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CENTRE COUNTY RECORDER OF DEEDS

CONDOMINIUM DECLARATION

for

THE TRADITION COVE CONDOMINIUM,
a Sub-Planned Flexible Pennsylvania Condominium.

PURSUANT TO THE PROVISIONS OF THE PENNSYLVANIA UNIFORM CONDOMINIUM ACT, 68 Pa. C.S. §3101 et. seq.

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CONDOMINIUM DECLARATION FOR
THE TRADITION COVE CONDOMINIUM

This Declaration is made this 1st day of November, 2004 by Pinnacle Development, LLC, a Pennsylvania Limited Liability Company with its principal offices at 501 Rolling Ridge Drive, Suite 200, State College, PA 16801.

ARTICLE I
SUBMISSION; DEFINED TERMS

Section 1.1 Declarant; Property; County; Name. **Pinnacle Development, LLC** ("Declarant"), owner in fee simple of the Real Estate described on Exhibit "A" attached hereto, located in Patton Township, Centre County, 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. (the "Act"), and hereby creates with respect to the Property a Flexible Sub-Planned Condominium, to be known as **The Tradition Cove Condominium**. The Property identified herein in Exhibit "A" shall be held as a Sub-Planned Development pursuant to the terms of this Declaration and the Master Declaration identified in Section 1.3, known as the Village at Penn State Master Planned Unit Development.

Section 1.2 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:

1.2.1 Right-of-way to the Bell Telephone Company as recorded July 8, 1939 in Miscellaneous Book 30, Page 240.

1.2.2 Right-of-way to the Bell Telephone Company as recorded February 1, 1967 in Miscellaneous Book 98, Page 43.

1.2.3 Right-of-way to the Bell Telephone Company as recorded April 17, 1969 in Miscellaneous Book 105, Page 653.

1.2.4 Declaration of Protective Covenants to run for 35 years as recorded May 2, 1969 in Miscellaneous Book 105, Page 987.

1.2.5 Right-of-way to the Bell Telephone Company as recorded June 9, 1972 in Miscellaneous Book 117, Page 410.

1.2.6 Deed of Dedication to Toftrees Homeowners Association, Inc. as recorded August 19, 1970 in Deed Book 318, Page 454.

1.2.7 Deed of Dedication to Toftrees Homeowners Associations, Inc. as recorded May 21, 1975 in Deed Book 353, Page 263.

1.2.8 Deed of Dedication to Township of Patton as recorded January 27, 1972 in Deed Book 328, Page 509.

1.2.9 Clean & Green Applications as recorded January 13, 1995 in Clean and Green Book 6, Page 289.

1.2.10 Easements, covenants, conditions and set-back lines shown on Land Disposition and Subdivision Map of a Portion of Lands of Federated Home and Mortgage Co., Inc. as recorded October 4, 1985 in Plat Book 34, Page 116.

1.2.11 Portion of a right-of-way from the extension of Toftrees Avenue as recorded in Deed Book 674, Page 128.

1.2.12 Twenty Foot (20') wide sanitary sewer easement as recorded in Deed Book 674, Page 128.

1.2.13 Fifteen Foot (15') wide right-of-way for ingress and egress to Bruce and Susan Heim as described in Deed Book 396, Page 196 and Deed Book 674, Page 128.

1.2.14 Fifteen Foot (15') wide water line easement as described in Deed Book 275, Page 114 and Deed Book 274, Page 128.

1.2.15 Under and Subject to that portion of a right-of-way for the extension of Toftrees Avenue as more fully shown on the above-mentioned Land Disposition Map.

1.2.16 Under and Subject to a twenty-foot (20') wide sanitary sewer easement as more fully shown on the aforementioned Land Disposition Map.

1.2.17 Any restrictions on use, occupancy and alienations contained within the Master-Planned Unit Development, known as The Village at Penn State, as well as this Declaration.

1.2.18 Any restrictions on use, occupancy and alienations contained within the By-Laws of The Tradition Cove Condominium Association, Inc.

Section 1.3 Relationship with Master Planned Unit Development. This Condominium Development is intended to be a Sub-Planned Condominium Development under and subject to the Master Planned Unit Development known as the Village at Penn State pursuant to the Declaration of Planned Community of The Village at Penn State (hereinafter "Master Declaration" or "Master Planned Unit Development Declaration"), as recorded in the Office of the Recorder of Deeds in and for Centre County, Pennsylvania, in Record Book 1596 at Page 441, hereinafter incorporated by reference.

As contained in the Master Planned Unit Development Declaration of the Village at Penn State, the Declarant will create Sub-Planned Unit Developments and Condominiums, such as The Tradition Cove Condominium, as the overall development progresses. It is the intent of the Developer that all Common Elements and Common Facilities as defined in the Master Declaration are to be used by all the Units of this Sub-Planned Development and shall be administered by the terms and conditions of the Master Planned Unit Development and the By-Laws created pursuant thereto. Further, the individual Sub-Planned Developments, such as The Tradition Cove Condominium, will have a Homeowners Association to possess, control, maintain, and assess the cost of the Common Area and Limited Common Area expenses within their respective Sub-Planned Development.

Section 1.4 Defined Terms. Capitalized terms not otherwise defined herein or in the Plats and Plans shall have the meanings specified or used in the Act.

1.4.1 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 Tradition Cove Condominium Association, Inc.," a Sub-Planned Pennsylvania Condominium and the Association as defined in the Master Planned Unit Development Declaration, for The Village at Penn State, designated as the Master Association.

b. "Building(s)" means any structures depicted on the Plats and Plans of this Declaration and any structures depicted in the Plats and Plans of the Master Planned Unit Development Declaration.

c. "Common Elements" means each portion of the Condominium other than conveyed with a Unit. It also means the same as defined in the Master Planned Unit Development Declaration.

d. "Common Expense Liability" means the same as defined in the Master Planned Unit Development Declaration which shall control and be defined by the Executive Board of the Master Association whose interpretations shall be final and binding.

e. "Common Expenses" means the expenses or financial liabilities for the operation of the Common Elements and the Association. These include:

(i) Expenses of administration, maintenance, repair or replacement of the Common Elements;
(ii) Expenses declared to be Common Expenses by the Condominium Documents or the Act;
(iii) Expenses agreed upon as Common Expenses by the Association;
(iv) Such reasonable reserves, as may be established by the Association, whether held in trust or by the Association for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.
(v) Expenses as defined in the Master Planned Unit Development Declaration.

f. "Common Facilities" means the same as defined in the Master Planned Unit Development Declaration which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

g. "Controlled Facilities" means the same as defined in the Master Planned Unit Development Declaration which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

h. "Condominium" means the Condominium described in Section 1.1 above.

i. "Condominium Documents" consist of this Declaration, including the Plats and Plans, the By-Laws, the Public Offering Statement and any Rules and Regulations.

j. "Convertible Real Estate" means the same as defined in the Master Planned Unit Development Declaration, which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

k. "Declarant" means the Declarant described in Section 1.1 above and all successors to any Special Declarant Rights and as further defined under the Act. It also means the same as defined in the Master Planned Unit Development Declaration.

l. "Declarant Control Period" means the time period commencing on the date of recordation of this Declaration and ending on the earlier of:

(i) Seven (7) years after the date of the first conveyance of a Unit to a Unit Owner other than the Declarant; or

(ii) One hundred eighty (180) days after the conveyance of seventy-five percent (75%) of the Units to Unit Owners other than the Declarant.

m. "Declaration" means this document, as the same may be amended from time to time. It also means the same as defined in the Master Planned Unit Development Declaration.

n. "Eligible Mortgage" means a first mortgage to

(i) the Declarant;
(ii) the Seller of a Unit;
(iii) a bank, trust company, savings bank, savings and loan association, mortgage service company, insurance company, credit union, pension fund, real estate investment fund or like institutional investor or lender; and
(iv) any other mortgage approved by the Executive Board, or a junior mortgage which is approved by the Executive Board.

(v) A holder, insurer or governmental guarantor of an Eligible Mortgage is referred to herein as an "Eligible Mortgagee"

o. "Executive Board" means the Executive Board of the Association. It also means the same as defined in the Master Planned Unit Development Declaration.

p. "Flexible Planned Community" means a Planned Community containing Withdrawable or Convertible Real Estate or a Planned Community to which Additional Real Estate may be added or a combination thereof.

q. "Flexible Condominium" means a Condominium containing Withdrawable or Convertible Real Estate, a Condominium to which Additional Real Estate may be added, or a combination thereof.

r. "Horizontal Boundaries" means the upper and lower boundaries of a Unit.

s. "Identifying Number" means a symbol that identifies only one Unit in a Condominium. It also means the same as defined in the Master Planned Unit Development Declaration.

t. "Limited Common Elements" means the portion of the Condominium designated herein as shown on the Plats and Plans. The portions of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units by the Declaration or the Act. It also means the same as defined in the Master Planned Unit Development Declaration.

u. "Limited Common Expenses" means the Common Expenses incurred for maintenance, repair and/or replacement of certain Limited Common Elements which, pursuant to Section 4.1 and 4.2 of this Declaration, are to be assessed against all the Unit Owners of the Association pursuant to their Percentage Interest as set forth in Exhibit "E". It also means the same as defined in the Master Planned Unit Development Declaration.

v. "Limited Common Facility" means the same as defined in the Master Planned Unit Development Declaration which shall control and be

defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

w. "Limited Controlled Facility" means the same as defined in the Master Planned Unit Development Declaration, which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

x "Majority or Majority of Unit Owners" mean the owners of more than fifty percent (50%) of the votes in the Association.

y "Party Wall" means a wall located at the perimeter of a Unit, which is a common wall shared with an adjacent Unit.

z. "Percentage Interest" means the allocation of a fraction or percentage of undivided ownership interest in the Common Elements and in the Common Expenses of the Association appurtenant to each Unit as set forth in Exhibit "E" attached hereto.

