

Olde Orchard Hill, A PLANNED COMMUNITY

DECLARATION

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OLDE ORCHARD HILL, A PLANNED COMMUNITY
DECLARATION

ARTICLE I. Submission of Real Estate; Definitions

Section 1. Declarant; Property; County; Name. Olde Orchard Hill Development Company, LLC, a Pennsylvania Limited Liability Company (hereinafter "Declarant"), owner in fee simple of the real estate described in Exhibit "A", located in Fairview Township, York County, Pennsylvania (hereinafter the "Real Estate"). Declarant hereby submits the Real Estate, including all easements, rights and appurtenances thereunto belonging and the buildings and improvements erected or to be erected thereon to the provisions of the Uniform Planned Community Act, 68 Pa. C.S. §5101 *et seq.* (hereinafter the "Act") and hereby creates with respect to said Real Estate, Olde Orchard Hill, a Planned Community (hereinafter "Olde Orchard Hill"). Olde Orchard Hill is a Flexible Planned Community. Pursuant to §5201 of the Act, Declarant is identified as the Grantor herein and Olde Orchard Hill is identified as the Grantee herein.

Section 2. Definitions.

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

"Act" means the Uniform Planned Community Act, 68 Pa. C.S. §5101, *et seq.*

"Additional Real Estate" means real estate that may be added to a Flexible Planned Community.

"Architectural Control Committee" or "Committee" shall refer to a three-member Committee to be appointed by the Board to effectuate the purposes of this Declaration.

"Assessment" means any charge or fee imposed by the Association against a Unit for the payment of Common Expenses and shall include, but is not limited to, Annual Assessments and Special Assessments as provided for in the Act.

"Association" means Olde Orchard Hill Homeowners Association, Inc.

"Bylaws" means the Association's currently adopted bylaws.

"Common Elements" means common facilities or controlled facilities within the Planned Community or any portion thereof.

"Common Expense Liabilities" means all those expenses for which Unit Owners are liable as provided for in this Declaration and/or in the Act and includes, but is not limited to, the following:

(a) Expenses of administration, management, operation, insurance, assessments, restoration, improvements, maintenance, repair or replacement of the Common or Controlled Facilities.

(b) Expenses declared Common Expenses by the Act or by this Declaration or by the Bylaws.

(c) Expenses agreed upon as Common Expenses by the Association and lawfully assessed against the Unit Owners in accordance with the Bylaws.

(d) Expenses of management and administration of the Planned Community by the Association, including, without limitation, compensation of all employees, managers, accountants, attorneys and other personnel hired by the Association whether as employees, independent contractors or otherwise.

(e) Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

"Common Expenses" means expenditures made or anticipated by, or financial liabilities of, the Association together with any allocations to reserves. The term includes General Common Expenses and Limited Common Expenses, but each shall be segregated as such for reporting or information purposes.

"Common Facilities" means any real estate within the Planned Community which is owned by the Association or leased to the Association. The term does not include a Unit.

"Controlled Facilities" means any real estate within the Planned Community, whether or not a part of a Unit, that is not a Common Facility but is maintained, improved, repaired, replaced, regulated, managed, insured or controlled by the Association.

"Convertible Real Estate" means a portion of a Flexible Planned Community not within a building containing a Unit, within which additional Units, Limited Common Facilities, or Limited Controlled Facilities, or any combination thereof may be created.

"Declarant" shall mean and refer to Olde Orchard Hill Development Company, LLC, a Pennsylvania Limited Liability Company, and such successors and assigns as shall acquire more than one undeveloped Unit (or any portion of Olde Orchard Hill

which has not been subdivided into Units) from the Declarant for the purpose of development; provided, however, that an assignee of Declarant shall be deemed a declarant only with respect to that portion of Olde Orchard Hill conveyed to such assignee by a deed of conveyance or other document duly Recorded, which specifically grants to the assignee the rights of a declarant.

"Executive Board" or "Board" when referred to herein means a Board of natural individuals of the number stated herein and in the Bylaws, who shall manage the business, operation and affairs of the Association for the benefit of the Unit Owners and in compliance with and subject to the provisions of the Act and the Declaration.

"Flexible Planned Community" means a planned community containing Withdrawable or Convertible Real Estate or a Planned Community to which Additional Real Estate may be added or a combination thereof. Olde Orchard Hill is a Flexible Planned Community.

