractor, the Owner shall be obligated to reimburse the Association for all expenses the Association incurred in curing the damage. Such amount shall be treated as a special assessment and the Association shall have all rights and powers as provided in this Article.

SECTION 8.9 EFFECT OF NON-PAYMENT OF ASSESSMENT: THE LIEN, THE PERSONAL OBLIGATION, REMEDIES OF ASSOCIATION. The lien of the Association upon a Lot shall be effective from and after recording, in the Public Records of Centra County, Pennsylvania, a claim of lien stating the description of the Lot encumbered thereby, the name of the Owner, the amount and date when due. Such claim of lien include not only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, but also such claim of lien shall include such additional assessments which accrue from the first non-payment to which the claim of lien relates to the entry of a judgment in favor of the Association with respect to such lien. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. If the assessment is not paid within thirty (30) days after the delinquency date, which shall be set by the Board of Directors of the Association, the assessment shall bear interest from the date due at the rate of fifteen percent (15%) per annum, and the Association may at any time thereafter bring an action to foreclose the lien against the Lot(s) in like manner as a foreclosure of a mortgage on real property, and/or a suit on the personal obligation against the Owner(s), and there shall be added to the amount of such assessment the cost of preparing and filing the complaint in such action including a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the cost of the action.

SECTION 8.10 SUBORDINATION TO LIEN OF MORTGAGES. The lien of the assessments for which provision is herein made, as well as in any other Article of this Declaration, shall be subordinate to the lien of any first mortgage to a federal or state chartered bank, life insurance company, federal or state savings and loan association, real estate investment trust, retirement fund or institutional mortgage company. Such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure of such mortgage. No sale or the transfer shall relieve any Lot from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment. The written opinion of either the Developer or the Association that the lien is subordinate to a mortgage shall be dispositive of any questions of subordination.

SECTION 8.11 EXEMPT PROPERTY. The Board of Directors shall have the right to exempt any Lot subject to this Declaration from the assessments, charge and lien created herein provided that such part of the Property exempted is used (and as long as it is used) for any of the following purposes:

(A) As an easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;

(B) As Common Area as defined in Section 2.3 hereof; and

(C) As Property exempted from ad valorem taxation by the laws of the State of Pennsylvania, to the extent agreed to by the Association.

Notwithstanding any provisions herein, no Lot devoted to research, office part or related use shall be exempt from said assessment, charges or lien.

ARTICLE IX

REPURCHASE RIGHTS OF DEVELOPER

SECTION 9.1 RIGHT TO REPURCHASE IF NO CONSTRUCTION. If, after two (2) years from the date of a sale of any Lot within W.P. any Owner shall not have begun in good faith the construction of an accepted and approved building upon such site, the Developer, at his option, may require the Owner to reconvey the Lot to the Developer, free and clear of all encumbrances except this Declaration. The repurchase price shall be the price paid by the Owner for the Lot, when purchased from the Developer, plus annual compounded interest at the rate of national prime, less any unpaid balances of any liens, mortgages, or encumbrances owed the Developer or the Association. The Developer shall give thirty (30) days written notice of intent to repurchase. In the event the Owner refuses or fails to reconvey the Lot, the Developer may seek specific performance of this covenant by filing an action in a court of competent jurisdiction. The Developer may also recover its court costs and reasonable attorney fees in enforcing this covenant.

SECTION 9.2 DEVELOPER'S RIGHT OF FIRST REFUSAL ON TRANSFER OF UNIMPROVED LOTS. In addition to the Developer's rights under Section 9.1, and regardless of the length of time of ownership of the Lot or other Property, no Lot or other Property and no interest therein, upon which a building has not been constructed shall be sold or transferred unless and until the Owner of such Lot or Property to Developer and Developer has waived, in writing, its right to repurchase said Lot or Property. This is to be accomplished in the following manner:

(A) Any Owner intending to make a bona fide sale of his Lot or other Property or any interest therein shall give to the Developer notice of such intention, together with a fully executed copy of the proposed contract of sale (the "Proposed Contract"). Within thirty (30) days of receipt of such notice and information, Developer shall either exercise, or waive exercise of, its right of first refusal. If Developer elects to exercise its right of first refusal, it shall, within thirty (30) days after receipt of such notice and information, deliver to the Owner an agreement to purchase the Lot or Property upon the following terms:

(1) The price to be paid and the terms of payment shall be that stated in the Proposed Contract; and

(2) The sale shall be closed within thirty (30) days after the delivery or making of said agreement to purchase.

If the Developer shall fail to exercise or waive exercise of its right of first refusal within the said thirty (30) days of receipt of the Proposed Contract, Developer's right of first refusal shall be deemed to have been waived and Developer shall furnish a certificate of waiver as herein provided in subsection (B).

(B) If the Developer shall elect to waive its right of first refusal or shall fail to exercise said right within thirty (30) days of receipt of the Proposed Contract, the Developer's waiver shall be evidenced by a certificate executed by the Developer in recordable form which shall be delivered to the Proposed Contract purchaser and may be recorded by the Owner in the Public Records of Centre County, Pennsylvania.

