

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR WEATHERSTONE, A PLANNED COMMUNITY**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made as of the ____ day of July, 2002, by WEST VINCENT ASSOCIATES, LTD., a Pennsylvania Limited Partnership (hereinafter referred to as "Declarant").

BACKGROUND

Declarant is the record owner of certain real property, consisting of 300.551 acres, more or less, in West Vincent Township, Chester County, Pennsylvania, as more particularly described on Exhibit A attached hereto and made a part hereof ("the Property").

Declarant has obtained approval from the West Vincent Township Board of Supervisors of a Plan of Subdivision for West Vincent Associates, Ltd., dated March 31, 2000, last revised December 12, 2001, and consisting of 66 pages (the "Subdivision Plan"). The development proposed by the Subdivision Plan is shown on a plan of Weatherstone, A Planned Community ("the Plan"), which is attached hereto as Exhibit B. It is contemplated that the Property will be developed in phases (collectively, the "Phases"), and that sections of the Property will be developed with attached homes and detached homes (collectively, "the Use Areas"). The Property is located adjacent to real property on which Declarant will develop retail and commercial buildings (the "Commercial Area"). The Commercial Area was approved with the Property as part of a conditional use decision, is subject to the provisions of this Declaration with regard to a cross easement for storm water management, but is not part of the Planned Community. The owner(s) of the Commercial Area will not have the rights or responsibilities of owners in the Use Areas. Declarant shall secure approval of final plans of subdivision and land development ("the Final Plans") for each Phase.

Declarant wishes to hereby subject the Property to certain restrictions, covenants and easements for the benefit of the entire Property, and certain of the Use Areas shall be further subject to additional restrictions, covenants and easements affecting only that individual Use Area.

NOW, THEREFORE, intending to be legally bound hereby, Declarant agrees as follows:

**ARTICLE I
SUBMISSION OF THE PROPERTY**

Section 1.1. Submission to the Declaration. Declarant hereby submits the Property, together with the easements, rights and appurtenances belonging thereto, to the terms, conditions and provisions of this Declaration.

Section 1.2. Recordation; Effective Date. Declarant shall record this Declaration in the Office for the Recording of Deeds of Chester County, Pennsylvania, and it shall be effective immediately upon recordation, which shall immediately follow recordation of the Final Plans for the first Phase.



Section 1.3. Name. The name by which the Property shall hereafter be identified is WEATHERSTONE, A PLANNED COMMUNITY.

Section 1.4. Applicability; Interpretation. This Declaration shall be applicable to the Property. All present and future Owners and occupants of Dwellings and Lots and each of their tenants, guests, licensees, servants, agents, employees, and any other person or persons who shall be permitted to use the Common Facilities described in this Declaration, shall be subject to this Declaration, the Bylaws and any rules and regulations that the Board of Directors shall promulgate from time to time to govern the conduct of the Owners and occupants of the Property. Ownership, rental or occupancy of any of the Dwellings or other structures in the Property shall be conclusively deemed to mean that the Owner, tenant or occupant has accepted, ratified and will comply with this Declaration, the Bylaws and any rules and regulations of the Community Association. In the event of a conflict in interpretation between the provisions set forth in the Bylaws and this Declaration, this Declaration shall govern, except to the extent this Declaration is inconsistent with applicable law.

Section 1.5. Changes in Approved Plans and Declarant's Obligations to Complete. Declarant shall have the right to change the proposed development of the Property as described in the Plan as part of a process to secure approval of amended Final Plans, including, without limitation, the right to alter the number of Lots, Dwellings, or Buildings within a Use Area, and upon approval of said amendments by West Vincent Township, shall have the right to cause the Property to be developed pursuant thereto, which changes shall not require any consent from any Owner; provided, however, that Declarant shall not reduce the total amount of Open Space or eliminate any of the Common Facilities. Declarant has not reserved the right to create any additional Lots or Dwellings by subdivision of any of the Lots shown on approved Final Plans. Declarant also reserves the right to amend the Plan and the Final Plans to correct any errors therein, which corrections shall not require the consent of any Owner.

ARTICLE II DEFINITIONS

Section 2.1. Definitions. The following terms as used in this Declaration and in the Bylaws of the Association shall have the meanings set forth below.

"Act" shall mean the Pennsylvania Uniform Planned Community Act, 68 Pa.C.S.A. §5101 *et seq.*, as amended, and as the same may be amended from time to time hereafter.

"Assessments" shall mean those levies, assessments or sums payable by one or more Owners from time to time upon notification by the Community Association, as provided herein and shall include Capital Contributions.

"Association" or "Community Association" shall mean the Weatherstone Homeowners' Association, Inc., a Pennsylvania nonprofit corporation, being an association of all Owners, which shall have the duties and powers established in this Declaration and in the Bylaws.

"Board of Directors" or "Board" means a group of natural individuals of the number stated herein and in the Bylaws, who shall manage and administer the business, operation and affairs of the Community Association on behalf of the Owners. Individual members of the Board of Directors shall be referred to as Directors.

"Bylaws" means the governing regulations adopted pursuant to this Declaration for the regulation and management of the Property and administration of the Community Association, including any amendments thereto adopted from time to time.

"Capital Contributions" means the amounts of money paid by the Developer and by buyers of Dwellings and Lots to establish and maintain the Capital Reserve Account for the Sewage Treatment Facilities.

"Capital Reserve Account" means that account established by the Developer pursuant to an "Agreement to Construct Weatherstone Community Wastewater Collection, Treatment and Disposal Facilities in West Vincent Township" [hereinafter "the Sewer Agreement"] in the name of the Township to cover replacement of the capital components of the Sewage Treatment Facilities.

"Commercial Building" means any building within the Commercial Area.

"Common Expenses" means all expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves, and all other expenses or charges levied or to be levied pursuant to this Declaration or the Bylaws against all Owners.

"Common Facilities" means any real estate within the Property which is owned by the Association, or leased to the Association, or which is to be transferred to the Association pursuant to the Plan, including, without limitation, the Open Space, but specifically excluding the Sewage Treatment Facilities.

"Dwelling" means 1) each detached single family house constructed or to be constructed on the Property; and 2) each townhouse constructed or to be constructed on the Property.

"Farmstead" means the existing farmhouse and approximately 13 acres of ground around it, which is created as a separate lot by the Subdivision Plan.

"Final Plans" shall mean any phase of approval of final land development plans for the Property as approved by the Township; upon approval of any phase of final land development plans, to the extent that the final plans alter the Plan, the final plans shall govern for all purposes under this Declaration and the Bylaws and, in the event of any discrepancy between this Declaration and the Bylaws and the Final Plans, the Final Plans shall govern.

"First Election Meeting" shall mean the first meeting of the Community Association, which shall occur no later than sixty (60) days after twenty-five percent (25%) of the Lots or Dwellings have been conveyed to Owners who are not the Declarant.

"Limited Common Expenses" means charges which the Community Association shall have the right to assess against any one or more Lots or Dwellings to provide services which are exclusively for those Lots or Dwellings.

"Limited Common Facilities" means facilities that provide services exclusively for certain Lots or Dwellings, such as the green area around the townhouses and the alleyways within the Townhouse Dwelling Areas; in addition, the exterior of the townhouse buildings shall be maintained by the Community Association with the cost thereof to be charged as a Limited Common Expense to the Units within each such building.

"Lot" means 1) any parcel of land that is shown on the Final Plans upon which a single family detached dwelling is or will be erected; 2) the footprint and land area, if any, conveyed with each townhouse; and 3) the Farmstead. The term "Lot" shall be deemed, for the purposes of this Declaration, to have the same meaning as the term "Unit" used in the Act. Each Lot's "Identifying Number", as that term is used in the Act, shall be its Lot number (as shown on the Final Plans) until such time as construction of the Dwelling on such Lot is complete, at which time the Lot's Identifying Number shall be its street address as established by the Township. Each Lot's boundaries shall be as shown on the Final Plans. Lot shall not include any land within the Commercial Area.

"Members" means all Owners and the Declarant, as Members of the Community Association.

"Mortgagee" means the holder, insurer or guarantor of a first mortgage lien on one or more Dwellings or Lots, who shall have provided to the Community Association a statement of its name, address and the Dwelling(s) or Lot(s) against which it holds, insures or guarantees a first mortgage lien.

"Open Space" means the areas indicated on the Plan as open space intended for the benefit of all of the Owners, including, *inter alia*, the roads located inside the Property to the extent not dedicated to the Township, and recreational facilities, but not the open areas around the buildings in the Townhouse Dwelling Areas; portions of the Open Space will be used as spray irrigation fields for disposal of treated effluent.

"Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot or Dwelling in the Property, but excluding the owner of the Farmstead and those persons having an interest merely as security for the performance of an obligation and excluding the Declarant. The owner of the Farmstead shall have the right to use the Common Facilities upon payment of a reasonable fee to be determined by the Association. Owner shall not include the owner of any land within the Commercial Area.

"Property" has the meaning set forth in the Background.

"Sewage Treatment Facilities" means the spray irrigation sewage treatment and disposal system for the Property, which consists of a treatment lagoon, two storage lagoons, eighteen and one-half acres of spray fields and auxiliary spray fields; the Sewage Treatment Facilities are offered for dedication to the Township, and shall be maintained by the Developer until acceptance by the Township of the offer of dedication.

"Single Family Detached Dwelling Area" means those portions of the Property improved or to be improved by construction of single family detached homes.

"Storm Water Management Facilities" means the areas within the Open Space, which serve as the storm water management system for the Property as shown on the Subdivision Plan.

"Townhouse Dwelling Areas" means those portions of the Property improved or to be improved by construction of townhouses.

"Township" means West Vincent Township, Chester County, Pennsylvania.

"Transition Election" means the meeting of the Community Association at which control of the Community Association is transferred to Board Members who are Owners other than Declarant.

"Unit" means a physical portion of Weatherstone designated for separate ownership or occupancy, the boundaries of which are described pursuant to the Act, provided, however, that no Dwelling or Lot shall be considered a Unit until a certificate of occupancy has been issued by the Township to allow transfer to an Owner other than the Declarant.