"General Common Expenses" means all Common Expenses other than Limited Common Expenses.

"Identifying Number" or "Unit Designation" means the symbol or address that identifies only one Unit in the Planned Community.

"Initial Purchaser" means a Unit Owner who purchases a Unit from Declarant for purposes other than development (e.g., a successor declarant is not an Initial Purchaser).

"Limited Common Element" means a Limited Common Facility or a Limited Controlled Facility.

"Limited Common Expense" means an expense associated with the maintenance, repair, or replacement of a Limited Common Element.

"Limited Common Facility" means a portion of the Common Facilities allocated by or pursuant to the Declaration or by the operation of the Act for the exclusive use of one or more but fewer than all of the Units.

"Limited Controlled Facility" means a portion of the Controlled Facilities, other than Controlled Facilities which are themselves part of a Unit, allocated by or pursuant to the Declaration or by operation of the Act for the exclusive use of one or more but fewer than all of the Units.

"Non-Voting Class Unit" means a Unit which has not been conveyed to an Initial Purchaser and for which a certificate of occupancy has neither been issued nor obtained.

"Olde Orchard Hill" or "Olde Orchard" or "Planned Community" or "Premises" means the Real Estate as described in Article I, Section 1 (see Exhibit "A"), including all improvements thereon or thereto, all owned in fee simple, and all easements, rights and appurtenances belonging thereto which by this Declaration (as amended from time to time) have been submitted to the provisions of the Act and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

"Owner" shall mean and refer to the record holder, whether one or more Persons, of fee simple title to any Unit or Units which is or are part of the Planned Community, but excluding those having such interest merely as security for the performance of an obligation.

"Person" means a natural person, corporation, partnership, limited liability company, association, trust, other entity or any combination thereof.

"Recorded" means that an instrument has been duly entered of record in the Office of the Recorder of Deeds in and for the county in which all or any part of the Planned Community is located.

"Special Declarant Rights" or "Declarant's Special Rights" means the rights reserved for the benefit of the Declarant as provided in Section 5103 of the Act, and such additional rights reserved for the benefit of the Declarant as set forth in this Declaration, the Plats and Plans, and/or the Bylaws.

"Subsequent Purchaser" means a Unit Owner who purchases a Unit from an Initial Purchaser or subsequent Owner of a Unit.

"Unit" means a physical portion of the Planned Community designated for separate ownership or occupancy, the boundaries of which are described pursuant to the Act and a portion of which may be designated by the Declaration as part of the Controlled Facilities.

"Unit Designation" or "Identifying Number" means the symbol or address that identifies only one Unit in the Planned Community.

"Unit Owner" means the Person holding record title as an owner to a Unit, but excluding a person having an interest in a Unit solely as security for an obligation.

"Withdrawable Real Estate" means real estate that may be withdrawn from a Flexible Planned Community.

ARTICLE II. Allocation of Votes and Common Expense Liabilities; Assessments; Unit Identification and Boundaries; Maintenance Responsibilities

Section 1. Identification of Units; Boundaries; Subdivision and Conversion of Units: Exhibit "B" hereto is a list of all Units in the Planned Community by their Identifying Numbers. The boundaries of each Unit are as shown on the Plats and Plans attached hereto as Exhibit "C". Units may be subdivided or converted in accordance with §5215 of the Act.

Section 2. Plats and Plans. Pursuant to §5210 of the Act, Exhibit "C" hereto shows fully and accurately the Units in the Planned Community and the boundaries, the improvements thereon, the Unit Designation for each Unit shown thereon, the locations of the Common Elements and such other information as is required by the Act.

Section 3. Votes. Each Unit shall be allocated one vote in the Association. A Unit Owner has a right, subject to payment of Assessments, to cast the vote allocated to such Unit at all Association meetings and elections. In the event of multiple Unit Owners of a single Unit, such single vote may be cast by any one Unit Owner and the Executive Board may require a Unit Owner to designate in writing the person authorized to cast the vote for such Unit. A Unit Owner's right to cast such vote shall be temporarily suspended in the event such Unit Owner becomes delinquent in payment of Assessments to the Association for more than sixty (60) consecutive days and such suspension shall continue until such Unit Owner is no longer delinquent. There shall be no cumulative or class voting.