(C) This Section shall not apply to any transfer to or sale by any national or state bank, life insurance company, federal or state savings and loan association, real estate investment trust, retirement fund or institutional mortgage company which acquires its title as a result of owning a mortgage upon the Lot concerned, and this shall be so whether the title is acquired by deed from the mortgage or its successors in title or through foreclosure proceedings. This Section shall also not apply to any sale by any such institution which so acquires title. Neither shall this Section require the waiver by the Developer as to any transfer of title to a Lot or other Property at a duly advertised public sale with open bidding which is provided by law such as, but not limited to, execution sale, judicial sale or tax sale or any Lot upon which a building has been constructed and for which certificate of occupancy has been issued therefor.

ARTICLE X

DEVELOPER'S RESERVED RIGHTS TO PROPERTY

SECTION 10.1 EXTENSION OF COVENANTS AND RESTRICTIONS TO INCLUDE ADDITIONAL PROPERTY. The Developer may, at any time, make subject to these Protective Covenants and Restrictions other properties now or hereafter owned by the Developer by executing an instrument in writing applying these Covenants and Restrictions to such other properties and by recording the instrument in the Public Records of Centre County, Pennsylvania.

SECTION 10.2 WITHDRAWAL OF LAND. Developer may, but shall have no obligation to, withdraw at any time or from time to time portions of the land described in Exhibit A provided only that the withdrawal of lands as aforesaid shall not, without the joinder or consent of a majority of the Members of the Association, materially increase the prorata share of expenses of the Association payable by the Owners remaining subject hereto after such withdrawal. The withdrawal of lands as aforesaid shall be made and evidenced by filing in the Public Records of Centre County, Pennsylvania, a supplementary Declaration with respect to the lands to be withdrawn. Developer reserves the right to so amend and supplement this Declaration without the consent or joinder of the Association or of any Owner and/or mortgagee of land in W.P.

SECTION 10.3 PLATTING AND SUBDIVISION RESTRICTIONS. The Developer shall be entitled at any time and from time to time, to plat and/or re-plat all or any part of the Property, and to file subdivision restrictions and/or amendments thereto with respect to any undeveloped portion or portions of the Property.

SECTION 10.4 PUBLIC ROADS -- EASEMENTS. The Developer reserves the right from time to time hereafter to delineate, plat, grant or reserve within the remainder of W.P. not hereby conveyed such public streets, roads, sidewalks, ways and appurtenances thereto, and such easements for drainage and public utilities, as it may deem necessary or desirable for the development of W.P. (and from time to time to change the location of the same) free and clear of these Covenants and Restrictions and to dedicate the same to public use or to grant the same to any governing municipal or regulatory authority, including any appropriate public utility corporations.

ARTICLE XI MISCELLANEOUS

SECTION 11.1 TERM. This Declaration, every provision thereof, and every covenant, condition, restriction and reservation contained herein shall continue in full force and effect for a period of thirty (30) days from the date hereof, and shall thereafter be renewed automatically for successive five (5) year periods unless and until terminated as provided in Section 11.2 hereof.

SECTION 11.2 TERMINATION AND MODIFICATION. This Declaration, or any provision hereof, or any covenant, condition or standard contained herein, may be terminated, extended, modified or amended, as to the whole of said property or any portion thereof, with the written consent of the owners of 65% of the Property subject to these Covenants and Restrictions (excluding mortgagees and the holders of other security devices who are not in possession and lessees) based on the number of acreage owned as compared to the total number of acreage subject to these Covenants and Restrictions (excluding the Common Areas); provided, however, that so long as Developer owns at least twenty percent (20%) of the Property subject to these Covenants and Restrictions, no such termination, extension, modification or amendment shall be effective without the written approval of Developer thereto. In addition, any amendment which would affect the surface water management system including the water management portions of the Common Area, must have the prior written approval of College Township. No such termination, extension, modification or amendment shall be effective until a proper instrument in writing has been executed and acknowledged and recorded in the Public Records of Centre County, Pennsylvania. No such termination, extension, modification or amendment shall affect any plans, specifications or use therefor approved by Developer or the ARC under Article III hereof or any improvements theretofore or thereafter made pursuant to such approval.

SECTION 11.3 ASSIGNMENT OF DEVELOPER'S RIGHT AND DUTIES. Any and all of the rights, powers and reservations of the Developer herein contained may be assigned to any person, corporation or association which will assume the duties of the Developer pertaining to the particular rights, powers and reservations assigned, and upon any such person, corporation or association evidencing its consent in writing to accept such assignment and assume such duties, he or it shall, to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Developer herein. If at any time the Developer ceases to exist and has not made such an assignment, a successor Developer may be appointed in the same manner as these Covenants and Restrictions may be terminated, extended, modified or amended hereunder. The Developer may from time to time delegate any or all of its rights, powers, discretion and duties hereunder to such agents as it may nominate. It may also permanently assign any or all of its powers and duties (including discretionary powers and duties), obligations, rights, title, easements and estates reserved to it by this Declaration to any one or more corporations, associations or persons who will accept the same. Any such assignment shall be in writing and recorded in the Public Records of Centre County, Pennsylvania, and the assignee shall join therein for the purpose of evidencing its acceptance of the same. Such assignee shall thereupon have the same rights, title, powers, obligations, discretion and duties as are herein reserved to the Developer and the Developer shall automatically be released from such responsibility.

