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DECLARATION OF CONDOMINIUM

OF

SPRINGFIELD COMMONS,

A Condominium

Harris Township, Pennsylvania

Pursuant to the provisions of the
Pennsylvania Uniform Condominium Act,
68 Pa. C.S. §3101 et. seq., as amended

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DECLARATION

SPRINGFIELD COMMONS, A CONDOMINIUM

ARTICLE I

SUBMISSION; DEFINED TERMS

Section 1.1 Declarant; Property; County; Name. GTW Associates., a Pennsylvania general partnership ("Declarant"), owner in fee simple of the Real Estate described in Exhibit "A" attached hereto, located in Harris Township, Centre County, Pennsylvania, hereby submits the Real Estate, including all easements, rights and appurtenances thereunto belonging and the Buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa. C.S. §3101 et seq., as amended, (the "Act"), and hereby creates with respect to the Property a condominium, to be known as "Springfield Commons, a Condominium" (the "Condominium").

Section 1.2 Unit Subject to Declaration. All present and future Unit owners, tenants, mortgagees, and occupants of units shall be subject to and shall comply with the provisions of this Declaration, with those of the By-Laws, and Rules and Regulations, and with the duly promulgated rules and regulations adopted by the Executive Board and with all amendments of the same. Acceptance of a deed of conveyance or the acceptance of inheritance or the entering into a lease, or the entering into occupancy of a unit, shall constitute an agreement to be so bound, and that the aforementioned instruments are accepted and ratified by each such unit owner, tenant, occupant, or mortgagee; and that all such provisions of the aforementioned instruments shall be deemed taken to be covenants running with the land and shall bind every person at any time having any interest or estate in such unit as though all such provisions were set forth in full, in each and every deed or inheritance, or lease, or any other relevant documents.

Section 1.3 Easements and Licenses. Included among the easements, rights and appurtenances referred to in Section 1.1 above are the following recorded easements and licenses, and the Real Estate is hereby submitted to the Act:

- A. TOGETHER WITH Declaration of private right of way and driveway known as Brisbin Way to serve five homes within the Springfield Commons PRD, Harris Township, Centre County, dated August 10, 2005, and recorded in Centre County Record Book 1861, Page 736.
- B. TOGETHER WITH Declaration of private right of way known as an extension of Emma Court (approximately 120ft.) within the Springfield Commons PRD, Harris Township, Centre County, dated August 10, 2005, and recorded in Centre County Record Book 1861, Page 733.
- C. Subject to all matters contained in the Final Land Development Plan for Springfield Commons, dated January 24, 2005, and recorded in Centre County Plat Book 74, Pages 113 through 119.

Section 1.4 Defined Terms.

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

1.4.2 The following terms are used or defined in general terms in the Act and shall have specific meanings herein as follows:

- a. "Association" means the Unit Owners' Association of the Condominium and shall be known as the Springfield Commons Condominium Association."
- b. "Building(s)" means any building(s) included in the Property.
- c. "Common Elements". Portions of the development are designated as Common Elements. Included within the Common Elements are the Community Center, tot lot, public sidewalks, hike-bikeways, recreational

areas, open space, stormwater management facilities, and all portions of the condominium not designated as a Limited Common Element, Reserve Common Element, or the Units or public roads. For Carriage Homes those portions of the structure which support, enclose or service the Units including the exterior walls and roof are also a Common Element.

- d. Convertible Real Estate shall mean that portion of the property within which additional Units or Limited Common Elements or both, may be created
- e. "Condominium" means the Condominium described in Section 1.1 above.
- f. "Declarant" means the Declarant described in Section 1.1 above and all successors to any Special Declarant Rights.
- g. "Declaration" means this document, as the same may be amended from time to time.
- h. "Executive Board" means the Executive Board of the Association.
- i. "Limited Common Elements" means the Common Elements described as such in the Act, including but not limited to:
 - 1. Village Homes: That portion of the Buildable Area outside of the Unit and includes patio, deck, porches, sidewalks, driveways, green space and utility lines. If a driveway serves more than one (1) Village Home it shall be a Shared Limited Common Element.
 - 2. Carriage Homes: Certain parking spaces, decks, porches, patios and sidewalks leading from public sidewalks, driveways, storage areas and 7.5 feet surrounding the Unit.
 - 3. Refer to the Plats and Plans and all Common Elements that are subsequently assigned as Limited Common elements Pursuant to Section 3.1 hereof.
- j. "Limited Common Expenses" means the Common Expenses incurred for maintenance, repair and/or replacement of certain Limited Common Elements which, pursuant to Section 2.3 of this Declaration, are to be assessed against the Units to which such Limited Common Elements are assigned.
- k. "Plats and Plans" means the Plats and Plans attached hereto and made a part hereof, as the same may be amended from time to time.
- l. "Professional Property Manager" – Property manager or Managing Agent employed by the Condominium Association to manage the affairs of the Association.
- m. "Property" means the Property described in Section 1.1 above.
- n. "Public Easements" means easements granted to public utility companies for the installation and operation of utility services to the units within the development.
- o. "Public Roads" means public roads which are owned and maintained by Harris Township.
- p. "Unit" means a Village Home or Carriage Home as described herein and in the Plats and Plans.

1.4.3 The following terms when used herein shall have the meanings set forth below:

- a. "General Common Expenses" means Common Expenses excluding Limited Common Expenses.
- b. Percentage Interest" means the undivided ownership interest in the Common Elements appurtenant to each Unit as set forth in Exhibit "B" attached, as the same may be amended from time to time.

- c. "Reserved Common Elements" means portions of the Common Elements which the Executive Board may designate as such from time to time pursuant to Section 3.5 hereof.
- d. Village Home Units" means the detached Village Homes described in Sections 2.1 and 2.2.1 and 2.2.3.
- e. "Carriage Home Units" means the attached duplex units described in Sections 2.1 and 2.2.5.

ARTICLE II
ALLOCATION OF PERCENTAGE INTERESTS, VOTES AND
COMMON EXPENSE LIABILITIES; UNIT IDENTIFICATION
AND BOUNDARIES: MAINTENANCE RESPONSIBILITIES

Section 2.1 Units/Common Elements. The location and dimensions of the buildings and the other structures and improvements comprising the Property and the Units, Common Elements and Limited Common Elements of the Condominium are shown on the Plats and Plans. The number of projected units are as follows:

Village Homes (detached)	37
Phase I Carriage Homes (attached, duplexes)	32
Phase II Carriage Homes (attached, duplexes)	16

Declarant reserves the right to change the total number of Units, the total number of phases, the total number of Units per phase, and the location of Units and boundaries within a phase, but in no event shall the total units created exceed those set forth above.

Section 2.2 Unit Boundaries. The title lines or boundaries of each Unit are situated as shown on the Plats and Plans and described as follows:

- 2.2.1 With respect to Village Homes, the "Buildable Area" of each Village Home shall be as shown on the Plats and Plans. Initially, the Buildable Area shall be convertible Real Estate which shall be converted to Units from time to time by Plan amendments. The entire improved building, including its exterior, and all decks, patios, porches sidewalks and driveways shall be included as part of Buildable Area for each Village Home. Any portion of the Buildable Area not utilized by the dwelling and all decks, patios, porches and sidewalks shall be a Limited Common Element. The area between the Buildable Areas may be utilized for the construction of a driveway to serve one or more Village Homes in which case they driveway shall be considered a Limited Common Element. If a driveway serves more than one Village Home it shall be a Shared Limited Common Element.
- 2.2.2 The Declarant shall approve all design and construction plans for all Units prior to construction. The cost of Plan Amendments to accommodate the establishment or relocation of Unit boundaries to accommodate approved designs shall be born by Declarant.
- 2.2.3 Conversion of Village Home Units from Convertible Real Estate shall occur, subject to the terms of Article XIV following approval by the Declarant of Unit design and construction plans. Construction of a Village Home Unit shall begin not later than six months following the recording of a Plan amendment creating such Village Home Unit.
- 2.2.4 The terms, conditions and manner for submission and approval of Village Home Unit design and construction shall be as contained on each contract or agreement for the sale and purchase of such Village Home Units entered into by Declarant and purchasers.
- 2.2.5 Each Carriage Home shall be as shown on the Plats and Plans and described as follows:

All interior perimeter walls, floors, ceilings, doors and windows within or comprising part of each Carriage Home. Each Carriage Home shall consist of all spaces, interior partitions and other fixtures and improvements within the title lines described above. Each Carriage Home shall include the items within the boundaries as described in Paragraphs (1) and (3) of §3202 of the Act and shall have the benefit of the use of all Limited Common Elements described in §3202 of the Act, or designated on the Plans, as being allocated to such Unit. The area outside of the Carriage House for a distance of 7.5 feet shall be considered a Limited Common Element along with the decks, patios, porches and sidewalks leading from the public sidewalk to the Carriage Home. Beyond 7.5 feet all of the land is a Common Element.

Section 2.3 Percentage Interest Votes and Common Expense Liabilities.

- 2.3.1 Attached as Exhibit "B" hereto is a list of all Units by their Identifying Numbers and the Percentage Interest appurtenant to each Unit. Each Unit Owner must be a member of the Springfield Commons Condominium Association.
- 2.3.2 Each Unit shall have a single vote in the Association. Cumulative voting shall be permitted for the election of members of the Executive Board.
- 2.3.3 The share of Common Expense Liability appurtenant to each Unit shall be as determined from time to time by the Executive Board.

Section 2.4 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.

