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**DECLARATION FOR OLDE STONE WAY, A PLANNED COMMUNITY
A FLEXIBLE RESIDENTIAL PLANNED COMMUNITY**

THIS DECLARATION, made this 19th day of June, 2000, by **DENNIS L. HESS**, an individual; having a principal place of business at 575 Trail Road, Hummelstown, Dauphin County, Pennsylvania, hereinafter called "Declarant," pursuant to provisions of Section 5201 of the Uniform Planned Community Act, 68 Pa.C.S.A. §5201.

WITNESSETH:

ARTICLE I

SUBMISSION AND DEFINED TERMS

Section 1.1. Property; County; Name. Declarant, owner in fee simple of the real estate described in Exhibit A, attached hereto, situate in North Londonderry Township, Lebanon County, Pennsylvania, hereby submits the real estate, including all easements, rights and appurtenances thereto (collectively the "Property") to the provisions of the Uniform Planned Community Act, 68 Pa.C.S.A. §§5101 et. seq. and hereby creates with respect to the Property a flexible residential planned community to be known as "Olde Stone Way, a Planned Community" (hereinafter called "Planned Community").

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 restrictions to the Property:

- (a) Mortgage, dated October 26, 1990, among Luther A. Early and Mildred M. Early (Mortgagee) and Dennis L. Hess (Mortgagor), in the original principal amount of Two Hundred Eighty-Five Thousand (\$285,000.00) Dollars, recorded in the Office of Recorder of Deeds of Lebanon County, Pennsylvania, in Mortgage Book 924, Page 225.
- (b) Subject to a utility easement in favor of Dennis L. Hess, as set forth in Deed, dated October 26, 1996, recorded in the Office of Recorder of Deeds of Lebanon County, Pennsylvania, in Deed Book 356, Page 284.

Section 1.3. Defined Terms.

Section 1.3.1. Capitalized Terms. Capitalized terms not otherwise defined herein or in Plats and Plans shall have the meaning specified in the Uniform Planned Community Act (the "Act").

Section 1.3.2. Terms Defined in the Act. Terms defined in Section 5103 of the Act and used in this Declaration, the Bylaws and the Plats and Plans shall have the meanings as specified in Section 5103 of the Act or, if not defined in Section 5103, but are used in the Act, such terms shall be defined as used in the Act, unless otherwise defined herein.

Section 1.3.3. Definitions. The following words or terms are used or defined in general terms in the Act and shall have specific meanings herein as follows:

- (a) **"Additional Real Estate No. 1"** means a designated parcel (designated as Phase 2 on the Final Subdivision Plan/Phase 1, as hereinafter defined) which may be added to the Planned Community. Additional Real Estate No. 1 is described in Exhibit B attached hereto and made part hereof.
- (b) **"Additional Real Estate No. 2"** means a designated parcel (designated as Phase 3 on the Final Subdivision Plan/Phase 1, as hereinafter defined) which may be added to the Planned Community. Additional Real Estate No. 2 is described in Exhibit C attached hereto and made part hereof.
- (c) **"Additional Real Estate No. 3"** means a designated parcel (designated as Phase 4 on the Final Subdivision Plan/Phase 1, as hereinafter defined) which may be added to the Planned Community. Additional Real Estate No. 3 is described in Exhibit D attached hereto and made part hereof.
- (d) **"Allocated Interest"** means the Common Expense Liability (as hereinafter defined) and votes in the Association (as hereinafter defined) allocated to each Unit (the word "Unit" is defined to specifically mean "Lot").
- (e) **"Association"** means the association (known as "Olde Stone Way Homeowners' Association") incorporated and organized under Section 5301 of the Act and created pursuant to Section 11.5 of this Declaration.
- (f) **"Common Elements"** means Common Facilities (as hereinafter defined) and Controlled Facilities (as hereinafter defined).
- (g) **"Common Expenses Liability"** means the liability for Common Expenses (as hereinafter defined) allocated to each Lot (as hereinafter defined).
- (h) **"Common Expenses"** means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. The term includes General Common Expenses, as hereinafter defined, and Limited Common Expenses (as hereinafter defined).
- (i) **"Common Facilities"** means any Real Estate (as defined in the Act) within the Planned Community which is owned by the Association or leased to the Association. The term does not include a building Lot (also defined as a Unit).
- (j) **"Controlled Facilities"** means any Real Estate within the Planned Community, whether part of a building Lot or otherwise that is not a Common Facility, but is maintained, improved, repaired, replaced, regulated, managed, insured or controlled by the Association. The term does not include a building Lot (except an easement or other Controlled Facility which may be part of the Lot).

- (k) **"Convertible Real Estate No. 1"** means Additional Real Estate No. 1 (if converted) in which additional Lots, Common Facilities and Controlled Facilities, or any combination thereof, may be created. Convertible Real Estate No. 1 is described in Exhibit E.
- (l) **"Convertible Real Estate No. 2"** means Additional Real Estate No. 2 (if converted) in which additional Lots, Common Facilities and Controlled Facilities, or any combination thereof, may be created. Convertible Real Estate No. 2 is described in Exhibit F.
- (m) **"Convertible Real Estate No. 3"** means Additional Real Estate No. 3 (if converted) in which additional Lots, Common Facilities and Controlled Facilities, or any combination thereof, may be created. Convertible Real Estate No. 3 is described in Exhibit G.
- (n) **"Declarant"** means Declarant, described in Section 1.1 above and all successors to any Special Declarant's Rights (including Development Rights) (as both are hereinafter defined).
- (o) **"Declaration"** means this document, as may be amended from time to time.
- (p) **"Development Rights"** means any right or combination of rights reserved by Declarant in this Declaration (i) to add Additional Real Estate to the Planned Community; (ii) to create Lots, Common Facilities, Limited Common Facilities (as hereinafter defined), Controlled Facilities or Limited Controlled Facilities (as hereinafter defined) within the Planned Community; (iii) to withdraw Withdrawable Real Estate (as hereinafter defined) from the Planned Community; or (iv) to subdivide Lots and convert Lots into Common Facilities or Controlled Facilities.
- (q) **"Disposition"** means a voluntary transfer to a Purchaser (as hereinafter defined) a legal or equitable interest in a Lot. The term does not include the transfer or release of a security interest.
- (r) **"Executive Board"** means the governing board of the Association.
- (s) **"Final Subdivision Plan/Phase I"** means Final Subdivision and Land Development Plan Prepared for Olde Stone Way Phase One, dated November, 1999 (consisting of 39 Sheets), recorded in the Office of the Recorder of Deeds of Lebanon County, Pennsylvania, in Subdivision Plan Book 50, Page 24.
- (t) **"Flexible Planned Community"** means this Planned Community to which Additional Real Estate No. 1, Additional Real Estate No. 2 and Additional Real Estate No. 3 may be added containing Convertible Real Estate No. 1, Convertible Real Estate No. 2 and Convertible Real Estate No. 3, respectively.
- (u) **"General Common Expenses"** means all Common Expenses, other than Limited Common Expenses.
- (v) **"Identifying Number"** means the number set forth on Exhibit H and Plats and Plans (as hereinafter defined) which identifies each Lot within the Planned Community (Phase I). Said

Exhibit may be amended, from time to time, to identify each Lot within the Planned Community which is created if Additional Real Estate is added.