SECTION 11.4 MUTUALITY, RECIPROCITY: RUNS WITH LAND. All covenants, restrictions, conditions and agreements contained herein are made for the direct, mutual and reciprocal benefit of each and every Lot and other Property in favor of every other Lot and other Property; shall create reciprocal rights and obligations between all grantees of said Lot and other Property, their heirs, successors, personal representatives and assigns; and, shall, as to the Owner of each Site, his heirs, successors, personal representatives and assigns, operate as covenant running with the land for the benefit of all other Sites.

SECTION 11.5 BENEFITS AND BURDENS. The terms and provisions contained in this Declaration of Protective Covenants and Restrictions shall bind and inure to the benefit of the Declarant, the Owners of all building Sites located within the Property, the Owners of additional Property made subject to his Declaration of Protective Covenants and Restrictions and their respective heirs, successors, personal representatives and assigns.

SECTION 11.6 NOTICES. Any notice required or permitted herein shall be in writing and mailed, postage prepaid by registered or certified mail, return receipt requested and shall be directed as follows: If intended for a Building Site Owner (A) to the address of the building Lot if improved; (B) if the Building lot is not improved, to the address set forth in the purchase contract or purchase contract application; or (C) if none of the foregoing, to the last known address of the Owner. If intended for Declarant, to the address as set forth herein.

SECTION 11.7 SINGULAR AND PLURAL. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

SECTION 11.8 FAILURE TO ENFORCE NOT A WAIVER OF RIGHTS. Any waiver or failure to enforce any provision of these Covenants and Restrictions in a particular situation shall not be deemed a waiver or abandonment of such provision as it may apply in any other situation or to the same or a similar situation at any other location in W.P. or of any other provision of these Covenants. The failure of Developer, Association or any Lot Owner to enforce any Covenant or Restriction herein contained shall in no event be deemed to be a waiver of the right to do so thereafter nor of the right to enforce any other Covenant or Restriction.

SECTION 11.9 CONDOMINIUM. No Restriction contained herein shall be construed to limit or prevent a Lot or other Property and the Improvements thereon from being submitted to a plan of condominium ownership and particularly the recordation of a plan of condominium ownership for any Lot or other Property covered hereby shall not be construed as constituting a subdivision of the Lot or other Property.

SECTION 11.10 CONSTRUCTIVE NOTICE AND ACCEPTANCE. Every person who now or hereafter owns or acquires any right title or interest in or to any portion of said Property is and shall be conclusively deemed to have consented and agreed to every covenant, condition and restriction contained in the instrument by which such person acquired an interest in said Property.

SECTION 11.11 NO WAIVER. All of the conditions, covenants, restrictions and reservations contained in this Declaration of Protective Covenants and Restrictions shall be construed together, but if it shall at any time be held that any one of said conditions, covenants, restrictions and reservations, or any part thereof is invalid, or for any reason becomes unenforceable, no other conditions, covenants, restrictions and reservations or any part thereof shall be thereby affected or impaired.

SECTION 11.12 CAPTIONS. The captions, section numbers and article numbers appearing in these Protective Covenants and restrictions are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or articles of these Protective Covenants and Restrictions nor in any way modify or affect these Protective Covenants and Restrictions.

SECTION 11.13 SERVERABILITY. Invalidation of any one of these Covenants and Restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, the Developer has caused these presents to be executed as required by law on the day and year first above written.

WITNESS:

ROLLING RIDGE, INC.

Janet T. Fleming

By: Galen E. Dreibelbis
Galen E. Dreibelbis, President

(SEAL)

STATE OF PENNSYLVANIA)
) SS
COUNTY OF CENTRE)

On this, the 24 day of February, 1988, before me, a Notary Public, the undersigned officer, personally appeared Galen E. Dreibelbis, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purpose therein contained.

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

Janet T. Fleming
Notary Public

My Commission Expires: 3-23-91

EXHIBIT A

Legal Description Attached

EXHIBIT B

ARTICLES OF INCORPORATION

OF

WINDMERE PARK ASSOCIATION, INC.

We, the undersigned, hereby associate ourselves together for the purpose of forming a corporation not for profit and certify as follows:

ARTICLE I.

NAME

The name of this corporation shall be WINDMERE PARK ASSOCIATION, INC. and shall hereinafter be referred to as the "Association."

ARTICLE II.

PURPOSES

The purposes for which the corporation is organized are as follows:

A. To promote the health, safety and social welfare of the Owners of Property within that area referred to as Windmere Park in the Declaration of Protective Covenants and Restrictions for Windmere Park to be recorded in the Public Records of Centre County, Pennsylvania.

B. To own and maintain, repair and replace the general and/or Common Areas, lakes, structures, landscaping and other improvements in and/or benefitting Windmere Park for which the obligation to maintain and repair has been delegated and accepted.

C. To control the specifications, architecture, design, appearance, elevation and location of landscaping around all buildings and improvements of any type, including walls, fences, sewers, drains, disposal systems, or other structures constructed, placed or permitted to remain in Windmere Park, as well as the alteration, improvement, addition and/or change thereto.

D. To provide such other services the responsibility for which has been or may be accepted by the Association and the capital improvements and equipment related thereto, in Windmere Park.

E. To provide, purchase, acquire, replace, improve, maintain and/or repair such real property, buildings, structures, landscaping, paving and equipment, both real and personal, related to the health, safety and social welfare of the members of the Association, as the Board of Directors in its discretion determines necessary, appropriate, and/or convenient.