(a) Non-Voting Class Units: Until a certificate of occupancy is issued and obtained for a Unit and such Unit shall have been conveyed to an Initial Purchaser, such Unit shall be designated as a "Non-Voting Class Unit" and subject to the following: (1) such Unit shall not cast a vote at Association meetings or elections, (2) such Unit shall not be counted in determining quorums at Association meetings or elections, and (3) such Unit shall not be obligated to pay Assessments nor be part of the total number of Units used as the denominator in the formula for calculating Common Expense Liabilities (see Article II, Section 5, below). Once a certificate of occupancy has been issued and obtained for such Unit and such Unit shall have been conveyed to an Initial Purchaser, such Unit shall thereafter cease to be designated as a Non-Voting Class Unit and shall be subject and entitled to exercise all rights, privileges, responsibilities, and obligations of other Units in the Planned Community.

Section 4. Initiation Fees. All Initial and Subsequent Purchasers of any Unit in the Planned Community will pay an initiation fee to the Association. The Association may use this amount for any purpose for which the Association is authorized to incur expenses. The amount of the initiation fee is \$250.00, which amount may be changed by action of the Executive Board of the Association according to the Bylaws.

Section 5. Allocation of Common Expense Liabilities; Assessment. Until changed by action of the Executive Board or as otherwise specifically set forth herein, all Units in the Planned Community shall be allocated a portion of the Association's Common Expense Liabilities according to the formula below.

(a) Formula. Pursuant to §5208, the fraction or percentage of the Association's Common Expense Liabilities allocated to each Unit are established according to the following formulas: The applicable fractional share allocated to each Unit will be determined by using "1" as the numerator and the combined total number of existing Units, excluding any Non-Voting Class Units, as the denominator. The Executive Board shall apply that resulting fraction to the total actual or projected Common Expense Liability of the Association which will yield the Common Expense Liability allocated to each Unit. Such formula may be amended upon majority vote of the Executive Board with notice of such amended formula thereafter being forwarded to all Unit Owners.

(b) Assessment. The Common Expense Liability for each Unit, as derived from the application of the formula stated in Article II, Section 5(a) above, is one of the factors used by the Executive Board in fixing the Assessment amount for each Unit. Until changed by action of the Board each Unit Owner shall pay in monthly installments, Regular Assessments to the Association, as follows: \$45.00 per month per Townhouse.

Section 6. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively:

(a) To promote the health, safety, recreation and welfare of the residents of the Planned Community.

(b) To restore, improve, maintain, repair and replace the Common Elements located on and about the Planned Community including, without limitation:

(1) the stormwater detention facilities as well as open space shown on the Plats and Plans attached hereto as Exhibit "C";

(2) headwalls, inlets, grates, swales and subsurface stormwater collection and conveyance systems as shown on the Plats and Plans that are not dedicated to the local Township;

(3) the landscaping at the entrances to the Planned Community as shown on the Plats and Plans attached hereto as Exhibit "C";

(4) any entrance signs and landscaping contained within any sign easement areas at the entrance to the Planned Community; and

(5) any private driveways not dedicated to the local Township.

(c) Comprehensive general liability insurance coverage, covering liability for loss or damage to Persons or property, insuring to the extent available the Owners, the Declarant and the Association against any liability to the public or to Owners, their tenants or invitees, relating in any way to the ownership, maintenance, and/or use of the Common Elements and/or any part thereof. The scope and amount of coverage of all liability insurance policies shall be reviewed at least once each year by the Board and may be increased or decreased in its discretion pursuant to §5312 of the Act.

(d) Fire and extended coverage insurance insuring against all common risks of direct physical loss or damage to Common Elements for all of the property owned by the Association and such workmen's compensation insurance and other such insurance as applicable laws and the Act may require or as the Board may deem advisable. Pursuant to §5312 of the Act, the total amount of property insurance after application of any deductibles shall be not less than 80% of the actual cash value of the insured property, exclusive of land, excavations, foundations and other items normally excluded from property policies.

(e) Officers and directors liability insurance and fidelity bonds as the Board may deem necessary or advisable.

(f) Management fees and salaries or such expenses as the Board may deem necessary or desirable for the operation and maintenance of the Common Elements.

(g) Legal, accounting, engineering or other professional fees and administrative costs necessary and proper for any one or more of operation and maintenance of the Common Elements, conduct of the affairs of the Association, or enforcement of this Declaration or any Rules and Regulations.