- a) Carriage Unit Owners are responsible for the interior maintenance of their home and the maintenance and repair of all porches, decks, patios, fences, sidewalks other than public sidewalks, personal landscaping other than grass cutting, and all mechanical and electrical systems.
- b) Village Unit Owners are responsible for the interior and exterior maintenance of their home and the maintenance and repair of all decks, porches, fences, sidewalks other than public sidewalks, utility lines driveways and personal landscaping other than grass cutting maintenance and all mechanical and electrical systems. Repairs to driveways and utility lines that serve more than one Village Home shall be equally shared by all Village Unit Owners that are served by said driveway and utility lines.
- c) The Association shall provide:
 - (1) All grass cutting and lawn maintenance outside of and around all Village Homes and Carriage Homes and within all Common Area's of the community that are intended to be mowed. Certain areas of the community will be left in a natural state and will not be mowed or maintained.
 - (2) Snow removal from public and private sidewalks that lead from public sidewalks to individual Village Homes and Carriage Homes and all driveways and parking areas that serve individual Village Homes or Carriage Homes.
 - (3) All maintenance and repairs to the community center and the furnishings and equipment within, all common areas, landscaping, and appurtenances within common areas, stormwater management facilities, common area lighting and other amenities that are intended to serve the condominium.
 - (4) Maintenance and repairs to the exterior of all Carriage Homes including utility service lines.

Section 2.5 Relocation of Unit Boundaries; Subdivision and Conversion of Units. Relocation of boundaries between Units will be permitted subject to compliance with the provisions therefore in §§3214 and 3215 of the Act. Subdivision or conversion of Units by the Declarant pursuant to §3215(c) of the Act may not result in the addition of additional Units.

Section 2.6 Alteration of Units. Subject to requirements of law and to applicable Rules and Regulations, a Unit Owner:

- 2.6.1 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.

- 2.6.2 May not change the appearance of the Common Elements or the exterior appearance of the Unit or any other portion of the Condominium without permission of the Association.
- 2.6.3 Shall refrain from making any alteration that will adversely affect either the fire retardant or sound absorbent quality of the buildings or violate any applicable law, ordinance or governmental rule, regulation or order.
- 2.6.4 Shall obtain the approval of the Executive Board for any alteration to the buildings prior to the commencement of any such alteration subject to exceptions pursuant to the Rules and Regulations, if any.
- 2.6.5 Shall expeditiously complete all alterations (i) in accordance with the plans and specifications therefore 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 mechanics or materialmen's liens.
- 2.6.6 Shall pay all costs and expenses incurred in connection with the Executive Board review and approval process and appropriation review, execution, 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 is approved in writing by all owners or all units.
- 2.6.7 Shall not permit installation, removal, reconstruction or repair of any electrical lighting, signal transmission and/or power circuit or electrical 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 portion of the 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. The cost of such installation, removal, reconstruction or repair, whether undertaken by a Unit Owner or by the Association, shall be born by the Unit Owner of the benefited thereby.
- 2.7 Convertible Real Estate – See Section XIV

ARTICLE III ALLOCATION AND RESTRICTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Section 3.1 Limited Common Elements. Portions of the Common Elements are marked on the Plats and Plans as "Common Elements which may be assigned as Limited Common Elements." Declarant may assign such Common Elements as Limited Common Elements pursuant to the provisions of Section 3209(c) 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 shall be appurtenant or by recording an appropriate amendment to this Declaration. Such assignments by Declarant may be to Units owned by Declarant. Upon the election by the Unit Owners of a majority of the members of the Executive Board, the right of initial assignment of each of the aforesaid Limited Common Elements pursuant to this Section 3.1 shall pass from Declarant to the Executive Board and Declarant shall no longer have the right to exercise any such right.

Section 3.2 Allocation of Open Areas. The Executive Board may allocate portions of Open Areas near or abutting Units for use by the Owner of a particular Unit for purposes deemed appropriate by the Board, such expansion of patios, fencing, garden or other planting areas, installation of privacy fences, sidewalks and/or other forms of landscaping. Such allocations may also include portions of corridors to be used as part of adjoining Units, so long as reasonable access is maintained for all Units.

Section 3.3 Allocation of Limited Expense Liability. Except as set forth in Section 2.4, Limited Common Elements shall be maintained and repaired by the Association and the cost of such maintenance and repair shall be apportioned among the Unit or Units served by Limited Common Elements.

Section 3.4 Outdoor Parking Areas. All outdoor automobile parking for guests and visitors shall be on the public streets adjacent to the Units. Such outdoor parking spaces upon the public streets of Harris Township shall be available for the use of Owners, guests and visitors on a first-come first-serve basis.

Section 3.5 Designation of Reserve Common Elements. "Reserve Common Elements" are those parts of the Common Elements which the Executive Board may designate from time to time for use and/or access 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 for membership or use or satisfying other reasonable conditions for use as may be established by the Executive Board.

ARTICLE IV EASEMENTS

Section 4.1 Additional Easements. In addition to and in supplementation of the easements provided for by §§3216, 3217 and 3218 of the Act, the following easements are hereby created:

- 4.1.1 Offices and Models. Declarant shall have the right to maintain sales offices, management offices and models throughout the Property. Declarant reserves the right to place one or more models, management offices and sales offices on any portion of the Common Elements in such manner, of such size and in such locations as Declarant deems appropriate. Declarant may from time to time relocate models, management offices and sales offices to different locations within the Common Elements. Declarant shall have the right to remove any such models, management offices and/or sales offices from the Common Elements at any time up to thirty (30) days after Declarant ceases to be a Unit Owner.
- 4.1.2 Utility Easements. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property or the Additional Real Estate. The easements created in this Section 4.1.2 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, stormdrains above and underground, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric and computer 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 4.1.2, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant.
- 4.1.3 Declarant's Easement to Correct Drainage. Declarant reserves an easement on, over and under those portions of the Common Elements not located within a Building for the purpose of maintaining and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section 4.1.3 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 Declarant shall restore the affected property as closely to its original condition as practicable.
- 4.1.4 Easement for Inspection and Maintenance. The Units and 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 the 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 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.

4.1.5 Easement for 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.

Section 4.2 Easement for Use of Recreation Area

- A. Each Unit Owner and each person lawfully residing within a Unit is hereby granted a non-exclusive, perpetual right and easement of access to and enjoyment in common with others of the amenities and recreational facilities constituting the Recreation Area consisting of the community center, village greens, public sidewalks, hike bikeways, soft paths, tot lot and other open space areas that are shown on the approved land development plan.
- B. The rights and easements of access and enjoyment created hereby shall be subject to the right of the Association to adopt rules and regulations governing the use of the Recreation Area.

ARTICLE V AMENDMENT OF DECLARATION

Section 5.1 Amendment Generally. This Declaration may be amended only in accordance with the procedures specified in Section 3219 of the Act, the other Sections of the Act referred to in Section 3219 thereof and the express provisions of this Declaration.

Section 5.2 Rights of Secured Lenders. Subject to the limitations imposed by Section 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 such approval is required by the Act. Such approval shall not be required with respect to any Amendment pursuant to Articles VI, VII or VIII below. In addition, any published requirement of the Federal National Mortgage Association, or its successors (collectively "FNMA") or of the Federal Home Loan Mortgage Corporation, or its successors (collectively "FHLMC") with respect to approval of amendments to the Declaration by holders of mortgages on Units shall be complied with if, at the time such amendment is submitted to the Unit Owners for their approval, one or more mortgages on Units is held by whichever of FNMA or FHLMC imposes such requirement and the Executive Board has been notified in writing that a mortgage is held by the entity imposing such requirement.

ARTICLE VI USE RESTRICTIONS

Section 6.1 Use and Occupancy of Units and Common Elements. The occupancy and use of the Units and Common Elements shall be subject to the following restrictions:

No part of the property shall be used for other than housing and the related common purposes for which the property was designed, except as otherwise expressly set forth herein. Reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property, may be promulgated from time to time by the Executive Board, subject to the right of the Association to change such Rules and Regulations. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Executive Board promptly after the adoption of such Rules and Regulations or any amendments thereto.

ARTICLE VII
MORTGAGES

Section 7.1 Permitted Mortgages. A Unit Owner other than the Declarant or the Executive Board may not voluntarily encumber or subject his or its Unit to any lien, other than the lien of a Permitted Mortgage. Whether or not they expressly so state, all such Permitted Mortgages and the obligations secured thereby shall be deemed to provide, generally, that the Permitted 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 Permitted Mortgagee shall have no right (a) to participate in the adjustment of losses with insurers or in the decision as to whether or not or how to repair or restore damage to or destruction of the Property, or (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 Permitted Mortgage, or any obligation to be secured thereby, unless it has first notified the Executive Board of the name and address of the proposed Permitted Mortgagee and of the amount of the debt proposed to be so secured. When such a Permitted Mortgage is delivered to the Permitted Mortgagee, the Unit Owner shall simultaneously provide executed or conformed copies to the Executive Board. Upon receipt of such copy of a Permitted Mortgage, the Secretary of the Executive Board shall instruct the insurer of the Property to add the name of the Permitted Mortgagee to the mortgagee loss payable provision of the hazard insurance policy covering the Property and to provide such Permitted Mortgagee with a Certificate of Insurance showing that the Permitted Mortgagee's name has been so added. The lien of any purported mortgage which does not comply with all the requirements of this Article X shall not attach to or affect the Property or any part thereof or interest therein and shall be of no force and effect as and to the extent that it purports to relate thereto. The Secretary shall maintain a register of such Permitted Mortgages, showing the names and addresses of the Permitted Mortgagees and the amount secured thereby.