ARTICLE III COVENANTS, EASEMENTS AND RESTRICTIONS

Section 3.1. Government Regulations; General Restrictions.

(a) The Association shall maintain, repair, replace, operate and utilize the Common Facilities in accordance with all applicable laws, rules, regulations and ordinances. No Owner may exempt himself from liability with respect to the payment of Assessments levied by the Community Association, nor release his Dwelling or Lot from the liens created for non-payment of Assessments by waiver of the use or enjoyment of the Common Facilities, by abandonment of his Dwelling or Lot, by any conveyance or covenant severing the rights and benefits from the Dwelling or Lot, or otherwise. The obligation to pay Assessments is absolute and unconditional and, in addition to being a hereby created covenant running with the land, is a personal obligation of each Owner and shall not be subject to set-offs or counterclaims.

(b) No Owner may make any changes, additions, improvements or alterations of any kind or do any work to any of the Common Facilities. No Owner shall impair any

easement within the Common Facilities without the unanimous consent of all of the Owners affected thereby and the Association.

(c) The Common Facilities are subject to dedication and use by the Township as follows:

(i) Declarant has offered certain portions of the Open Space for dedication to West Vincent Township, specifically those areas shown on the Plan as Open Space Areas A, B and a portion of C;

(ii) Declarant has offered the roads within the Property for dedication to West Vincent Township; and

(iii) Declarant reserves the right to make any of the other Common Facilities available to the Township by easement, including, but not limited to the trail system within the Property.

Any property accepted by the Township and conveyed to the Township will be maintained by the Township and available for use by Owners in common with the public. Any property as to which the Township secures easement rights shall be available for use by the Owners in common with the public. To the extent that the Community Association shall take title to any Common Facilities, such title shall be subject to the terms of any agreement between the Declarant and the Township regarding public ownership or use of any Common Facility and subject to all conditions of approval of the Plan and Final Plans, restrictions and covenants of record affecting the Property.

(d) Declarant has offered a portion of the Open Space, identified as Open Space Area D on the Plans, to West Vincent Township and reserves the right to convey that area to West Vincent Land Trust or to an organization with a substantially similar mission and purpose, provided that any such transfer will be conditioned upon the grantee maintaining the area perpetually as open space.

Section 3.2. Common Facilities

(a) Every Owner (and his or her tenants, guests, licensees, agents, invitees and employees) shall have the right of ingress, egress and regress over and the right of enjoyment in and to the Common Facilities, which right shall be appurtenant to each Dwelling or Lot and shall pass with title to every Dwelling or Lot, subject, nevertheless, to the other provisions of this Declaration. Such right shall commence for any particular portion of the Common Facilities upon completion of such portion and conveyance of such portion to the Association by the Declarant. Each Owner (and his or her tenants, guests, licensees, agents, invitees and employees) shall make use of the Common Facilities at his own risk and in compliance with the restrictions set forth in subsection (b) below and the rules and regulations promulgated by the Association pursuant to Section 14.2 below.

(b) All of the use restrictions set forth in Article VIII shall apply to the Common Facilities as well as to the remainder of the Property. In addition, all Owners and their respective tenants, licensees, guests, employees, agents and invitees shall strictly comply with all of the following rules:

(i) Only those portions of the Open Space that are shown on the Final Plans to be improved for active recreation purposes, including, but not limited to the pocket parks, etc., shall be used for ball playing, sporting activities or any other active recreational use; the trails shown on the plan shall be used only for pedestrian or equestrian use; all other portions of the Open Space shall be used solely for agricultural purposes or passive recreation such as horseback riding, grazing, or walking;

(ii) The Association shall have the election, to be exercised at the time of construction of each park within the Open Space, to install active recreational facilities as shown in typical detail in the Subdivision Plan; and

(iii) No motorized vehicles shall be operated in any part of the Open Space except by the Association for maintenance.

(c) The Owners' rights to use the Open Space set forth above shall apply only to the Open Space.

Section 3.3. Easements.

(a) All roads constructed in the Property shall be subject to an easement for vehicular and pedestrian ingress, egress and access, which easement shall run in favor of the Declarant, the Association and all of the Owners and their respective tenants, guests, licensees, agents, invitees and employees.

(b) All the Property shall be subject to an easement for the present and future installation and maintenance of electric service, natural gas service, master and/or cable television service, telephone service, water service, storm water and sanitary sewage services, fiber optic cable service and other utility services and the facilities and appurtenances necessary to the same, which easement shall run in favor of the Declarant and the Community Association, and may be assigned to the entity or entities owning or operating these facilities and providing the aforementioned services. The Declarant and the Board of Directors shall have the right to grant to third parties additional utility easements which are deemed reasonably necessary to supply utility services to the Dwellings, the Lots, or the Common Facilities. The foregoing easements are conditioned upon (i) the easement not interfering unreasonably with the development of any area of the Property, and (ii) the beneficiary of the easement repairing any damage, re-landscaping and otherwise reasonably restoring the portions of the Property affected by the easement. No area of the Property shall be obligated to utilize the same cable television system as any other area of the Property.

(c) The Community Association and its Board of Directors, officers, agents and employees, shall have the irrevocable right and easement to have access to each Dwelling and Lot as may be necessary for the inspection, maintenance, repair or replacement of any of the Common Facilities therein or accessible therefrom or the making of any addition or improvements thereto or to make other repairs to any Dwelling and the Common Facilities (if these repairs are reasonably necessary for public safety or to prevent damage to the Common

Facilities), or to abate any violation of this Declaration or any rules or regulations of the Community Association or any violation of any laws or orders of any governmental authorities having jurisdiction over the Property, provided that the Community Association shall give reasonable advance notice of such proposed entry to each Owner except in emergencies. The cost of the repairs made to any Dwelling or Lot shall be chargeable to the Owner of the Dwelling or Lot solely to the extent that the damage was caused by the Owner or his or her tenants, guests, licensees, agents, invitees and employees.

(d) The Declarant reserves the right, with respect to marketing of Commercial Buildings or Dwellings, to use the Common Facilities and, to the extent not already conveyed to purchasers, Lots or Dwellings for the ingress and egress of itself, its officers, employees, agents, contractors and subcontractors. The Declarant also reserves the right to permit prospective purchasers to park in any parking spaces located in the Common Facilities. The Declarant shall also have the right, in connection with marketing of Dwellings, to erect signs on the Common Facilities, or on those Dwellings not already conveyed to purchasers. Any damage to the Common Facilities resulting from this easement shall be repaired by the Declarant, at its sole cost and expense, within a reasonable time after the completion of sale of all of the Dwellings or termination of the use of the Common Facilities, whichever shall occur first. The Declarant shall indemnify and hold the Community Association harmless from all liabilities resulting from its use of the Common Facilities pursuant to this Subsection 3.3(d). The rights reserved for the Declarant by this Subsection shall remain in effect for as long as the Declarant shall remain the owner of or have the right to create or build a Commercial Building or Dwelling in the Property.

(e) The Declarant reserves the right to complete improvements indicated on the Plan and, with respect to the construction of Commercial Buildings, Dwellings and Common Facilities, to go upon any and all of the Property for purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Common Facilities, Commercial Buildings or Dwellings (including without limitation, to change the grade of any portion of the Property and/or to install drainage control devices so as to control possible drainage and/or runoff of storm water in connection with the development of the Property or adjacent lands). In the event that the Declarant exercises this easement, it agrees to indemnify and hold the Community Association harmless from liabilities resulting from its exercise of this easement. The rights hereby reserved for the Declarant shall last as long as the Declarant is the owner of or has the right to create or build a Commercial Building or a Dwelling in the Property.

(f) If any portion of the Common Facilities hereafter encroaches upon any Dwelling or Lot, or if any Dwelling hereafter encroaches upon any other Dwelling or Lot or upon any portion of the Common Facilities as a result of settling or shifting of any Dwelling, other than as a result of the purposeful or negligent act or omission of the Owner of the encroaching Dwelling, or of the Community Association in the case of encroachments by the Common Facilities, a valid easement appurtenant to the encroaching Dwellings or Common Facilities for the encroachment and for the maintenance of the same shall exist for so long as the encroachment shall exist.

(g) The rights and duties of the Owners of Dwellings or Lots within the Property with respect to sanitary sewer, storm sewer, water, electricity, telephone lines and

facilities and other utilities facilities shall be governed by the following: The Owners shall have the primary duty and obligation for maintenance and repair of utility connections on their Lot. For example, the Owner of a Lot is responsible for the sewer lateral from the Dwelling to the street. Wherever sanitary sewer house or building connections and/or water house or building connections or electricity or telephone lines are installed within the Property, which connections or any portion thereof lie in or upon a Lot owned by the Owner of a Dwelling served by these connections, the Declarant (as long as it owns a Lot or Dwelling in the Property) and the Community Association shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Lot or Dwelling and to have the utility companies or authorities enter upon the Lot or Dwelling in or upon which the connections, or any portion thereof, lie, to repair, replace and generally maintain the connection as and when they may deem the same necessary. The Community Association shall indemnify and hold harmless any Owner from all cost and expense actually incurred by any Owner as a result of exercise of the aforesaid easement rights, and shall be responsible, at its sole cost and expense, for promptly restoring the surface of the easement area and any improvements damaged by exercise of the aforesaid easement rights to the same condition as existed prior to the use to the extent that the utility company or authority, or the Declarant, is not so responsible or has not done so.

(h) Each Owner and the Declarant is hereby granted an easement of use, access, ingress and egress to, from, over and through any private road and/or sidewalk that is located either totally or partially within a Lot.

(i) The Commercial Area is hereby granted an easement for the purpose of directing storm water runoff from the Commercial Area to storm water management facilities located in the Use Areas as shown on the plan attached hereto as Exhibit F and made part hereof. This easement shall consist of the perpetual right to direct storm water to the storm water management facilities as contemplated in the design thereof and to the extent authorized by the permits and approvals issued for the construction and maintenance of the storm water facilities. No owner or occupant of the Commercial Area shall do anything to alter swales, or other facilities, that have been constructed to direct storm water to the storm water management facilities. The Commercial Area shall bear 97 % of the cost of the annual inspection and any necessary maintenance or repair of the storm water management facilities shown on Exhibit F.