F. To operate without profit for the sole and exclusive benefit of its members.

G. To perform all of the functions contemplated of the Association, and undertaken by the Board of Directors of the Association, in the Declaration of Protective Covenants and Restrictions hereinabove described.

H. To hold funds solely and exclusively for the benefit of the members for purposes set forth in these Articles of Incorporation.

I. To promulgate and enforce rules, regulations, By-Laws, covenants, restrictions and agreements to effectuate the purposes for which the Association is organized.

J. To delegate power or powers where such is deemed in the interest of the Association.

K. To purchase, lease, hold, sell, mortgage or otherwise acquire or dispose of interests in, real or personal property, except to the extent restricted hereby; to enter into, make, perform or carry out contracts of every kind with any person, firm, corporation, association or other entity; to do any and all acts necessary or expedient for carrying on any and all of the activities

and pursuing any and all of the objects and purposes set forth in the Articles of Incorporation and not forbidden by the laws of the State of Pennsylvania.

L. To fix assessments to be levied against the Property to defray expenses and the cost of effectuating the objects and purposes of the Association, and to create reasonable reserves for such expenditures, and to authorize its Board of Directors, in its discretion, to enter into agreements with mortgage companies and other organizations for the collection of such assessments.

M. To charge recipients for services rendered by the Association and the user for use of Association Property when such is deemed appropriate by the Board of Directors of the Association.

N. To pay taxes and other charges, if any, on or against property owned or accepted by the Association.

O. To merge with any other association which may perform similar functions, located within the same general vicinity of the real property subject to the Declaration.

P. In general, to have all powers conferred upon a corporation by the laws of the State of Pennsylvania, except as prohibited herein.

ARTICLE III.

MEMBERS

Every person or entity who is a record fee simple Owner of a Lot or other Property in Windmere Park, including Rolling Ridge, Inc. (hereinafter referred to as the "Developer") at all times as long as it owns all or any part of the Property subject to this Declaration, shall be a member of the Association, provided that any such person or entity who holds such interest only as security for the performance of an obligation, shall not be a member. When one or more persons or entities holds fee simple title to any part of the Property, all such persons or entities shall be members, but voting power is limited under Article X hereunder. Membership shall be appurtenant to, and may not be separated from, the ownership of any Property.

ARTICLE IV.

TERM

The Association shall have perpetual existence.

ARTICLE V.

OFFICERS

The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create. Any two (2) or more offices may be held by the same person except the offices of President and Secretary. Officers shall be elected for one (1) year terms in accordance with the procedures set forth in the By-Laws.

ARTICLE VI.

BOARD OF DIRECTORS

A. The affairs of the Association shall be managed by a Board of Directors consisting of five (5) Directors. So long as Developer shall have the right to appoint a majority of the Board of Directors, Directors need not be members of the Association and need not be residents of the State of Pennsylvania; thereafter, all Directors shall be members of the Association and residents of the State of Pennsylvania. There shall be two (2) Directors appointed by the Association so long as the Developer has the right to appoint a majority of the Board of Directors. Elections shall be by plurality vote. At the first annual election to the Board of Directors, the term of office of the elected Director receiving the highest plurality of votes shall be established at one (1) year. In addition, the Developer shall select two (2) Directors to serve for terms of two (2) years and one (1) Director to serve for a term of one (1) year.

Thereafter, as many Directors shall be elected and appointed, as the case may be, as there are regular terms of office of Directors expiring at such time, and the term of the director so elected or appointed at each annual election shall be for two (2) years expiring at the second annual election following their election, and thereafter until their successors are duly elected and qualified, or until removed from office with or without cause by the affirmative vote of a majority of the members which elected or appointed them. In no event can a Board member appointed by the Developer be removed except by action of the Developer. Any Director appointed by the Developer shall serve at the pleasure of the Developer, and may be removed from office, and a successor Director may be appointed, at any time by the Developer.

ARTICLE VII

BY-LAWS

The By-Laws of the Association shall be adopted by the Board of Directors and may be amended, altered or rescinded by a majority vote of such Board prior to the relinquishment of control of the Board by the Developer. Thereafter, the By-Laws shall be amended, altered or rescinded by a three-fourths (3/4) vote of the members of the Association in the manner provided by the By-Laws.

ARTICLE VIII

AMENDMENT

Prior to the relinquishment of control by the Board of Directors by the Developer, this Certificate may be amended by a majority vote of the Board of Directors. Thereafter, amendments may be proposed by any member or director and may be adopted by the affirmative vote of at least sixty percent (60%) of the members of this Association at the annual meeting of members or at a special meeting of members; provided, however, that in either instance, notice of the proposed amendment has been given with notice of the meeting and provided further that such amendment has first been approved by not less than a majority vote of the Board of Directors. No amendment affecting the Developer (as defined in the Declaration of Protective Covenants and Restrictions) shall be effective without the prior written consent of the Developer.

ARTICLE IX

VOTING AND ASSESSMENTS

A. Subject to the restrictions and limitations hereinafter set forth each member shall be entitled to one (1) vote for each one-half acre of non-residential property in which he holds the interest required for membership, and one (1) vote shall be granted to the owner of each dwelling unit for residential property with the exception of all residents of Lot #1 of the recorded master plan, who shall have a maximum combined vote and assessment of 50 units. When one or more persons holds such interest or interests in any Property, all such persons shall be members, and the vote(s) for such Property shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one-half acre or dwelling unit. The votes for any Property cannot be divided for any issue and must be voted as a whole. Except where otherwise required under the provisions of these Articles, the Declaration of Protective Covenants and Restrictions or By-Law, the affirmative vote of the Owners of a majority of acres and dwelling units present at any meeting of the members duly called and at which a quorum is present, shall be binding upon the members.