aa."Perimeter Wall" means any wall located at, or within, the perimeter of a Unit, which wall is part of the Unit and which coincides with the exterior of a building.

bb. "Planned Community" means the same as defined in the Master Planned Unit Development Declaration which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding. For purposes of this Declaration, Sub-Planned Unit Development shall include a Condominium.

cc. "Plats and Plans" means the Plats and Plans attached hereto as Exhibit "D" and made a part hereof. It also means the same as defined in the Master Planned Unit Development Declaration.

dd. "Property" means the land and all improvements, easements, rights and appurtenances which have been submitted to the provisions of the Act by this Declaration.

ee. "Public Offering Statement" means the current document prepared pursuant to Section 3402 of the Act as it may be amended from time to time and provided to purchasers prior to the time of execution of a binding purchase agreement.

ff. "Purchaser" means the same as defined in the Master Planned Unit Development Declaration which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

gg. "Real Estate" means the same as defined in the Master Planned Unit Development Declaration, which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

hh. "Reserved Common Elements" means portions of the Common Elements of the Condominium, which the Executive Board may designate as such from time to time pursuant to Section 3.3 hereof.

ii. "Special Declarant Rights" mean Special Declarant Rights as defined in Section 3103 of the Act and such additional rights reserved for the benefit of the Declarant as set forth in the "Condominium Documents".

jj. "Sub-Planned Unit" means the same as defined in the Master Planned Unit Development Declaration, which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

kk. "Unit" means a Unit as described herein and in the Plats and Plans.

ll. "Unit Owner" means the same as defined in the Master Planned Unit Development Declaration, which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

mm."Withdrawable Real Estate" means the same as defined in the Master Planned Unit Development Declaration, which shall control and be defined by the Executive Board of the "The Tradition Cove Condominium Association, Inc." whose interpretation shall be final and binding.

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

Section 2.1 Percentage Interests. Attached as Exhibit "E" hereto is a list of all Units by their Identifying Numbers and the Percentage Interest appurtenant to each Unit. The Percentage Interest appurtenant to each Unit is a fraction, the numerator of which is the particular Unit and the denominator of which is the total number of Units within the Condominium.

Section 2.2 Allocation of Percentage of Common Expense owed to the Master Planned Unit Development. The Percentage Interest used to determine the Common Expense Liabilities of any Sub-Planned Development to the Master Planned Unit Development shall be determined by creating a fraction, the numerator of which is all Units of any one particular Sub-Planned Development and the denominator of which is the total of Units within all the Sub-Planned Unit Developments.

Section 2.3 Unit Boundaries. The title lines or boundaries of each Unit are situated as shown on the Plats and Plans.

2.3.1 The boundaries before the transfer from Declarant must be accompanied by an updated Declaration Plat showing the "As- built Unit" and the building lines, if different from the Unit boundaries. Any roof line extension over the outside walls shall be permitted as easements into the Common or Limited Common area.

2.3.2 Each Unit in the Condominium is a single lot as depicted in the Plats and Plans herein. The Plats and Plans also indicate each Unit's identifying number.

2.3.3 Declarant reserves the right to relocate the boundaries between adjoining Units owned by Declarant and to reallocate between Units their Common Element Interest, votes in the Association and Common Expense Liabilities by amendment to the Declaration in accordance with Section 3214 of the Act.

Section 2.4 Allocation of Unit Owner's Voting Rights. Each Unit Owner shall be entitled to one (1) vote in the Association per Unit owned. Where the ownership of a Unit is in more than one (1) person, the person who shall be entitled to cast a vote of such Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or in the absence of such

named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present, then such a vote shall be cast only in accordance with their unanimous agreement pursuant to Section 3310(a) of the Act. There shall be deemed to be unanimous agreement if any one of the multiple owners casts the vote allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Unit Owners. Such certificate shall be valid until revoked by a subsequent certificate similarly executed.

Section 2.5 Flexible Condominium and Maximum Number of Units.

This Flexible Condominium is intended to be completed in two (2) Phases, with Phase 1 consisting of eight (8) Units. Phase 2 may consist of an additional five (5) Units, together with a separate driveway for access to some of these Units off Varsity Lane.

If the Convertible/Withdrawable Real Estate is not converted, it shall become part of the Common Area of the Condominium and shall be maintained as such, unless the Declarant secures a subdivision of the Withdrawable Real Estate from Patton Township.

Section 2.6 Maintenance of Buffer Zone. Pursuant to the Plats and Plans attached hereto as Exhibit "D", a landscaping buffer zone shall be created outside the perimeter of The Tradition Cove Condominium, but inside the perimeter of Convertible/Withdrawable Real Estate of Section 5-Future Phase. Said landscaping buffer shall be installed and maintained by the Declarant at its sole expense until such time as its maintenance is assigned to the Master Association or a Sub-Planned Unit Development.

The inclusion of this landscaping buffer zone on The Tradition Cove Condominium Declaration Plat does not create any direct or indirect ownership or liability in the landscaping buffer zone on the part of Unit Owners in The Tradition Cove Condominium.

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

Section 3.1 Limited Common Elements.

3.1.1 The following portions of the Property are hereby designated as Limited Common Elements:

a. Driveways from a point connecting Presidents Drive or Varsity Lane to the Unit; and
b. Pole Lights; and
c. Porches and patios; and
d. Walkways appurtenant to each Unit; and
e. Any other area shown and identified as such on the Plats and Plans attached hereto as Exhibit "D", and any amendments subsequently created.

Section 3.2 Common Elements. The Common Elements of the Condominium include, but are not limited to, the following:

a. All property not designated as a Unit; and
b. Perimeter sidewalks and retaining wall per Plats and Plans attached hereto as Exhibit "D"; and
c. Any other areas designated as such by any Amendment to convert/withdraw real estate; and

d. Any other area shown and identified as such on the Plats and Plans attached hereto as Exhibit "D", and any amendments subsequently created.

3.2.1 The Common Elements of the Master Association shall be the same as Article III, Section 3.1, Section 3.2, Section 3.3, Section 3.4, Section 3.5 and Section 3.10 of the Master Planned Unit Development Declaration, as amended.

Section 3.3 Reserved Common Elements. Reserved Common Elements are those parts of the Common Elements which the Executive Board may designate from time to time for use by less than all of the Unit Owners or non-Owners of any Units for specified periods of time, or by only those persons paying applicable fees or satisfying other reasonable charges or conditions for use as may be established by the Executive Board.

ARTICLE IV
MAINTENANCE, REPAIR AND REPLACEMENT

Section 4.1 Maintenance Responsibilities. The Units, including all improvements constructed therein shall be maintained and repaired by each Unit Owner, and the Common Elements and Limited Common Elements shall be maintained and repaired by the Association in accordance with the provisions of Section 3307 of the Act, except as expressly set forth to the contrary in this Declaration or the By-Laws.

Section 4.2 Common Elements and Limited Common Elements. The Condominium Association shall maintain, repair and replace all of the Common Elements in good order and repair and in an attractive condition and in connection therewith the Association shall continually keep and maintain, or cause to be continually kept and maintained, all improvements on the Common and Limited Common Elements in a safe, sightly and serviceable condition, which repair and maintenance shall include: replacement, cleaning, lighting, painting, striping, landscaping, removing garbage and trash, removing obstructions, snow, water and ice, repairing and servicing the parking areas, curbs, walks, driveways, alley-way, utilities and drainage facilities, and directional signs and lighting facilities as necessary from time to time. Maintenance of the Common Elements by the Association includes the payment of all utility charges applicable to the Common Elements, including sewer, water and electric. Any Unit Owner may, at his expense, provide additional cleaning, sweeping or other maintenance of Common Elements, such as sidewalks adjacent to his Unit.

The Master Planned Unit Development Association shall be responsible for those items as set forth in Article IV of the Master Planned Unit Development Declaration.

Section 4.3 Rights of Unit Owners if Common Elements Not Properly Maintained. If any Unit Owner believes that the Association is not maintaining the Common Elements in accordance with the requirements of this Section, then such Unit Owner, after reasonable prior notice to the Executive Board, may take such steps on its behalf and not on behalf of the Association, to cause the Common Elements to be maintained in accordance with the requirements of this Section, and if such Unit Owner obtains a final unappealable decision of a court of competent jurisdiction determining that the Common Elements have not been maintained in accordance with the requirements of this Section, then the Executive Board shall, within sixty (60) days after the date of such decision (or otherwise in compliance with the decision), levy Special Assessment against all Unit Owners of the Condominium Association for the reasonable costs incurred by such Unit Owner to maintain the Common Elements in accordance with the requirements of this Section and for

reasonable costs such Unit Owner incurred in obtaining such court decision, including without limitation, reasonable attorney's fees. The Special Assessment shall be made against all Unit Owners of the Condominium Association, including the Unit Owner who obtained such court decision.

Section 4.4 Units and Limited Common Elements Maintenance. Each Unit Owner shall maintain, repair and replace, at his own expense, all portions of his Unit in a safe, clean and tenantable condition and in good order and repair and in an attractive condition except the portions thereof which are required by this Declaration or the By-Laws to be maintained, repaired or replaced by the Association.

Section 4.5 Repairs Resulting from Negligence. Each Unit Owner shall reimburse the Association and any Unit Owners whose Units were damaged for any damages to the Common Elements or to any other Unit caused intentionally, negligently or by his failure to properly maintain, repair or make replacements to his Unit or to Limited Common Elements which are the responsibility of such Unit Owner. The Association shall be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements.

Section 4.6 Action by Executive Board to Remedy Unsatisfactory Conditions. Any person authorized by the Executive Board shall have the reasonable right of access to all portions of the Property, including a Unit, for the purpose of correcting any condition threatening any other Unit or the Common Elements, and for the purpose of performing installations, alterations or repairs; for the purpose of reading, repairing, replacing utility meters and related pipes, valves, wires and equipment; and for other proper purposes provided that all requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, reasonable attempts to notify a Unit Owner shall be made, however, such right of entry shall be immediate, whether or not the Unit Owner is present at the time.