(j) The foregoing easements shall run with the land and inure to the benefit of and be binding upon the Community Association, each Owner, the Declarant, each Mortgagee and each tenant, occupant or other person having any interest in any Dwelling, Lot or in the Common Facilities at the time of reference. In addition, the easements set forth above shall inure to the benefit of the Township in so far as required to permit the Township to exercise its rights under Article XII hereof.

(k) The Property is further subject to the recorded easements listed in Exhibit C attached hereto.

Section 3.4. Storm Water Management. The storm water for the Property will be managed by implementation of a storm water management system that uses retention basins to control storm water by impounding water only during heavy rains, then slowly draining.

Declarant reserves the right to use "bio-retention" islands, subsurface recharge beds or porous paving. The Storm Water Management facilities in the Property have been designed to control run-off from the Property and the adjacent Commercial Area. The Storm Water Management facilities are part of the Open Space and shall be owned, operated, and maintained by the Association. The Declarant designed the Storm Water Management facilities, to the maximum extent feasible and where practicable, using "best management practices" as described in the Pennsylvania Handbook of Best Management Practices for Developing Areas, which is Exhibit A-37 in the conditional use record.

Section 3.5. Uncompleted Common Facilities. The Final Plans show Common Facilities that may not be complete at the time of conveyance of the first Unit. The timing for completion of all such Common Facilities shall be as stated in the Township approval for each Phase of the Property. Certain of the Common Facilities shall be subject to financial security to be posted with the Township to assure completion of the public and quasi-public improvements shown on the Final Plans. There are agreements with the Township that govern the time for completion of said Common Facilities. Some of the public and quasi-public improvements may become Common Facilities. Other than the financial security posted with the Township, there is no other third-party guarantee of completion of any Common Facility. The Common Facilities in each Phase are to be completed not later than conveyance of the last Unit in any such Phase.

Section 3.6. Completion of Common Facilities. Any portion of the Property, an improvement or Common Facility will be deemed to be complete upon the recording of a certificate executed by an independent registered surveyor, architect or professional engineer stating that the portion of the Property, improvement or Common Facility is substantially completed in accordance with the description set forth in this Declaration, or the Plans and the Public Offering Statement and so as to permit the use of such portion of the Property, improvement or Common Facility for its intended use.

Section 3.7. Management of Open Space. The areas of Open Space in Weatherstone are shown on Sheets 65, 66 and 66A of the Subdivision Plan. The areas of Open Space are designated with letters A through K and Q. Open Space areas A, B, and a portion of C are subject to an offer of dedication to the Township; Open Space area D may be accepted by dedication by the Township or, at the Township's direction, may be conveyed to the West Vincent Township Land Trust. The areas of Open Space shall be managed as stated in the Greenway Ownership and Management guidelines stated on the Subdivision Plan and attached hereto as Exhibit D. The Association shall inspect the areas of Open Space, with the exception of the areas B and a portion of C used for spray irrigation, at least annually to confirm that the areas of Open Space are being managed as specified on the Subdivision Plan. The operator of the Sewage Treatment Facilities shall monitor Open Space areas B and the portion of C used for spray irrigation.

ARTICLE IV ASSOCIATION

Section 4.1. The Community Association.

(a) The Community Association is the governing body for all of the Owners and is responsible for (i) the maintenance, repair, replacement, management, operation and administration of the Common Facilities and Limited Common Facilities [The Common Facilities include the Storm Water Management facilities and the cost of maintenance of the Storm Water Management Facilities shall include reimbursement to the Township of costs incurred by it to administer the Best Management Practices Inspection and Maintenance Plan, dated November 19, 2001]; (ii) any additions or improvements to the Common Facilities and Limited Common Facilities; (iii) lawn cutting and fertilization on the Common Facilities and Limited Common Facilities; and (iv) street scape landscaping, including bushes, plants and trees on the Common Facilities and Limited Common Facilities. Street scape landscaping shall include island landscaping for the intersection of Linden and Fellowship Roads. The Common Facilities include the Open Space. Neither Declarant nor the Community Association will be responsible for snow or ice removal from any portion of the Open Space used for recreational purposes, such as the equestrian and pedestrian trail, tot lots, etc. Each Owner shall defend, indemnify and hold Declarant, the Association, and their respective officers and agents harmless from any suits, claims, liabilities, costs and expenses (including, without limitation, attorney fees) incurred by any of them due to any injury to person or property sustained by that Owner or his guests, tenants, agents, employees, licensees or invitees as a result of snow or ice accumulation within the recreational areas of the Open Space.

(b) Nothing herein contained shall be construed so as to preclude the Declarant or the Community Association from delegating the duties described in this Section to a manager or agent or to other persons, firms or corporations, subject to the authority of the Community Association. The Common Expenses incurred or to be incurred for the utility services, maintenance, repair, replacement, management, operation and use of the Common Facilities and the making of any additions or improvements thereto shall be assessed by the Community Association against and collected from the Owners in accordance with Section 7.1 hereof. Common Expenses benefiting fewer than all of the Dwellings or Lots shall be assessed exclusively against the Dwellings or Lots benefited.

(c) The time and extent of the foregoing maintenance repair and replacement obligations of the Community Association shall be determined solely by the Board of Directors, provided, however, that maintenance of landscaped areas shall comply with the specifications attached hereto as Exhibit E and made part hereof. Except as specified in Subsection 3.3(g) above, all aspects of repair, maintenance and replacement of all portions of an Owner's Lot or Dwelling shall be the responsibility of the Owner, except as specifically provided for the Townhouse Dwelling Areas, and all maintenance, repair and replacement of all portions of the Common Facilities and Limited Common Facilities shall be the responsibility of the Community Association; provided, however, that any costs incurred by the Community Association in connection with any of the foregoing maintenance, repair or replacement items which may arise in connection with the negligence of the Owner(s) or occupant(s) of any particular Dwelling(s) or Lot(s) shall be charged as Limited Common Expenses to those Owner(s).

(d) To the extent maintenance, repair and replacement by an Owner may involve possible damage to the Common Facilities, other Dwellings or Lots, the work shall be

performed only with the prior consent of the Board of Directors or its duly authorized agent, except in the case of an emergency, subject to the requirements of the Board of Directors.

(e) The Declarant intends to offer the roads, the Sewage Treatment Facilities and portions of the Open Space for dedication to the Township upon completion thereof, and upon such dedication, the Owners and the Association shall have no further interest in, obligation for, or control over such facilities provided that the Association shall have fully complied with the requirements of Section 7.2 herein.

ARTICLE V COMMON, LIMITED COMMON, AND OTHER EXPENSES

Section 5.1. Common Expenses.

The expenses for maintenance, repair, restoration, replacement or renewal of the Common Facilities shall be allocated as follows:

Open Space Maintenance – The costs for maintenance of the Open Space, including storm water management facilities and streetscape landscaping, shall be allocated as follows:

Townhouses	25%
Single Family Detached	75%

Roads – Until dedication, the cost of maintaining the roads shall be allocated on the same basis as the Open Space Maintenance.

Section 5.2. Limited Common Expenses.

Any expenses associated with the maintenance, repair, restoration, replacement or renewal of a Limited Common Facility, or any common expense benefiting fewer than all of the Units, shall be assessed by the Association in equal shares against the Units to which that Limited Common Facility was assigned at the time the expense was incurred or against the Units benefited. The exterior of the townhouse buildings shall be assigned as a Limited Common Element benefiting the units within each townhouse building and the cost of maintenance, repair, and replacement of the exterior of any townhouse building shall be assessed against the units within that building.

Section 5.3. Costs of Insurance and Utilities.

The costs of insurance shall be assessed in proportion to risk and the costs of utilities that are separately metered to each Unit shall be assessed in proportion to usage.

Section 5.4. Expense Caused by Negligence or Misconduct.

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 5.5 Expenses of Sewage Treatment Facility

The costs for maintenance and operation of the Sewage Treatment Facility shall be allocated among the users of the system based upon the rate of their utilization of the system by allocating a cost per EDU (equivalent dwelling unit) and charging a fee per EDU based on the costs of operation and maintenance, and capital needs of the system. The Declarant shall operate and maintain the Sewage Treatment Facilities as provided in Section 7.2 herein until the time that dedication is accepted by the Township, and shall have the right to collect Capital Contributions from Owners to maintain the Capital Reserve Account. **It is possible that the cost for sewage treatment may be increased due to administrative costs when the Township takes over operation and control of the Sewage Treatment Facility.**

Section 5.6 Expenses of Storm Water Management Facilities

The Commercial Area shall contribute to the cost to maintain the storm water management facilities that benefit it pursuant to the easement granted in Section 3.3(i) hereof. The balance of the expenses for the maintenance of the storm water management facilities shall be assessed as Common Expenses under this Article V.

**ARTICLE VI
MEMBERSHIP IN ASSOCIATION**

Section 6.1. Membership in the Community Association.

(a) All persons, upon acceptance of the deed to their Dwelling or Lot, shall become Members of the Community Association and shall be obligated to pay all Assessments levied by the Community Association against their Dwelling or Lot. Except as otherwise provided, membership in the Community Association shall be limited to the Owners of Dwellings and Lots subjected to this Declaration and the Declarant. Every Owner, as a Member of the Community Association, shall be entitled to all of the rights and shall be bound by all of the obligations accompanying membership.

(b) Owners of Single Family Detached Dwellings, excluding the Farmstead, shall have 1 vote per Unit [205 votes]; and Owners of a Townhouse shall have 1 vote per Unit [67 votes].

(c) Every lawful transfer of title to a Dwelling or Lot shall include membership in the Community Association and, upon making this transfer, the previous Owner's membership shall automatically terminate. Except as otherwise expressly provided, membership in the Community Association may not be assigned or transferred without the transfer of legal title to a Dwelling or Lot and any attempt at assignment or transfer thereof shall be void and of no effect.

Section 6.2. Board of Directors.