- (w) **"Installment Sales Contract"** means an executory contract for the purchase or sale of a Lot or an interest in a Lot under which purchaser is obligated to make more than five (5) installment payments to the seller after execution of the contract and before the time appointed for the conveyance of title to the Lot for interest in the Lot.
- (x) **"Limited Common Element"** means a Limited Common Facility (as hereinafter defined) or a Limited Controlled Facility (as hereinafter defined).
- (y) **"Limited Common Expenses"** means all expenses identified as such under Section 5314(c) of the Act.
- (z) **"Limited Common Facility"** means a portion of the Common Facilities allocated by or pursuant to this Declaration with the exclusive use of one or more but fewer than all of the Lots.
- (aa) **"Limited Control Facility"** means a portion of the Controlled Facilities, other than Control Facilities which are themselves a part of a Lot, allocated by or pursuant to this Declaration, are for the exclusive use of one or more but fewer than all of the Lots.
- (bb) **"Lot"** means a Unit (as hereinafter defined). The word Unit, except in this Section 1.3.3, will not be utilized in the Declaration and the word Lot is intended to mean Unit as defined in the Act. A Lot consists of a subdivided portion of the Property and as shown on the final recorded subdivision plan for Additional Real Estate (if applicable), intended to have constructed or constructed thereon a single family detached dwelling or a single family semi-detached dwelling.
- (cc) **"Lot Owner"** means Declarant or other Person (as hereinafter defined) who owns a Lot. The term does not include a Person having an interest in a Lot solely as security for an obligation. The term Lot Owner is used throughout this Declaration in lieu of the term Unit Owner as defined in the Act.
- (dd) **"Open Space Area 3"** means that parcel designated on the Plats and Plans (Exhibit J) and shown and described in Exhibit I, containing 3.96 acres, which is designated as a "Stormwater Management Facility" and will be subject to a 30-foot utility easement which extends along the southern portion of Open Space Area 3, a utility easement which extends along the eastern portion of Open Space Area 3, which abuts the 30-foot utility easement along the southern portion of Open Space Area 3 and has or will have constructed therein a Stormwater Management Facility, including an endwall, riprap and a 5-foot wide entry channel as shown on Exhibit I, Plats and Plan and Final Subdivision Plan/Phase 1 (Sheet 8 of 39). Open Space Area 3 is a Common Facility.
- (ee) **"Permitted Mortgage"** means a first mortgage to (i) the Declarant; (ii) the seller of a Lot; (iii) a bank, trust company, savings bank, savings and loan association, mortgage service company,

insurance company, credit union, pension fund, real estate investment trust or like institutional investor or lender; and (iv) any mortgagee approved by the Executive Board. A holder of a Permitted Mortgage is referred to herein as a "Permitted Mortgagee." Notwithstanding the foregoing, a "Permitted Mortgage" shall also mean a purchase money second mortgage from a seller of a Lot and the holder of the purchase money second mortgage shall be a "Permitted Mortgagee"

- (ii) **"Person"** means a natural person, corporation, partnership, association, trust or other entity or any combination thereof.
- (jj) **"Plats and Plans"** means Plats and Plans, as the same may be amended from time to time. Plats and Plans are attached hereto, marked Exhibit J, and are made part hereof.
- (kk) **"Purchaser"** means a Person other than Declarant who, by means of a Disposition, acquires a legal or equitable interest in a Lot, other than either a leasehold interest of less than twenty (20) years, including renewal options, or as security for an obligation.
- (ll) **"Special Declarant Rights"** means rights reserved for the benefit of Declarant to (i) complete improvements indicated on Plats and Plans; (ii) add Additional Real Estate No. 1, Additional Real Estate No. 2 or Additional Real Estate No. 3, or all said parcels, to the Planned Community; (iii) convert Convertible Real Estate No. 1, Convertible Real Estate No. 2, or Convertible Real Estate No. 3, or one or more, in the Planned Community; (iv) convert a Lot into two or more Lots, Common Facilities or Controlled Facilities; (v) maintain offices, signs and models; (vi) use easements throughout the Common Facilities or Controlled Facilities for the purpose of making improvements within the Planned Community to include Convertible Real Estate No. 1, Convertible Real Estate No. 2 or Convertible Real Estate No. 3, or one or more of said parcels; (vii) to withdraw Withdrawable Real Estate in connection with subsequent phases of the Planned Community; and (viii) to appoint and remove an officer of the Association or an Executive Board member during the period of Declarant's control under Section 5303 of the Act.
- (mm) **"Township"** means North Londonderry Township, Lebanon County, Pennsylvania, its successors or assigns.
- (nn) **"Unit"** means a physical portion of the Planned Community designated for separate ownership, the boundaries of which are described pursuant to Section 2.2 (and Exhibit H) and a portion of which may be designated by this Declaration as part of Controlled Facilities. As set forth in the definition of the word Lot the word Unit is only used in this Section 1.3.3 and the word Lot is used in lieu of the word Unit throughout this Declaration except in this Section 1.3.3.
- (oo) **"Unit Owner"** means a Declarant or other Person who owns a Lot. The term does not include a Person having an interest in a Lot solely as security for an obligation. The term Unit Owner is only used in this definition section; throughout this Declaration the term Unit Owner is not used and the term Lot Owner is used in lieu thereof.

eight (48) Lots upon which Declarant intends single family dwellings to be constructed. Additional portions of Convertible Real Estate No. 2 may be designated as Common Elements.

Section 2.2.4. Convertible Real Estate No. 3. If Additional Real Estate No. 3 is added to the Planned Community, the total number of building Lots in Convertible Real Estate No. 3 shall not exceed twenty-eight (28) Lots upon which Declarant intends single family dwellings to be constructed. Additional portions of Convertible Real Estate No. 3 may be designated as Common Elements.

Section 2.2.5. Total Lots/Planned Community. If Declarant adds Additional Real Estate No. 1, Additional Real Estate No. 2 and Additional Real Estate No. 3 to the Planned Community, pursuant to the provisions of Section 6.1, then the total number of Lots within the total Planned Community shall not exceed one hundred ninety-seven (197) Lots upon which may be constructed single family detached dwellings and single family semi-detached dwellings.

Section 2.3 Maintenance Responsibilities. Association shall have maintenance responsibilities with respect to the Common Facilities and the Controlled Facilities (subject to the provisions of Section 3.4). Lot Owners shall have maintenance responsibility with respect to the Lot owned by said Lot Owner or Owners.

Section 2.4 Resubdivision of Lot. Relocation of the boundaries between Lots (subdivision or resubdivision) shall not be permitted except, however, Declarant reserves the right, pursuant to Section 6.10, to resubdivide a Lot or Lots prior to conveyance to a Person. In addition, as set forth in Section 7.1(q), acquisition of two (2) or more abutting Lots and constructing one (1) single family detached dwelling shall not be deemed a "resubdivision" or a "subdivision" and is permissible, subject to municipal requirements.

ARTICLE III
DESCRIPTION AND RESTRICTIONS OF COMMON
ELEMENTS AND LIMITED COMMON ELEMENTS

Section 3.1 Limited Common Elements. There are no Limited Common Elements within the Planned Community.

Section 3.2 Common Elements. The Common Elements, consisting of Common Facilities and Controlled Facilities, are described as follows:

Section 3.2.1 Common Facility. The only Common Facility identified on the Plats and Plans with respect to Phase 1 of the Planned Community is the area designated as Open Space Area 3, as defined in Section 1.3.3(dd), as designated on the Plats and Plans and shown (and described) in Exhibit I, containing 3.96 acres, containing a 30-foot utility easement extending along the southern portion of said Open Space Area 3, 35-foot utility easement extending along the eastern portion of Open Space Area 3, a 20-foot access easement which is located (and abuts) the 30-foot utility easement located along the southern portion of Open Space Area 3 and has or will have constructed therein Stormwater Management Facilities, including endwall, riprap and a 5-foot wide concrete channel. In addition, Declarant has reserved the right within Open Space Area 3 to construct or cause to be constructed an identification sign within the area designated as "Sign Easement" and has also reserved a landscaping easement which is an area coterminous with the clear sight

triangle. Open Space Area 3, together with utility easements, access easements, Stormwater Management Facilities, the area in which the identification sign is to be constructed and the landscape easement are shown on Exhibit I, Plats and Plans and Final Subdivision Plan/Phase 1.