B. The Developer shall have the right to appoint a majority of the Board of Directors until the earlier of the following events:

1. The affirmative vote of seventy-five percent (75%) or Owners other than Developer owning seventy-five percent (75%) or more of Windmere Park (including Property owned by Developer) that Developer relinquish such right; or
2. Upon the sale of the last parcel of Property of Windmere Park held for sale by Developer.

C. The Association will obtain funds which to operate by assessment of its members owning lots and dwelling units in accordance with the provisions of the Declaration of Protective Covenants and Restrictions, as supplemented by the provisions of the Articles and By-Laws of the Association relating thereto.

ARTICLE X.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

A. The Association hereby indemnifies any Director or officer made a party of threatened to be made a party to any threatened, pending or completed action, suit or proceeding:

1. Whether civil, criminal, administrative, or investigative, other than one or in the right of the Association to procure a judgment in its favor, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person in his capacity of Director or officer of the Association, or in his capacity as Director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Association, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees, actually and necessarily incurred as a result of such action, suit or proceeding or any appeal therein, if such person acted in good faith in the reasonable belief that such action was in the best interests of the Association, and in criminal actions or proceedings, without reasonable ground for belief that such actions was unlawful. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not in itself create a presumption that any such Director or officer did not act in good faith in the reasonable belief that such action was in the best interests of the Association or that he had reasonable grounds for belief that such action was unlawful.

2. By or in the right of the Association to procure a judgment in its favor by reason of his being or having been a Director or officer of the Association, or by reason of his being or having been a Director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein if such person acted in good faith in the reasonable belief that such action was in the best interests of the Association. Such person shall not be entitled to indemnification in relation to matters to which such person has been adjudged to have been guilty of negligence or misconduct in the performance of his duty to the Association unless, and only to the extent that, the court, administrative agency, or investigative body before which such action, suit or proceeding is held shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such tribunal shall deem proper.

B. The Board of Directors shall determine whether amounts for which a Director or officer seeks indemnification were properly incurred and whether such Director or officer acted in good faith and in a manner he reasonably believed to be in the best interests of the Association, and whether, with respect to any criminal action or proceeding, he had no reasonable ground for belief that such action was unlawful. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding.

C. The foregoing rights of indemnification shall not be deemed to limit in any way the powers of the Association to indemnify under applicable law.

ARTICLE XI.

TRANSACTION IN WHICH DIRECTORS OR OFFICERS ARE INTERESTED

A. No contract or transaction between the Association and one or more of its Directors or officers, or between the Association and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, have a financial interest, shall be invalid, void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or committee thereof which authorized the contract or transaction, or solely because his or their votes are counted for such purpose. No Director or officer of the Association shall incur liability by reason of the fact that he is or may be interested in any such contract or transaction.

B. Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorized the contract or transaction.

ARTICLE XII:

DISSOLUTION OF THE ASSOCIATION

A. Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

1. That portion of the Common Area which constitutes a surface water management system shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization, to be devoted to purposes as nearly as practicable to the same as those to which they were required to be devoted by the Association. No such disposition of Association properties shall be effective to divest or diminish any right or title of any member vested in him under the recorder covenants and deeds applicable to unless made in accordance with the provisions of such covenants and deeds.
2. The remaining real property contributed to the Association without the receipt of other than nominal consideration by Developer (or its predecessor in interest), shall be returned to Developer unless it refuses to accept the conveyance (in whole or in part).
3. Remaining assets shall be distributed among the members, subject to the limitations set forth below, as tenants in common, each member's share of the assets to be determined in accordance with its voting rights.

B. The Association may be dissolved upon a resolution to that effect being recommended by three-fourths (3/4) of the members of the Board of Directors, and, if such decree be necessary at the time of dissolution, after receipt of an appropriate decree and approved by two-thirds (2/3) of the voting rights of the Association's members.

IN WITNESS WHEREOF, the said subscribers have hereto set their hands and seals this 24 day of February, 1988. Signed, sealed and delivered in the presence of:

ROLLING RIDGE DEVELOPMENT CO., INC.

Janet D. Fleming

Galen E. Dreibelbis
By: Galen E. Dreibelbis

On this, the 24 day of February, 1988, before me, a Notary Public, the undersigned officer, personally appeared Galen E. Dreibelbis

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

Recorded in the office for the recording
of Deeds, etc in and for Centre County
Index Book No 222, p. 1102.
This day of Feb. 1908
Witness my hand and seal of office