(a) Subject to the provisions of this Declaration and the Bylaws, the Board of Directors shall have the power to act on behalf of the Community Association. The Board of Directors shall consist of three (3) members. The initial Board of Directors shall be appointed, removed and replaced from time to time by the Declarant without the necessity of obtaining resignations. The Declarant-appointed Directors shall be replaced with Directors elected by the Owners in accordance with the provisions of subparagraph (b) of this Section.

(b) Subject to the right of the Declarant to alter the following procedure so as to have all or part of the transition process occur earlier than as hereafter described, the transition from a Board of Directors comprised solely of Directors appointed by the Declarant to a Board of Directors comprised solely of Directors elected by the Owners (including Declarant, so long as Declarant owns lots on which Dwellings can be constructed in the Property) shall occur as follows:

(i) At the First Election Meeting, one (1) Director shall be elected to the Board of Directors by all of the Owners (other than Declarant). The Director elected to the Board at the First Election Meeting shall serve until the next annual meeting of the Community Association or the Transitional Meeting, whichever comes first, at which time this Director may be reappointed or his successor elected to serve a two (2) year term.

(ii) Within sixty (60) days after the conveyance of seventy-five percent (75%) of the Dwellings or Lots in the Property to Owners who are not the Declarant, or a designee of Declarant, there shall be the Transition Meeting. At the Transition Meeting, all of the Directors shall resign, and the Owners of all single family detached dwellings shall elect one (1) Director, the Owners of all townhouses shall elect one (1) Director and the owners of all Lots, whether improved or not, shall elect one (1) Director. The Directors elected pursuant to this subsection (ii) shall serve two (2) year terms.

Section 6.4. Indemnification of Officers, Directors and Committee Members. The Association shall indemnify every Director, officer and committee member, his heirs, executors and administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director, officer or a committee member of the Association, in accordance with, to the same extent and as limited by the provisions of the Pennsylvania Nonprofit Corporation Law of 1988 (the "Nonprofit Law"), as amended from time to time. In the event of a settlement, indemnification shall be provided only in connection with those matters covered by the settlement as to which the Association is advised by independent counsel that the person to be indemnified may be indemnified under the Nonprofit Law. The foregoing rights shall not be exclusive of other rights to which the Director, officer or committee member may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as Common Expenses; provided, however, that nothing contained in this Section shall obligate the Association to indemnify any member of the Association, who is or has been a Director, an officer or a committee member with respect to any

duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Association.

ARTICLE VII ASSESSMENTS

Section 7.1. Assessments for Dwellings and Lots.

- (a) Each Owner of any Dwelling shall be deemed to covenant and agree to pay to the Community Association all Assessments, including, but not limited to the following: (i) regular Assessments to be made due and payable on an annual basis as reasonably determined from time to time by the Board of Directors based upon the budget of the Community Association; (ii) special Assessments fixed, established and collected from time to time as provided in this Declaration; (iii) any other charges or Assessments for what may be determined from time to time by the Community Association to be Common Expenses; and (iv) any interest charges, attorneys' fees, penalties or fines levied by the Board of Directors for non-payment of Assessments or for non-compliance with the terms and provisions of this Declaration, the Bylaws or any rules or regulations created by the Board of Directors. The Community Association shall have the right to assess Limited Common Expenses against any one or more Dwellings or Lots to provide services which are exclusively used for these Dwellings or Lots. Each Assessment, together with interest thereon, fines, late charges and costs of collection thereof (including attorneys' fees) as hereinafter provided shall also be the personal obligation of the Owner who was the Owner of the Dwelling or Lot at the time when the Assessment became due.
- (b) Each Owner shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the Common Facilities damaged by his act, omission or negligence or by the act, omission or negligence of his tenants, invitees, agents, guests or licensees, promptly upon receipt of the Association's statement therefor.
- (c) Any excess of Assessments remaining after payment of or provision for Common Expenses and any payment of reserves may be used by the Association as determined by the Board of Directors and, to the extent not used, may be credited to the Owners to reduce their future Assessments.
- (d) Except as otherwise provided in this Declaration, payment of Assessments by the Owners shall be made at the discretion of the Board of Directors; provided that all regular and special Assessments shall be declared by the Board of Directors and made due and payable on an annual basis. The failure of the Board of Directors to formally declare any annual Assessment shall result in the regular annual Assessment for the immediately preceding year being the regular annual Assessment applicable to and due and payable for the next year.
- (e) All Assessments and charges chargeable to any Owner, including all fines, fees, charges, late charges, interest and costs of collection thereof (including attorneys' fees), and penalties levied for noncompliance with this Declaration, the Bylaws and any rules and

regulations of the Association shall constitute a lien against the Lot and Dwelling in favor of the Association; provided that all fines, fees, charges, late charges, interest, costs of collection (including attorneys' fees) and penalties shall be subordinate to the lien of any Mortgagee. This lien shall be effective from and after the time the Assessment or charge becomes due and shall be evidenced by the recording in the public records of the county in which the Property is situate of a claim of lien stating the description of the Dwelling, the name of the record Owner and the date when the Assessment or charge became due. This claim of lien shall include only those sums which are due and payable when the claim of lien is recorded and shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by the lien and payment of a preparation fee, the party making payment shall be entitled to a recordable satisfaction of lien to be recorded at his sole expense. Nothing herein shall affect the priority of municipal liens under Pennsylvania law.

(f) Any Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of fifteen (15%) percent per annum or a higher rate permitted by law which the Board of Directors shall from time to time determine. The Board of Directors may assess fines, late charges and costs of collection (including attorneys' fees). The Board of Directors shall also have the right to charge a delinquency Assessment, as established from time to time by the Board of Directors, against any Owner whose Assessments are delinquent for a period exceeding fifteen (15) days from the due date. The Board of Directors shall have the right to accelerate payment of all remaining proposed payments of any regular or special Assessments for the remainder of the fiscal year.

(g) Any Assessment charged against an Owner may be enforced by a lawsuit brought by the Board of Directors on behalf of the Association and/or the Owners in an action at law or equity against the Owner personally obligated to pay the same, or by executing the lien described herein against the Lot or Dwelling, or both, and the Board of Directors may seek whatever other remedies are available at law or in equity. In addition to these rights and remedies available to the Association, the Association shall have the right to revoke the rights of an Owner in the Association, including the right to vote. Any judgment against a Dwelling or Lot and its Owner shall be enforceable in the same manner as is otherwise provided by law. Attorneys' fees, court costs and collection expenses incurred by the Board of Directors incident to the collection of any Assessments or the enforcement of any lien, together with all sums advanced and paid by the Board of Directors for taxes and payments on account of superior liens which may be required to be advanced by the Board of Directors in order to protect its lien, shall be payable by the Owner and secured by this lien.

(h) In the event that title to a Dwelling or Lot is transferred by sheriff's sale pursuant to execution upon any lien against the Dwelling or Lot, the Board of Directors may give notice in writing of any unpaid Assessments, which are a charge against the Dwelling or Lot but have not been reduced to a lien, to the sheriff and the sheriff shall pay the Assessments of which he has notice out of the proceeds of the sale which remain in his hands for distribution after payment of all other claims which he is required by law to pay, but prior to any distribution of the balance to the former Owner against whom the execution issued. Any unpaid Assessments which cannot be promptly collected from the former Owner may be reassessed by the Board of Directors as a Common Expense to be collected from all the Owners, including the purchaser or

acquirer of title at the sheriff's sale, his successors and assigns. To protect its right to collect unpaid Assessments which are a charge against a Dwelling or Lot, the Board of Directors may, on behalf of the Owners, purchase the Dwelling or Lot at sheriff's sale; provided this action is authorized by the affirmative vote of a majority of the Board of Directors. If it does so purchase, the Board of Directors shall thereafter have the power to sell, convey, mortgage or lease the Dwelling or Lot to any person whatsoever.

(i) Upon the voluntary sale or conveyance of a Dwelling or Lot, or any other transfer, by operation of law or otherwise, except a transfer described in Subsections (j) and (k) of this paragraph, and a transfer by Deed in lieu of foreclosure to a Mortgagee, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments for Common Expenses which are charges against the Dwelling or Lot as of the date of the sale, conveyance or transfer. This joint and several liability shall be without prejudice to the right of the grantee to recover from the grantor, in the amount of any unpaid Assessments which the grantee may pay, and until these Assessments are paid, they shall continue to be a charge against the Dwelling or Lot, which may be enforced in the manner set forth above; provided, however, any person who shall have entered into a written agreement to purchase a Dwelling or Lot shall be entitled to obtain a written statement from the Treasurer of the Association setting forth the amount of unpaid Assessments charged against the Dwelling or Lot and its Owner, and if the statement does not reveal the full amount of the unpaid Assessments as of the date it is rendered, neither the purchaser nor the Dwelling or Lot after transfer thereof shall be liable for the payment of the amount in excess of the unpaid Assessments shown on the statement.

(j) If a Mortgagee or other purchaser of a Dwelling or Lot acquires title to the Dwelling or Lot as a result of foreclosure of the first mortgage, or by deed in lieu of foreclosure, the acquirer of title, his successors and assigns, shall not be liable for the share of Common Expenses or other charges by the Association pertaining to the Dwelling or Lot or chargeable to the former Owner which accrue prior to acquisition of title as a result of the foreclosure. The unpaid share of the charges shall be a Common Expense collectible from all Owners, including the acquirer of the Dwelling or Lot by foreclosure, his successors and assigns.

(k) The Declarant shall not be liable for any charges or Assessments levied by the Association against Lots owned by Declarant.