ARTICLE VIII
LEASING

Section 8.1 Lease and Sublease. A Unit Owner may lease or sublease his Unit (but not less than his entire Unit) at any time and from time to time provided that (except for a lease or sublease made by (i) Declarant or (ii) a Permitted Mortgagee which is either in possession or is a purchaser at judicial sale): (1) no Unit may be leased or subleased for transient or hotel purposes or for an initial term of less than nine months (9) months; (2) no Unit may be leased or subleased without a written lease or sublease; (3) a copy of such lease or sublease shall be furnished to the Executive Board within ten (10) days after execution thereof; and (4) the rights of any lessee or sublessee of the Unit shall be subject to, and each such lessee or sublessee shall be bound by, the covenants, conditions and restrictions set forth in the Declaration, Bylaws and Rules and Regulations, and a default thereunder shall constitute a default under the lease or sublease; provided, however, that the foregoing shall not impose any direct liability on any lessee or sublessee of a Unit to pay any Common Expense assessments on behalf of the Owner of that Unit.

ARTICLE IX
MANAGEMENT, BUDGETS; COMMON EXPENSES; ASSESSMENTS AND ENFORCEMENT

Section 9.1 Management. A Professional Property Manager (ie Property Manager or Managing Agent) must be employed by the Executive Board to manage the affairs and to enforce the Rules and Regulations of the association. The managing agent cannot be a Unit Owner and must have experience in managing similar condominium associations.

Section 9.2 Budget. An annual budget shall be prepared by the Property Manager for review and approval by the Executive Board. Each Unit Owner shall be sent a copy of the annual budget along with an income statement for each calendar year. The Executive Board reserves the right to segregate Common Expenses and to have different monthly assessments between the Village Homes and Carriage Homes. For example, the Association must carry insurance on the Carriage Homes Units' exteriors, but Village Home Units will have individual insurance produced and paid by owners of such Units.

Section 9.3 Monthly Payments. All Common Expense assessments made in order to meet the requirements of the Association's annual budget shall be payable in equal monthly or quarterly installments in advance on the first day of each month. Special assessments shall be due and payable in one or more monthly payments, in advance, on the first day of each month, as determined by the Executive Board.

Section 9.4 Collection of Certain Charges. Any fees, charges, late charges, attorneys fees, court costs, fines and interest which may be levied by the Executive Board pursuant to Sections 3302(a)(10), (11) and (12) of the Act, shall be added to the share of any Unit's obligation and shall enjoy the lien priority as set forth in Section 3315 of the Act.

Section 9.5 Reserves: Commencing not later than the first day of the calendar month during which the Common Expense assessments begin, the Association shall establish accounts to create through monthly assessments over a reasonable period of time and thereafter to maintain an adequate reserve fund for maintenance, repair and replacement of the Common Elements that are anticipated to require replacement, repair or maintenance on a periodic basis and to cover deductible amounts in property insurance policies. The reserve funds shall be funded by regular payments. Each annual budget shall include amounts reasonably considered by the Executive Board to be sufficient as reserves for maintenance, repairs, replacements and contingencies. Extraordinary expenditures not originally included in the annual budget which may become necessary during any year may be charged first against such reserves. In addition, the Executive Board shall have the right to segregate all or any portion of the reserves for any specific replacement or contingency upon such conditions as the Executive Board deems appropriate.

At the closing for the initial transfer of title from the Declarant to 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 against the Unit transferred, which monies shall be deposited into an initial working capital fund under control of the Association. 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 payments of regular assessments.

Section 9.6 Accounting. On or before the first (1st) day of April of each calendar year, 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 and sales of property owned or managed by the Executive Board on behalf of the Association, and showing the net excess or deficit or income over expenditures plus reserves.

Section 9.7 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 following year; provided, however, a foreclosing Posted Mortgagee shall be entitled to automatic subordination of such sums in excess of the amounts given priority in lien or payment over mortgage liens in the Act.

Section 9.8 Collection Charges. Any delinquent Owner shall also be obligated to pay (i) all expenses of the Board, including reasonable attorneys' fees, incurred in the collection of the delinquent assessments by legal proceedings or otherwise, and (ii) any amounts paid by the Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessments and shall be collectible as such.

Section 9.9. Surplus. The budget of the Association shall segregate Limited Common Expenses from General Common Expenses. Any amounts accumulated from assessments for Limited Common Expenses and income from the operation of Limited Common Elements to which such Limited Common Expenses pertain in excess of the amount required for actual Limited Common Expenses shall be held by the Association as reserves for future Limited Common Expenses. Any amounts accumulated from assessments for General Common Expenses and income from the operation of the Common Elements to which such General Common Expenses pertain in excess of the amount required for actual General Common Expenses shall be held by the Association as reserves for future General Common Expenses.

Section 9.10 Assignment of Income Rights. The Association may assign its rights to future income, including payments made on account of assessments for General Common Expenses and Limited Common Expenses, to secure any loan obtained by the Association for repairs, replacements or capital improvements to the Common Elements, by proper action taken by the Executive Board.

Section 9.11 Real Estate Taxes. Real estate taxes shall be separately assessed by Centre County to each Unit and paid by each Unit Owner.

ARTICLE X RIGHTS OF PERMITTED MORTGAGEES

Section 10.1 Reports and Notices. Upon the specific written request of a holder of a mortgage on a Unit or its servicer to the Executive Board, the mortgagee shall be entitled to receive some or all of the following as designated in the request:

- A. Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Executive Board to the Owner of the Unit covered by the mortgage;
- B. Any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Unit Owners;
- C. Copies of notices of meetings of the Unit Owners and the right to designate a representative to attend such meetings;
- D. Notice of the decision of the Unit Owners to make any material amendment to this Declaration;
- E. Notice of substantial damage to or destruction of any Unit (the repair of which would cost in excess of \$1,000.00) or any part of the Common Elements (the repair of which would cost in excess of \$1,000.00);
- F. Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Property;
- G. Notice of any default by the owner of the Unit which is subject to the mortgage, where such default is not cured by the Unit Owner within thirty (30) days after the giving of notice by the Association to the Unit Owner of the existence of the default;
- H. The right to examine the books and records of the Executive Board at any reasonable time; or
- I. Notice of any decision by the Executive Board to terminate professional management.

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

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

ARTICLE XI DECLARANT'S RIGHTS

Section 11.1 Special Declarant Rights. Anything in this Declaration or in the Bylaws to the contrary notwithstanding, Declarant reserves certain rights (collectively the "Special Declarant Rights"), in addition to any expressly contained in the Act as follows:

- a. Complete improvements indicated on plats and plans filed with the Declaration.
- b. Convert convertible real estate.
- c. Add additional real estate to flexible condominium.
- d. Withdraw withdrawable real estate.
- e. Convert a Unit into two or more Units, Common Elements, or into two or more Units and Common Elements.
- f. Maintain offices, signs and models.
- g. Use easements through the Common Elements for the purpose of making improvements within the condominium or within any convertible or additional real estate.
- h. Cause the condominium to be merged or consolidated with another condominium.
- i. Make the condominium subject to a master association.
- j. Appoint or remove any officer of the association or any master association or any executive board member during any period of Declarant control.

Section 11.2 Control.

- A. Not later than 60 days after conveyance of 21 Units to Unit Owners other than Declarant, two (40%) of the five members of the Executive Board shall be elected by Unit Owners other than Declarant.
- B. Not later than the earlier of (i) five years after the date of the recording of this Declaration, or (ii) 180 days after 64 of the Units which may be constructed on the Property have been conveyed to Unit Owners other than Declarant, all members of the Executive Board shall resign, and the Unit Owners (including Declarant to the extent of Units owned by Declarant) shall elect a new five member Executive Board.

Section 11.3 Transfer of Declarant's Rights. Declarant reserves the right to transfer Declarant's rights pursuant to Section 3304 of the Act.

ARTICLE XII
LIMITATION OF LIABILITY

Section 12.1 Standard of Conduct.

- A. In the performance of their duties, the officers and members of the Executive Board shall stand in a fiduciary relation to the Association and shall perform their duties, including duties as members of any committee of the Board upon which they may serve, in good faith, in a manner they reasonably believe to be in the best interests of the Association and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances.
- B. In discharging the duties of their respective positions, the Executive Board members and officers may, in considering the best interests of the Association, consider the effects of any action upon employees and upon suppliers of the Association and upon communities in which the Condominium is located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of the standards described above.
- C. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as an Executive Board member or officer or any failure to take any action shall be presumed to be in the best interest of the Association.

Section 12.2 Good Faith Reliance. In performing his duties, an officer or Executive Board member shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

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

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

Section 12.3 Limited Liability. No Executive Board member or officer, in his capacity as such, shall be personally liable for monetary damages for any action taken, or any failure to take any action, unless he has breached or failed to perform the duties of his office under the standards described above; provided, however, that the provisions of this Section 12.3 shall not apply to the responsibility or liability of an Executive Board member or officer pursuant to any criminal statute, or to the liability of an Executive Board member or officer for the payment of taxes pursuant to local, state, or federal law.

Section 12.4 Indemnification. To the extent permitted under Pennsylvania law, each member of the Executive Board, in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged to be in breach of the standards of conduct described above; provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association;

and provided further that, indemnification hereunder with respect to any criminal action or proceeding is permitted only if such Executive Board member and/or officer had no reasonable cause to believe his conduct was unlawful. The indemnification by the Unit Owners set forth in this Section 12.4 shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise.

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

Section 12.5 D & O Insurance. The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth in Section 13.2.J. below, if and to the extent available at reasonable cost.