ARTICLE V
ALLOCATION AND REALLOCATION OF LIMITED COMMON ELEMENTS

Section 5.1 Designation of Limited Common Elements. A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to the provisions of this Article V. All allocations will be made by Amendment to the Declaration specifying to which Unit or Units the Limited Common Element is allocated. Such Amendment shall require the approval of all holders of mortgages in the affected Units, which approval shall be endorsed thereon. The person executing the Amendment shall provide an executed copy thereto to the Association, which, if the Amendment complies with the provisions of this Declaration and the Act, shall record it. The Amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and the Condominium. The parties executing the Agreement shall reimburse the Association for its reasonable attorneys fees in connection with the review of the Amendment and for the recording costs.

ARTICLE VI
EASEMENTS

Section 6.1 Additional Easements. In addition to and in supplementation of the easements provided for by Sections 3216, 3217 and 3218 of the Act, the following easements are hereby created.

6.1.1 Declarant's Use for Sales Purposes

a. Declarant shall have an easement to maintain sales offices, management offices and models throughout the Property and to maintain one (1) or more advertising signs on the Common Elements while the Declarant is selling Units in the Condominium. Declarant reserves the right to place models, management offices and sales offices in any Units owned by Declarant and on any portion of the Common Elements in such number, of such size and in such locations as Declarant deems appropriate. The models, management offices and sales offices constituting a portion of the Common Elements shall be subject to the following requirements:

i. The number of models maintained by the Declarant within the Common Elements shall not exceed two (2). The size of each such model shall not exceed the size of a comparable Unit.

ii. In addition to the models maintained by the Declarant on the Common Elements, Declarant shall have the right to maintain within the Common Elements not more than three (3) offices for sales and management purposes. Each such sales or management office may not exceed the size of the largest Unit.

b. Declarant may from time to time relocate models, management offices and sales offices to different locations within the Property. Upon the relocation of a model, management office or sales office constituting a Common Element, Declarant may remove all personal property and fixtures therein. Any fixtures not so removed shall be deemed Common Elements, and any personal property not so removed shall be deemed the property of the Association.

6.1.2 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. The easements created in this Section 6.1.2 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, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 6.1.2, 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, or so as not to materially interfere with the use or occupancy of the Unit by its occupants.

6.1.3 Street and Sidewalk Easements. The Common Elements illustrated as sidewalks and streets are made subject to easements in favor of all Unit Owners and their guests for pedestrian and vehicular traffic accordingly.

6.1.4 Declarant's Easements.

a. Declarant reserves an easement (until Declarant shall have satisfied all of its obligations under any Condominium Document and all commitments in favor of any Unit Owner and the Association) on, over and under those portions of the Common or Limited Common Elements not located within a Unit for the purposes of maintaining and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section 6.1.4 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.

b. Declarant reserves an easement (until Declarant shall have satisfied all of its obligations under any Condominium Document and all commitments in favor of any Unit Owner and the Association) to use portions of the Common or Limited Common Elements and any Units owned by Declarant for construction or renovation related purposes, including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Property.

c. During the Declarant Control Period and for a period of two (2) years thereafter, the Declarant shall have an easement through the Units for any access necessary to complete any renovations or modifications to be performed by Declarant.

6.1.5 Easement for Ingress and Egress Through Common Elements; Access to Units and Supports.

a. Each Unit Owner is hereby granted an easement in common with each other Unit Owner for ingress and egress through all Common Elements, subject to such reasonable Rules and Regulations as may be imposed by the Association. Each Unit is hereby burdened with and subject to any easement for ingress and egress through all Common Elements by persons lawfully using or entitled to the same.

6.1.6 Common Elements in Favor of the Association. The Common Elements (including the Limited Common Elements) shall be and are hereby made subject to an easement in favor of the Association and the agents, employees and independent contractors thereof for the purpose of inspection, upkeep, maintenance, repair and replacement of the Common Elements (including the Limited Common Elements).

6.1.7 Common Elements in Favor of the Units. The Common Elements (including the Limited Common Elements) shall be and are hereby made subject to the following easements in favor of the Units benefited:

a. For the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are a part of or serve any Unit and which shall pass across or through a portion of the Common Elements.

b. For the installations, repair, maintenance, use, removal and/or replacement of lighting fixtures, electrical receptacles, panel boards and other electrical installations which are a part of or serve

any Unit but which encroach into a part of a Common Element adjacent to such Unit; provided that the installations, repair, maintenance, use, removal or replacement of any such item does not unreasonably interfere with the common use of any part of the Common Elements, adversely affect either the thermal or acoustical character of the building or impair or structurally weaken the building.

c. For the extension of the roofline beyond the Unit boundary lines pursuant to Article II, Section 2.3.1 herein, and Unit Owner shall be granted an exclusive perpetual easement over the Limited Common and Common Elements, and for the maintenance or repair work required by this Article VI.

6.1.8 Units and Limited Common Elements Easement in Favor of Association. The Units and the Limited Common Elements are hereby made subject to the following easements in favor of the Association and its agents, employees, and independent contractors:

a. 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.

b. 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.

c. 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. In case of an emergency, no request or notice is required and the right of entering shall be immediate with such force as is apparently necessary to gain entrance, whether or not the Unit Owner is present at the time.

6.1.9 Record Easements. The Condominium is subject to those additional record easements and title exceptions as shown on the Plats and Plans or as listed in Section 1.2 hereof.

6.1.10 Easements of the Master Planned Unit Development. In addition to those easements that are set forth herein as they pertain to the Condominium, the Condominium created in this Declaration is subject to the following provisions of the Master Declaration:

a. Article III, Section 9
b. Article III, Section 10
c. All of Article V

ARTICLE VII
INITIAL CONSTRUCTION AND MODIFICATION OF BUILDINGS; DESIGN STANDARDS; ADDITIONS AND ALTERATIONS

Section 7.1 Indemnification. Each Unit Owner shall repair, at its own expense, any and all damage to the Common Elements caused by any construction upon its Unit and shall defend, indemnify and hold harmless the Association, all other Unit Owners and occupants of the Property, from and against all injury, loss, claims or damage to any person or property arising out of, or in any way connected with, any claims or action or proceeding brought thereof, including reasonable attorneys' fees. Further, such Unit Owner shall reimburse the Association for any costs incurred by the Association because of such Unit

Owner's construction and use of the Common Elements and such reimbursement shall constitute a payment under Section 3302(a)(10) of the Act.

ARTICLE VIII
BUDGETS; COMMON EXPENSES; ASSESSMENTS AND ENFORCEMENT

Section 8.1 Definition of Common Expenses. This section shall be the same as Section 10.1 of the Master Declaration as well as any additional expenses as defined in this Condominium Declaration.

Section 8.2 Apportionment of Common Expenses. All Common Expenses assessed by the Master Association to be paid by this Sub-Planned Unit Development shall be assessed against all Units in accordance with their respective Percentage Interests as stated in Article II, Section 2.2 of this Declaration and any amendments thereto. In addition, Common Expenses related to the Condominium Common Elements, Limited Common Elements or Limited Controlled Facilities that are to be used by all the Units in this Sub Planned Condominium shall be assessed in accordance with their Percentage Interests as shown on Exhibit "E" of this Declaration and any amendments thereto. Common Expenses related to Limited Common Elements or Limited Controlled Facilities which are used by less than all of the Units in this Sub Planned Community shall be assessed equally against the Units to which the use of the Limited Common Elements or Limited Controlled Facilities were assigned at the time.

Section 8.3 Annual Payments.

8.3.1 Payments from the Unit Owners to the Sub Association. All Common Expense assessments made according to Section 8.2 to meet the Sub Association's annual budget shall be paid by the Unit Owners to the Sub Association on a monthly basis, payable in twelve (12) monthly payments, which payments shall be due to the Sub Association by the first day of each month. Special assessments shall be due and payable as set forth by the Executive Board. Assessments for the first year shall be prorated from the date of settlement, utilizing the annual budget assessment schedule, for that current year, which shall be established by the Executive Board and used in the computation of the first year assessment amount due.

8.3.2 Payments from the Sub Association to the Master Association. All Common Expense assessments made according to Section 8.2 to meet the Sub Association's payment for the Master Association's annual budgets, shall be paid by the Sub Association to the Master Association on a Quarterly basis, payable in four (4) annual payments, which payments shall be due to the Master Association by the dates of March 15th, June 15th, September 15th and December 15th each year. Special assessments shall be due and payable as set forth by the Executive Board.

Section 8.4 Subordination of Certain Charges. Any fees, charges, late charges, fines and interest which may be levied by the Executive Board pursuant to Section 3302(a)(10), (11) and (12) of the Act, shall be subordinate to the lien of a Permitted Mortgage on a Unit.

Section 8.5 Surplus. Any amounts accumulated from the assessments for General Common Expenses and not remitted to the Master Association in excess of the amount required for actual General Common Expenses shall be held by the Sub Association as reserves for future General Common Expenses not assessed by the Master Association.

Section 8.6 Assignment of Income Rights. The Association may assign 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.

Section 8.7 Special Allocation of Expenses.

8.7.1 Any Common Expense benefiting fewer than all of the Units shall be assessed exclusively against the Units benefited.

8.7.2 If a Common Expense is caused by the negligence or misconduct of any Unit Owner, the Association may assess that expense exclusively against his Unit.

Section 8.8 Commencement of Common Expense Assessments. In general, Common Expense assessments shall begin as of the date of conveyance of the first Unit to a Unit Owner other than the Declarant (the "First Settlement").

Section 8.9 Personal Liability of Unit Owners. The Owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment. Personal liability for the assessment shall not pass to a successor in title to the Unit unless said successor agrees to assume the obligation.