Section 3.2.2 Controlled Facilities. Controlled Facilities are identified on the Plats and Plans and Final Subdivision Plan/Phase 1 and shall mean the following:

- (a) Sign Easements. The Sign Easements, located on Lot No. 1, Lot No. 5, Lot No. 6 and Open Space Area 3, which said Sign Easements have a width of ten (10) feet and a length of 56.57 feet, and said Sign Easements are shown on the Plats and Plans, Final Subdivision Plan/Phase 1 (Sheet 27 of 39, which includes the metes and bounds description for each Sign Easement), and on the Horizontal Lot Boundary Plan for Lot No. 1, Lot No. 5 and Lot No. 6 (Exhibit H). With respect to the four (4) Sign Easements, specifically including, but not limited to, the Sign Easement located within Open Space Area 3, Declarant reserves the right to construct or cause to be constructed with each Sign Easement an identification sign for the Planned Community.
- (b) Landscape Easements. There are four (4) Landscape Easements which are located upon the southeast corner of Lot No. 1 (in an area that is coterminous with the sight triangle), upon the northeast portion of Lot No. 5 (in an area that is coterminous with the sight triangle), upon the southeast portion of Lot No. 6 (in an area that is coterminous with the sight triangle) and upon the northeast portion of Open Space Area 3 (in an area that is coterminous with the sight triangle). The Landscape Easements are shown on the Plats and Plans and on the Horizontal Lot Boundary Plan for Lot No. 1, Lot No. 5 and Lot No. 6 (Exhibit H).
- (c) Utility Easement/Lot No. 84. The Utility Easement is located on the southwest portion of Lot No. 84, which said Utility Easement is twenty (20) feet in width. Said Utility Easement is shown on the Plats and Plans, Final Subdivision Plan/Phase 1 (Sheet 9 of 39) and on the Horizontal Lot Boundary Plan for Lot No. 84 (Exhibit H).
- (d) Street Light Standards. Pursuant to General Note 17 (Sheet 1 of 39, Final Land Development Plan/Phase 1), the street light standards are owned by the Association and the Association is responsible for maintenance of the street light standards. The street light standards are not, *per se*, Controlled Facilities since they are not Real Estate. Pursuant to Section 3.4, Declarant shall be responsible to construct the light standards and shall maintain, improve, repair, replace, regulate, manage, insure and control the light standards. Upon conveyance to the Common Facility, pursuant to Section 3.7 by Declarant to Association, Association shall have the obligation for the maintenance, improvements, repair, replacement, regulation, maintenance, insurance and control of the street light standards. Maintenance shall include, but not be limited to, the cost of electricity.

Section 3.3 Construction/Maintenance/Common Facility. Declarant shall be responsible to construct (to the extent required) the Common Facility and shall, initially, maintain, improve, repair, replace, regulate, manage,

insure and control said Common Facility. Upon conveyance of the Common Facility by Declarant to Association, the Association shall have the obligation for the maintenance, improvements, repair, replacement, regulation, management, insurance and control of the Common Facility.

Section 3.4 Construction/Maintenance/Controlled Facilities. Declarant shall be responsible to construct (to the extent required) the Controlled Facilities and shall maintain, improve, repair, replace, regulate, manage, insure and control said Controlled Facilities. Upon conveyance of the Common Facility pursuant to Section 3.7 by Declarant to Association, Association shall have the obligation for the maintenance, improvement, repair, replacement, regulation, management, insurance and control of the Controlled Facilities. Notwithstanding the foregoing, with respect to the Sign Easements described in Section 3.2.2(a), Declarant (and ultimately the Association) shall only have maintenance responsibilities pertaining directly to the identification signs within the Sign Easements; the Lot Owner or Owners of the Lots specified in Section 3.2.2(a) shall be required to provide all other maintenance (e.g. lawn care, mowing, removal of debris and stabilization). In addition, with respect to the Landscaping Easements, as described in Section 3.2.2(b), Declarant (and ultimately the Association) shall only have maintenance responsibility pertaining directly to the landscaped areas within the Landscape Easements; the Lot Owner or Owners of the Lots specified in Section 3.2.2(b) shall not be required to maintain the Landscape Easements, but shall have the right, if the Association fails to maintain the Landscape Easements, to maintain said easements at Association's expense.

Section 3.5 Township's Responsibility/Stormwater Drainage Facilities. As set forth in General Note 23 (Sheet 1 of 39), Final Subdivision Plan/Phase 1, Township has required that all Drainage Easements as shown on the Final Subdivision Plan/Phase 1, shall be maintained in grass or otherwise improved condition, in accordance with the grades and designs shown on the Final Subdivision Plan/Phase 1. All Drainage Easements shall be kept free of all obstructions (i.e., fill, obstructions and plants other than grass). The maintenance of all such Drainage Easements, not dedicated to Township, shall, initially, be the obligation of the Lot Owner or Owners provided, however, that if the Lot Owner or Owners shall fail to maintain the Drainage Easement located upon such Lot Owner or Owners' Lot, then the Association shall have the obligation of maintenance. In addition, all Drainage Easements shall allow the passage of stormwater over the surface of the ground and of the associated structures and shall allow access across the area for purposes of maintenance of the stormwater conveyance system. All existing and proposed swales shall not be obstructed by driveways, fill or structures. In addition, pursuant to Stormwater Note (Sheet 2 of 39, Final Subdivision Plan/Phase 1), the Lot Owner of Lot No. 84 is required to maintain the swale located within the Utility Easement (Controlled Facility). The Township will own and maintain the stormwater collection system constructed within the Utility Easement and shall have access to Lot No. 84 by means of such Utility Easement.

Section 3.6 Designation of Common Elements. Declarant has, as set forth in this Article III, designated and described the Common Elements (including the Common Facility and the Controlled Facilities).

Section 3.7 Conveyance of Common Facilities. Declarant shall, prior to the expiration of the period of Declarant's control or prior to the conveyance of the last Lot within the Planned Community, whichever last occurs, convey, without additional consideration, all Common Facilities to Association. Declarant's obligation to convey the Common Facilities, as herein provided, shall be a binding obligation of Declarant and any successor in interest of Declarant in that portion of the Planned Community whether or not the successor succeeds to any Special Declarant's Rights

Section 3.8 Procedure. Declarant shall convey the Common Facilities to Association by Special Warranty Deed and Association shall accept the conveyance of said Common Facilities. As set forth in Section 3.7, the conveyance shall be made without additional consideration. Transfer of the Common Facilities will not have an adverse impact on the Association's budget or Common Expenses Liability of any Lot Owner except the Association (to include the Lot Owners by assessments) will then have the responsibility to maintain, improve, repair, replace, regulate, manage, insure and control said Common Facilities.

Section 3.9 Completion/Common Facilities. Declarant is obligated to complete all construction or improvements of the Common Facilities (to the extent required). As described in Section 3.2.1, the Common Facilities include, in part, stormwater management facilities to be constructed in Open Space Area 3. Declarant has, in connection with the Planned Community, posted municipal security with Township to guarantee completion of said stormwater management facilities and other improvements.

Section 3.10 Real Estate Taxes/Common Facilities. In accordance with this Declaration and the Act, Declarant will be and remain responsible for payment of all real estate taxes assessed or allocated with respect to the Common Facilities and all other expenses in connection with the Common Facilities until said Common Facilities are conveyed to the Association by Declarant.

Section 3.11 Substantial Completion/Common Elements. Any portion of the Planned Community, including any Controlled Facility or Common Facility, will be deemed completed upon the recording of a certificate executed by an independent registered surveyor, architect or professional engineer stating that that portion of the Planned Community, to include the Common Facilities and Controlled Facilities, as applicable, are substantially completed in accordance with the description set forth in this Declaration, the Plats and Plans, and the Public Offering Statement and so as to permit the use of such Common Facilities or Controlled Facilities of the Planned Community for their respective intended use.

**ARTICLE IV
EASEMENTS**

Section 4.1 Easements. In addition to and in supplementation of the easements as provided for by Section 5216, Section 5217 and Section 5218 of the Act, the following easements are hereby created:

Section 4.1.1 Declarant Office and Models. Declarant shall have the right to locate, relocate and maintain an office and models used in connection with the management of or sale of Lots owned by Declarant in the Planned Community. Notwithstanding that this Declaration may otherwise preclude use of Lots for such purpose or purposes, and subject to all of the provisions of this Declaration. Declarant shall not use more than six (6) Lots at any one time for purposes of maintaining models. The size of the models shall be consistent with the single family dwellings intended to be constructed upon the Lots within the Planned Community. Declarant also reserves the right to construct or place a structure upon any Lot (owned by Declarant) for purposes of an office. Said structure does not have to be a model. Declarant shall remove or cause to be removed the office structure. Declarant specifically reserves the right to relocate the office, from time to time, upon various Lots within the Planned Community owned by Declarant. Declarant reserves the

right to use a model as an office. Nothing set forth in this Section 4.1.1 shall be construed as an obligation on the part of Declarant to construct single family dwellings within the Planned Community.

Section 4.1.2 Signs. Declarant shall have the right to maintain signs (including, but not limited to, promotional signs) in and upon Lots owned by Declarant and within Common Elements.