ARTICLE XIII INSURANCE; RELEASES; RESTORATION

Section 13.1 Village Home Units. HAZARD INSURANCE AGAINST ALL RISKS OF PHYSICAL LOSS AND PREMISES LIABILITY INSURANCE FOR ALL VILLAGE HOME UNITS SHALL BE THE RESPONSIBILITY OF THE OWNERS OF SUCH VILLAGE HOME UNITS AND SHALL NOT BE PURCHASED OR PROVIDED BY THE ASSOCIATION.

Section 13.2 Generally: The Executive Board shall acquire (if and to the extent available) 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 and general liability insurance.
- B. The amount of property insurance obtained pursuant to the Act shall be equal to the full insurable value replacement cost of the insured property (excluding 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 clause is included. It shall insure against all risks of direct physical loss commonly insured against and covered by the standard "all risk" endorsement, if available, and such other risks as FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA), FEDERAL HOME LOAN MORTGAGE CORPORATION, (FHLMC, the Federal Housing Administration or the Veterans Administration (or their respective successors) may require by reason of their holding of one or more Permitted Mortgages. If an "all risk" endorsement is not available, a "broad form" policy will be obtained. Such insurance policy(ies) may, at the option of the Board, contain a "deductible" provision in an amount 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. Property insurance policies shall also include (i) an inflation guard endorsement (when available), (ii) a building ordinance or law endorsement (providing for contingent liability from operation of building laws, demolition costs and increased cost of reconstruction) if enforcement of any building, zoning or land use law will result in loss or damage, increased cost of repairs or reconstruction or additional demolition or removal costs, and (iii) steam boiler and machinery coverage endorsement if any Building has central heating or cooling, which provides that the insurer's minimum liability per accident at least equals the lesser of \$2,000,000 (as revised from time to time by the Executive Board to an amount consistent with then current requirements of FNMA and FHLMC) or the

insurable value of the building housing the boiler or machinery. Policies will contain standard mortgage clauses or endorsements naming either specifically or generically the Posted Mortgages or their servicers followed by "its successors and assigns." Property insurance shall be written by carriers (or reinsured by companies) that at least meet the requirements for a Best's rating of B or financial performance index of 6 or an A rating from Demotech, Inc., or such other minimum requirement as may be acceptable to FNMA from time to time.

- C. Each Unit Owner and the Executive Board hereby waives and releases any and all claims which he or it may have against any other Unit Owner, the Association, the Executive Board and members thereof, the Declarant and 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 subparagraphs "C" and "D" hereby 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 hazard insurance on the Property to the amount of the then current full insurable replacement value of the Property as established by such appraisal.
- G. The Association's property insurance shall cover the general liability and replacement costs of all common elements including the community center. See Section 13.1.M for individual unit coverage. Each Unit Owner, other than the Declarant, shall notify the Board in writing of any additions, alterations or improvements to his Unit and he shall be responsible for any deficiency in any 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 or improvements if such Unit Owner requests it 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 be a condition better than the condition existing prior to the making of such additions, alterations or improvements.
- H. Commercial 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) DOLLARS per occurrence, for bodily injury and/or property damage, insuring the Association, the Board members, the managing agent, if any, and their respective agents and employees, and the Unit Owners from any liability to the public or to the Unit 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 the 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 Worker'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 the Board members, officers, agents, employees, volunteers, and all others who handle, or are responsible for handling, funds of the Association. Such insurance shall name the Association as the insured and shall be in such amount as the Board deems appropriate, but not less than the greater of (i) 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 reserve funds. Notwithstanding the foregoing, in the event that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation reduces or increases the required amount of the fidelity insurance which the Association must maintain to less or more than the amount set forth above, the Board may decrease or increase the amount of the fidelity insurance to the amount required by such entities. Such insurance shall contain a waiver of defense based upon the exclusion of persons who serve without compensation from the definition of "employee" or such endorsement or provision as shall accomplish the same result. Any managing agent shall be required to carry 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 cancelled, 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, if any, without a prior demand in writing that the Board or managing agent, as the case may be, cure the defect and without 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. In addition, Carriage Unit owners shall insure the premises within the exterior walls and all appliances, equipment and personal possessions. The Association will insure the basic structure, perimeter walls, roof and foundation. Village Home owners are to be responsible for the insured value of their Unit and all interior furnishings, appliances and personal possessions.
- 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 a local lending institution 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 provision 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 payable provision shall provide that all such proceeds shall be paid 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 amounts received on account of the proceeds of any insurance policies nor for 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 13 shall be stated in form and substance similar to the following:

Springfield Commons Condominium Association, for the use and benefit of the individual Unit owners, or their authorized representatives, of the Condominium Units contained in Springfield Commons.

- P. If any part of the improvements in the Condominium is in a special flood hazard area, the Association shall maintain a "master" or "blanket" policy of flood insurance, the premiums to be paid as common expenses. The amount of flood insurance shall be equal to the lesser of 100% of the insurable value of the improvements or the maximum coverage available under the appropriate National Flood Insurance Administration program. The maximum deductible amount for such policy shall be the lesser of \$5,000 or 1% of the policy face amount.

13.3 Repairs and Reconstruction After Fire or Other Casualty.

- A. When Repair and Reconstruction are Required. Except as otherwise provided in subparagraph d of this § 13.2, 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 the 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 right 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 Building(s), 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 that 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 reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a Common Expense and special monthly assessments therefor shall be levied. The funds shall be paid out of the General Expense fund. Costs of restoration of a Unit to the extent required to be done by the Executive Board shall be paid out of the General 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, 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 the casualty.

C. Disbursements 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 the order of the Executive Board.

- (b) If the estimated cost 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 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, material men, 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 materials 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 payment 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 disbursement from any construction fund or whether surplus funds to be distributed are less than the assessments 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.
- D. 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 XIV CONVERTIBLE REAL ESTATE

14.1 Reservation. Declarant hereby explicitly reserves an option, until the seventh (7th) anniversary of the recording of this Declaration, to convert all or any portion of the Convertible Real Estate to Units and Limited Common Elements from time to time in compliance with § 3211 of the Act without the consent of any Unit Owner or mortgagee. This option to convert may be terminated prior to such anniversary or upon the filing of an amendment to this Declaration by the Declarant. Declarant expressly reserves the right to convert any or all portions of the Convertible Real Estate without any requirement that any other real estate be converted, added or withdrawn, provided, however, that the Convertible Real Estate shall not exceed the area shown as such on the Plats and Plans and described as such on Exhibit "D" hereto. There are no other limitations on the option to convert Convertible Real Estate.

14.2 Assurances. If the Convertible Real Estate is converted, the Buildings on the Convertible Real Estate will be located approximately as shown on the Plats and Plans attached hereto. If the Convertible Real Estate is completely converted, the results shall be as follows:

- (a) Thirty-seven (37) Village Home Units will be created.

(b) Sixteen (16) Carriage Home Units will be created.

Village Home Units design and construction shall be as approved by the Declarant. Both Village Home Unit and Carriage Home Unit design and construction will be compatible in quality, size, materials, architectural style and structure type with the Units on other portions of the Property. All restrictions in this Declaration affecting use, occupancy and alienation of Units shall apply to Units created within the Convertible Real Estate. All Units shall be restricted to residential use. No assurances are made as to any other improvements and Limited Common Elements to be made or created in the Convertible Real Estate. In the event additional Units are added to the Condominium, the Percentage Interests of all Units (including the new Units) will be reallocated in the same manner as Percentage Interests for the original Units were determined as set forth in Article II.

IN WITNESS WHEREOF, the said GTW Associates has caused its name to be signed to these presents by its general partner on this 2nd day of DECEMBER, 2005.

WITNESS:

Jodi L. Fingle

GTW ASSOCIATES
A Pennsylvania General Partnership

Thomas F. Songer, II

Thomas F. Songer, II

TORRON GROUP, LP

By its General Partner

TORRON MANAGEMENT, LLC

Thomas F. Songer, II

Thomas F. Songer, II
Managing Member

WITNESS:

Jodi L. Fingle

COMMONWEALTH OF PENNSYLVANIA :

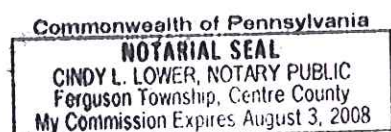
: SS.

COUNTY OF CENTRE :

On this the 2nd day of December, 2005, before me, a Notary Public, the undersigned officer, personally appeared THOMAS F. SONGER, II, Partner of GTW ASSOCIATES, 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.

Cindy L. Lower
Notary Public



COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF CENTRE : SS.

On this the 2 day of December, 2005, before me, a Notary Public, personally appeared THOMAS F. SONGER, II, who acknowledged himself to be the Managing Member of TORRN MANAGEMENT, LLC, General Partn4er of TORRON GROUP, LP, a Limited Partnership, and in that capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Limited Liability Company by himself as the Managing Member.