Section 8.10 No Waiver of Liability for Common Expenses. No Unit Owner may exempt himself from liability for payment of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 8.11 Acceleration of Common Expense Assessments. As stated in this Sub Declaration and the Master Declaration, the Unit Owners are liable according to their Percentage Interest for any assessment made by the Master Association to the Sub Association as well as additional expenses relating to the Common Elements, Limited Common Elements or Limited Controlled Facilities assessed by the Sub Association.

Should the Sub Association fail to pay the Master Association, the Unit Owner shall be liable to the Master Association for this Percentage Interest and shall be subject to the acceleration provisions of the Master Association as set forth in Section 10.10 of the Master Declaration.

In addition, in the event of default by the Unit Owner for a period of ten (10) days in the payment of the Common Expenses levied by the Sub Association for the Common Assessments levied by the Master Association and those levied by the Sub Association for the Limited Common Elements and Limited Controlled Facilities, the Executive Board of the Sub Association shall have the right to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable. Further, a late fee of fifteen percent (15%) of the total fee annually, on the delinquency, and a penalty of Five Dollars ($5.00) per day will be assessed. In addition, attorney's fees equal to fifteen percent (15%) of the total due and payable shall be assessed.

Section 8.12 Confessions of Judgment. IN ORDER TO EXPEDITE THE EXECUTIVE BOARD'S COLLECTION OF ANY DELINQUENT ASSESSMENT, EACH UNIT OWNER (BY ACCEPTANCE OF THE DEED TO HIS UNIT) SHALL BE DEEMED TO HAVE APPOINTED ANY ONE OR MORE EXECUTIVE BOARD MEMBERS THE ATTORNEY-IN-FACT FOR SUCH UNIT OWNER TO CONFESS JUDGMENT AGAINST SUCH UNIT OWNER IN ANY COURT OF COMPETENT JURISDICTION IN PENNSYLVANIA, FOR ANY SUCH UNPAID ASSESSMENTS, WHICH

APPOINTMENT (BEING FOR SECURITY) SHALL BE IRREVOCABLE; AND FOR SO DOING A COPY OF THIS SECTION 8.12 AND SAID DEED, BOTH VERIFIED BY AFFIDAVIT, SHALL BE A SUFFICIENT WARRANT. THE AUTHORITY GRANTED HEREIN TO CONFESS JUDGMENT SHALL NOT BE EXHAUSTED BY ANY EXERCISE THEREOF BUT SHALL CONTINUE FROM TIME TO TIME AND ALL TIMES UNTIL THIS DECLARATION SHALL BE TERMINATED.

Section 8.13 Lien.

8.13.1 The Association has a statutory lien on a Unit for any assessment levied against that Unit or fine imposed against the Unit Owner from the time the assessment or fine becomes delinquent. Fees, including attorneys' fees, late charges, fines and interest charged pursuant to the Act and the Master Planned Unit documents are enforceable as assessments under this Section. If an assessment is payable in installments and one or more installments are not paid when due, the entire outstanding balance of the assessment becomes effective as a lien from the due date of the delinquent installment.

8.13.2 Recording of this Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this Section is required.

8.13.3 Any lien for delinquent Common Expense assessments or other charges that the Association has on a Unit will be subordinate to a first mortgage on the Unit, if the mortgage was recorded before the due date of the assessment or the due date of the unpaid installment, if the assessment is payable in installments.

8.13.4 If a holder of a first mortgage or a second mortgage on a Unit forecloses that mortgage, the purchaser at the foreclosure sale is not liable for any unpaid assessments against the Unit which became due before the sale, other than the assessments which are prior to that mortgage in accordance with the provisions of the Act. Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Unit Owners, including the purchaser.

8.13.5 The Association's lien may be foreclosed in a like manner as a mortgage on a real property.

8.13.6 This Section does not prohibit actions to recover sums for which this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

8.13.7 A judgment or decree in any action brought under this Section shall include costs and reasonable attorneys' fees for the prevailing party.

8.13.8 A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the assessments become payable; provided, that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code, the period of time for instituting proceedings to enforce the automatic stay of proceedings under Section 362, or succeeding sections if amended, of the Bankruptcy Code is lifted.

8.13.9 Any payments received by the Association in discharge of a Unit Owner's obligation may, at the Association's discretion, be applied to the oldest balance due.

Section 8.14 Association Records. During the period of Declarant Control, the Association shall keep financial records sufficiently detailed to enable the Association to comply with Section 3407 of the Act. All financial and other records shall be made reasonably available for examination to any Unit Owner and his authorized agents.

Section 8.15 Statements of Unpaid Assessments. On written request, the Association shall furnish to a Unit Owner a statement in recordable form setting forth the amount of unpaid assessments currently levied against the Unit and any credits of surplus in favor of his Unit as required by Section 3315(G) of the Act. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and every Unit Owner.

ARTICLE IX
USE RESTRICTIONS

Section 9.1 Use and Occupancy of Units and Common Elements. The occupancy and use of the Units and Common Elements shall be subject to the following Rules, Regulations and Restrictions:

9.1.1 Prohibited Uses and Nuisances.

A. Itemization. Except for the activities of Declarant during original development:

1. No Unit Owner shall permit their Unit to be used or occupied for any prohibited purpose.

2. Each Unit shall consist of a detached single-family house, not to exceed two (2) stories in height, with at least a two (2) car attached garage. Each Unit shall possess a porch and patio area. Each Unit shall consist of a minimum square footage of 1,100, excluding the basement area.

3. The Declarant shall maintain architectural control over the construction on or in the Units.

   At the end of the Declarant Control Period, the Association, by and through the Architectural Review Committee, shall maintain architectural control over the construction on or in the Units and shall require all Unit Owners to contract with an architectural firm as determined by the Architectural Review Committee which is capable of conforming to the architectural specifications of the Condominium.

4. Each structure within the Condominium must meet the minimum set back requirements as established by Patton Township, Centre County, Pennsylvania as well as statutory or current case law pertaining to the Condominium form of ownership.

5. The erection and maintenance of any structure of a temporary and/or permanent character, such as a tent, trailer, barn, shed or any other type of out building, is prohibited.

6. No fences or exterior walls shall be permitted in the Condominium.

7. Said Units, as herein above provided, shall be used for residential or dwelling purposes and no business, mercantile, commercial or manufacturing enterprise or activity of any kind shall be conducted thereon with the exception of such home occupations as permitted by the zoning ordinances established by the governing municipality and approved by the Declarant.

8. The erection and maintenance of any type of sign (ex. Billboards, signboards or other advertising contrivance or medium) is prohibited, with the exception of the entrance sign and signs for professional purposes, not to exceed in area one square foot, or a sign advertising the property for sale or rent, not exceeding five square feet, or signs used by the builder to advertise the property during the construction and sales period. All signage must be in compliance with the Patton Township Ordinances for signage. At no time will "for sale" signs be permitted at the entrance sign areas or other Common Areas throughout the Condominium.

9. No animals, livestock, horses or poultry of any kind shall be kept for breeding or commercial use. Dogs and cats shall be maintained within the municipality ordinances. No Unit Owner shall be allowed to have more than two (2) domestic animals, which shall be defined as dogs and cats, also referred to as pets. All pets must be on a leash when outside and Unit Owners with pets must carry a sanitary utensil to clean up after their pets. Domestic animals are to be housed inside the dwelling; no exterior pet houses will be allowed.

10. All trash, garbage and refuse shall be stored in covered metal or plastic receptacles and concealed from view by an enclosure or screening approved by Declarant, their successors and assigns. Trash may be visible only on the day or night before the day of trash pickup by the municipality.

11. The use of any Unit or part thereof as a dumping ground for garbage and rubbish is strictly prohibited. All Units shall be kept neat and clean and free from refuse and weeds and nothing shall be placed, kept, stored or maintained thereon, which may constitute a nuisance or annoyance to Unit Owners. Responsibility shall commence from time of Unit purchase. Unit Owners shall comply with municipal ordinances. All porches and patios must be kept neat and clean and free from trash and items that would create clutter. Items permitted on the porches and patios shall be in accordance with the rules and regulations set forth by the Executive Board and the Architectural Review Committee. All excess fill from Unit construction shall be required to be dumped in such areas as indicated by the Declarant.

12. Landscaping and land maintenance will be completed by Declarant during Declarant Control Period. Unit Owners are prohibited from any landscaping or land maintenance during Declarant Control Period.

13. Any activity which is noxious or offensive and inconsistent with the residential character of the neighborhood is strictly prohibited and is herewith declared to be a public nuisance and abatable as such.

14. No permanent or temporary clothesline or any structure used for the drying of clothing or housewares may be installed or used on any Unit.

15. No rooftop or other type of antennas shall be permitted to be installed on any exterior portion of any structure constructed in the Unit. However, satellite dishes no larger than twenty-four (24) inches in diameter are permitted if attached to Unit at rear and are subject to approval from the Architectural Review Committee as to location and color, which may not be unreasonably withheld.

16. No unlicensed, uninspected or unregistered motor vehicle may be maintained or kept on any Unit or parking area of the said Condominium. In addition, no repair work will be done on any motor vehicle in the Condominium. Any vehicle over ¾ ton shall not be permitted to park on or adjacent to the Units.

17. No motor homes, boats, campers, trailers, gliders or other recreational vehicles of any size may be kept on the Unit or within the Condominium development.

18. No trampolines or children's play equipment will be permitted in the Condominium development.

19. An outside electric eye pole light must be installed in front of each Unit prior to completion of the dwelling Unit and must be maintained thereafter. The pole light must be lighted at all times, from sundown to sunup; it must be regulated by an automatic day and night switch or photocell and it must have at least a one hundred (100) watt bulb. The pole light shall be wired directly to the electric panel box and shall not have an in-line switch.