(h) Additions to the Common Elements, as the Board in its discretion may deem necessary and proper, as well as any materials, supplies, labor, services,

structural alterations, insurance and tax assessments which apply thereto and/or which the Association is required to secure or pay by law, by this Declaration.

(i) Mechanics' and materialmen's liens arising as a result of maintenance of the Common Elements.

(j) Amounts necessary to recover any deficits from operations of the Association in prior years.

(k) Adequate reserves, as determined by the Board: (1) to restore, improve, maintain, repair or replace the Common Elements; (2) for uncollectible accounts; and (3) any other contingency for which a reserve account reasonably may be established pursuant to sound accounting practices.

(l) To pay for other Common Expense Liabilities as set forth herein.

(m) To provide, in addition to overhead, operating and management expenses identified as Common Expense Liabilities, snow removal, lawn and shrubbery maintenance service, together with any other similar services as determined by the Executive Board.

Section 7. Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the Plats and Plans (see Exhibit "C") and this Declaration, the Common Elements shall be maintained and repaired as a Common Expense Liability by the Association in accordance with the provisions of §5307 and §5314 of the Act, except as expressly set forth to the contrary herein.

Section 8. Special Assessments for Capital Improvements. In addition to the Assessments authorized above, and provided that any such Special Assessment is levied promptly and has the assent of the Executive Board, as determined by vote, and presented to the members for vote in accordance with §5303(b) of the Act and Article VII, Section 3, below, the Association shall have the authority in any assessment year, to fix, determine, assess, and collect, in the same manner as with all regular Assessments, a Special Assessment for capital improvements, in accordance with Section 5302(a)(12) of the Act, applicable to that year only for the following purposes:

(a) To defray, in whole or in part, the cost of any new construction, reconstruction, upgrading, or replacement of any of the Common Elements, including fixtures and personal property related thereto; and,

(b) Any expenditure which the Association shall be required to make for the improvement or upgrading of all or any part of the undedicated roadways or other common areas located in the Planned Community.

Section 9. Supplemental Annual Assessments. If the cash requirement estimated at the beginning of any fiscal year shall prove to be insufficient to cover the actual Common Expense Liabilities for such fiscal year for any reason, including (by way of illustration and not limitation) any Owner's nonpayment of an Assessment, the Association may, at any time it deems necessary and proper, levy a Supplemental Annual Assessment against each Unit except that, in the event such Supplemental Annual Assessment is required because of the failure of one or more Owners to promptly pay an Annual Assessment, the Supplemental Annual Assessment against other Units may be determined based upon the anticipated failure of such defaulting Owner or Owners to pay his or their share of such Supplemental Annual Assessment.

Section 10. Assessment Obligations and Lien. Each Unit Owner, including Declarant or a successor declarant, whether or not it shall be so expressed in the Deed conveying a Unit to an Initial or Subsequent Purchaser, but excluding a Non-Voting Class Unit, is hereby obligated, covenants, and agrees to pay to the Association in monthly installments, all Assessments authorized by the Board pursuant to the Bylaws, the Act, or the Declaration, including, but not limited to, Regular Assessments, Special Assessments, and Supplemental Annual Assessments (Regular Assessments to be paid in installments are sometimes referred to herein as "Monthly Assessments" and all Assessments other than "Regular" or "Monthly" Assessments are sometimes referred to herein as "Non-Regular Assessments"). The Association shall have a lien on a Unit and an enforceable action for debt against a Unit Owner, jointly and severally, from the time the Assessment becomes due. Said lien and personal obligation shall include not only the particular Assessment, but shall also include any fees, charges, late charges, fines, interest, and reasonable costs and expenses of the Association, including legal fees, incurred in connection with collection of any sums due to the Association by the Unit Owner or for enforcement of the provisions of the Declaration, Bylaws, and Rules and Regulations against the Unit Owner. If an Assessment is payable in installments and one or more installments are not paid when due, the entire outstanding balance of the Assessment becomes effective as a lien from the due date of the first delinquent installment. The Association's lien may be foreclosed in a like manner as a mortgage on real estate and proceeds of any such foreclosure or other sale shall be applied against sums owed to the Association in accordance with §5315 of the Act. No sale or transfer shall affect the Association's lien unless specifically provided for in the Act, but the personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed.

(a) Priority of Lien. The Association's lien for Assessments will have priority over all other liens except as stated in §5315(b)(1) of the Act, which, among other

things, subordinates the Association's lien for Assessments to first mortgages or deeds of trust on the Unit securing first mortgage holders and recorded before the due date of the Assessment.