Nigel M. P. Recorder

ENTERED IN RECORD
'88 FEB 24 PM 1 21
RECORDED
RECORDED OF DEEDS

PART I

BEGINNING at a point in the line of lands now or formerly of Donald C. and Joseph C. Meyers, said point is located the following twelve (12) courses and distances from the intersection of the northerly right-of-way line of Route 322 with the southerly terminus of the right-of-way line which connects the northerly right-of-way line of Route 322 with the easterly right-of-way line of Branch Road; (a) S. 74° 51' 50" East, along the northerly right-of-way line of Route 322, 157.00 feet to a point; thence (b) South 15° 08' 02" West still along said northerly right-of-way line of Route 322, 30.00 feet to a point; thence (c) South 74° 51' 50" East still along said northerly right-of-way line of Route 322, 225.00 feet to a point; thence (d) South 16° 27' 02" West still along said northerly right-of-way line of Route 322, 5.00 feet to a point; thence (e) South 73° 32' 50" East still along said northerly right-of-way line of Route 322, 250.00 feet to a point; thence (f) South 16° 27' 02" West, still along said northerly right-of-way line of Route 322, 10.00 feet to a point; thence (g) South 73° 32' 50" East still along said northerly right-of-way line of Route 322, 300.00 feet to a point; thence (h) South 17° 46' 02" West still along said northerly right-of-way line of Route 322, 5.00 feet to a point; thence (i) South 72° 13' 50" East still along said northerly right-of-way line of Route 322, 550.00 feet to a point; thence (j) North 17° 46' 02" East still along said northerly right-of-way line of Route 322, 2.00 feet to a point; thence (k) South 72° 13' 50" East still along said northerly right-of-way line of Route 322, 510.98 feet to a point; thence (l) North 77° 11' 11" East along the line of lands now or formerly of Donald C. and Joseph C. Meyers, 1453.00 feet to a point. Said point is the point of BEGINNING; thence

1. North 77° 11' 11" East along the line of lands now or formerly of Donald C. and Joseph C. Meyers, and along the line of lands now or formerly of Robert L. Riddle, 554.99 feet to a point; thence
2. South 85° 50' 46" East along the line of lands now or formerly of Robert L. Riddle, 131.68 feet to a point; thence
3. North 29° 13' 31" West, 1460.33 feet to a point; thence
4. North 61° 44' 22" East, 24.75 feet to a point; thence
5. North 29° 00' 29" West, 257.40 feet to a point; thence
6. South 76° 45' 00" West, 1610.43 feet to a point; thence
7. South 24° 45' 51" East, 901.75 feet to a point; thence
8. South 74° 21' 52" East, 1350.32 feet to the point of beginning.

PART II

BEGINNING at a point in the lands now or formerly of Donald C. and Joseph C. Meyers, which point is located the following 12 courses and distances from the intersection of the northerly right-of-way line of Route 322 with the southerly terminus of the right-of-way line which connects the northerly right-of-way line of Route 322 with the easterly right-of-way line of Branch Road; (a) South 74° 51' 50" East, along the northerly right-of-way line of Route 322, 157.00 feet to a point; thence (b) South 15° 08' 02" West still along said northerly right-of-way line of Route 322, 30.00 feet to a point; thence (c) South 74° 51' 50" East still along said northerly right-of-way line of Route 322, 225.00 feet to a point; thence (d) South 16° 27' 02" West still along said northerly right-of-way line of Route 322, 5.00 feet to a point; thence (e) South 73° 32' 50" East still along said northerly right-of-way line of Route 322, 250.00 feet to a point; thence (f) South 16° 27' 02" West, still along said northerly right-of-way line of Route 322, 10.00 feet to a point; thence (g) South 73° 32' 50" East still along said northerly right-of-way line of Route 322, 300.00 feet to a point; thence (h) South 17° 46' 02" West still along said northerly right-of-way line of Route 322, 5.00 feet to a point; thence (i) South 72° 13' 50" East still along said northerly right-of-way line of Route 322, 550.00 feet to a point; thence (j) North 17° 46' 02" East still along said northerly right-of-way line of Route 322, 2.00 feet to a point; thence (k) South 72° 13' 50" East still along said northerly right-of-way line of Route 322, 510.98 feet to a point; thence (l) North 77° 11' 11" East along the line of lands now or formerly of Donald C. and Joseph C. Meyers, 402.69 feet to a point, said point is the point of beginning; thence

1. North 77° 11' 11" East along the said Meyers lands 1051.11 feet to a point; thence
2. North 74° 21' 52" West 1350.32 feet to a point; thence
3. South 24° 45' 51" East 657.52 feet to the point of beginning.

BEING the same premises which were conveyed to the Grantor herein by deed of Lincoln T. Witmer, et al., dated December 5, 1985, and recorded on December 6, 1985 in the Office for the Recording of Deeds in Centre County, Pennsylvania, in Deed Book 430, at Page 330. Thereafter the description for Parcel No. 11 was corrected by Deed of Correction given by Lincoln T. Witmer, et al., to the Grantor, dated the ____ day of July, 1986, and intended to be recorded herewith.

EXCEPTING AND RESERVING, HOWEVER, THE FOLLOWING:

1. All easements for public utilities.
2. All right-of-ways for streets, roads or easements of ingress or egress of the Commonwealth of Pennsylvania, the Township of College, or any municipal authority.
3. A life estate in the portion of the lands and a right of access over and across the said lands in favor of Lincoln T. Witmer, et al., to provide a right of access, ingress and egress to the "residential parcel" referenced in a certain lease agreement dated April 20, 1973, between Canadian Pacific Housing and Lincoln T. Witmer, for the terms stated in Section 1.03 of the said Lease Agreement as is presently located on the said land.
4. A storm water drainage easement for the drainage, detention and retention of storm waters from other lands of the Grantors abutting the above described Parcel II being located to the west of Parcel II.