Section 4.1.3 Utility Easements. The Lots and Common Elements shall be, and are hereby made subject to easements in favor of Declarant, appropriate utility and service companies and governmental agencies or authorities for such utilities and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements created in this Section 4.1.3 shall include, without limitation, the right of Declarant, or the providing service or utility company, or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and water pipes, sewer and drainage lines, television cables, telephone wires and electrical wires, conduit equipment and ducts and vents over, under, through, along and on the Lot and Common Elements. Notwithstanding the foregoing provision of this Section 4.1.3, unless approved in writing by the Lot Owner or Lot Owners affected thereby, any such easement through a Lot shall be located either in the substantially the same location as such facilities or similar facilities as existed at the time of the first conveyance of the Lot by Declarant, or so as not to materially interfere with the use or occupancy of the Lot.

Section 4.1.4 Declarant Easement to Correct Drainage. Declarant reserves an easement on, over and under the Lots and Common Elements for the purpose of maintaining, collecting and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created pursuant to this Section 4.1.4 expressly includes the right to cut any trees, brush, shrubbery, to grade the soil or to make any other actions reasonably necessary, following which Declarant shall restore the affected property as closely to its original condition as practical.

Section 4.1.5 Declarant Easement for Development of Convertible Real Estate. Declarant reserves an easement on, over and under Convertible Real Estate No. 1 (if Declarant elects to add Additional Real Estate No. 1), Convertible Real Estate No. 2 (if Declarant elects to add Additional Real Estate No. 2), and Convertible Real Estate No. 3 (if Declarant elects to add Additional Real Estate No. 3) for all purposes relating to the construction, development, leasing and sale of the Lots within said Convertible Real Estate parcels. This easement shall include, without limitation, the right of vehicular and pedestrian ingress, egress and regress, the right to park motor vehicles and to engage in construction and marketing activities of any nature whatsoever, including the moving and storage of building materials and equipment, the conduct of sales, leasing and management activities, the maintenance of models and office and erection and maintenance of directional and promotional signs.

Section 4.1.6 Association Easement. The Common Elements (including the Common Facilities and Controlled Facilities) shall be and are hereby made subject to an easement in favor of the Association and the agents, employees and independent contractors of the Association for purpose of inspection, upkeep, maintenance, repair and replacement of said Common Elements.

Section 4.1.7 Easement for Encroachments. Pursuant to Section 5216 of the Act, to the extent that any Lot or Common Element encroaches on any other Lot or Common Element, a valid easement for encroachment exists.

Section 4.1.8 Stormwater Management Easements. If Declarant elects not to add one or more parcels of Additional Real Estate, Declarant reserves, for the benefit of any such parcel or parcels of Additional Real Estate not added to the Planned Community, an easement to utilize any and all existing stormwater management facilities (specifically including, but not limited to, the stormwater management facilities constructed within Open Space Area 3) to facilitate the development of any such parcel or parcels of Additional Real Estate not added to the Planned Community. Further, with respect to any stormwater management facilities which Declarant may construct or cause to be constructed within any parcel of Additional Real Estate which is not added to the Planned Community, Declarant grants an easement to the Association (for the benefit of the Planned Community) the right to use any such stormwater management facilities required to facilitate stormwater management of the Planned Community. The stormwater easements reserved in this Section 4.1.8 shall be for the benefit of any parcel of Additional Real Estate which is not added to the Planned Community. The stormwater management easements granted pursuant to this Section 4.1.8 shall be for the benefit of the Planned Community. Any such stormwater management facilities constructed or to be constructed shall be available for the joint use of the Planned Community as well as the use of any parcel of Additional Real Estate not added to the Planned Community. With respect to the cost of maintenance and insurance for any jointly used stormwater management facilities, the cost shall be as agreed upon between Association and Declarant provided, however, that if Association and Declarant cannot agree as to the allocation of the cost of maintenance and insurance then, in that event, said cost shall be shared (and paid) equally by Association and each parcel of Additional Real Estate (benefited but not added) which utilizes said stormwater management facilities.

Section 4.1.9 Easement/Ingress/Egress. As set forth in Section 11.8, Declarant intends to offer the rights-of-way for all streets constructed within the Planned Community to Township. Pending acceptance of said offer of dedication for said rights-of-way (and if Township does not accept the offer or offers of dedication of said rights-of-way, Declarant hereby declares and creates for the benefit of all Lot Owners an easement for egress and ingress over and within said rights-of-way. The purpose of said easement shall be to provide pedestrian and vehicular access within the paved portion of the easements (streets) as well as the sidewalks constructed within the rights-of-way. If the Township does not accept the offer of dedication for any right-of-way within which a street and a sidewalk are constructed then, in that event, the easement shall be a perpetual easement and shall run with the land. Further, as set forth in Section 11.8, if any right-of-way within which a street and sidewalk, and other improvements, are constructed, is not accepted by Township, then said right-of-way, to include the streets, shall become a Common Facility subject to the terms and conditions of this Declaration. Nothing set forth herein shall be construed to impose any maintenance obligation with respect to any sidewalk constructed within said rights-of-way.

Section 4.1.10 Nature of Easements. All easements created in this Article IV, except easements created in Section 4.1.1 and Section 4.1.2, shall be perpetual easements and shall run with the land. With respect to the easements created pursuant to Section 4.1.1 and Section 4.1.2, said easements shall continue until the seventh (7th) anniversary of the recording of this Declaration, unless Declarant shall, by a written instrument (in recordable form), terminate said easement or easements prior to said date. In addition, any perpetual easement reserved or created by Declarant pursuant to Section 4.1, except easements reserved and created pursuant to Section 4.1.5, shall be deemed transferred by Declarant to Association upon the expiration period of Declarant's control.

ARTICLE V
AMENDMENT TO DECLARATION

Section 5.1 Amendment Generally. This Declaration may be amended only in accordance with the procedures specified in Section 5219 of the Act, other sections of the Act referred to in Section 5219 and the express provisions of this Declaration. Declarant reserves the right, without the consent of any Lot Owner or Permitted Mortgagee, except as provided in Section 5.1.2, to amend this Declaration for purposes of creating additional Lots and Common Elements within Convertible Real Estate as set forth in Article VI. Amendments of a material nature may be adopted (i) only by vote or agreement of Lot Owners of Lots to which at least sixty-seven (67%) percent of the votes in the Association are allocated and (ii) at least fifty-one (51%) percent of the votes of Permitted Mortgagees. The right to amend the Declaration shall be subject to the provisions of Section 5219(d) of the Act. Nothing set forth in this provision shall modify, reduce or restrict, in any way, the right of the Executive Board to amend the Declaration with respect to technical corrections as set forth in Section 5219(d) of the Act.

Section 5.1.1 Termination of Planned Community.

- (a) Votes Required. Except in the case of taking of all Lots by eminent domain, the Planned Community may be terminated by the agreement of Lot Owners of Lots to which at least eighty (80%) percent of the votes in the Association are allocated.
- (b) Execution and Recording Agreement and Ratification. An agreement to terminate must be evidenced by the execution or ratification of a termination agreement, in the same manner as a deed, by the requisite number of Lot Owners who are owners of record preceding the date of recording the termination agreement. The termination agreement must specify the date it was first executed or ratified by a Lot Owner. The termination agreement shall become void unless the termination agreement is recorded on or before the earlier of the expiration of one (1) year from the date it was first executed and ratified by a Lot Owner or such date as shall be specified in the termination agreement. The termination agreement and all ratification thereof must be recorded in the Office of the Recorder of Deeds of Lebanon County, Pennsylvania and shall be indexed in the name of the Planned Community in both the grantor and grantee index. The termination agreement is effective only upon recording.

Section 5.1.2 Notice to Permitted Mortgagees. The Executive Board shall provide at least thirty (30) days prior written notice to all Permitted Mortgagees of any proposed amendment to the Declaration which amendments are of a material nature and each Permitted Mortgagee shall, within thirty (30) days after the Permitted Mortgagee receives notice of said proposal, either approve or disapprove the proposed amendment. Notice of the proposed amendment shall be forwarded to each Permitted Mortgagee by registered or certified mail, return receipt requested. If the Permitted Mortgagee shall fail to respond within thirty (30) days after receipt of notice of the proposal (as evidenced by the return receipt) then the Permitted Mortgagee shall be deemed to have approved the proposed amendment.

Section 5.1.3 Amendment/Section 8.13 and Section 8.14. Section 8.13 and Section 8.14 shall not be amended except with the prior written approval of Township.

Section 5.1.4 Amendment/Section 4.1.5 and Section 4.1.8. Section 4.1.5 and Section 4.1.8 shall not be amended except with the prior written approval of Declarant.

Section 5.2 Granting of Certain Easements. The granting of easements for public utility or other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this Article.