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


Notary Public

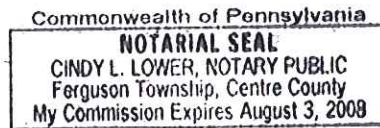


EXHIBIT "A"

SUBMITTED REAL ESTATE

EXHIBIT "B"

SCHEDULE OF UNIT IDENTIFYING NUMBERS AND PERCENTAGE INTERESTS

EXHIBIT "C"

PLATS AND PLANS

EXHIBIT "D"

CONVERTIBLE REAL ESTATE

Legal Description
Springfield Commons - PRD

All that certain tract of land situated in Harris Township, Centre County, PA, being Springfield Commons, as shown on a Plan entitled, "Springfield Commons -- PRD, Lot Consolidation Plan, Lot 6R (Former Lot Nos. 6 and 7 of Williams Sweet Subdivision II)," dated January 24, 2005, last revised on April 22, 2005, as recorded in the Centre County Recorder of Deeds Office in Plat Book 74, pages 113-118, by PennTerra Engineering, Inc., State College, PA, being bounded and described as follows:

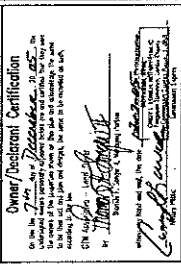
Beginning at an iron pin, being a southerly corner of Loop Road (50' R/W) and a westerly corner of Torrey Lane (variable R/W); thence along Torrey Lane S41°39'49"E, 754.68 feet to an iron pin; thence continuing along said R/W S42°10'29"E, 563.88 feet to an iron pin, lying in a southerly line of said R/W and being a northerly corner of lands owned now or formerly by Lawrence J. & Rose M. Pilone (Tax Parcel 25-4-43C, R.B. 585, pg. 1); thence along the Pilone lands S58°37'13"W, 795.10 feet to an iron pin, being a westerly corner of said lands and lying in a northerly line of lands owned now or formerly by Robert D. and Jacquelleen Q. Weaver (Tax Parcel 25-4-41, D.B. 465, pg. 1138); thence along said lands, along lands owned now or formerly by Virginia M. Hubbs (Tax Parcel 25-4-41A, R.B. 624, pg. 540) and along lands owned now or formerly by Harriet Rosenberg, E.K. (Tax Parcel 25-12-125, R.B. 649, pg. 1142) N35°04'34"W, 1049.92 feet to an iron pin; thence continuing along the Rosenberg lands N49°24'26"W, 214.50 feet to an iron pin, being a northerly corner of said lands and being a westerly corner of lands owned now or formerly by Logan R. & Mona Jean Hill (Tax Parcel 25-12-166, D.B. 422, pg. 367); thence along the Hill lands, along lands owned now or formerly by Graham E. Pratt & Joanne M. Perry (Tax Parcel 25-12-183, R.B. 1108, pg. 878) and along lands owned now or formerly by David A. & Amy I. Gerber (Tax Parcel 25-12-116, R.B. 559, pg. 356) N64°08'32"E, 370.94 feet to an iron pin; thence continuing along the Gerber lands N37°15'39"W, 215.00 feet to an iron pin, being a northerly corner of said lands and lying in a southerly line of Loop Road (50' R/W); thence along said R/W N80°37'25"E, 257.78 feet to an iron pin; thence continuing along said R/W along a curve to the left, having a chord bearing of N78°22'00"E, a chord distance of 109.06 feet, a radius of 1385.99 feet and an arc length of 109.09 feet to an iron pin, being the place of beginning, containing 21.433 acres.

SCHEDULE OF UNIT IDENTIFYING NUMBERS
AND PERCENTAGE INTERESTS

4A	3.125%
4B	3.125%
10A	3.125%
10B	3.125%
11A	3.125%
11B	3.125%
12A	3.125%
12B	3.125%
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16A	3.125%
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22A	3.125%
22B	3.125%
23A	3.125%
23B	3.125%
24A	3.125%
24B	3.125%

EXHIBIT "B"

EXHIBIT "C"
PLATS AND PLANS



Condominium Declaration Plan Certification
(I hereby certify that the plan and its amendments, together with the declaration and rules and regulations, as amended, are filed in the office of the Registrar.)
Witness my hand and the seal of the Registrar this 13th day of July, 2005.

Registrar

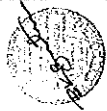
Recorder of Deeds
 Records in the Office of the Recorder of Deeds of Cook County, Illinois,
 at 100 West ^{Madison} Street, Room 1001, on the 10th floor, of the City of
 Chicago, Illinois, on the 10th day of January, 1900.

Professional Land Surveyor Certification

I, W. K. Rader, Jr., a Professional Land Surveyor in the Commonwealth of Pennsylvania, do hereby certify that this plan correctly represents the facts of which I am aware.

W. K. Rader, Jr. PLS 12-7-05
Date

[illegible]



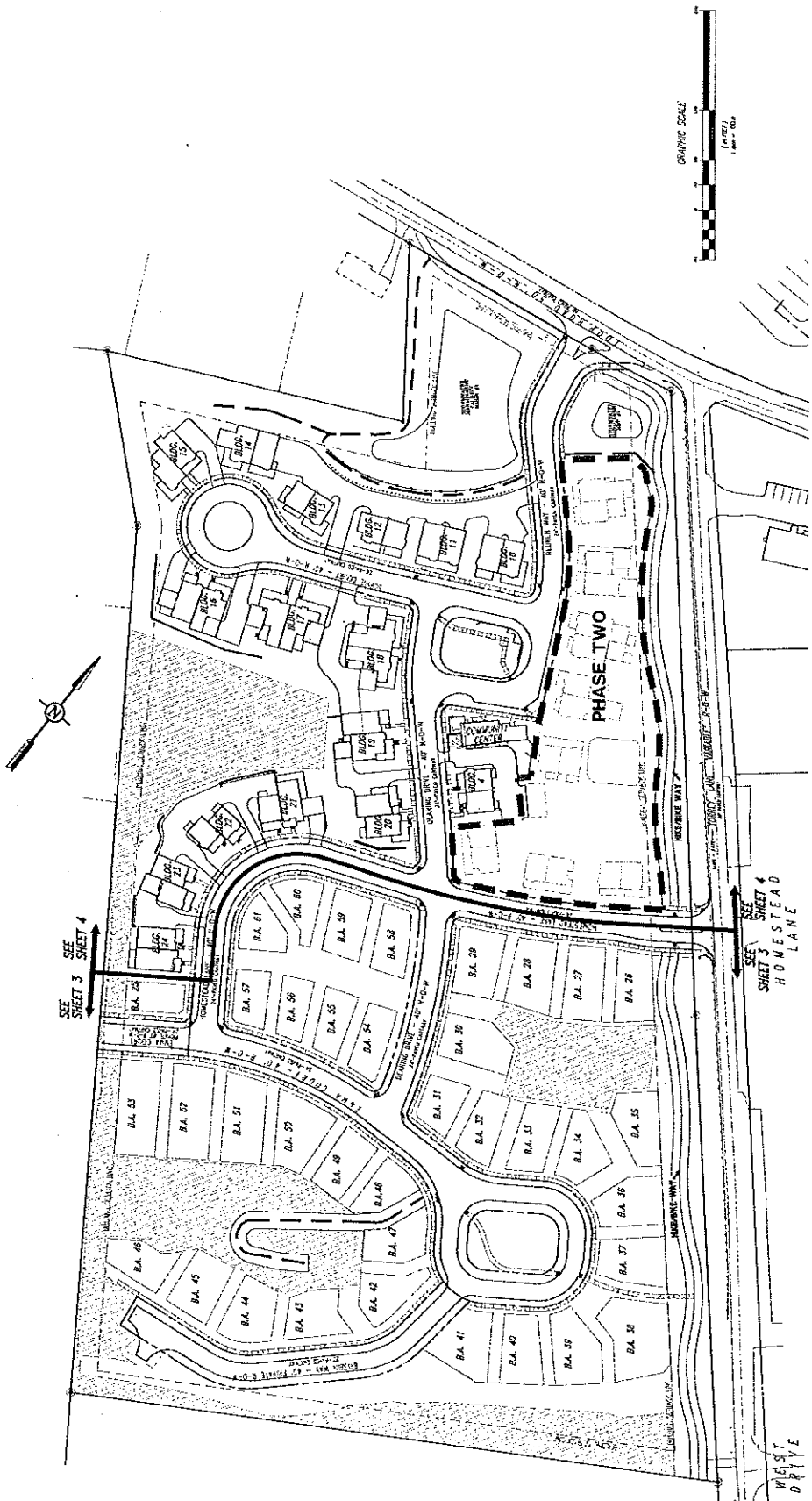
Project	1005 PG
Location	Springfield Commons
Client	Springfield Commons
Design	Site Plan
Scale	1" = 50'
Date	09/28/2005