20. Solar collection panels shall not be permitted.

21. Developer and Declarant shall have the sole right to erect, maintain and operate real estate sales, management and/or construction offices on any part of the Property and/or in any dwelling house now or hereinafter erected on any Unit provided such offices are solely used and operated in connection with the development of the Property or the building of structures on the Units, or the management, rental or sale of any part of the Unit, or of structures now or hereafter erected thereon, but no part of the Property, nor any part of any dwelling now or hereafter erected thereon, shall be used for any of the aforesaid purposes set forth in this paragraph without written consent and approval of Declarant, in his sole, reasonable discretion, being first had and obtained. Successor Declarant shall not enjoy the rights granted by this paragraph unless instrument is signed by Declarant and expressly grants

such right and has been recorded in the Centre County Recorder of Deeds.

22. These conditions, reservations, covenants and restrictions shall apply to all Units shown on the aforesaid Condominium plan whether vacant or improved and to all structures erected or to be erected thereon as well as to the alteration or improvement of or addition to any such structures.

23. Enforcement of these covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages. Non-compliance to violations shall be assessed violation fees of up to $50.00 per day and fifteen percent (15%) interest, plus any court, magistrate, penalties, fines and attorney fees incurred by the Association in the process of enforcing compliance of the violation.

24. Reasonable rules and regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Condominium, 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.

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

9.1.2 Survival of Article IX. The uses, restrictions and architectural standards as set forth in this Article IX shall survive the termination of the Condominium. It is the intent of Declarant that the use restrictions shall run with the land.

ARTICLE X
MORTGAGES

Section 10.1 Requirements.

10.1.1 Any mortgage or other lien on a Unit and the obligations secured thereby shall be deemed to provide, generally, that the mortgage or other lien instrument and the rights and obligations of the parties thereto shall be subject to the terms and conditions of the Act and this Declaration shall be deemed to provide specifically, but without limitation, that the mortgagee or lien holder shall have no right (i) 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 (ii) to receive or apply the proceeds of insurance to the reduction of the mortgage debt or otherwise, except in the event and to the extent either a distribution of such proceeds to Unit Owners pursuant to Section 3312(g) of the Act or of insurance proceeds in excess of the cost of repair or restoration being received by the Owner of the Unit encumbered by such mortgage; or (iii) to accelerate the mortgage debt or to have any other remedies on the property other than within the affected Unit, and the obligation secured

shall be pre-payable, without penalty, upon the happening of any termination of the Condominium or determination not to restore or replace the affected Unit.

Nothing contained in this Section 10.1.1 hereinabove or elsewhere in this Declaration shall give a Unit Owner, or any other party, priority over any rights of the mortgagee of a Unit pursuant to its mortgage in case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for loss to or a taking of one or more Units and/or Common Elements.

10.1.2 No Unit Owner or purchaser of a Unit shall deliver any mortgage or other lien instrument secured by a Unit, or any obligation to be secured hereby, unless it has first notified the Executive Board of the name and address of the proposed mortgagee or lien holder, the amount of the debt proposed to be so secured, and has submitted to the Executive Board a copy of the form of the proposed mortgage and note or other instrument of obligation. When a mortgage to the Declarant or Seller of a Unit is delivered to the Executive Board, the Executive Board shall promptly notify the proposed mortgagee whether such mortgage has been approved by the Executive Board as an Eligible Mortgage.

Section 10.2 Eligible Mortgagees.

10.2.1 When an Eligible Mortgage is delivered to the Eligible Mortgagee or other lien holder, the Unit Owner shall simultaneously provide executed or conformed copies to the Executive Board. Upon receipt of such copy of an Eligible Mortgage, the Secretary of the Executive Board shall instruct the insurer of the Property to add the name of the Eligible Mortgagee to the mortgagee loss payable provision of the hazard insurance policy covering the Property and to provide such Eligible Mortgagee with a Certificate of Insurance showing that the Eligible Mortgagee's name has been so added.

10.2.2 The Secretary shall maintain a register of Eligible Mortgages, showing the names and addresses of the Eligible Mortgagees, the amount secured by each Eligible Mortgage and whether it is a first mortgage.

10.2.3 Upon the specific written request of a holder of an Eligible Mortgage of a Unit or its servicer to the Executive Board, the Eligible Mortgagee shall be entitled to receive some or all of the following as designated in the request:

a. Copies of budgets, notices of assessments 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 Executive Board, which are prepared for the Executive Board and distributed to Unit Owners. The holder of any mortgage on a Unit shall be entitled to have an audited statement prepared at its own expense if one is not otherwise available.

c. Copies of notices of meetings of the Unit Owners and the right to be represented at any such meetings by a designated representative.

d. Notices of substantial damage to or destruction of any Unit (in excess of $1,000) or any part of the Common Elements (in excess of $10,000).

e. Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Property.

f. Notice of any default of 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 or where there is a sixty (60) day delinquency in the payment of assessments or charges against a Unit on which the Eligible Mortgagee holds a mortgage.

g. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

h. Notice of any decision by the Executive Board to terminate professional management and assume self-management of the Property.

i. Any condemnation or casualty loss that affects either a material part of the Condominium or the Unit securing the Eligible Mortgagee's mortgage.

j. Such other financial data as such Eligible Mortgagee shall reasonably request in writing.

k. Any proposed action, which would require the consent of a specified percentage of first mortgages as set forth in Section 10.3 below.

10.2.4 The request of an Eligible Mortgagee or its servicer shall be written and specify which of the above items it desires to receive and shall indicate the address to which any notice or documents shall be sent by the Executive Board. The Executive Board shall be under no obligation to inquire into the validity of any request made hereunder by an Eligible Mortgagee. The Executive Board may refuse to honor any request where, after reasonable inquiry, it shall determine that the person making such request is not entitled to the material so requested and may establish reasonable rules to implement this Section 10.2.4

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

10.2.6 Any Eligible Mortgagee shall have the right, exercisable upon written request to the Executive Board, to examine the books and records of the Association at any reasonable time.

Section 10.3 Approval of Mortgagees. Subject to the limitations imposed by Section 3221 of the Act:

10.3.1 The prior written approval of holders of first mortgages of Units representing at least sixty-seven percent (67%) of the votes of Units subject to first mortgages shall be required to terminate the Condominium status of the Property for reasons other than substantial destruction or condemnation of the Property.

10.3.2 The prior written approval of at least sixty-seven percent (67%) of the holders of first mortgages on Units (based on one (1) vote for each first mortgage owned) shall be required for any of the following:

a. the termination or abandonment of the Condominium status of the Property except for termination or abandonment as a result of condemnation or substantial loss to the Units and/or Common Elements;

b. "Planned Community" means the same as defined in the Master Planned Unit Development Declaration which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding. For purposes of this Declaration, Sub-Planned Unit Development shall include a Condominium;

c. the abandoning, encumbering, selling or transferring of the Common Elements (the granting of easements for public utilities or for other public purposes consistent with the intended uses of the Common Elements shall not be deemed a transfer within the meaning of this subsection); and

d. the use of hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Condominium Property.

10.3.3 The prior written approval of holders of first mortgages of Units representing at least fifty-one percent (51%) of the votes of the Units subject to first mortgages shall be required to make an amendment of a material nature to the Condominium Documents. A change to the provisions of any Condominium Document directly relating to any of the following shall for this purpose be considered material:

a. voting rights;

b. assessments, assessment liens or subordination of assessment liens;

c. reserves for maintenance, repair and replacement of the Common Elements;

d. responsibility for maintenance and repairs;

e. reallocation of interest in the Common Elements or Limited Common Elements or rights to their use;

f. boundaries of any Unit;

g. convertibility of Units into Common Elements or of Common Elements into Units;

h. expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;

i. insurance or fidelity bonds;

j. leasing of Units by the Declarant;

k. imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;

l. a decision by the Association to establish self-management when professional management had been required previously by an Eligible Mortgagee;

m. restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;

n. actions to terminate the legal status of the project after substantial destruction or condemnation occurs; or

o. provisions that expressly benefit holders, insurers or guarantors of Eligible Mortgages.

10.3.4 Notwithstanding anything to the contrary in this Section 10.3, written approval of holder's first mortgages on Units shall not be required for an amendment to this Declaration made pursuant to Section 2.3.1 hereof.

ARTICLE XI
LEASING

Section 11.1 Leasing Units. A Unit Owner may lease or sublease their 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) an Eligible Mortgagee, which is either in possession or is a purchaser at a judicial sale):

11.1.1 No Unit may be leased or subleased for transient or hotel purposes or for an initial term of less than ninety (90) days.

11.1.2 No Unit may be leased or subleased without a written lease or sublease approved first by the Executive Board.

11.1.3 A copy of such lease or sublease shall be furnished to the Executive Board within ten (10) days after execution thereof. All leases must be approved by the Executive Board and, at no time shall a Unit be leased to more than two (2) unrelated parties.

11.1.4 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 this Condominium Declaration and the By-Laws and Rules, Regulations and Restrictions 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.

11.1.5 All leases of a Unit shall be deemed to include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Condominium Documents against the tenant, provided the Association gives the landlord notice of its intent to so enforce and/or reasonable opportunity to cure the violation prior to the commencement of an enforcement action.

ARTICLE XII
UNITS SUBJECT TO CONDOMINIUM DOCUMENTS; EMINENT DOMAIN

Section 12.1 General. Every Unit Owner shall, and by his acceptance of his Unit Deed does, covenant on behalf of himself, his heirs, successors and assigns, that he will comply strictly with the terms, covenants and conditions set forth in the Master Planned Unit Development Declaration and By-Laws as well as this Condominium Declaration and the By-Laws of the Condominium, as well as the rules, regulations, resolutions and decisions adopted pursuant thereto, and the Unit Deeds, in relation to the use and operation of the Units, the Common Elements and the Property. Failure to comply with any of the foregoing shall be grounds for an action to recover sums due for damages, or injunctive relief or any or all of them. Such action may be maintained by an aggrieved Unit

Owner or the Executive Board on its own behalf or on behalf of the Unit Owners or by any person who holds a lien upon a Unit and is aggrieved by any such non-compliance. In the case of flagrant or repeated violations by a Unit Owner, he may be required by the Executive Board to give sufficient surety or sureties for his future compliance with the terms, covenants and conditions set forth in the Master Association documents, the Condominium documents, Rules, Regulations, Resolutions and decisions. In any such action the prevailing party shall be entitled to recover from the adverse party all costs and expenses, including legal fees, incurred.