ARTICLE VI
**OPTION TO EXPAND - ADDITIONAL REAL ESTATE/CONVERTIBLE REAL ESTATE/
WITHDRAWABLE REAL ESTATE**

Section 6.1 Reservation/Additional Real Estate. Declarant hereby reserves a right until the seventh (7th) anniversary from the date of recording of this Declaration to add Additional Real Estate No. 1, Additional Real Estate No. 2 and Additional Real Estate No. 3 to the Planned Community. If Declarant shall elect to add Additional Real Estate No. 1, Additional Real Estate No. 2 or Additional Real Estate No. 3, or all or any combination thereof, then Declarant shall have the right to convert all or a portion of said Additional Real Estate parcels (then Convertible Real Estate) into Lots and Common Elements (including Common Facilities and Controlled Facilities or any combination thereof) from time to time in compliance with Section 5211 of the Act without the consent of any Lot Owner or Permitted Mortgagee.

Section 6.2 Procedure/Adding Additional Real Estate. If Declarant shall elect to add Additional Real Estate to the Planned Community, Declarant shall prepare, execute and record an amendment to this Declaration pursuant to Section 5219 of the Act and comply with Section 5210 of the Act. Declarant is the Lot Owner of any Lot thereby created. The amendment to this Declaration must assign an Identifying Number to each Lot formed in the Additional Real Estate (then Convertible Real Estate) and reallocate votes in the Association and Common Expense Liabilities. The amendment shall described any Common Element (Common Facilities or Controlled Facilities, or both) formed out of the Additional Real Estate (then Convertible Real Estate).

Section 6.3 Additional Real Estate Becomes Convertible Real Estate. If Declarant shall add Additional Real Estate pursuant to Section 6.1 and Section 5211(a) of the Act, said Additional Real Estate shall become Convertible Real Estate (not Withdrawable Real Estate, unless Declarant shall identify a portion of said Additional Real Estate as Withdrawable Real Estate) and shall be added to the Planned Community.

Section 6.4 Reservation/Withdrawable Real Estate. Declarant hereby reserves the right until the seventh (7th) anniversary from the date of recording of this reservation to withdraw Withdrawal Real Estate No. 1 from the Planned Community. Pursuant to General Note 34 (Sheet 1 of 39), Final Subdivision Plan/Phase 1, Lot No. 199 (Withdrawable Real Estate No. 1) is intended to have constructed thereon a Sanitary Sewer Pump Station and said Lot No. 199 is to be conveyed by Declarant to Township. Accordingly, Declarant reserves the right pursuant to this Section 6.4 to withdraw Lot No. 199 and to convey said Lot No. 199, together with the Sanitary Sewer Pump Station and other improvements erected thereto, to Township.

Section 6.5 Procedure/Withdraw of Withdrawable Real Estate. If Declarant shall elect to withdraw Withdrawable Real Estate No. 1 from the Planned Community, Declarant shall prepare, execute and record an amendment to this Declaration pursuant to Section 5219 of the Act and comply with Section 5212 of the Act and comply with Section 5210 of the Act. Declarant shall be the Lot Owner of Lot Owner No. 199 upon withdrawal. Declarant shall, in accordance with General Note 24, Final Subdivision Plan/Phase 1, convey said Lot No. 199, together with the Sanitary Sewer Pump Station and other improvements constructed thereon, to Township.

Section 6.6 Time Limit. Nothing in this Article VI or any provision of this Declaration, shall extend the time limit for adding Additional Real Estate and converting Convertible Real Estate or withdrawing Withdrawal Real Estate No. 1 imposed by the Declaration under Section 5210 of the Act. Declarant shall have seven (7) years after the recording of the Declaration to exercise the option to add Additional Real Estate, convert Convertible Real Estate and withdraw Withdrawable Real Estate as set forth in Section 6.1, Section 6.2 and Section 6.4, respectively. Nothing set forth in this Article VI or in this Declaration shall be construed to constrict, in any way, said time limit.

Section 6.7 Declarant's Option Not to Add Additional Real Estate. Declarant specifically has the right, in Declarant's sole and absolute discretion, to determine whether Declarant elects to add Additional Real Estate to the Planned Community. Nothing set forth in this Declaration or otherwise shall be construed as an obligation on the part of Declarant or otherwise to add Additional Real Estate to the Planned Community.

Section 6.8 Declarant's Option Not to Withdraw Real Estate. As set forth in Section 6.4, Declarant is obligated pursuant to General Note 34 (Sheet 1 of 39, Final Subdivision Plan/Phase 1), to convey and dedicate Withdrawable Real Estate No. 1 (Lot No. 199) to Township. In the event that Township elects not to accept the offer of dedication of Lot No. 199, together with the Sanitary Sewer Pump Station and other improvements constructed thereon, then, in that event, Declarant specifically has the right, in Declarant's sole and absolute discretion, to determine whether Declarant elects to withdraw Withdrawable Real Estate No. 1 from the Planned Community. If Township shall elect not to accept the offer of dedication of Lot No. 199, together with the other improvements elected thereon, then Declarant shall have the right, in Declarant's sole and absolute discretion, to designate Lot No. 199, together with the Sanitary Sewer Pump Station and other improvements erected thereon, as a Common Facility, whereupon Declarant shall convey said Common Facility to Association and Association shall have the obligation for the maintenance, improvements, repair, replacement, regulation, management, insurance and control of said Common Facility. Declarant specifically reserves the right, without the consent of any Lot Owner or Permitted Mortgagee, to amend the Declaration, if necessary, in accordance with the provisions of this Section 6.8.

Section 6.9 Assurances. If the Additional Real Estate is added and if the Convertible Real Estate is converted, the Lots shall be located as shown on the amendment to the Plats and Plans. At such time as the Convertible Real Estate is completely converted, the maximum number of building Lots in each parcel of Convertible Real Estate shall not exceed the number of Lots set forth in Section 2.2.2, Section 2.2.3 and Section 2.2.4, as applicable. All Lots will be restricted exclusively for residential use. Any single family detached dwelling and any single family attached dwelling constructed within the Convertible Real Estate will be compatible in quality of construction of the single family dwellings constructed upon other Lots within the Planned Community. All restrictions in this Declaration affecting use, occupancy and development of Lots will apply to Lots created within Convertible Real Estate. There are no other assurances made as to any other

improvements and Common Elements made, created, to be made or created within the Convertible Real Estate. The reallocation of relative voting strength and Common Expense Liability for each Lot within Convertible Real Estate shall be computed as required in Section 2.1. Specifically, each Lot shall be allocated one (1) vote in the Association.

Section 6.9 Modification of Area of Lots. Declarant specifically reserves the right to modify the area of any Lot to be subdivided in Convertible Real Estate, by enlarging or decreasing the area of the Lot. The actual area of the Lot shall be accurately reflected in the amendment to Plats and Plans to be recorded when the amendment to Declaration is recorded adding the Additional Real Estate and converting the Convertible Real Estate.

ARTICLE VII
USE AND DEVELOPMENT RESTRICTIONS

Section 7.1 Use, Occupancy and Development Restrictions. Lots, Common Facility and Controlled Facilities shall be subject to the following restrictions:

- (a) No building Lot shall be used for any purpose other than a private, single family detached dwelling or a private, single family semi-detached dwelling for the Lot Owner or Owners or his, her or their immediate family or by a natural Person or Person's immediate family to whom the Lot Owner has leased the dwelling subject to the provisions of this Declaration and Bylaws.
- (b) No building or other structure shall be erected, altered, placed or permitted to remain on any Lot other than (i) a single family detached dwelling, not to exceed two (2) stories in height, with an attached at least two (2) car garage and a swingset, playhouse or combination thereof as described in Section 7.1(kk) or (ii) a single family semi-detached dwelling, not to exceed two (2) stories in height, with an attached at least two (2) car garage and a swingset, playhouse or combination thereof as described on Section 7.1(kk); in addition, with the prior consent of Declarant, a tennis court, an in-ground swimming pool (to include a small pool house) may be constructed upon a Lot.
- (c) Each single family detached dwelling shall be not less than one thousand five hundred (1,500) square feet of living space, defined to include all interior finished floor above grade, except basements, garages, porches and decks. Each single family semi-detached dwelling shall be not less than one thousand five hundred (1,500) square feet of living space, defined to include all interior finished floor space above grade, except basements, garages, porches and decks.
- (d) All Lots (to include the dwellings constructed thereon) shall be used exclusively for residential use or residential purposes.
- (e) No business, store, office or commercial activity or enterprise shall be maintained or operated in any single family dwelling (to include the attached garage) constructed upon

or within said Lot whether or not such use would be maintained or operated in any private residence and whether or not such use would be permitted in any zoning district in North Londonderry Township. An office may be permitted if such permission is granted, in writing, by the Declarant and such office does not cause a visible change to the exterior residential character of the single family dwelling constructed upon the Lot and no employees or business invitees will come to the single family dwelling in connection with the office use.