Section 7.2. Sewage Treatment Facilities. The operation and maintenance of the Sewage Treatment Facilities by the Declarant shall be subject to the following requirements:

(a) The Declarant shall maintain the Sewage Treatment Facilities in good order and repair and, for this purpose, shall engage an operator licensed and approved by the DEP to oversee and perform the daily maintenance and operation of the Sewage Treatment Facilities and to provide the Township with regular written reports at minimum time intervals and to the extent required by DEP, but in no event less frequently than on a quarter-annual basis, detailing the services provided, the identity of the operator, the nature of any maintenance or repairs made or anticipated and the actual or projected costs thereof, the monitoring reports on the Sewage Treatment Facilities (including monitoring well reports), and the amounts currently

maintained in a reserve account for sewer maintenance, together with any actual or proposed changes therein;

(b) The Declarant shall secure, at minimum intervals acceptable to the Township, a report from a qualified professional engineer describing the condition of and corrected defects, if any, in the Sewage Treatment Facilities, the expected useful life of each component and the estimated cost of its replacement or any anticipated repair;

(c) The Declarant shall maintain and adjust the Capital Reserve Account as provided by the Sewer Agreement with the Township;

(d) When the Township accepts dedication of the Improvements, the Developer shall transfer the Capital Reserve Account such that from and after dedication of the Sewage Treatment Facilities to the Township, the Capital Reserve Account shall be held by the Township for its use in connection with the Sewage Treatment Facilities and the Capital Contributions shall continue to be made for each lot notwithstanding the transfer of the Capital Reserve Account to the Township; **provided, further, that upon the Township accepting dedication of the Sewage Treatment Facilities, it shall have the ability and authority to determine, in its sole discretion, the amounts and allocation of the payments to be made to the Operating and Capital Reserve Accounts by the individual lot owners, irrespective of whether the lots are improved or unimproved;**

(e) When the Township accepts dedication of the Improvements, it shall have the ability and authority to seek planning approval from the Department of Environmental Protection to permit connections to the Sewage Treatment Facilities from properties outside of Weatherstone and, in the event of connection by such properties, the rate charged to those users shall be at least the rate charged to users within Weatherstone; and

(f) The Developer shall at all times operate and maintain the Sewage Treatment Facilities in compliance with all criteria proposed or required by DEP for management and maintenance thereof.

ARTICLE VIII ARCHITECTURAL CONTROL AND USE RESTRICTIONS

Section 8.1. Use Restrictions.

(a) Except as used by the Declarant in connection with its construction and marketing of Dwellings or Lots, each Dwelling or Lot shall be used for residential purposes only; provided (subject to Subsection (g) below) that home occupations may be carried on in the Dwelling if the use is incidental to the Dwelling's primary residential use, shall have no employees, customers or clients at the Dwelling and shall be approved by any municipal authorities having jurisdiction over the use.

(b) No part of the Property shall be used so as to create a nuisance or an unreasonable interference with the peaceful possession and occupation or proper use of any other Dwelling or Lot, or the Common Facilities. In illustration and not limitation of the foregoing, no Owner, tenant, guest or invitee shall play loud music, create excessive noise, or permit trash or clutter to accumulate on his Lot.

(c) Except for work done by the Declarant in connection with the construction and marketing of Dwellings or Lots, nothing shall be built, caused to be built or done in or to any part of the Property which will alter or cause any alteration to the Common Facilities without the prior written approval of the Board of Directors.

(d) Each Dwelling and Lot shall be maintained by its Owner or occupant in a safe, clean and sanitary manner and condition, in good order and repair and in accordance with all applicable restrictions, conditions, ordinances, codes and any rules or regulations as may be applicable hereunder or under law. Each Owner shall be solely responsible for ice removal from all concrete surfaces on such Owner's Lot and from the sidewalk. No corrosive ice melting agents (including, without limitation, rock salt or rock salt substitutes) shall be applied during the first eighteen (18) months after the Owner accepts occupancy of the Dwelling, and during that time, only non-corrosive agents such as calcium chloride may be applied to the concrete.

(e) No Owner or occupant of any Dwelling or Lot shall carry on, or permit to be carried on, any practice which unreasonably interferes with the quiet enjoyment and proper use of another Dwelling or Lot, or the Common Facilities by the Owner or occupant of any other Dwelling or Lot, or which creates or results in a hazard or nuisance on the Property.

(f) No Owner or occupant may obstruct the Common Facilities in any way. No Owner or occupant may store anything in or on the Common Facilities without the prior written approval of the Board of Directors.

(g) In accordance with the present zoning of the Property, the only permitted use of a Dwelling is as a residence. No commercial, industrial, recreational or professional activity not permitted by the present zoning of West Vincent Township, Chester County, PA, other applicable laws and ordinances and any rules or regulations thereunder shall be carried on in any Dwelling at any time. If, in the future, zoning regulations change so as to expand the scope of activities permitted to be conducted within the Dwellings, application may be made by an Owner to the Board of Directors for approval to commence the newly permitted use of his Dwelling. Each application shall be considered by the Board of Directors on an individual basis. Once the Board of Directors has given its approval to a particular use of a Dwelling, it may not revoke the approval so long as the nature and scope of the approved use remains unchanged. No Owner shall permit his Dwelling to be used or occupied for any prohibited purpose.

(h) No animals of any kind shall be kept or bred in any Dwelling, other than dogs or cats or other similar and customary small animals which are kept as household pets; provided that in no event shall any more than four (4) pets be kept by the Owner or occupant of any Dwelling in or outside of the Dwelling. No pet shall be permitted to run loose or

uncontrolled in or on the Common Facilities. Pet owners shall immediately clean up any waste left by pets anywhere on the Property.

(i) No portion of the Property shall be used or maintained as a dumping ground for rubbish, trash, new or used lumber or wood, metal scrap, garbage or other waste, except that such material may be kept on a Lot or in areas of the Property designated for this purpose by the Declarant (in connection with its construction), or the Board of Directors; provided these materials shall be kept in sanitary containers and in a clean and sanitary condition. These containers shall be placed for collection only in the designated areas and only on the day these refuse materials are to be collected. Empty containers shall be removed promptly after collection.

(j) No Owner or occupant shall erect or maintain an exterior antenna on any Lot or Dwelling. An Owner may install a satellite dish with the prior written approval of the Board of Directors. Application for such approval shall in all cases include a detailed landscaping plan to conceal the dish from view from the remainder of the Property, and any consent by the Board of Directors will be conditional upon installation, maintenance and replacement of such landscaping.

(k) No Owner or occupant shall leave any non-operating vehicle, a vehicle not currently registered and licensed or a vehicle not having a valid and unexpired state motor vehicle inspection sticker on or about the Property, except if entirely enclosed in the Dwelling garage. No vehicle shall be parked on the Property except in a garage, driveway, or portions of the streets designated as parking areas.

(l) In the event of taking in condemnation of Common Facilities or any portion thereof, the award for the taking shall be payable to the Association for use by the Association to restore or repair the remaining Common Facilities. Any portion of the award not used for such restoration or repair shall be divided among the unit Owners in proportion to the Common Expense or Limited Common Expense liability attributable to the units before the taking.

(m) No motor vehicle, including, but not limited to, mini-bikes, all-terrain vehicles, snowmobiles and motorcycles, may be driven anywhere on the Property, other than on streets, alleys and driveways, by any Owner, occupant or guest. No maintenance, servicing or repair of any motor vehicle of any type may be done anywhere on the Property (including, without limitation, in the street or in a driveway) except in a fully enclosed garage.

(n) No tents, storage tanks, sheds, or accessory buildings or structures shall be erected or permitted to remain on the Property without the prior written approval of the Board of Directors.

(o) No tree, shrub, bush or other plant of any kind located on the Property may be cut down, trimmed, relocated, uprooted or altered in any way except by the Association or with written approval of the Association, and no tree climbing or other hazardous activity of

any kind is permitted on the Common Facilities. The Association shall replace trees, shrubs, bushes and plants that are destroyed or altered on Common Facilities within a reasonable time.

(p) Pets may not be staked on or to the Lot or building in any manner using devices such as pet runs, leashes, pet stakes or other similar installations.

(q) No boat or utility trailer, motor home, house trailer, truck or commercial vehicle exceeding three-quarter (3/4) ton capacity shall be parked or maintained by any person anywhere on the Property.

Section 8.2. Architectural Controls.

(a) No building, fence, wall or other structure or improvement [including, but not limited to, landscaping or plantings (other than annual plantings in plant bed(s) adjacent to Dwellings)] shall be commenced, erected, installed or maintained upon the Owner's Lot or Dwelling, nor shall any exterior addition to or change (including change of external color scheme) or alteration or addition be made to any Dwelling which alters the external appearance of the Dwelling, the Lot or fence erected on the Lot by the Declarant, if any, prior to submitting an application to the Board of Directors for review and approval, which approval will not be unreasonably withheld. The Board of Directors may delegate any approval authority under this Article VIII to an Architectural Review Board.

(b) Each Owner shall submit by certified mail, return receipt requested to the President of the Association, plans and specifications showing the nature, kind, shape, height, materials, finish, colors and location of the Owner's proposed changes, alterations or additions to the Lot or Dwelling. The submission shall contain proof of compliance with all applicable codes, laws and ordinances. The Association shall have the right to request additional information, plans and materials concerning any proposed alterations, additions and improvements. In the event the Association fails to approve, with or without conditions, or deny the application within forty-five (45) days from the date all plans and specifications, including all additional information, plans and materials which may be requested by the Association have been submitted, approval will be deemed to have been denied. The Association shall review the plans to determine whether they are harmonious and compatible with the Lots and Dwellings in the Property. The Board of Directors shall have the right to establish design criteria and standards for alterations, additions and improvements within the Property.

Section 8.3. Restrictions Applicable to Townhouse Dwelling Area Only.

The following easements and restrictions apply only to the Townhouse Dwelling Area:

(a) No exterior alterations or additions of any kind shall be made to any Unit. This includes lawn ornaments and bird baths, sculptures, replicas of animals, change in house numbers or exterior light fixtures or change to the color of the front door. No invisible fencing to control pets may be installed.

(b) No trees or shrubs may be planted without the prior consent of the Architectural Control Committee. Flowers (annuals only) may be planted in approved containers only and must be maintained by the Owner.

(c) No wash or laundry shall be hung or aired for drying by any person anywhere on the Property, except in the interior of a Unit.

(d) Without prior written approval of the Board of Directors of the Association, no sign or notice of any kind shall be placed anywhere in the Townhouse Use Area for public view except by Declarant. For sale signs must be displayed at windows from the interior of the Unit.

Section 8.4. Special Easements and Restrictions Applicable to the Single Family Detached Dwelling Area Only.