Section 12.2 Eminent Domain. Whenever all or part of the Common Elements shall be taken, injured or destroyed by eminent domain, the Association shall represent the Unit Owners in negotiations, settlements and agreements with the condemning authority. Each Unit Owner appoints the Association as attorney-in-fact for this purpose. Each Unit Owner shall be entitled to notice thereof; but in any proceedings for the determination of damages, such damages shall be determined for such taking, injury or destruction as a whole and not for each Unit Owner's interest therein. The award or proceeds of settlement shall be payable to the Association for the use and benefit of the Unit Owners and their Mortgagees as their interests may appear.

ARTICLE XIII
AMENDMENT OF DECLARATION

Section 13.1 Amendment Generally. This Declaration, including the Plats and Plans, may be amended only in accordance with the procedures specified in Section 3219 of the Act, by vote of at least sixty-seven percent (67%) of the Association, except unanimous consent of all Unit Owners affected shall be required to create or increase Special Declarant Rights, alter the terms or provisions governing the completion or conveyance or lease of Common Facilities or increase the number of Units or change in the boundaries of any Unit, the Common Expenses, Liability or voting strength in the Association allocated to a Unit or the uses to which a Unit is restricted. No Declaration provisions pursuant to which any Special Declarant Rights have been reserved to a Declarant shall be amended without the express written joinder of the Declarant in such amendment. This section shall not apply to amendments executed by a Declarant under Section 3210(e) or (f) (relating to Plats and Plans), Section 3211(a) (relating to conversion and expansion of Flexible Condominiums), Section 3212(a) (relating to withdrawal of Withdrawable Real Estate) or amendments executed by the Association under Section 3107 (relating to eminent domain), Section 3209 (relating to Limited Common Elements), Section 3215 (relating to subdivision or conversion of Units), or amendments executed by certain Unit Owners under Section 3209(b) and Section 3214(a) (relating to relocation of boundaries between Units), Section 3215 (relating to subdivision or conversion of Units) and Section 3220(b) (relating to termination of Condominium).

Not withstanding the above, any amendment proposed to be adopted pursuant to the terms of this Declaration shall not in any way amend, alter or change any of the provisions of the Master Declaration. To that end, before any amendment may be adopted, it must be submitted to the Master Association Executive Board to determine if such amendment will amend, alter or change any of the provisions of the Master Declaration shall be the exclusive decision of the Master Association Executive Board whose decision shall be final.

Pursuant to Section 3219(b) of the Act, no action to challenge the validity of an amendment adopted by the Association may be brought more than one year after the amendment is recorded.

Section 13.2 Technical Corrections. If any amendment to the Declaration is necessary in the judgment of the Executive Board to cure an ambiguity, correct or

supplement any provision of the Declaration, including Plats and Plans, that is defective, missing or inconsistent with any other provision of the Declaration or Act or conform to the requirements of any agency or entity that has established national or regional standards with respect to loans secured by mortgages or deeds of trust or Units in a Condominium Community, such as Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, the Executive Board may effect an appropriate corrective amendment without approval of the Unit Owners or the holders of line on the Condominium Community, upon receipt of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of Section 3219(f) of the Act.

Section 13.3 Rights of Secured Lenders. Annexation of additional properties, mergers and consolidations, dedication of Common Areas and amendment of the Declaration requires prior approval of HUD/VA as long as the Declarant exercises his Special Declarant Rights which extend for a period of time of seven (7) years from the date of the first conveyance of a Unit to a person other than the Declarant; provided, however, that the Declarant's Special Rights will terminate sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than Declarant. Declarant's Special Rights which entitle it to unilaterally convert Convertible Real Estate, add Additional Real Estate and withdraw Withdrawable Real Estate, cause mergers and consolidations and appoint or remove the Executive Board, extended from the date of the first conveyance of a Unit to a person other than the Declarant for not more than seven (7) years; provided however, that the Declarant's Special Rights will terminate sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than Declarant.

ARTICLE XIV
DECLARANT'S RIGHTS; SPECIAL DECLARANT RIGHTS

Section 14.1 Overview. The entire provisions of Section 12.1 of the Master Declaration and its subsections are restated here for purposes of notice and clarification of the additional sections of Article XV as they pertain to this Sub Declaration.

There shall be an Executive Board for the Master Association, as well as an Executive Board for each Sub Planned Unit Development Association. The number of Board Members of the Master Association shall be five (5). The number of Board Members of the Condominium Association shall be three (3). After the Declarant cedes total control of the Executive Board pursuant to the other provisions herein, the allocation of the number of Board Members and their manner of appointment or election shall be as follows:

14.1.1 Each Sub Planned Unit Development Association shall be entitled to have, as Board Members of the Master Association, a number equal to dividing the total number of Board Members, five (5), by the total number of Sub Planned Unit Developments. Any fraction shall produce a number equal to the whole number without regard to the excess percentage (in other words, rounded down). These Board Members shall be appointed by the Executive Board of the Sub Planned Unit Development Association.

14.1.2 By using the above formula, there may be a shortfall in the number of appointed Board Members necessary to fill the five (5) Board positions. In that event, the excess position or positions shall be filled by an election of all the Unit Owners of the various Sub Planned Unit Developments. The election process shall be governed by the By-Laws of the Master Association with each Unit Owner having one vote.

Section 14.2 Declarant's Control of the Association.

14.2.1 Subject to Subsection 15.1.1, there shall be a period of Declarant Control of the Condominium Association, during which the Declarant or persons designated by the Declarant may appoint and remove the officers and members of the Executive Board. The period of Declarant Control terminates no later than the earlier of:

a. One hundred eighty (180) days after conveyance of seventy-five percent (75%) of the Units that may be created, to Unit Owners other than Declarant; or

b. seven (7) years after the first Unit is conveyed to a Unit Owner other than Declarant.

14.2.2 The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before termination of that period, but in no event may the Declarant require, for the duration of the period of Declarant Control, that specified actions of the Association or Executive Board as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

14.2.3 Until the sixtieth (60^{th}) day after conveyance of twenty-five percent (25%) of the Units, which may be created to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board. Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.

14.2.4 Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units which may be created to Unit Owners other than Declarant, one (1) additional Executive Board member, who shall comprise not less than twenty-five percent (25%) of the Executive Board, shall be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units, which may be created to Unit Owners other than Declarant, one (1) additional Executive Board member, who shall comprise not less than thirty-three percent (33%) of the members of the Executive Board, shall be elected by Unit Owners other than Declarant.

14.2.5 The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.

14.2.6 Notwithstanding any provision of this Declaration or the By-Laws to the contrary, following notice under Section 3308 of the Act, the Unit Owners by sixty-seven percent (67%) vote of all persons present and entitled to vote at a meeting of the Unit Owners at which a quorum is present, may remove a member of the Executive Board with or without cause, other than a member appointed by the Declarant.

Section 14.3 Interim Relationship to Master Executive Board. Pursuant to Section 12.2.3 of the Master Declaration, until such time as the Declarant cedes total control of the Master Executive Board and the Board of Directors is selected according to the provisions of Sections 12.1.1 and 12.1.2 of the Master Declaration, the Directors of the Master Association, entitled to be selected according to Section 12.2.2 of the Master Association shall be elected pursuant to Section 12.1.2 of the Master Declaration and its By-Laws.

Section 14.4 Declarant Rights. Declarant reserves unto itself all Special Declarant Rights as defined in Section 3103 of the Act and as defined under Section 1.5.2.K of the Master Declaration, now or as amended in the future.

Section 14.5 Disputes. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any questions or interpretation or application of the provisions of this Declaration (including the Plats and Plans), the By-Laws and/or the Rules, Regulations and Restrictions, the ultimate determination, with respect thereto, shall be given by the Executive Board following an appeal to such Executive Board from the Association body. The determination by the Executive Board in the first instance shall be final and binding on each and all such Unit Owners. The Executive Board shall have the authority to seek a declaratory judgment or other appropriate judicial relief or offer to assist it in fulfilling its responsibilities.

ARTICLE XV
TERMINATION

Section 15.1 Termination. Termination of the Condominium may be accomplished only in accordance with Section 3220 of the Act.

15.1.1 Unit Owner Approval. Except in the case of a taking of all the Units by eminent domain, the Condominium may be terminated only by agreement of Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated.

Section 15.2 Recordation of Termination Agreement. An agreement of Unit Owners to terminate the Condominium must be evidenced by the execution of a termination agreement or ratifications thereof, in the same manner as a deed, by the requisite number of Unit Owners who are owners of record as of the date preceding the date of recordation of the termination agreement. The termination agreement must specify the date it was first executed or ratified by a Unit Owner. The termination agreement will become null and void unless it is recorded on or before the earlier of:

the expiration of one year from the date it was first executed or ratified by a Unit Owner; or such date as shall be specified in the termination agreement.

ARTICLE XVI
DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 16.1 Duty to Restore. The portion of the Condominium for which insurance is required under the By-Laws or Section 3312 of the Act for which insurance carried by the Association is in effect, whichever is more extensive, that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

16.1.1 The Condominium is terminated; or

16.1.2 Repair or replacement would be illegal under state statute or municipal ordinance governing health or safety; or

16.1.3 Eighty percent (80%) of the Unit Owners, including each Owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

Section 16.2 Cost. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Section 16.3 Plans. The property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board, a majority of Unit Owners, and fifty-one percent (51%) of Eligible Mortgagees.

Section 16.4 Replacement of Less than Entire Property.