- (f) Declarant shall approve, in writing, the plans and specifications for all structures or buildings (including the single family detached dwelling and single family semi-detached dwelling) to be erected upon any Lot prior to the commencement of any construction. Declarant shall approve, in writing, the material to be used in construction of the exterior of any single family detached dwelling (to include the attached garage) or single family semi-detached dwelling (to include the attached garage) and accessory building to be constructed upon any Lot prior to commencement of any construction. Upon the expiration of Declarant's control (as described in Section 10.1) the Executive Board shall approve plans and specifications for any single family detached dwelling or single family semi-detached dwelling to be constructed upon a Lot, any additions or alterations to any existing single family dwelling (to include the attached garage) which said approval shall include the material to be used in the construction of any addition or alteration of an existing single family dwelling (to include the attached garage). Said approval authority of the Executive Board (when applicable) shall be consistent with the approvals previously granted by Declarant in connection with the Planned Community.
- (g) Each Lot Owner or Owners of a Lot shall commence or cause to be commenced the construction or erection of a single family dwelling upon settlement with respect to said Lot and shall complete or cause to be completed the construction of the single family dwelling upon said Lot within twelve (12) months from the date of settlement. Declarant, and following the expiration of Declarant's control, the Executive Board, shall have the right to waive this requirement by written notice to such Lot Owner or Owners.
- (h) Each Lot Owner or Owners, to include the Lot Owner or Owners' contractor or builder, shall, during the course of construction of the single family dwelling, maintain the Lot in good condition and prevent any debris from construction littering the surrounding Lots.
- (i) Prior to occupancy of any single family dwelling constructed upon a Lot, a landscaping plan for the Lot, showing the type, size and location of plants and materials, shall be submitted in writing to Declarant, for Declarant's approval, which said landscaping plan shall take into consideration the conformity and harmony with existing structures, topography and finished ground elevations. The landscaping plan shall include, as a minimum, at least three (3) trees and landscaping around all or a portion of the foundation of the single family dwelling. The grass plot on the Lot and the plants and material as shown on the approved landscaping plan shall be installed by the Lot Owner or Owners within one (1) year of the commencement of the construction of the single family dwelling on the Lot or six (6) months following completion of the single family

dwelling, whichever last occurs. Fine grading, seeding and service pavements shall be completed within six (6) months of completion of the single family dwelling.

- (j) The area between the Lot property line and the curb within the right-of-way of the abutting street shall be developed and maintained as part of the landscaping plan of each Lot, and in no event shall trees be planted within this area, unless approved, in writing, by Declarant, which said approval shall specifically include the variety of trees planted within this area.
- (k) No living tree on the Lot, other than those in the area cleared for the construction or erection of the single family dwelling, shall be destroyed without the consent of Declarant.
- (l) No changes shall be made in the building plans approved by Declarant prior to occupancy of the single family dwelling located on a Lot without the prior written approval of Declarant, and no substantial change shall be made in the approved landscaping plan without the prior written approval of Declarant.
- (m) During the period of Declarant control, Declarant shall approve, in writing, the plans and specifications for any additions or alterations to any existing single family dwelling, to include the attached garage (which said approval shall include the material to be used in the construction of any addition or alteration of an existing family dwelling [to include the attached garage]).
- (n) No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot. However, dogs, cats and other household pets may be kept so long as they are not kept, bred or maintained for commercial purposes. Household pets shall at all times be kept on a leash or some other appropriate means of control. Should any question arise as to what constitutes a household pet, the decision of Declarant and following expiration of Declarant's control, the decision of the Executive Board, shall be final, binding and conclusive. No dog, cat or other household pet may be maintained outside the single family residence or accessory building constructed on the Lot and no dog house or other constructed dwellings for a pet may be maintained outside of the single family dwelling or accessory building. Barking dogs left outside shall not be permitted. Should any question arise as to what constitutes a household pet, the decision of Declarant and, following the expiration of Declarant control, the decision of the Executive Board shall be final, binding and conclusive.
- (o) A fence, wall or other dividing instrumentality (e.g. vegetative hedge) may be constructed or planted upon a Lot upon which a single family detached dwelling or a single family semi-detached dwelling may be constructed and shall be constructed or erected behind the rear building line of the single family detached dwelling or the single family semi-detached dwelling constructed (or to be constructed) upon the Lot. No fence or wall shall be constructed upon any Lot without Declarant's prior written approval. Declarant reserves the right to restrict the height of any fence, wall other

dividing instrumentality and Declarant reserves the right to ensure adequate openings within said fence, wall or other dividing instrumentalities so as not to block view and air of adjoining (abutting) Lots. The "rear building line of a single family detached or single family semi-detached dwelling constructed upon the Lot" shall mean a line extended from the rear exterior corners of the single family detached dwelling or single family semi-detached dwelling at a 90 degree angle to the side property lines of the Lot. In the event of a dispute as to what constitutes the "rear building line of the single family detached dwelling of the single family semi-detached dwelling constructed upon the Lot" the determination of the Declarant and, following the expiration of Declarant's control, the Executive Board, shall be binding, final and conclusive. A fence, wall or other dividing instrumentality may not be constructed (or planted) upon any Lot unless a single family detached dwelling or a single family semi-detached dwelling has been or is in the process of being constructed upon said Lot.

- (p) No rubbish, trash or garbage, or any other waste material shall be kept or permitted or any Lot except in sanitary containers located in the appropriate area on each Lot concealed from public view. The burning of trash, rubbish, garbage and other waste material, including leaves and other tree products, is prohibited. The foregoing shall not prohibit Declarant or any builder from burning trash or other construction debris in connection with the construction of a single family dwelling or the construction of site improvements (e.g. roads, curbs, detention basin and drainage easements).
- (q) No outbuilding, tent, shack, garage, trailer, shed or temporary building of any kind shall be used as a residence either temporarily or permanently on any Lot.
- (r) No single family detached dwelling, single family semi-detached dwelling or accessory building shall be located on any Lot near the front, side and rear lot lines than the minimum set back lines as shown on the Final Subdivision Plan/Phase I (or the final subdivision plan in connection with any parcel of Additional Real Estate, if applicable).
- (s) No Lot Owner shall at any time raise or lower the grade of any Lot above or below the grade established or to be established by Declarant without the prior written consent of Declarant and following expiration of Declarant's control, by the Executive Board.
- (t) No signs, billboards or advertising devices of any kind, except those used in the subsequent sale or rental of the single family dwelling constructed upon any Lot shall be placed or otherwise constructed upon any Lot. Any permitted signs shall not be greater in outside dimensions of two (2) feet by three (3) feet or six (6) square feet (total area) and shall not be illuminated. This restriction shall not apply to Declarant. This restriction shall not apply to any builder approved by Declarant during the course of construction of a single family dwelling.
- (u) Exterior laundry drying facilities, including, but not limited to, posts and line and rotating type of equipment are prohibited unless such exterior laundry drying facilities can be