The following easements and restrictions apply only to Lots within the Single Family Detached Dwelling Area:

(a) Easements Between Adjacent Lots. Declarant hereby reserves, grants and conveys, to and for the benefit of Declarant, the Association and each Owner of Lots which share a boundary (each Owner whose Lot is burdened by the following easements is hereinafter called "Grantor", and each Owner whose Lot is benefited by such easements is hereinafter called "Grantee"): (i) an easement to enter upon the adjacent Lot for the purpose of maintenance of any dwelling, fence, wall, garage or other structure on the Grantee's Lot ("Lot Structure") located within ten (10) feet of the boundary line between the Grantor's and Grantee's respective Lots, to enable the Grantee to perform maintenance or repairs to such a Lot Structure and any replacements and substitutions thereof; and (ii) an easement to enter upon the adjacent Lot bordering the Grantee's Lot, if such Grantee's Lot has an adjacent side yard of no more than three (3) feet, for the purpose of landscaping and maintenance of the Grantee's side yard; and (iii) an easement to utilize the side yard of a Grantee's Lot which is no more than three (3) feet in width for the purpose of installing, planting, replacing and maintaining grass therein which meet criteria as may be established by Declarant; provided, however, that following exercise of such easement rights as are described in clauses (i) and (ii) above, the Grantee shall promptly at its expense restore the land disturbed to the condition as existed prior to such exercise.

(b) Without in any way limiting the restrictions and requirements set forth in Sections 8.1 and 8.2 above, with respect to any Lot Structure constructed, erected or maintained within ten (10) feet of the boundary line of such Lot, there shall not be constructed, erected or maintained on such Lot any window or opening on the side of a dwelling facing an adjacent dwelling, the nearest wall of which adjacent dwelling is less than twenty (20) feet away from such Lot Structure, and which adjacent dwelling has a window facing the wall of the Lot Structure, except that the foregoing restriction against such window or opening shall not apply (i) to a first floor window in the facing wall of such Lot Structure if a Privacy Fence is maintained between such Lot Structure and the adjacent dwelling; or (ii) if such window or opening in the facing wall of the Lot Structure is a clerestory window on a sill which is a minimum of four (4) feet six (6) inches from the floor plate. In addition, without in any way limiting the restrictions

and requirements set forth in subparagraph (a) above and the preceding sentence, if two adjacent dwellings contain facing walls having windows (including, without limitation, any windows meeting the requirements of subparagraph (a) above and the preceding sentence), there shall not be erected, constructed or maintained on such Lots any window on the facing wall of any extension or addition to a Lot Structure within ten (10) feet of the boundary line between such Lots. For the purpose of this subparagraph (b), a window or opening in a Lot Structure shall not be deemed to be "facing" an adjacent dwelling unless the wall in which such window or opening is installed is parallel to either (1) the outside wall on the adjacent dwelling which is less than twenty (20) feet away from the Lot Structure, or (2) the Privacy Fence between the Lot Structure and the adjacent dwelling.

(c) No Owner shall erect, construct, install or maintain any Lot Structure, or otherwise use or occupy the three (3) foot area of the side yard within such Owner's Lot nearest the boundary line of the Lot adjacent thereto, with the exception of the following permitted uses:

- (i) upper level building overhang, chimney projections, columns, H.V.A.C. equipment, trellises, fences or garden walls (and in the case of a fence or wall, only where the dwelling wall on such Lot which faces the dwelling on the adjacent Lot is recessed in conjunction with a patio or deck (collectively "Permitted Encroaching Structures"), provided that such Permitted Encroaching Structures meet design and location criteria established by the Architectural Review Committee,
- (ii) the use of such area for the purpose of maintenance, repair and reconstruction in accordance with this Declaration of the improvements on the remainder of the Owner's Lot.

ARTICLE IX INSURANCE

Section 9.1. Insurance

(a) The Board of Directors shall obtain or cause to be obtained "broad-form" comprehensive public liability and property damage insurance covering liability for loss or damage to persons or property in those amounts, against those risks, and from those insurance companies which the Board of Directors shall from time to time determine, but in no event less than Two Million (\$2,000,000) Dollars for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. This insurance shall include protection against liability for the property of others, and any other risks that are customarily covered in similar policies for associations similar to the Community Association, including, without limitation, liabilities arising out of, or in connection with, the Community Association's maintenance responsibility hereunder. This insurance shall include protection for the Owners and the Community Association against liability arising out of the use of, or any occurrence on, the Common Facilities or any portion(s) of the Common Facilities that are located on a Lot(s), including, without limitation, portions of private roads and/or sidewalks that are located on a Lot. All liability insurance contracts shall contain severability of interest provisions and cross liability endorsements to cover liabilities of the Community Association, or the Owners as a group, to an Owner. The Board shall review the coverage amount at least once every two years and shall increase the amount of coverage as shall be appropriate under the circumstances.

(b) Each Owner shall be individually responsible for maintaining "all risk" hazard, and, if applicable, flood insurance coverage for his Dwelling or Lot and the fixtures installed therein and for all personal property of the Owner in a company or companies acceptable under the standards set by the Board of Directors in an amount equal to the maximum insurable replacement value, providing for no "co-insurance", and containing an "agreed amount endorsement" or its equivalent, and, if available, an "Inflation Guard Endorsement". In the event of damage or destruction to a Dwelling, the Owner shall repair or replace the Dwelling.

(c) All policies purchased by the Association shall be purchased for the benefit of, and name as insureds, the Association, the Board of Directors, the Declarant, all Owners, and all Mortgagees, as their interests may appear; however, it shall not be necessary to name the individual Owners. Mortgagee endorsements may be issued upon request. The Association shall maintain the appropriate insurance coverage as is required under applicable law and under the guidelines and regulations promulgated by the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), HUD and VA or their successors. The company or companies with whom the Board of Directors shall place its insurance coverage, as provided in this Declaration, must be qualified and reputable, authorized to do business in the Commonwealth of Pennsylvania and rated A, with a V financial size category, by A. M. Best Company, Inc., in its "Key Rating Guide: Property Casualty", or a comparable rating if Best shall no longer be in existence. Except as otherwise specifically provided herein, premiums for insurance coverage and other expenses related to insurance shall be paid by the Board of Directors and charged to all Owners as a Common Expense. All policies shall provide that they may not be canceled or substantially modified, by any party, without at least thirty (30) days prior written notice to the Association and to each Mortgagee listed in the insurance policies. In addition, policies shall provide for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against the Declarant and Owners individually; a statement that the insurance shall not be prejudiced by any act or neglect of individual Owners which is not in the control of the Owners collectively; and a statement that the policy is primary in the event the Owner or the Declarant has other insurance covering the same loss. Policies purchased by the Association shall be deposited with the Board of Directors and shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Association.

(d) The Board of Directors shall review, at least annually, all insurance coverage carried by it pursuant to this Declaration to evaluate this coverage with respect to its compliance with this Declaration and any applicable standards or requirements of lenders, as well as with respect to what is reasonably appropriate coverage for communities comparable to the Community. In the event the Board of Directors determines after this review and evaluation that the insurance coverage required hereunder is not consistent with such requirements or standards or other reasonably appropriate coverage when compared to coverage for communities comparable to the Property, the Board of Directors shall have the power to deviate from the specific provisions of this Section only to the extent of providing consistent and reasonably appropriate coverage; provided the Board of Directors shall give the Owners and all Mortgagees at least thirty (30) days prior written notice of any deviation.

(e) The Board of Directors is hereby empowered to compromise and settle claims arising under insurance policies purchased by the Community Association, and to execute and deliver releases therefor, upon the payment of claims.

(f) The Board of Directors shall also obtain a Workmen's Compensation policy to meet the requirements of law, all premiums for which are to be charged as Common Expenses, and may, in its discretion, obtain directors' and officers' liability and any other insurance which the Board of Directors shall deem necessary to satisfy the indemnification obligations of the Community Association as provided in this Declaration.

(g) The Board of Directors shall obtain policies that include a waiver by the insurer of its right of subrogation as to any claims against Owners, the Community Association, the Declarant, the Board of Directors and their respective servants, agents and guests.

(h) Provided that the Board of Directors has obtained insurance as required hereby and by the Act, and notwithstanding the duty of the Board of Directors to maintain and repair the Common Facilities, the liability of the Board of Directors for injury or damage caused by a failure of the Board of Directors to maintain or repair the same shall be limited to the extent of the proceeds of insurance carried by the Board of Directors and collected and received for that purpose. In the event that the proceeds of insurance are insufficient to maintain or repair the Common Facilities, the additional costs of maintenance or repair shall be assessed against the Owners as a Common Expense.

(i) To the extent that the use or occupancy of a Dwelling or Lot by an Owner or the occupant of any Dwelling is otherwise permitted hereunder, the Community Association shall have the right to charge the Owner of the Dwelling for any increase in insurance premiums payable by the Community Association occasioned thereby. No Dwelling shall be used, occupied or kept in a manner which will in any way increase fire, liability or other insurance premiums payable by the Community Association, or any other Owner without the prior written permission of the Board of Directors, which permission shall be conditioned upon the Owner of the Dwelling being required to bear the full amount of any increase in premiums payable by the Community Association. No Dwelling or any part of the Property shall be used, occupied or kept in any manner which would violate any law, statute, ordinance or regulation of any governmental body or which would lead to the cancellation of any insurance policy or policies on the Property.

(j) The Declarant shall maintain all-risk casualty insurance, without exclusion for subsurface pollution, on all portions of the Sewage Treatment Facilities, general liability insurance with combined single limits of not less than One Million Dollars (\$1,000,000.00) per occurrence, and name the Township as an additional insured to the extent of the statutory limit of Township liability, including delay damages, but in no event in excess of One Million Dollars (\$1,000,000.00). The insurance purchased pursuant to this subparagraph shall include all of the provisions for the benefit of the Township that are required by subparagraphs (c) and (g) for the benefit of the Declarant, the Association, and the Owners in insurance policies purchased by the Association.

ARTICLE X
AMENDMENTS

Section 10.1. Amendments.