16.4.1 The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;

16.4.2 Except to the extent that other persons would be distributees:

a. the insurance proceeds attributable to a Unit and Limited Common Elements that are not rebuilt must be distributed to the Owner of the Unit and the Owner of the Unit to which the Limited Common Elements were allocated or to lien holders as their interest may appear; and

b. the remainder of the proceeds must be distributed to each Unit Owner or lien holder as their interests may appear in proportion to the Common Element interests of all the Units.

16.4.3 If the Unit Owners vote not to rebuild a Unit, the Percentage Interest of the Unit is reallocated upon the vote of the Unit Owners as if the Unit had been condemned under Section 3107 of the Act. The Association promptly shall prepare, execute and record an Amendment to the Declaration reflecting the reallocations.

Section 16.5 Insurance Proceeds. The Trustee, or if there is no Trustee, then the Executive Board of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holder as their interests may appear. Subject to the provisions of Section 16.1.1 through 16.1.3 of this Declaration, the proceeds shall be disbursed for the repair and restoration of the damaged property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completed, repaired or restored or the Condominium has been terminated.

Section 16.6 Certificates by the Executive Board. The Trustee, if any, may rely on the following certification in writing made by the Executive Board:

16.6.1 Whether damaged or destroyed property is to be repaired or restored.

16.6.2 The manner and amounts to be paid for repairs or the restoration and the names and addresses of the parties to whom such amount should be paid.

Section 16.7 Certificates by Attorneys or Title Insurance Companies. If payments are to be paid to Unit Owners or Eligible Mortgagees, the Executive Board and the Trustee, if any, shall obtain and may rely on a title insurance company or attorney's certificate of title or a title insurance policy based on a search of land records of the applicable Office of the Recorder of Deeds from the date of the recording of the original Declaration stating the names of the Unit Owners and the Eligible Mortgagees.

ARTICLE XVII
INSURANCE

Section 17.1 Coverage. The Executive Board or the Unit Owner shall obtain and

maintain insurance coverage to carry out the requirements of maintenance, repair or replacement as required by this Declaration. In the event that insurance required to be carried by the Executive Board is not reasonably available, and the Executive Board determines that any insurance described herein will not be maintained, the Executive Board shall cause notice of that fact to be hand delivered or be sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

Section 17.2 Property Insurance to be provided by the Executive Board.

a. The Executive Board shall provide insurance: 1) on the Common Elements insuring against all risks of direct physical loss commonly insured against; and 2) on all personal property owned by the Association.

b. The amount of coverage for the Common Elements shall be for an amount (after application of any deduction) equal to at least 90% of the replacement cost at the time the insurance is purchased and at each renewal date. The amount of coverage for Personal Property owned by the Association shall be for an amount equal to its actual cash value.

c. The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing said replacement costs of the project facilities and the actual cash value of the Personal Property and the cost of such appraisals shall be a Common Expense.

d. Any insurance policy for Property Insurance must provide that:
   i. Each Unit Owner is an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or membership in the Association; and
   ii. The insurer waives its right to subrogation under the policy against any Unit Owner of the Condominium or members of his household; and
   iii. No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and
   iv. If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same property by the policy, the policy is primary insurance not contributing with the other insurance.

e. Any proceeds from property insurance paid as a result of any loss must be paid to any insurance trustee designated in the policy for that purpose, and in the absence of such designation to the Association, in either case to be held in trust for each Unit Owner and each Unit Owner's mortgagee.

Section 17.3 Property Insurance provided by the Unit Owner.

a. Each Unit Owner shall be responsible to provide property insurance for their own Unit as defined in Article 1,Section 1.4, for the purpose of fulfilling their responsibilities of maintenance, repair and replacement pursuant to Article IV such that said insurance will insure against all risks of direct physical loss commonly insured against.

b. The amount and type of coverage for said insurance shall be in an amount (after application of any deduction) equal to at least 90% of the replacement cost of the Unit at the time the insurance is purchased and at each renewal date or as required by a mortgage holder.

c. The Unit Owner must provide the Association with a valid copy of the property insurance policy insuring the Unit to the Association in order to monitor compliance with the provisions of this Article, and the Declaration in general.

d. Any proceeds from property insurance maintained by the Unit Owner and paid as a result of any loss to the Unit or Condominium must be paid to the Unit Owner or the Association and must be used to rebuild, repair or replace any loss to the Unit or Condominium within one year of the loss.

e. Regardless of the adequacy or inadequacy of property insurance coverage, the Unit Owner must rebuild, repair or replace any loss to the Unit or Condominium within one year of the loss. If the Unit Owner fails to rebuild within one year, or fails to make substantial progress to rebuild as determined by the Executive Board of the Association within one year, the Unit Owner shall incur a penalty of Fifty Dollars ($50.00) per day starting on the first anniversary of the date of the loss, payable to the Association.

f. Any insurance policy obtained by Unit Owner shall list the Association as a Certificate Holder to be notified by the insurance carrier of any failure to maintain or renew insurance policies and give the Certificate Holder the right to take over payments and charge the Unit Owner accordingly.

g. If Unit Owner fails to insure the Unit with property insurance, the Association or mortgage holders may obtain insurance coverage, at the Association or mortgage holder's option and the Unit Owners expense. The insurance obtained by the Association or mortgage holder is to be charged back to the Unit Owner and shall become a lien pursuant to the procedures adopted in Article VIII, Section 8.13 of this Declaration.

Section 17.4 Liability Insurance. The Association shall maintain liability insurance including medical payments insurance, in an amount determined by the Executive Board, but in no event less than One Million ($1,000,000.00) Dollars covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the activities of the Association.

a. Other Provisions. Insurance policies carried pursuant to this Section shall provide that:

(i) Each Unit Owner is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Association; and

(ii) The insured waives the right to subrogation under the policy against a Unit Owner or member of the household of Unit Owner; and

(iii) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association will not

void the policy or be a condition to recovery under the policy; and

(iv) If at the time of a loss under the policy there is other insurance in the name of a Unit Owner covering the same residence covered by the policy, the policy of the Association provides secondary insurance; and

(v) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner and each holder of a mortgage to whom a certificate or a memorandum of insurance has been issued at the last known addresses.

Section 17.5 Fidelity Bonds. A blanket fidelity bond is required for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the manager at any time while the bond is in force and in no event less than the seven three-month assessments plus reserve funds. The bond shall include a provision that calls for ten (10) days written notice to the Association, to each holder of a mortgage in a Unit, to each servicer that services an FNMA-owned or FHLMC-owned mortgage on a Unit and to the insurance trustee, if any, before the bond can be cancelled or substantially modified for any reason.

Section 17.6 Unit Owner Policies. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his or her own benefit.

Section17.7 Workers Compensation Insurance. The Executive Board shall obtain and maintain workers compensation insurance, if applicable, to meet the requirements of the laws of the Commonwealth of Pennsylvania.

Section 17.8 Directors and Officers Liability Insurance. The Executive Board shall obtain and maintain Directors and Officers liability insurance, if available, covering all the Directors and Officers of the Association in such limits as the Executive Board may from time to time determine.

Section 17.9 Other Insurance. The Association may carry other insurance which the Executive Board considers appropriate to protect the Association or the Unit Owners.

Section 17.10 Premiums. The premiums from any insurance policy obtained by the Executive Board shall be a Common Expense. The premiums from any insurance policy obtained by the Unit Owner for his or her own benefit shall by the Unit Owner's expense.

ARTICLE XVIII
LIMITATION OF LIABILITY FOR EXECUTIVE BOARD MEMBERS AND OFFICERS

Section 18.1 Standard of Conduct.

18.1.1 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.

18.1.2 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.

18.1.3 Absent a 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 18.2 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:

18.2.1 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.

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

18.2.3 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 18.3 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 18.3 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 18.4 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 attorney's 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 and/or

officer) 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 18.4 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 pennissible under Pennsylvania law, expenses incurred by an Executive Board member and/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 and/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 18.5 Directors & Officers Insurance. The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth above, if and to the extent available at reasonable cost.

Section 18.6 Rules and Regulations. This Section 18.6 shall be the same as Section 12.4 and all subsections of the Master Planned Unit Development Declaration, which shall control and be defined by the Executive Board of the Master Association whose interpretation shall be final and binding.

ARTICLE XIX
OPTION TO WITHDRAW REAL ESTATE

Section 19.1 Declarant hereby explicitly reserves an option, until the 7th anniversary of the recording of this Declaration, to withdraw Withdrawable Real Estate from the Condominium from time to time in compliance with Section 3212 of the Act, without the consent of any Unit Owner or holder of a mortgage on any Unit. This option to withdraw may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. Declarant expressly reserves the right to withdraw any or all portions of the Withdrawable Real Estate at any time, at different times, in any order, without limitation and without any requirement that any other Real Estate be withdrawn, added, or converted, except as set forth in Section 3212 of the Act; provided, however, that the Withdrawable Real Estate shall not exceed the area described as such on Exhibit "C" attached hereto. There are no other limitations on this option to withdraw the Withdrawable Real Estate from the Condominium.

ARTICLE XX
CONVERTIBLE REAL ESTATE

Section 20.1 Reservation.

Declarant hereby explicitly reserves an option, until the seventh (7^{th}) anniversary of the recording of this Declaration, to convert all or any portion of the Convertible Real Estate to Units, Limited Common Elements, Limited Common Facilities, or any combination thereof from time to time in compliance with Section 3211 of the Act, without the consent of any Unit Owner or holder of a mortgage on any Unit. This option to convert may be terminated prior to such anniversary only upon the filing of an amendment to

this Declaration by the Declarant. Declarant expressly reserves the right to convert any or all portions of the Convertible Real Estate at any time, at different times, in any order, without limitation, and without any requirement that any other Real Estate be converted, added, or withdrawn; provided, however, that the Convertible Real Estate shall not exceed the area described as such on Exhibit "C" attached hereto. There are no other limitations on this option the convert Convertible Real Estate.

Section 20.2 Assurances.