- completely screened from view of the adjacent/abutting Lot or from any street upon installation.
- (v) No commercial or non-passenger vehicle of any type and no unlicensed motor vehicle of any type shall be permitted to remain overnight upon a Lot or upon any street within the Planned Community unless garaged. This restriction shall not apply to Declarant or builders (to include subcontractors) in conjunction with the building or construction activities.
 - (w) No boats, campers, trailers or other recreational vehicles shall be permitted to be parked on any street for more than seven (7) calendar days during any calendar year. The purpose of this restriction is to acknowledge that boats (to include trailers), campers, trailers or other recreational vehicles may be parked on a temporary basis in connection with the anticipated use of such boat, camper, trailer or other recreational vehicle, but that boats, campers, trailers or other recreational vehicles should not be routinely parked on any street for an extended period.
 - (x) No repair of any motor vehicle shall be permitted outside of any garage.
 - (y) No tank for storage of ten (10) gallons or more of gas or flammable liquid shall be maintained outside to the single family dwelling on any Lot, provided that propane tanks used for fireplaces may be maintained outside the single family dwelling if the propane tanks are screened from view of any adjoining lot or street.
 - (z) No satellite dish antenna, television antenna, "earth station", radio antenna or towers of any kind shall be permitted to be erected upon any Lot or upon the single family dwelling constructed upon any Lot. This restriction shall not prohibit a small dish antenna not to exceed two (2) feet in diameter attached to a single family dwelling.
 - (aa) No noxious, unsightly or offensive activity, including vehicle repairs, shall be conducted upon any Lot or any streets within the Planned Community nor shall anything be permitted to be done thereon which may be or may become an annoyance or nuisance to other Lot Owners.
 - (bb) If a Lot Owner or believe that a nuisance or offensive practice is being committed, such Lot Owner may present the facts of his/her or their complaint in writing to Declarant or the Executive Board. After reasonable investigation and opportunity for a personal hearing, the Declarant or Executive Board shall decide the nuisance or offensive practice of any kind does exist, such findings shall be conclusive and the continuance of the offensive conduct, after notice to terminate such conduct, has been delivered to the responsible Lot Owner or other Person, shall constitute a violation of this covenant. In addition to such remedy, a complaining Lot Owner shall have the right to seek relief through an available action at law or equity.

- (cc) Resubdivision of any Lot by any Lot Owner is prohibited. This restriction shall not apply to Declarant. Acquisition of two (2) or more abutting Lots and constructing one (1) single family detached dwelling shall not be deemed a "resubdivision" or a "subdivision" and is permissible, subject to municipal requirements.
- (dd) All Lots are to maintained in clean and sanitary condition and all lawns, shrubs and other vegetation shall be groomed and maintained regularly as needed. All sidewalks and driveways located on any Lot or within the right-of-way of the street abutting such Lot shall be kept free of snow, ice and debris. Lot Owners of a vacant Lot shall keep the vacant Lot free from collection of refuse and shall mow said Lot at least six (6) times during each mowing season unless the grass (or other vegetation) is kept short by other methods.
- (ee) All driveways shall be bituminous asphalt or concrete. All driveways, final grading and seeding must be completed at the time of completion of the single family dwelling.
- (ff) Location, style and design of mailbox shall be approved by Declarant.
- (gg) The exterior colors of all single family dwellings, including shutters and exterior doors, shall be approved by Declarant. The exterior colors of all accessory buildings, including shutters, if applicable, and exterior doors, shall be approved by Declarant.
- (hh) No above-ground swimming pools shall be permitted. No in-ground swimming pools shall be permitted with respect to a Lot upon which a single family semi-detached dwelling has been or will be constructed. An in-ground swimming pool shall be permitted upon a Lot on which a single family detached dwelling has been constructed and said in-ground swimming pool shall be constructed at the rear of the single family detached dwelling constructed upon the Lot.
- (ii) All single family dwellings, to include the attached garage, shall be finished to grade with brick, stone (to include artificial stone), drivit, artificial stucco, aluminum siding, vinyl siding, masonry siding or some other material as shall be approved by Declarant. The exterior walls of all single family dwellings, to include the attached garage, shall extend to or below the ground level so that no part of the foundation will show. No composite wood sidings will be permitted. Building blocks or concrete shall not be used in the exterior walls of any single family dwelling or attached garage above the finished grade of the ground unless covered with brick, natural or artificial stone, aluminum siding, vinyl siding or some other material as shall be approved by Declarant.
- (ij) Electric and telephone service for the single family dwelling (to include the garage) constructed upon each Lot shall be supplied only from underground distribution in accordance with the then current tariff provisions of the electrical utility or telephone company providing said service.

- (kk) Any swingset, playhouse, any combination of swingset and playhouse, slide or other such apparatus, shall only be constructed or erected to the rear of the single family dwelling constructed upon the Lot and shall not be constructed or erected within fifteen (15) feet of any side property line of the Lot or within twenty-five (25) feet of the rear property line of the Lot.
- (ll) Following the expiration of Declarant's control the approval authority reserved by Declarant pursuant to this Section 7.1 shall be delegated to the Executive Board.
- (mm) Following the expiration of Declarant's control the Executive Board may, from time to time, promulgate Rules and Regulations not inconsistent with the provisions of this Declaration concerning the use, occupancy and development of the Property, subject to the rights of the Lot Owners to change such Rules or Regulations.

ARTICLE VIII

BUDGET; COMMON EXPENSES; ASSESSMENTS AND APPORTIONMENT

Section 8.1 Budget and Payments. The annual budget of the Association shall be adopted in accordance with the Bylaws. All Common Expense assessments shall be due and payable, in full, in advance, unless the Executive Board shall otherwise direct. Special assessments shall be assessed in accordance with the Bylaws, and shall be due and payable, in full, in advance, unless the Executive Board shall otherwise direct.

Section 8.2 Assessments for Common Expenses. Until the Association makes a Common Expense assessment, Declarant shall pay all Common Expenses of the Planned Community. After the first annual assessment has been made by the Association, assessments shall be made at least annually, based on the budget adopted at least annually by the Association. The budget of the Association shall segregate Limited Common Expenses from General Common Expenses if and to the extent appropriate.

Section 8.3 Allocation of Interest. Common Expenses shall be assessed against all Lots in accordance with the Common Expense Liability allocated to each Lot. Any past due assessment or installment, if applicable, shall bear interest at the rate established by the Association at not more than fifteen (15%) percent per year.

Section 8.4 Limited Common Expense/Assessment. If and to the extent applicable, any Common Expense associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed in equal shares against the Lots to which that Limited Common Element was assigned at the time the expense was incurred. Declarant does not contemplate creation of any Limited Common Elements within the Planned Community. Any Common Expenses benefiting fewer than all of the Lots shall be assessed exclusively against the Lots benefited. If a Common Expense is caused by the negligence or misconduct of any Lot Owner, the Lot Owner's family members, guests or invitees, the Association may assess that expense exclusively against that Lot Owner.

Section 8.5 Reallocation/Common Expense Liability. If Common Expense Liabilities are reallocated, Common Expense assessments and, if applicable, any installments thereof not yet due, shall be reallocated in accordance with the reallocated Common Expense Liability.

Section 8.6 Lien for Assessments. The Association has a lien on a Lot for any assessment levied against the Lot or fines imposed against the Lot Owner from the time the assessment or fine becomes due. The Association's lien may be foreclosed in a like manner as a mortgage on Real Estate. A judicial or other sale of the Lot and execution of a Common Element lien or any other lien shall not affect the lien of a Permitted Mortgage on the Lot, except the Permitted Mortgage for which the sale is being held, if the Permitted Mortgage is prior to all liens upon the same Lot except those liens identified in 42 Pa.C.S.A. §8152(a) and liens for assessments imposed by the Association pursuant to this Section 8.6 and in accordance with Section 5315(a) of the Act. A lien pursuant to this Section 8.6 and Section 5315 of the Act shall have the priority set forth in Section 5315(b) of the Act and is subject to the sections set forth in Section 5315(b) of the Act.

Section 8.7 Notice and Perfection of Liens. Subject to the priority of liens set forth in Section 5315(b) of the Act, recording of this Declaration constitutes record notice and perfection of a lien on a Lot for any assessment levied against that Lot or fines imposed against the Lot Owner.

Section 8.8 Costs and Attorneys Fees. A judgement or decree in any action or suit brought under Section 5315 of the Act shall include costs and reasonable attorney's fees for the prevailing party.

Section 8.9 Statement of Unpaid Assessments. The Association shall furnish to a Lot Owner upon written request a recordable statement setting forth the amount of unpaid assessments currently levied against the Lot Owner's Lot and any credits or surplus in favor of that Lot under Section 5313 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 all other Lot Owners.

Section 8.10 Association Records. Association shall keep financial records sufficiently detailed to enable the Association to comply with Section 8.9 and Section 5407 of the Act. All financial or other records of the Association shall be made reasonably available for examination by any Lot Owner and authorized agents.

Section 8.11 Annual Financial Statements. Within one hundred eighty (180) calendar days after the close of the Association's fiscal year, the Association shall prepare annual financial statements consisting of at least a balance sheet and a statement of revenues and expenses for the Association. The cost of preparing the financial statements shall be a Common Expense. Each Lot Owner shall be entitled to receive from Association, within thirty (30) days after submitting a written request to the Association, a copy of the annual financial statements and, if such financial statements are audited, reviewed or compiled by an independent certified public accountant or independent public accountant, a copy of the independent accountant's report on the financial statement, the Association may charge a fee not to exceed the cost of producing copies of records other than the financial statement.