1005 PG
09/28/2005
1" = 50'

SPRINGFIELD
COMMONS
PHASE TWO
DECLARATION
PLAT

CONDOMINIUM
DECLARATION
PLAT
INDEX
PLAN

Sheet No.	1005 PG
Date	September 28, 2005
Scale	1" = 50'
Page No.	2 of 12



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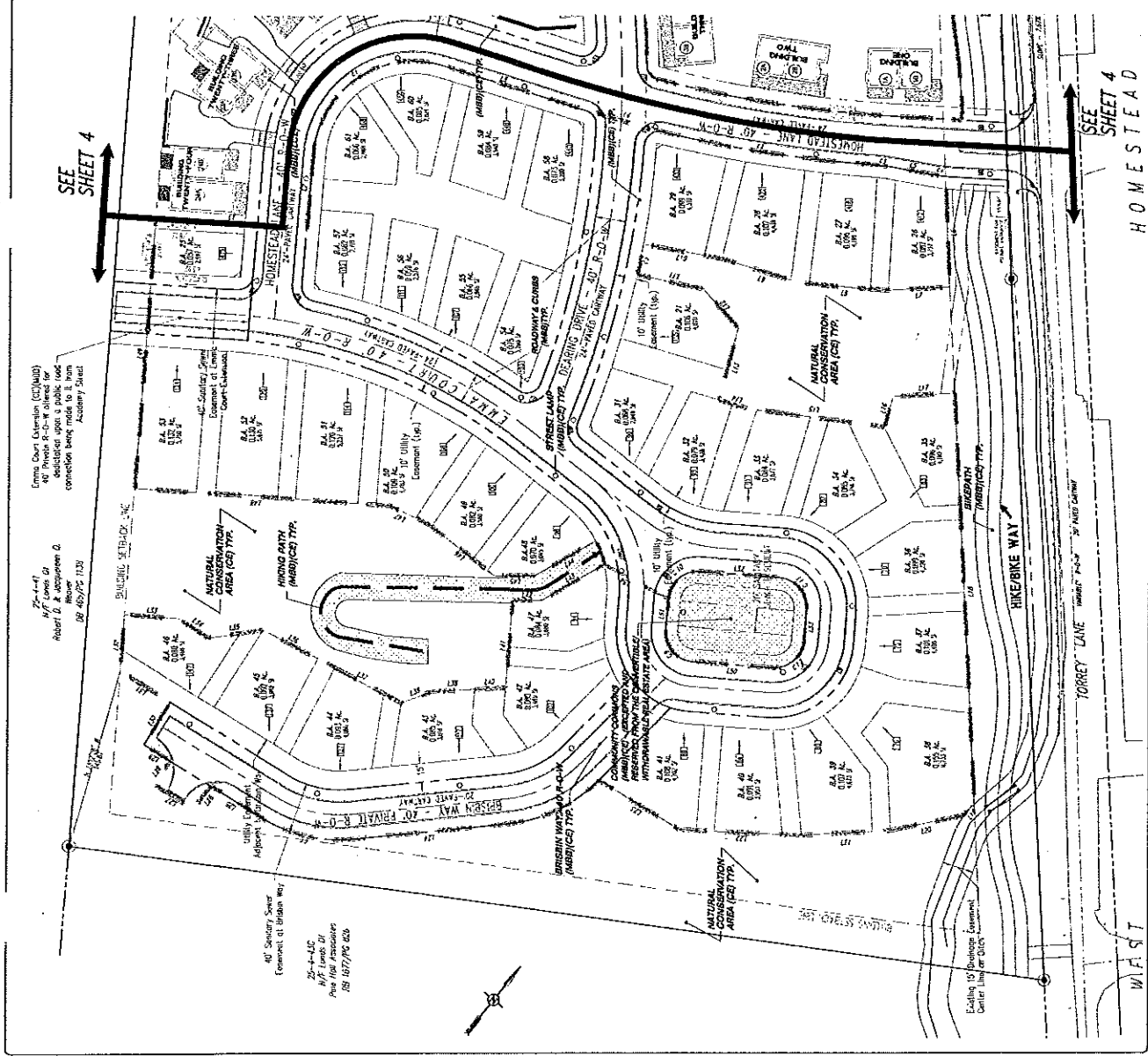
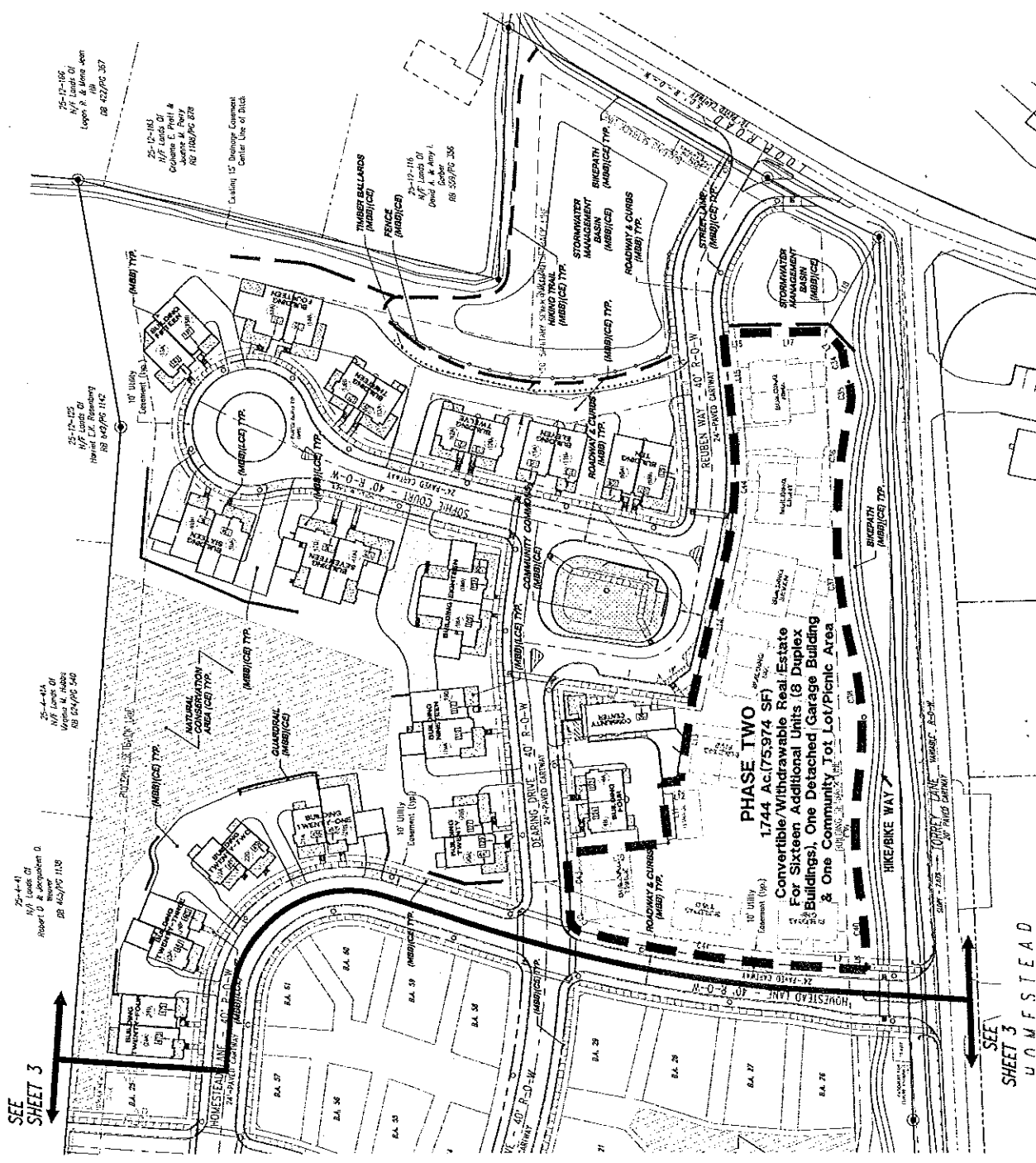
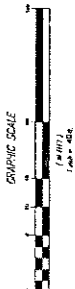
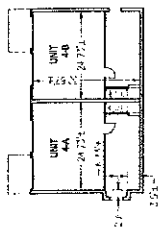
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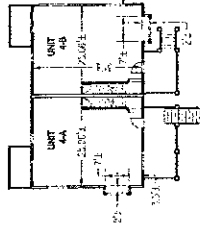
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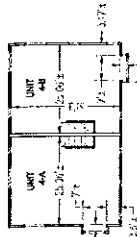
BUILDING 4



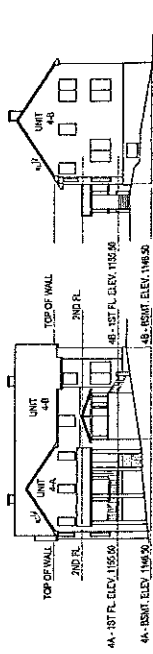
BASEMENT FLOOR PLAN



FIRST FLOOR PLAN

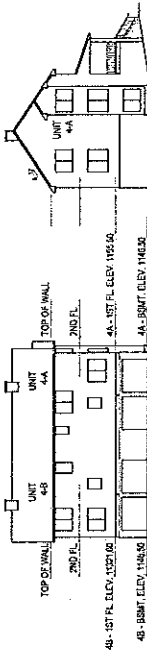


SECOND FLOOR PLAN



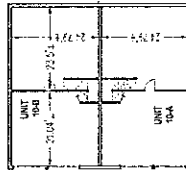
FRONT ELEVATION

RIGHT ELEVATION

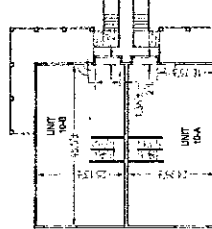


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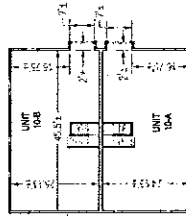
LEFT ELEVATION



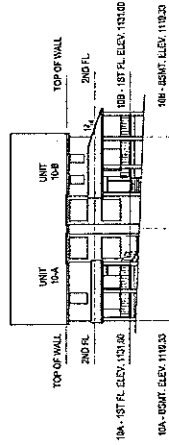
BASEMENT FLOOR PLAN



FIRST FLOOR PLAN

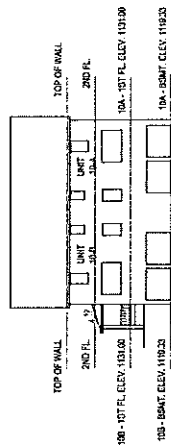


SECOND FLOOR PLAN



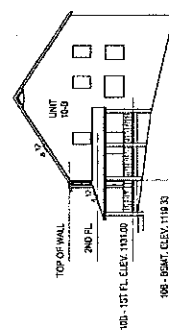
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RIGHT ELEVATION

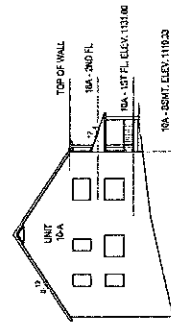


REAR ELEVATION

LEFT ELEVATION



RIGHT ELEVATION

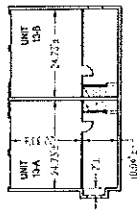


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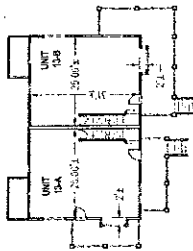
LEFT ELEVATION:

LEFT ELEVATION

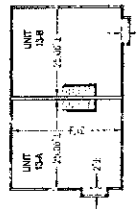
BUILDING 13



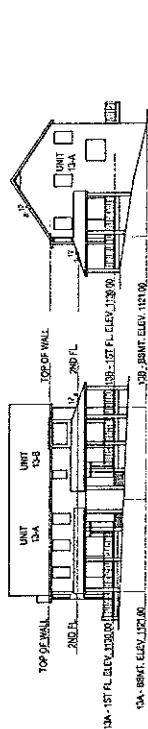
BASEMENT FLOOR PLAN



FIRST FLOOR PLAN

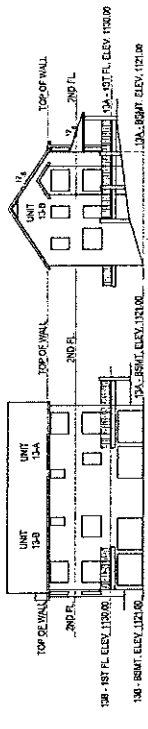


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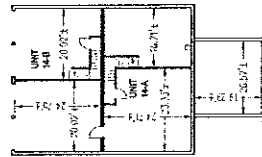
FRONT ELEVATION

RIGHT ELEVATION

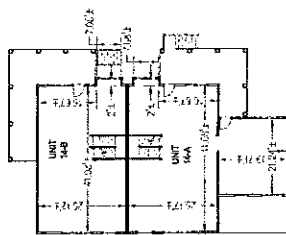


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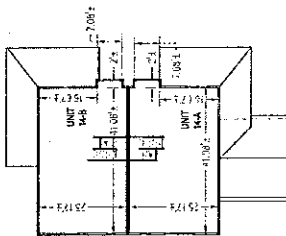
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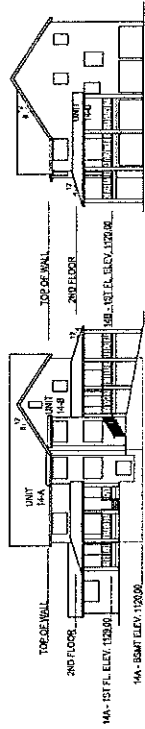
BASEMENT FLOOR PLAN



FIRST FLOOR PLAN

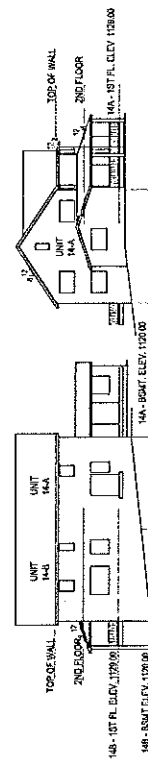


SECOND FLOOR PLAN



FRONT ELEVATION

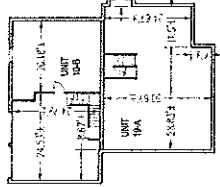
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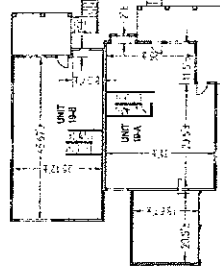
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LEFT ELEVATION

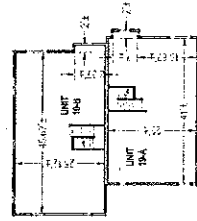
BUILDING 19



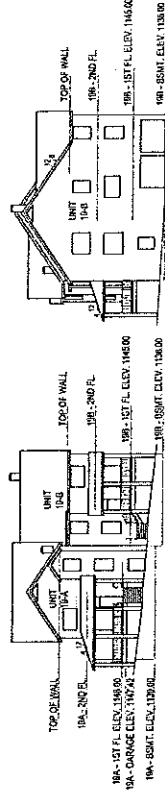
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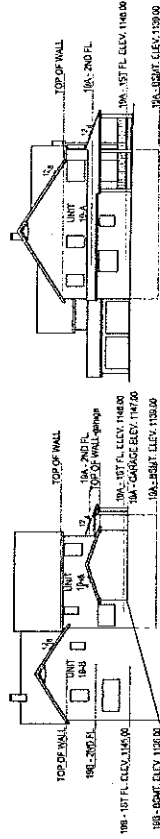
FIRST FLOOR PLAN



SECOND FLOOR PLAN

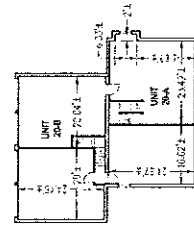


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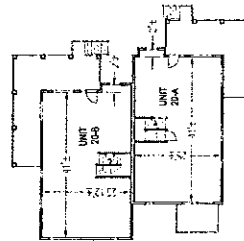


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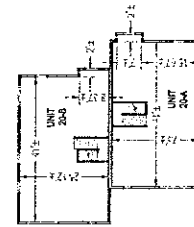
BUILDING 20



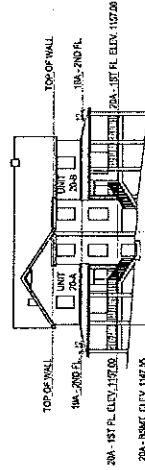
BASEMENT FLOOR PLAN



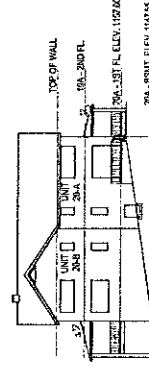
FIRST FLOOR PLAN



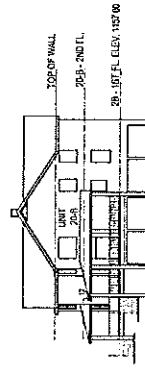
SECOND FLOOR PLAN



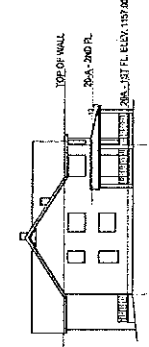
FRONT ELEVATION



REAR ELEVATION

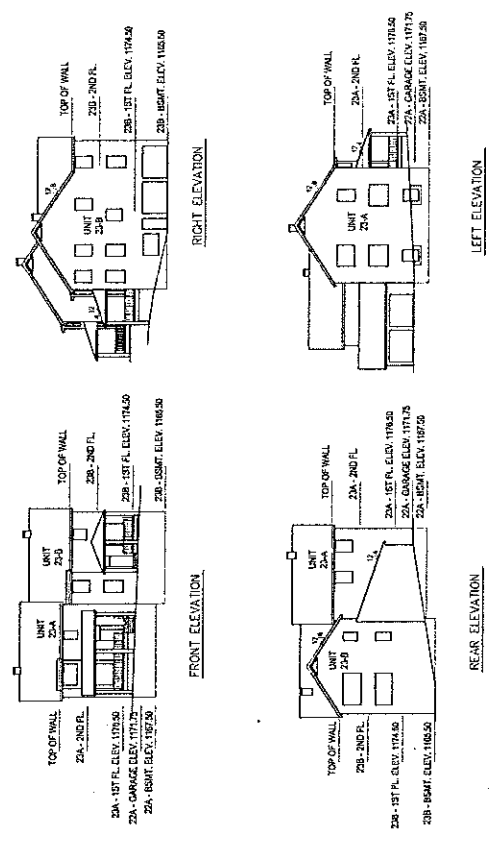


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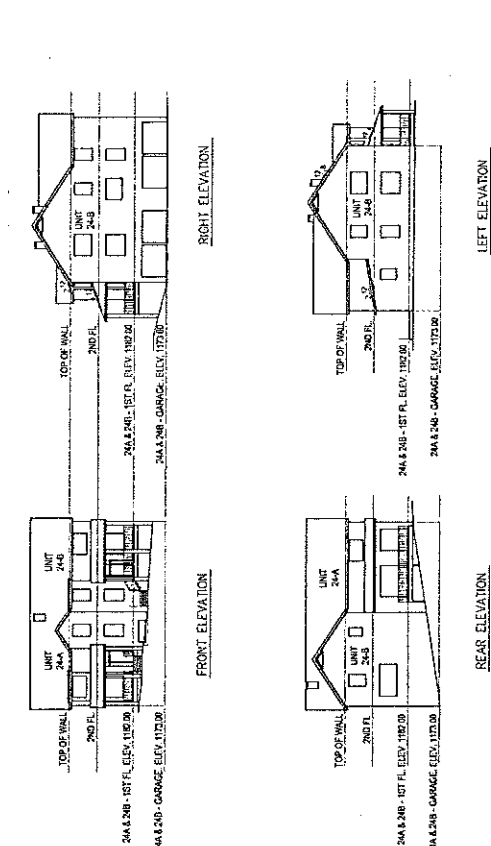


LEFT ELEVATION

BUILDING 23



BUILDING 24



END
EXHIBIT "C"



Exhibit "D"
Legal Description
 Springfield Commons
 Convertible/Withdrawable Real Estate

All that certain tract of land situated in Harris Township, Centre County, PA, being Convertible/Withdrawable Real Estate for Springfield Commons - PRD, as shown on plans entitled, "Springfield Commons - PRD; Condominium Declaration Plat; Declaration Plan South," and "Springfield Commons-PRD, Condominium Declaration Plat, Declaration Plan North," both dated September 28, 2005, by PennTerra Engineering, Inc., State College, PA, being bounded and described as follows:

South

Beginning at point, lying within Springfield Commons, Declaration Plan South, said point lying N23°12'28"W, 145.87 feet from an iron pin, which is the southern most corner of Springfield Commons, which lies in an easterly line of lands owned now or formerly by Robert D. & Jacqueline Q. Weaver (Tax Parcel 25-4-41, DB 465, Pg. 1138) which is also a westerly corner of lands owned now or formerly by Pine Hall Associates (Tax Parcel 25-4-43C, RB 1677, Pg. 826); thence traversing through Springfield Commons, Declaration Plan South, the following bearings and distances: N35°04'34"W, 45.40 feet to a point; thence N55°16'46"E, 44.14 feet to a point; thence N84°56'08"E, 27.46 feet to a point; thence N43°22'12"E, 44.79 feet to a point; thence N77°59'36"E, 49.94 feet to a point; thence N78°48'30"E, 75.90 feet to a point; thence N30°45'32"E, 26.09 feet to a point; thence N47°42'16"E, 34.84 feet to a point; thence N48°06'02"E, 25.20 feet to a point; thence N34°51'58"W, 70.28 feet to a point; thence N50°00'10"E, 23.81 feet to a point; thence N21°15'42"E, 58.14 feet to a point; thence along a curve to the left, having a chord bearing of N59°44'18"W, a chord distance of 20.25 feet, a radius of 82.00 feet and an arc

length of 20.30 feet to a point; thence S21°15'42"W, 56.18 feet to a point; thence S50°00'10"W, 33.22 feet to a point; thence S88°37'41"W, 67.57 feet to a point; thence S76°17'58"W, 34.77 feet to a point; thence S54°55'26"W, 206.00 feet to a point; thence N35°04'34"W, 217.71 feet to a point; thence N54°55'26"E, 121.73 feet to a point; thence N34°38'05"W, 61.51 feet to a point; thence along a curve to the right, having a chord bearing of N16°43'15"E, a chord distance of 124.97 feet, a radius of 80.00 feet and an arc length of 143.41 feet to a point; thence N68°04'35"E, 102.80 feet to a point; thence N67°01'34"E, 69.43 feet to a point; thence along a curve to the left, having a chord bearing of N59°58'03"E, a chord distance of 189.33 feet, a radius of 1032.00 feet and an arc length of 189.60 feet to a point; thence along a curve to the right, having a chord bearing of N57°55'47"E, a chord distance of 11.70 feet, a radius of 104.00 feet and an arc length of 11.71 feet to a point; thence N61°09'19"E, 36.28 feet to a point; thence along a curve to the left, having a chord bearing of N58°50'49"E, a chord distance of 9.67 feet, a radius of 120.00 feet and an arc length of 9.67 feet to a point; thence S41°41'14"E, 89.01 feet to a point; thence S47°49'31"W, 52.24 feet to a point; thence S55°40'33"W, 70.14 feet to a point; thence S68°18'19"W, 64.13 feet to a point; thence S61°09'21"W, 66.03 feet to a point; thence along a curve to the right, having a chord bearing of S27°58'48"E, a chord distance of 24.96 feet, a radius of 956.35 feet and an arc length of 24.96 feet to a point; thence N63°09'36"E, 54.95 feet to a point; thence S81°43'44"E, 42.36 feet to a point; thence S23°57'14"E, 60.01 feet to a point; thence N67°16'10"E, 24.99 feet to a point; thence N58°19'44"E, 110.78 feet to a point; thence N22°43'50"W, 25.47 feet to a point; thence N47°28'26"E, 49.94 feet to a point; thence S42°11'06"E, 328.82 feet to a point; thence S01°22'45"E, 14.44 feet to a point; thence S39°41'43"W, 61.18 feet to a point; thence S47°49'31"W, 72.71 feet to a point; thence S53°24'24"W, 96.63 feet to a point; thence S82°09'38"W, 76.49 feet to a point; thence along a curve to the right, having a chord bearing of S25°21'18"W, a chord distance of 81.36 feet, a radius of 120.00 feet and an arc length of 83.00 feet to a point; thence S45°10'09"W, 124.77 feet to a point; thence along a curve to the

right, having a chord bearing of S63°54'15"W, a chord distance of 77.09 feet, a radius of 120.00 feet and an arc length of 78.48 feet to a point; thence S82°40'41"W, 48.41 feet to a point; thence S04°09'10"E, 22.94 feet to a point; thence S82°52'53"W, 36.75 feet to a point; thence N07°20'08"W, 22.77 feet to a point; thence S82°31'07"W, 25.00 feet to a point; thence N07°21'40"W, 40.00 feet to a point; thence S82°38'20"W, 47.56 feet to a point, being the place of beginning, containing 6.929 acres.

North

Beginning at a point, being a southerly corner of a Stormwater Management Basin Area, and being referenced from an iron pin, said iron pin being a northerly corner of Springfield Commons, a westerly corner of Torrey Lane (Variable R/W), and lying in a southerly R/W line of Loop Road (50' R/W), S09°46'02"E 92.51 feet; thence S81°46'52"E, 21.21 feet to a point, being an easterly corner of said basin and a southerly corner of a 15' offset from proposed center line of Bike Path; thence continuing along said offset line the following bearings and distances; along a curve to the left, having a chord bearing of S50°57'20"E, a chord distance of 28.12 feet, a radius of 139.23 feet and an arc length of 28.17 feet to a point; thence along a curve to the right, having a chord bearing of S41°26'55"E, a chord distance of 24.19 feet, a radius of 44.20 feet and an arc length of 24.50 feet to a point; thence along a curve to the left, having a chord bearing of S32°16'59"E, a chord distance of 86.39 feet, a radius of 415.59 feet and an arc length of 86.55 feet to a point; thence along a curve to the left, having a chord bearing of S45°19'12"E, a chord distance of 119.33 feet, a radius of 407.22 feet and an arc length of 119.76 feet to a point; thence along a curve to the right, having a chord bearing of S43°02'24"E, a chord distance of 107.55 feet, a radius of 275.45 feet and an arc length of 108.25 feet to a point; thence along a curve to the left, having a chord bearing of S40°09'05"E, a chord distance of 106.25 feet, a radius of 365.00 feet and an arc length of 106.63 feet to a point; thence along

a curve to right, having a chord bearing S44°09'24"E, a chord distance of 55.67 feet, a radius of 365.82 feet and an arc length of 55.72 feet to a point; thence S37°52'10"E, 5.00 feet to a point, being a southerly corner of said easement and lying in a northerly R/W line of Homestead Lane (40'R/W); thence along said R/W, the following bearings and distances: S54°11'51"W, 58.20 feet to a point; thence along a curve to the right, having a chord bearing of S59°42'19"W, a chord distance of 190.43 feet, a radius of 992.00 feet and an arc length of 190.72 feet to a point; thence continuing along said R/W and along Dearing Drive (40'R/W), along a curve to the right, having a chord bearing of N77°30'17"W, a chord distance of 14.54 feet, a radius of 12.00 feet and an arc length of 15.62 feet to a point; thence continuing along Dearing Drive (40'R/W), along a curve to the left, having a chord bearing of N42°25'45"W, a chord distance of 55.44 feet, a radius of 720.00 feet and an arc length of 55.45 feet to a point, lying in a northerly line of said R/W and being a northerly side of Building Area Three; thence along said lands, the following bearings and distances: N45°21'52"E, 87.42 feet to a point; thence, N45°29'15"W, 51.77 feet to a point; thence N44°30'45"E, 15.99 feet to a point; thence N30°48'45"W, 71.36 feet to a point, being a northerly corner of said land and an easterly corner of Rueben Way (40' R/W); thence along said R/W N26°20'37"W, 130.64 feet to a point; thence continuing along said R/W, along a curve to the left, having a chord bearing of N36°52'06"W, a chord distance of 106.17 feet, a radius of 324.85 feet and an arc length of 106.65 feet to a point; thence continuing along said R/W N45°14'09"W, 78.29 feet to a point, lying in a northerly line of said R/W, and being a southerly corner of a Stormwater Management Basin Area; thence along said basin the following bearings and distances: N47°31'37"E, 21.58 feet to a point; thence N49°34'50"E, 67.01 feet to a point being the place of beginning, containing 1.744 acres.

Total acreage of North & South Convertible/Withdrawable Real Estate is 8.673 acres.

Excepting and reserving the following tract of land:

Community Commons

Beginning at a point lying in an easterly line of Emma Court (40' R-O-W), being referenced from a point, being the northerly corner of Lot No. B.A. 47, and lying in a westerly line of Emma Court (40' R-O-W), N78°54'20"E 58.92 feet; thence, along said R-O-W the following bearings and distances: along a curve to the right having a radius of 24.00 feet, a chord bearing of N10°08'38"E, a chord distance of 33.94 feet, and an arc length of 37.70 feet to a point; thence, N55°08'38"E 63.69 feet to a point; thence, along a curve to the right having a radius of 24.00 feet, a chord bearing of S79°51'22"E, a chord distance of 33.94 feet, and an arc length of 37.70 feet to a point; thence, S34°51'22"E 24.74 feet to a point; thence, along a curve to the right having a radius of 24.00 feet, a chord bearing of S10°08'38"W, a chord distance of 33.94 feet, and an arc length of 37.70 feet to a point; thence, S55°08'38"W 63.69 feet to a point; thence, along a curve to the right having a radius of 24.00 feet, a chord bearing of N79°51'22"W, a chord distance of 33.94 feet, and an arc length of 37.70 feet to a point; thence, N34°51'22"W 24.74 feet to a point, being the place of beginning, containing 0.175 acres.

Total acreage of Convertible/Withdrawable Real Estate less the above exception is 8.498 acres. Within the above described Convertible/Withdrawable Real Estate, the declarant waives the right to alter or amend the location of Emma Court, Brisbin Way, and the portions of Dearing Drive and Homestead Lane.

Prepared: 11/30/05

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Project No .01236X2

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