If the Convertible Real Estate is converted, the Units on the Convertible Real Estate will be located approximately as shown on the Plat and Plans. At such time as the Convertible Real Estate is completely converted, the maximum number of Units in the Convertible Real Estate as an aggregate will be no more than thirteen (13) total residential Units. All the Units shall be restricted to residential use. Any buildings to be renovated or constructed within the Convertible Real Estate and Units therein shall be compatible in quality, size, materials, and architectural style with the existing buildings. All restrictions in this Declaration affecting use, occupancy, and alienation of Units shall apply to Units created within the Convertible Real Estate. No assurances are made as to any other improvements and Limited Common Elements to be made or created in the Convertible Real Estate, nor the proportion of Limited Common Elements to Units therein. The reallocation of Percentage Interests in the Convertible Real Estate and the Property shall be computed as required by Sections 2.1 and 2.2 above. All restrictions in this Declaration affecting use, occupancy, and alienation of Units shall apply to Units created in the Convertible Real Estate. In the event that Declarant shall not convert, or converts and then subsequently withdraws, any portion of the Convertible Real Estate, Declarant shall nevertheless have the right to develop the Real Estate described in Exhibit "C" and operate the same without restriction, except as set forth above. The Declarant does not intend to add additional Real Estate to this Condominium.

IN WITNESS WHEREOF, the said Pinnacle Development, LLC, Declarant, has executed this Declaration this 1st day of November 2004.

WITNESS:

DECLARANT
Pinnacle Development, LLC

By: _____
Robert E. Poole, Jr., Managing Member

COMMONWEALTH OF PENNSYLVANIA :
: ss
COUNTY OF CENTRE :

On this, the 1st day of November, 2004, before me, a Notary Public, in and for said Commonwealth, personally appeared, Robert E. Poole, Jr. who after being duly sworn according to law, deposes and says that he is the Managing Member of Pinnacle Development, LLC, that he is authorized to execute the Condominium Declaration for The Tradition Cove Condominium for the purpose therein contained.

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

Notary Public
My commission expires:

NOTARIAL SEAL
SANDRA M. BECK, NOTARY PUBLIC
STATE COLLEGE BORO., CENTRE COUNTY
MY COMMISSION EXPIRES DEC. 4, 2006

S:\WordDocs\LEGAL\FILES\A-458 Cove Condominium Declaration

EXHIBIT "A"

Legal Description – Overall Property

All that certain tract of land situated in Patton Township, Centre County, PA, being Phases 1 and 2 of Tradition Cove, as shown on a Plan entitled, "The Village at Penn State; Tradition Cove, Condominium, A Sub-Planned Development; Declaration Plat," dated September 27, 2004 by PennTerra Engineering, Inc., State College, PA, being bounded and described as follows:

Beginning at an iron pin, being an easterly corner of Varsity Lane (50' R/W) and lying in a southerly line of Presidents Drive (50' R/W); thence along the Presidents Drive R/W along a curve to the right, having a chord bearing of S72°22'20"E, a chord distance of 510.02 feet, a radius of 1175.00 feet and an arc length of 514.11 feet to an iron pin, lying in a southerly line of said R/W and being a northerly corner of Section 5 (future); thence along said lands the following 4 bearings and distances: along a curve to the right, having a chord bearing of S47°17'27"W, a chord distance of 171.04 feet, a radius of 295.00 feet and an arc length of 173.53 feet to an iron pin; thence S64°08'35"W, 9.75 feet to an iron pin; thence along a curve to the right, having a chord bearing of S86°02'24"W, a chord distance of 305.81 feet, a radius of 410.00 feet and an arc length of 313.39 feet to an iron pin; thence N72°03'46"W, 87.86 feet to an iron pin, being a westerly corner of said lands and lying in an easterly R/W line of Varsity Lane (50' R/W); thence along said R/W along a curve to the left, having a chord bearing of N11°45'29"E, a chord distance of 137.17 feet, a radius of 500.00 feet and an arc length of 137.60 feet to an iron pin; thence continuing along said R/W N03°52'27"E, 134.80 feet to an iron pin, being the place of beginning, containing 2.584 acres.

EXHIBIT "B"

Phase I "Must Be Built"

All that certain tract of land situated in Patton Township, Centre County, PA, being a Phase 1, as shown on a Plan entitled, "The Village at Penn State, Tradition Cove, Declaration Plat", dated September 27, 2004 by PennTerra Engineering, Inc., State College, PA, being bounded and described as follows:

Beginning at an iron pin, lying in a southerly R/W line of Presidents Drive and being a northerly corner of Phase 2; thence along said lands the following bearings and distances: S25°16'09"W, 103.00 feet to a point; thence N77°33'01"W, 288.97 feet to a point; thence S11°36'31"W, 25.00 feet to a point; thence N83°32'08"W, 85.00 feet to an iron pin, being a westerly corner of said lands and lying in an easterly R/W line of Varsity Lane (50' R/W); thence along said R/W, along a curve to the left, having a chord bearing of N05°10'09"E, a chord distance of 22.60 feet, a radius of 500.00 feet and an arc length of 22.60 feet to an iron pin; thence continuing along said R/W, N03°52'27"E, 134.80 feet to an iron pin, being an easterly corner of said R/W and lying in a southerly line of Presidents Drive (50'R/W); thence along Presidents Drive, along a curve to the right, having a chord bearing of S74°37'25"E, a chord distance of 419.50 feet, a radius of 1175.00 feet and an arc length of 421.76 feet to an iron pin, being the place of beginning, containing 1.196 acres.

EXHIBIT "C"

Legal Description – Phase II Convertible/Withdrawable Real Estate

All that certain tract of land situated in Patton Township, Centre County, PA, being Phase 2, as shown on a Plan entitled, "The Village at Penn State, Tradition Cove, Declaration Plat", dated September 27, 2004 by PennTerra Engineering, Inc., State College, PA, being bounded and described as follows:

Beginning at an iron pin, lying in a southerly R/W line of Presidents Drive (50'R/W) and being a westerly corner of a 5' sidewalk easement; thence along said easement, the following bearings and distances: along a curve to the right, having a chord bearing of S47°18'00"W, a chord distance of 165.16 feet, a radius of 285.00 feet and an arc length of 167.56 feet to a point; thence S64°08'35"W, 9.75 feet to a point; thence along a curve to the right, having a chord bearing of S86°02'24"W, a chord distance of 298.35 feet, a radius of 400.00 feet and an arc length of 305.74 feet to a point; thence N72°03'46"W, 87.66 feet to an iron pin, lying in a northerly line of said easement and in an easterly R/W line of Varsity Lane (50'R/W); thence along said R/W, along a curve to the left, having a chord bearing of N12°28'48"E, a chord distance of 104.81 feet, a radius of 500.00 feet and an arc length of 105.00 feet to an iron pin, lying in an easterly line of said R/W and being a southerly corner of Phase 1; thence along said lands, the following bearings and distances: S83°32'08"E, 85.00 feet to a point; thence N11°36'31"E, 25.00 feet to a point; thence S77°33'01"E, 288.97 feet to a point; thence N25°16'09"E, 103.00 feet to an iron pin, being an easterly corner of said lands and lying in a southerly line of Presidents Drive (50'R/W); thence along said R/W, along a curve to the right, having a chord bearing of S62°19'59"E, a chord distance of 82.33 feet, a radius of 1175.00 feet and an arc length of 82.35 feet to an iron pin, being the place of beginning, containing 1.255 acres.

EXHIBIT "C"

Legal Description – Phase II Convertible/Withdrawable Real Estate

All that certain tract of land situated in Patton Township, Centre County, PA, being Phase 2, as shown on a Plan entitled, "The Village at Penn State, Tradition Cove, Declaration Plat", dated September 27, 2004 by PennTerra Engineering, Inc., State College, PA, being bounded and described as follows:

Beginning at an iron pin, lying in a southerly R/W line of Presidents Drive (50'R/W) and being a westerly corner of a 5' sidewalk easement; thence along said easement, the following bearings and distances: along a curve to the right, having a chord bearing of S47°18'00"W, a chord distance of 165.16 feet, a radius of 285.00 feet and an arc length of 167.56 feet to a point; thence S64°08'35"W, 9.75 feet to a point; thence along a curve to the right, having a chord bearing of S86°02'24"W, a chord distance of 298.35 feet, a radius of 400.00 feet and an arc length of 305.74 feet to a point; thence N72°03'46"W, 87.66 feet to an iron pin, lying in a northerly line of said easement and in an easterly R/W line of Varsity Lane (50'R/W); thence along said R/W, along a curve to the left, having a chord bearing of N12°28'48"E, a chord distance of 104.81 feet, a radius of 500.00 feet and an arc length of 105.00 feet to an iron pin, lying in an easterly line of said R/W and being a southerly corner of Phase 1; thence along said lands, the following bearings and distances: S83°32'08"E, 85.00 feet to a point; thence N11°36'31"E, 25.00 feet to a point; thence S77°33'01"E, 288.97 feet to a point; thence N25°16'09"E, 103.00 feet to an iron pin, being an easterly corner of said lands and lying in a southerly line of Presidents Drive (50'R/W); thence along said R/W, along a curve to the right, having a chord bearing of S62°19'59"E, a chord distance of 82.33 feet, a radius of 1175.00 feet and an arc length of 82.35 feet to an iron pin, being the place of beginning, containing 1.255 acres.

EXHIBIT "D"

Plats and Plans

Recorded on this 3rd day of NOVEMBER, 2004, in the Office of the Recorder of Deeds in and for Centre County in Map Drawer filed to Record Book 1757 at Page 624.

EXHIBIT "E"

Identifying Numbers, Voting Interest and Percentage of Interest of Common Area

Pursuant to Article 2, Section 2.1 of the Declaration of Condominium of The Tradition Cove Condominium.

Unit No.	Voting Interest	Percentage Interest of Common Area
1	1	12.5%
2	1	12.5%
3	1	12.5%
4	1	12.5%
5	1	12.5%
6	1	12.5%
7	1	12.5%
8	1	12.5%