Section 8.12 Filing a Complaint. If Association fails to provide a copy of the annual financial statements and, if applicable, report of the independent accountant is required under Section 8.11, to the requesting Lot Owner within thirty (30) days of the Lot Owner's written request, or the financial records of the Association which substantiate Association's financial statement are not made reasonably available for examination by any Lot Owner or authorized agent, the Lot Owner may file a complaint with the Bureau of Consumer Protection of the Office of Attorney General.

Section 8.13 Failure to Maintain Common Facility/Controlled Facilities. If Declarant or Association, as applicable, shall fail to maintain, repair or reconstruct the Common Facility, Controlled Facilities as defined in Section 3.2.2, or drainage facilities under control of and responsibility of Association or Declarant, as applicable, in accordance with the Final Subdivision Plan/Phase I or Township regulations after written notice to do so by Township and said deficiency remains uncured for a period of thirty (30) calendar days, then Township, its agents or contractors, shall have the right to enter onto the Planned Community and perform the necessary maintenance, repairs or reconstruction at the expense of Declarant, Association or Lot Owners, provided, however, that with respect to Lot Owners the provisions of Section 8.14 shall be applicable.

Section 8.14 Cost of Maintenance/Township/Common Facility and Controlled Facilities. If Township is required to maintain, repair or reconstruct any Common Facility or any Controlled Facility, Township shall have the rights and remedies under the Municipal Claim Act, 53 P.S. §7101 *et seq.* If the Township shall impose a lien against the Association for any such required maintenance, repair or reconstruction of any Common Facility or any Controlled Facility, each Lot Owner shall have the right to pay the amount of the lien attributable to his, her or their Lot and the Township shall, upon receipt of payment, deliver a release of the lien covering that Lot. The amount of the payment shall be proportionate to the ratio which the Lot Owner's Common Expense Liability bears to the Common Expense Liability of all Lot Owners whose Lots are subject to the lien. After payment, the Association may not assess or have a lien against the Lot Owner's Lot for any portion of the Common Expense incurred in connection with that lien.

ARTICLE IX
RIGHTS OF PERMITTED MORTGAGEES

Section 9.1 Reports and Notices. Upon the specific written request of a Permitted Mortgagee or its servicer to the Executive Board, the Permitted Mortgagee shall be entitled to receive some or all of the following as designated in the request:

- (a) Copies of budgets, notice of assessment, or any other notices or statements provided under this Declaration by the Executive Board to the Lot Owner covered by the Permitted Mortgagee;
- (b) Any audited or unaudited financial statements of the Executive Board which were prepared for the Executive Board and submitted to the Lot Owners;
- (c) Copies of notice of meetings of the Lot Owners and the right to be present at any such meetings by a designated representative;
- (d) Notice of the decision of the Lot Owners to make any material amendment to this Declaration;
- (e) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Property;

- (f) Notice of the default of the Lot Owner of the Lot which is the subject of the Permitted Mortgagee, where such default is not cured by the Unit Owner within thirty (30) days after the giving of notice by the Association to the Lot Owner of the existence of the default;
- (g) The right to examine the books and records of the Executive Board at any reasonable time;
- (h) Notice of any decision by the Executive Board to hire professional management for the Planned Community.

The request of a Permitted Mortgagee or its servicer shall specify which of the above items it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Executive Board. The Executive Board shall not be required to inquire into the validity of any request made by a Permitted Mortgagee hereunder and in the event of multiple requests pertaining to the same Lot, the Executive Board shall honor the most recent request received.

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

ARTICLE X DECLARANT'S RIGHTS

Section 10.1 Declarant's Control.

- (a) Until the sixtieth (60th) day after Disposition of twenty-five (25%) percent of the Lots, not less than twenty-five (25%) percent of the members of the Executive Board shall be elected by Lot Owners other than Declarant.
- (b) Not later than sixty (60) days after Disposition of fifty (50%) percent of the Lots, not less than thirty-three and one-third (33 1/3%) percent of the members of the Executive Board shall be elected by Lot Owners other than Declarant.
- (c) Not later than the earlier of (i) seven [7] years after the recording of this Declaration; or (ii) one hundred twenty [120] days after Disposition of seventy-five (75%) percent of the Lots, all members of the Executive Board shall resign and the Lot Owners (including Declarant to the extent of Lots owned by Declarant) shall elect a new five (5) member Executive Board, at least of majority of whom must be Lot Owners.
- (d) In determining whether the period of Declarant's control has terminated pursuant to Section 10.1(c), the percentage of Lots conveyed or transferred shall be that percentage which would have been conveyed if all Lots Declarant has created or has reserved the right to create in Additional Real Estate No. 1, Additional Real Estate No. 2 and Additional Real Estate No. 3 by Declarant before such actions become effective.

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Section 11.2 Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 11.3 Initial Fee. Each Lot Owner (specifically excluding Declarant), except as provided in Section 5302(12)(III) of the Act, shall, at the time of closing with respect to any Lot, pay an initial fee to the Association of One Hundred (\$100.00) Dollars. The One Hundred (\$100.00) Dollar initial fee shall be paid to the Association and shall be included in the Reserve Fund which shall be held in a segregated account by the Association for purposes of replacement of Common Elements that the Association is obligated to maintain. Declarant shall not have the right to use all or any portion of the Reserve Fund to defray any Declarant's expense or construction cost or any other cost. Declarant shall, upon the expiration of Declarant's control, deliver the Reserve Fund, together with the interest earned thereon, to the Association.

Section 11.4 Lot Owner's Rights and Duties. Each Lot Owner shall be subject to all the rights and duties assigned to Lot Owners under this Declaration, Bylaws and the Act. Declarant, as to any unsold Lot within the Planned Community, shall also enjoy all rights of a Lot Owner and shall assume all obligations of a Lot Owner as those rights and duties relate to each individual unsold Lot, except as specifically provided otherwise in this Declaration or the Act.

Section 11.5 Association/Bylaws. Declarant has organized a Pennsylvania nonprofit corporation known as "Olde Stone Way Homeowners' Association" and has adopted Bylaws of said corporation in accordance with the Act and consistent with this Declaration. The Bylaws are attached marked Exhibit L and made part hereof.

Section 11.6 Declarant's Delivery of Items to Association. Declarant shall, in accordance with Section 5320 of the Act, upon the expiration of Declarant's control or upon the voluntary termination of Declarant's control, deliver to Association within sixty (60) days after said termination of Declarant's control, all items, tangible personal property and funds, to the extent applicable, as described in Section 5320 of the Act.

Section 11.7 Warranty Against Structural Defects/Common Facilities/Association. Pursuant to Section 5411 of the Act, Declarant is required to provide to Association a warranty against structural defects for Common Facilities, constructed by Declarant, which said warranty shall have a term of two (2) years. The warranty against structural defects for Common Facilities shall begin as of the date of completion of said Common Facilities.

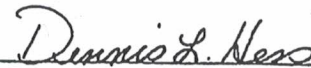
Section 11.8 Streets. As shown on the Plats and Plans and Final Subdivision/Phase 1, a portion of Auburn Drive, a portion of Fairfax Lane, a portion of Saratoga Run and a portion of Lexington Drive, together with the entire portion of Charlestown Drive and Hartford Drive, are to be constructed with Phase 1 of the Planned Community in accordance with municipal requirements or specifications. Upon completion of said streets, Declarant shall offer the rights-of-way in the improved streets to Township for dedication. Upon acceptance of the offer of dedication by Township, said streets shall become public streets. In the unlikely event that the rights-of-way (to include the streets constructed therein) are not accepted by Township then, in that event, said rights-of-way and the streets constructed therein shall become Common Facilities and shall be governed by this Declaration and the Act.

Section 11.9 Enforcement. Declarant, Association and each Lot Owner are empowered to enforce the provisions of this Declaration. Declarant's right to enforce the provisions of this Declaration shall terminate upon the expiration or termination of Declarant's control, except if Declarant continues to own any Lot subsequent to the expiration or termination of Declarant's control.

Section 11.10 Gender. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the said Dennis L. Hess has caused this Declaration to be executed as of the day and year first above written.

Declarant:



Dennis L. Hess

(SEAL)