(a) Subject to the other provisions of this Declaration relative to amendment, this Declaration may be amended in the following manner:

(i) Before Any Conveyances: Prior to the transfer of any Dwelling or Lot, the Declarant may amend this Declaration in any legal fashion that the Declarant may deem appropriate. After said first transfer of title, the terms of the following subsections shall apply; provided, however, that any other provisions of this Declaration setting forth other conditions imposed upon amending this Declaration shall take precedence.

(ii) By Resolution: An amendment may be proposed by either the Board of Directors, or by at least twenty (20%) percent of the Owners, or by the Declarant. No proposed amendment shall be effective unless it has been adopted by the affirmative vote of at least sixty-seven percent (67%) of the Owners (including the Declarant) and of the Declarant (if the Declarant still owns any Lots). Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered, and shall be served upon all Members in the manner hereinafter provided for service of notices.

(iii) By Agreement: In the alternative, an amendment may be made by an agreement signed and acknowledged by at least sixty-seven percent (67%) of the Owners (including the Declarant) and by the Declarant (if the Declarant still owns any Lots) in the manner required for the execution of a deed.

(b) No amendment of this Declaration shall make any change which would in any way affect any of the rights, privileges, powers and options of the Declarant unless the Declarant shall join in the execution of the amendment. The Declarant may amend this Declaration or the Bylaws in any manner which will not materially adversely affect those Owners other than the Declarant by recording the amendment or amendments on or before the conveyance of the last Dwelling or Lot the Declarant owns or reserves the right to build in the Property.

(c) Any election to remove this Declaration from record or to terminate the legal status of the Association after substantial destruction or a substantial taking in condemnation of the Property shall require the approval of the Mortgagees of at least fifty-one (51%) percent of the first mortgage liens on the Dwellings or Lots. Any other abandonment or termination of the Association or revocation of this Declaration by act or omission shall require the prior written approval of the Mortgagees of at least sixty-seven (67%) percent of the first mortgage liens on the Dwellings or Lots.

(d) Any abandonment, partition, subdivision, encumbrance, sale or transfer of any of the Common Facilities (except for granting easements for utilities or other public

purposes consistent with the intended use of the Common Facilities) by act or omission shall require the prior written approval of the Mortgagees of at least sixty-seven (67%) percent of the first mortgage liens on the Dwellings or Lots.

(e) The consent of at least sixty-seven (67%) percent of Owners (including the Declarant) and of the Declarant (if the Declarant owns any Lots), and the consent of the Mortgagees of at least fifty-one (51%) percent of the first mortgage liens on the Dwellings or Lots shall be required to add or amend any material provisions of this Declaration or the Bylaws which establish, provide for, govern or regulate any of the following:

- (i) Voting;
- (ii) Assessments or assessment liens or subordination of liens;
- (iii) Reserves for maintenance, repair and replacement of the Common Facilities;
- (iv) Insurance or fidelity bonds;
- (v) Rights to use the Common Facilities;
- (vi) Responsibility for maintenance and repair of the Common Facilities;
- (vii) Expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property;
- (viii) Interests in the Association and rights to the Common Facilities; and
- (ix) Any provisions which are for the express benefit of Mortgagees.

(f) Any addition or amendment to the Declaration shall not be considered material if it is for the purpose of correcting technical errors. A Mortgagee who receives a written request to approve additions or amendments to this Declaration and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved the request.

(g) A copy of each amendment shall be attached to or included with a certificate, certifying that the amendment was duly adopted, which certificate shall be executed and acknowledged by the officers of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the Office of the Recorder of Deeds for Chester County.

(h) If any amendment of this Declaration or the Bylaws is necessary in the judgment of the Board of Directors to change, correct or supplement anything appearing or failing to appear therein which is incorrect, defective or inconsistent with anything in either this Declaration or the Bylaws, or if an amendment is necessary to conform to the requirements of

FNMA, FHLMC, HUD or VA or other institutional purchasers, guarantors or insurers of first mortgage liens with respect to the Property, the Board of Directors may at any time and from time to time effect an appropriate corrective amendment with the written consent of Declarant if Declarant still owns any portion of the Property, but without the approval of the Owners or any Mortgagees, upon receipt by the Board of Directors of an opinion from counsel to the effect that the proposed amendment is permitted by the terms of this sentence. Each amendment shall be effective upon its recording.

(i) Notwithstanding anything to the contrary contained herein, no provision of this Declaration granting any rights or powers to the Township (including, without limitation, Article XII) may be amended without the prior written consent of the Township.

ARTICLE XI MORTGAGEE PROTECTION PROVISIONS

Section 11.1. Mortgagees.

(a) Upon written notice to the Association identifying the name and address of the Mortgagee and the designation of the particular Lot, Lots, Dwelling or Dwellings against which it holds, insures or guarantees a first mortgage lien, a Mortgagee shall be entitled to timely notice of:

(i) Any condemnation loss or any casualty loss which affects a material portion of the Property or any Dwelling on which there is a first mortgage held, insured or guaranteed by the Mortgagee, as applicable;

(ii) Any delinquency for a period of 60 days in the payment of Assessments or charges owed or any other default in the performance of any obligation under this Declaration, the Bylaws or any rules or regulations of the Association by the Owner of a Dwelling against which the Mortgagee holds, insures or guarantees a first mortgage lien;

(iii) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(iv) Any proposed action which would require the consent of a specified percentage of Mortgagees as specified in Article XI.

(b) Any restoration or repair of the Property, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Final Plans, or the Master Concept Plan if final plans have not yet been approved, and the original plans and specifications for a Dwelling, unless other action is approved by the Mortgagees of at least fifty-one (51%) percent of the first mortgage liens on the Dwellings.

ARTICLE XII
TOWNSHIP RIGHTS AND OBLIGATIONS

Section 12.1. Township Rights to Maintain Common Facilities.

(a) In the event that the Community Association fails to maintain the Common Facilities in reasonable order and condition in accordance with the terms of the approval of any phase of the Final Plans, the Township may serve written notice upon the Community Association, or upon the Owners of Dwellings or Lots on the Property, setting forth the manner in which the Association has failed to maintain the Common Facilities in a reasonable condition and said notice shall include a demand that such deficiencies of maintenance be corrected within thirty (30) days thereof. In the event that the condition of the Common Facilities constitutes an emergency, the Township may undertake control of the Common Facilities, or the portion thereof which is creating the emergency, without notice to the Association.

(b) If the deficiencies set forth in the original notice or in the modifications thereof shall not be corrected within said thirty (30) days or any extension thereof (except in an emergency situation), the Township, in order to preserve the taxable values of the Dwellings or Lots within the Property and to prevent the Common Facilities from becoming a public nuisance, may, but is not obligated to, enter upon said Common Facilities and correct the deficiencies. Said maintenance by the Township shall not constitute a taking of said Common Facilities, nor vest in the public any rights to use the same.

(c) The cost of maintenance by the Township shall be assessed in the same proportion as provided in Article V above against the Dwellings or Lots in the Property that have a right of enjoyment of the Common Facilities, and shall become a lien on said Dwellings or Lots. The Township, at the time of entering upon the Common Facilities for the purpose of maintenance, shall file a notice of lien in the office of the Prothonotary of Chester County upon the Dwellings or Lots affected by the lien within the Property; the notice of lien may include, in a single notice, all of the Dwellings or Lots affected thereby. When the cost of maintenance has been determined, the Township shall have a right to lien the Dwellings or Lots in the Property that have a right of enjoyment of the Common Facilities and said lien shall remain in full force and effect until full payment thereof. The lien of the Township hereunder shall be independent of any lien of the Association for unpaid assessments.

Section 12.2. Disposition of Common Facilities. In the event that the Association is dissolved or desires to dispose of the Common Facilities, the Association shall first offer the Common Facilities to the Township for dedication at no cost. The Township may, in its discretion, elect to accept such dedication, or may elect to maintain the Common Facilities at the Association's expense as set forth above.

ARTICLE XIII
TRANSITION PROVISIONS

Section 13.1. Commencement of Liability for Assessments. The Owner of each Dwelling or Lot shall become liable for the payment of Common Expense assessments, subject to the provisions of this Declaration, to the Association upon completion of closing for the acquisition of a Dwelling or Lot.

Section 13.2. Transfer of Common Facilities and Association Upon Transition. The Common Facilities shall be conveyed to the Association by the Declarant, or dedicated to the Township, as the case may be, in accordance with the Final Plans. Upon conveyance of any of Common Facilities to the Association, the Association shall thereupon assume all responsibility for the management, operation, maintenance, insurance, repair and replacement of such Common Facilities and for the costs and expenses associated with such Common Facilities.

Section 13.3. Transfer of Association. Notwithstanding anything to the contrary contained in this Section, not later than the Transition Election, the Declarant shall deliver all property of the Community Association to the Community Association, including, but not limited to, the following:

(a) A photocopy of this Declaration and all amendments thereto, certified by affidavit of the Declarant, or an officer or agent of the Declarant, as being a complete copy of the actual Declaration;

(b) Certified copies of the Community Association's Articles of Incorporation and Bylaws, together with the original minute book, including all minutes, and other books and records of the Community Association, and any rules and regulations which have been promulgated;

(c) Resignations of officers and Directors who are required to resign because the Declarant is relinquishing control of the Board of Directors;

(d) An accounting for all Community Association funds, including capital accounts and contributions, and the funds of, or control of, the funds of the Community Association;

(e) All tangible personal property that is the property of the Community Association, represented by the Declarant to be part of the Common Facilities or ostensibly part of the Common Facilities, and an inventory of that property;

(f) All insurance policies held by the Association;

(g) Any permits issued by governmental bodies applicable to the Property;

(h) All written warranties of any contractor, subcontractor, suppliers and manufacturers, if any, that are still effective;

(i) A roster of Owners and their addresses and telephone numbers, if known, as shown on the Declarant's records;

(j) Leases to which the Community Association is a party, if any; employment contracts, management contracts, maintenance contracts, contracts for the supply of equipment or materials, and service contracts in which the Community Association is one of the contracting parties; and maintenance contracts and service contracts in which the Community Association or Owners have an obligation or responsibility directly or indirectly to pay some or all of the fee or charge of the person or persons performing the service.

ARTICLE XIV GENERAL PROVISIONS

Section 14.1. Mandatory Disclosure to Purchaser or Tenant.