All as set forth in Paragraph 19 of an agreement for sale and purchase of the premises, dated December 5, 1982, between Canadian Pacific Housing Company, Seller, and Galen E. Dreibeibis, Purchaser, the said agreement being reduced to memorandum, dated December 5, 1985, and recorded on December 12, 1985, in Centre County Miscellaneous Book 185, at Page 882, in the Office for the Recording of Deeds in and for Centre County, Pennsylvania.

AND FURTHER EXCEPTING five lots to be conveyed from the above premises, having a minimum lot area of one-half acre per lot, each having frontage for a distance of at least 125 feet along Scenery Drive, all as set forth in paragraph 25 of the aforesaid Agreement for the sale and purchase of real property.

AND FURTHER UNDER AND SUBJECT to the right of the intended Grantees of the said lots, their heirs, personal representatives or assigns, to succeed to their interest to hookup and connect to utility, water, and sewer lines serving other portions of the within described premises without charge.

This conveyance is made UNDER AND SUBJECT to a restrictive covenant, which covenant shall run with the land, that being that the Grantee herein, its successors and assigns, shall not use the lands herein conveyed, or any portion thereof, for any retail or wholesale sales activity or any commercial banking or consumer lending business, which businesses and/or business activities are, or reasonably may be, situated or conducted in shopping centers or shopping malls. This covenant shall not be construed to prohibit the following: commercial business office use, including businesses involving off-premise sales; commercial banking or commercial lending offices, provided that such offices shall not include customer deposit or withdrawal facilities; insurance offices; and stock brokerage business offices. This covenant shall be deemed to prohibit: bank and savings and loan customer deposit, withdrawal and banking services, including, but not limited to automatic teller devices; consumer loan customer facilities; retail and general consumer wholesale sales business; drug stores and pharmacies; and, such other uses and businesses as are customarily conducted in shopping center and shopping mall facilities. It is the intent of this covenant that Seller and Seller's successors in interest and their respective tenants be protected from competing uses of the subject lands which are in close proximity to other lands of Seller which are now, or in the future may be, developed as a shopping center, and, to preserve the integrity of the shopping center.

RESERVING AND EXCEPTING, HOWEVER, unto Grantor a portion of the above described lands being the northeasterly most corner of Parcel No. 11 herein bounded and described as follows:

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382-1105

BEGINNING at a point marking the corner of lands now or late of Robert L. Riddle and lands now or late of J. Ralph Hoff; thence along the said Riddle lands South 85° 50' 46" West, a distance of 131.68 feet to a point; thence continuing along the same South 77° 11' 11" West, 134.00 feet to the easterly boundary of Scenery Drive; thence along Scenery Drive North 25° 03' 34" West, 177.48 feet to a point; thence continuing along the said Scenery Drive by the arc of a curve to the right the angle of the said arc being South 8° 46' 29" West, the radius of the curve being 572.96 feet and the distance of the arc being 385.73 feet to lands now or late of J. Ralph Hoff; thence continuing along the said Hoff lands South 29° 13' 31" East, 582.00 feet to the point of the beginning.

BEING a portion of the lands conveyed to the Grantor herein by deed of Lincoln T. Witmer, et al., dated December 5, 1985, and recorded on December 6, 1985, in Centre County Deed Book 438, at Page 330, and being that portion of those lands lying to the southeast of Scenery Drive.

BEING the same premises which became vested in Rolling Ridge Development Co., Inc., by deed of Canadian Pacific Housing Company, dated July 14, 1986, and recorded in the Office of the Recorder of Deeds of Centre County in Deed Book 444, at Page 246.

~~EXCEPTING herefrom also Lot 42 of the Windrose Park Subdivision as shown on the map of the same, by the Canadian Pacific Housing Company, Inc., by deed of the same company, dated July 14, 1986, and recorded in the Office of the Recorder of Deeds of Centre County in Deed Book 444, at Page 246.~~

A
Exhibit

**VILLAGE HEIGHTS
CONDOMINIUM ASSOCIATION**

**FORECASTED EXPENSE BUDGET
AND UNIT ALLOCATIONS**

January 1, 1998 to December 31, 1998



SELIGMAN, FRIEDMAN & COMPANY, P.C.
LEVY, BLUMENTHAL & COMPANY DIVISION
CERTIFIED PUBLIC ACCOUNTANTS

Murray D. Friedman, C.P.A.
Robert N. Levy, C.P.A.
Marvin Blumenthal, C.P.A.
Edward L. Waltemyer, C.P.A.
James A. Smeltzer, C.P.A.
Peter Faranda-Diedrich, C.P.A.
Robert S. Freed, C.P.A.
Jack Moist, C.P.A.
David G. Phillips, C.P.A.
Mark E. Ellenberger, C.P.A.
John J. Cardello, C.P.A.
Calvin J. Wagner, C.P.A.

Brookline Associates
Developer of Village Heights
Village Heights Condominium Association
State College, Pennsylvania

We have compiled the accompanying forecasted expense budget and unit allocations for Village Heights Condominium Association for the twelve months, January 1, 1998 to December 31, 1998, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Seligman Friedman & Co. P.C.