(a) Any Owner who leases or sells his Dwelling or Lot shall provide his tenant or purchaser, at the Owner's expense, a current copy of this Declaration, the Bylaws, all rules and regulations promulgated by the Association, any amendments to the foregoing and any other covenants, conditions or restrictions and related documents which may apply to the Dwelling or Lot. Within (5) days after the execution of a lease or an agreement for the sale of the Dwelling or Lot by the Owner, the Owner shall submit to the Association a certificate signed by the tenant or purchaser that certifies that the tenant or purchaser has received copies of the documents applicable to the Dwelling or Lot. Within five (5) days after the execution of a lease for the Dwelling or Lot, the Owner shall submit a copy of the executed lease to the Association.

(b) The Association shall fully cooperate in the preparation and provision of an information certificate to a selling Owner within fifteen (15) days after it is requested in writing by the Owner. An Owner providing a certificate to a purchaser is not liable to the purchaser for any erroneous information provided by the Association and included in the certificate. A purchaser shall not be liable for any unpaid Assessments against the Dwelling or Lot as of the date of the certificate greater than those set forth in the certificate, other than additional Assessments arising from the passage of time. The Association shall have the power to assess the reasonable cost of the preparation of the certificate to the selling Owner and require payment thereof prior to the delivery of the certificate to the selling Owner.

Section 14.2. Rules and Regulations; Compliance and Default.

(a) Each Owner shall be governed by and shall comply strictly with the terms, covenants, conditions and restrictions of this Declaration, the Bylaws and any rules and regulations adopted pursuant thereto, and the same as they may be amended from time to time.

(b) The Board of Directors shall have the power to adopt, amend and enforce compliance with any reasonable rules and regulations relative to the operation, use and occupancy of the Dwellings, Lots, and the Common Facilities consistent with the provisions of this Declaration, including, but not limited to, any enforcement procedures and penalties

(including, without limitation, fines and loss of voting rights and access to the Common Facilities) for violations of this Declaration, the Bylaws and any rules and regulations adopted pursuant thereto which the Board of Directors shall deem appropriate. Any rules and regulations shall be adopted or amended, from time to time, by means of appropriate resolutions duly approved by the Board of Directors in accordance with the Bylaws. A copy of the rules and regulations and copies of any amendments thereto shall be delivered or mailed to each Owner and occupant of a Dwelling or Lot promptly after the adoption thereof and shall become binding upon all Owners and occupants of Dwellings or Lots, their successors and assigns.

(c) Failure of an Owner to comply with any provision of this Declaration or the Bylaws or any rules and regulations adopted pursuant thereto shall entitle the Association or Owner to the remedies provided in this Declaration, and also to the following relief, none of which shall be exclusive of any other remedies:

(i) The Association or any aggrieved Owner shall have the right to sue for the recovery of damages or for injunctive relief, or both; provided that the aggrieved Owner has first exhausted his or her remedies provided for in subsection (d) below. This relief shall not be exclusive of other remedies provided by law.

(ii) In any proceeding arising hereunder, the prevailing party shall be entitled to recover the costs of the proceeding and reasonable attorneys' fees; provided, however, that no costs or attorneys' fees may be recovered against the Board of Directors in any action unless the court shall first expressly find that the Board of Directors acted in bad faith.

(iii) The failure of the Declarant, the Board of Directors or any Owner to enforce any covenant, restriction or other provision of this Declaration, the Bylaws or any rules and regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

(d) No Owner or occupant shall have the right to object, challenge, commence any suit at law or in equity or take any other action under any act, power or authority now in force or hereafter to be enacted except after following procedures established by the Board of Directors by rule or regulation consistent with the provisions of this Section. The Board of Directors, or a committee appointed by the Board of Directors, shall hear complaints from Owners or occupants of alleged violations of this Declaration (other than violations with respect to Assessment obligations), the Bylaws and any rules and regulations of the Association. The Board of Directors, or a committee appointed by the Board of Directors, shall hold a hearing on any complaint within thirty (30) days after the receipt by the Board of Directors of a formal notice of complaint from an Owner or occupant. A decision shall be issued in writing by the Board of Directors within ten (10) days after the conclusion of the hearing. The Board of Directors shall have the right to establish various rules and procedures governing the operation and administration of the complaint and hearing process and the enforcement of the Association documents and rules and regulations. Unless the internal remedies provided by this Section and any rules and regulations promulgated by the Board of Directors shall be expressly waived by the Association, or the Association fails or refuses to act, no action at law or in equity shall be commenced by any Owner or occupant until this internal remedy is pursued to exhaustion. Any

action by an Owner or occupant against any other Owner or occupant arising out of any term, covenant or condition contained in the Bylaws, this Declaration or any rules and regulations adopted pursuant thereto shall be subject to the same procedures. In hearings before the Board of Directors, or a committee appointed by the Board of Directors, all parties shall be entitled to be represented by counsel.

(e) Prior to the Board of Directors initiating any lawsuit or legal proceeding on behalf of the Community Association against the Declarant, the Board must first distribute to all Owners via certified mail, return receipt requested, information outlining the specific claims against the Declarant, together with an estimate of both the amount of recovery and legal fees that will be incurred. This summary must be prepared and submitted by an attorney retained specifically for this purpose only. The attorney can not have represented the Association in the past and can not be the attorney retained to handle the litigation, nor may any member of the attorney's firm be so retained. Within ten days of receipt of 90% of certified mail receipts by the Board, there shall be a special meeting held at which time litigation must be approved by ballot votes of 67% of all eligible Owners.

Section 14.3. Duration: Dissolution.

(a) The covenants and restrictions of this Declaration shall run with and bind the land, for a term not to exceed twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated, at least six (6) months before the commencement of any extension, by a vote of not less than seventy-five (75%) percent of Owners (including Declarant) and of the Declarant (if the Declarant still owns any Lots), evidence of which shall be recorded.

(b) Upon dissolution of the Association and termination of this Declaration, the real and personal property of the Association shall become the assets of the Owners, who are Owners at the time of the dissolution, as tenants-in-common.

(c) The Association shall request the approval of the Township of any termination of this Declaration. In the event the Township does not respond to the Association's request within ninety (90) days from the date of the Association's request, the request shall be deemed approved, provided, however, that in order to result in a deemed approval, the request must be delivered in the manner provided for notices to the Township under Section 14.4 and must include the following language: "Pursuant to Section 14.3(c) of the Declaration of Covenants, Conditions and Restrictions for Weatherstone, A Planned Community, a failure to respond to this request within ninety (90) days from the effective date of notice will result in a deemed approval of this request". In the event that the Township timely objects to a proposed termination of the Declaration, the Association shall file an appropriate action in the Court of Common Pleas of Chester County to resolve the Township's objection prior to termination of the Declaration.

Section 14.4. Notices. All notices required to be served upon Owners pursuant to this Declaration or the Bylaws shall be sufficient if delivered to the Dwelling or Lot or mailed to the Owner at the Dwelling or Lot mailing address by regular mail, and if delivered or mailed to the

Declarant at the business office of the Declarant. The effective date of a notice shall be the date of delivery to the Dwelling or Lot or the Declarant's business office in the case of actual delivery, and a date five (5) days after deposit in the mail in the case of notice sent by mail. All notices required to be served upon the Township shall be forwarded by certified mail, return receipt requested and the effective date shall be the date of execution of the return receipt card.

Section 14.5. Assignment of Warranty for Common Facilities.

(a) Upon the conveyance of any of the Common Facilities to the Association, the Declarant shall assign to the Associations such warranties as Declarant receives from a builder other than Declarant that constructs such Common Facilities.

(b) **THE WARRANTY (IF ANY) SO ASSIGNED TO THE ASSOCIATION IN THIS SECTION IS THE ONLY WARRANTY MADE TO THE ASSOCIATION BY ANY PARTY, AND THE DECLARANT EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF HABITABILITY, SUITABILITY FOR A PARTICULAR PURPOSE OR MERCHANTABILITY.**

Section 14.6. General. If any provisions of this Declaration are determined to be invalid, that determination shall not affect the validity or effect of the remaining provisions hereof, the Bylaws or any rules and regulations, all of which shall continue in effect as if the invalid provisions had not been included herein. The headings herein are for reference purposes only and shall not affect the meaning or interpretation of this Declaration. This Declaration shall become effective when it has been duly entered of record. This Declaration shall inure to the benefit of and shall be binding upon the Declarant's successors and assigns. Number and gender, as used in this Declaration, shall extend to and include both singular and plural and all genders as the context and construction require. This Declaration shall be governed by Pennsylvania law.

**ARTICLE XV
WITHDRAWAL OF PORTIONS OF PROPERTY**

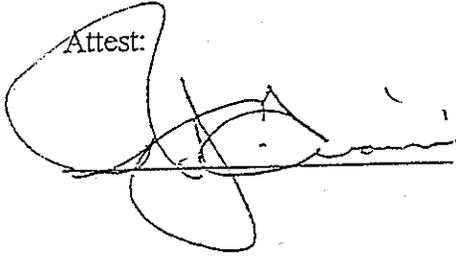
Section 15.1. Withdrawal. Notwithstanding anything to the contrary contained herein, Declarant may withdraw from the Property covered by this Declaration the portions of the Property designated on the Plan ("Withdrawable Real Estate") by executing and recording one or more amendments to this Declaration, provided that such withdrawal has been approved in advance by the Township. Portions of the Withdrawable Real Estate may be withdrawn all at once or from time to time, in Declarant's sole discretion. Such option shall expire seven (7) years after the recordation of this Declaration. Upon the withdrawal of Withdrawable Real Estate from the Property, the Assessment of each Lot in the Property shall be recalculated in accordance with Article V. The provisions set forth in this Section will not apply to any portions of the Withdrawable Real Estate which are not withdrawn from the Property.

IN WITNESS WHEREOF, Declarant, intending to be legally bound, has caused this Declaration to be executed the day and year first written above.

WEST VINCENT ASSOCIATES, LTD.,
a Pennsylvania Limited Partnership by

WEST VINCENT ASSOCIATES, INC.,
its General Partner

Attest:


Robert S. Hankin, President