September 9, 1996
State College, PA

HARRISBURG
209 Senate Avenue
Camp Hill, PA 17011
(717) 761-0211
Fax (717) 975-9750

LANCASTER
600J Eden Road
Lancaster, PA 17601
(717) 560-1785
Fax (717) 560-1521

STATE COLLEGE
1423 North Atherton Street
State College, PA 16803
(814) 238-8474
Fax (814) 234-3523

YORK
2550 Kingston Road
York, PA 17402
(717) 757-5611
Fax (717) 755-2067

VILLAGE HEIGHTS CONDOMINIUM ASSOCIATION			
Forecasted Expense Budget and Unit Allocation			
		Budgeted	
		Annual	Monthly
PERSONNEL COSTS			
Maintenance		\$ 46,500	\$ 3,875.00
Recreation Director		27,300	2,275.00
Office		4,250	354.17
Housekeeping - Pool & Exercise Area		2,600	216.67
UTILITIES			
Unit			
Water/Sewer		2,100	175.00
Cable		16,200	1,350.00
Refuse		6,000	500.00
Common Area			
Water/Sewer		1,728	144.00
Electric/Heat		21,600	1,800.00
MAINTENANCE			
Snow Removal		5,760	480.00
Landscape		6,000	500.00
Pool			
Laundry		1,200	100.00
Supplies		2,400	200.00
Supplies		2,400	200.00
Elevator		720	60.00
GENERAL			
Association Vehicle		3,600	300.00
Insurance - Liability & Casualty		10,000	833.33
Office Expenses		1,200	100.00
Land Association Fee		1,380	115.00
MANAGEMENT FEES		8,147	678.91
RESERVE FOR REPLACEMENTS		5,000	416.67
		\$ 176,085	\$ 14,673.74

				fee per			
			per unit	month	# units	extension	
	proof		0.02234	327.82	20	0.446818	
	villas		0.017341	254.46	9	0.156073	
	type a		0.018911	277.50	16	0.302581	
	type b		0.019092	280.15	2	0.038183	
	type c		0.018581	272.65	1	0.018581	
	type d		0.018882	277.07	2	0.037764	
	type e					1	

**VILLAGE HEIGHTS
CONDOMINIUM ASSOCIATION
Significant Assumptions**

NATURE OF FORECAST

A forecast shows the developers best estimate of future expenses that will occur in the maintenance of the common areas of the fifty unit residential condominium that is planned to be built and sold in 1996-1998 by Brookline Associates. The common areas include streets, parking lots, exterior and structural components, indoor pool and exercise areas and landscaping.

PERSONNEL COSTS

Includes one full time and one part time maintenance employee at \$15 and \$7 per hour, a full time recreation director, a part time office employee and a part time housekeeper for the pool/exercise area. Payroll taxes and fringes are estimated to be 25% of base pay and are included in the totals.

UTILITIES

Utilities are based on current monthly charges from providers or in the case of electric/heat, based on an analysis of square feet covered, exterior lighting and indoor pool heating.

MAINTENANCE

Expenses are forecasted either on quotations from suppliers or from Brookline Associates similar expenses incurred in their current operations.

GENERAL

The Association plans to receive an automobile from the developer as part of the common property contributed. Insurance has been estimated by an insurance agent to cover liability and casualty damage on both the common area and the interior of the condominium units. Only personal property inside the units has been excluded. Land association fees are to an existing association of lot owners in the Rolling Ridge Development.

MANAGEMENT FEES

Fees to Brookline Associates for the management of association personnel and maintenance contracts and represents 5% of all other budgeted expenses.

**VILLAGE HEIGHTS
CONDOMINIUM ASSOCIATION
SIGNIFICANT ASSUMPTIONS (CONTINUED)**

RESERVE FOR REPLACEMENTS

The forecasted budget includes only an estimate of routine small replacements that might normally occur in the operation of the common areas. The \$5,000 per year does not anticipate to be adequate funding for the replacements of major building components or systems such as repaving streets, replacing roofs, heating and air conditioning systems or the elevator. The Association can fund these future costs by either current funding of the amounts estimated to be needed when the useful lives of the various components expire or by special assessments on the unit holders as the replacements occur or by some combination of the two methods. The American Institute of Certified Public Accountants requires that associations disclose the expected future costs and the policies for funding those costs as part of their annual financial statements that are in accordance with generally accepted accounting principles.

EXHIBIT I

SCHEDULE OF PERMITS AND APPROVALS

SCHEDULE AND STATUS OF REQUIRED PERMITS

1. Land Development Plans were approved by College Township on February 2, 1996 and recorded in the Office of the Recorder of Deeds of Centre County, Pennsylvania at Plat Book 51, page 94-95.
2. An "Application for Water Service" and "Condominium Agreement" have been executed and approved by the State College Borough Water Authority, subject to payment of the applicable assessment and escrow fees.
3. Sanitary Sewer Service and Final Design Approval for Extension of Sanitary Sewer Mains was approved by the College-Harris Joint Authority on January 30, 1996.
4. Earth Disturbance Permit (NPDES Permit No. PA10F047) was issued by the Centre County Conservation District on January 26, 1996.
5. Building Plan approval granted by the Pennsylvania Department of Labor and Industry on July 24, 1996.
6. Application for Health Permit with respect to the swimming pool has been submitted to the Pennsylvania Department of Health and approval is pending.
7. Application for Final Building Permit will be submitted to Centre Region Code Administration no later than November 15, 1996.