Section 11. Due Date and Effect of Nonpayment of Assessments; Remedies of the Association. Monthly Assessments are due and payable on the first day of each month. Any Non-Regular Assessment bill levied hereunder shall be due and payable within thirty (30) days of the date billed. Any Assessment not paid within thirty (30) days after the due date shall be deemed delinquent and shall bear interest from the due date at the rate of twelve percent (12%) per annum or the maximum rate permitted by law, whichever is lower, until collected. The Association may bring an action at law against the Owner personally obligated to pay the delinquent Assessment and/or foreclose the lien against the Unit pursuant to the terms of Section 5315 of the Act. In addition, a delinquent Unit Owner's right to cast such Unit's vote at Association meetings shall be temporarily suspended in accordance with Article II, Section 3, above.

Section 12. Certificate of Payment. The Association shall, upon request of an Owner or his agent, and for a reasonable charge as determined by the Executive Board, furnish a certificate signed by an officer of the Association setting forth whether the Annual and any Special Assessments on a specified Unit have been paid, and other information required by Section 5407 of the Act. A properly executed certificate of the Association as to the status of Assessments on a Unit is binding upon the Association as of the date of its issuance.

Section 13. Failure of Board to Fix Monthly Assessment. If the Monthly Assessment for Common Expense Liabilities for any fiscal year is not fixed before the expiration of the previous fiscal year, the Unit Owners shall continue to pay the same Assessment amount they were paying in the fiscal year just ended as if such amount were the new Assessment, and such failure to fix a new Assessment shall not constitute a waiver, modification or release of any Unit Owner's obligation to pay. If the Board shall fix the Assessment at a date after the expiration of the previous fiscal year at an increased amount, such increased amount shall be treated as if it were a Supplemental Annual Assessment hereunder and shall be effective on the day it is assessed.

ARTICLE III. Common Elements

Section 1. In addition to the Common Elements identified on the Plats and Plans (see Exhibit C), Declarant reserves the right to designate Units or portions thereof as Common Elements in accordance with §5215 of the Act. Declarant will not improve these portions of the property, but may make suggestions for how the Association might improve the property when it takes possession. The conveyance of the unimproved

property is expected to have a minimal impact on the budget of the Association and the common expense liability of Unit Owners.

Section 2. Unimproved property will be conveyed to the Association and the Association will accept delivery of a deed therefor when offered to the Association by the Declarant, but no later than the date of conveyance or lease by the Declarant of the last Unit Declarant owns in the Planned Community. Prior to the conveyance of any such portions of unimproved property, they will be owned by Declarant, who will be solely liable for all expenses (including real estate taxes) associated with such unimproved property.

Section 3. Declarant shall notify the Executive Board at least thirty days in advance of conveyance or lease of the Common Elements identified above. The Executive Board may contact Declarant at any time to request conveyance or lease of the Common Elements.

Section 4. The Common Elements will be conveyed to the Association by valid special warranty deed for no consideration other than the Association's acceptance of the conveyance, free of all monetary liens not created by a majority of the Board, excluding Declarant's representatives.

Section 5. The Planned Community has no Controlled Facilities, Limited Common Facilities, or Limited Controlled Facilities, as those terms are defined in the Act. Unit owners therefore will not be charged for limited common expenses, unless such are added as provided herein.

Article IV. Easements

Section 1. Easements and Licenses. Included among the easements, rights and appurtenances referred to in Article I; Section 1 are the following:

(a) Rights of way, setback lines, etc. as set forth in the Final Subdivision Plan for Olde Orchard Hill Phase I, recorded January 19, 2001, in Plan Book RR, Page 125, and a revised Final Subdivision Plan for Olde Orchard Hill Phase I, recorded April 4, 2001, in the office of the Recorder of Deeds in and for York County, Pennsylvania. The Property is also subject to the following: Conditions in Plan Book NN, Page 1001 and Plan Book DD, Page 459; Access Agreement in Record Book 14-10, Page 8088; Rights to Metropolitan Edison Company in Deed Book 36-I, Page 349 and 350, Deed Book 45-I, Page 330, Deed Book 24-O, Page 461, and Deed Book 24-S, Page 289; Rights to Bell Telephone Company of Pennsylvania in Deed Book 68-A, Page 295; Rights to Fairview Township Authority in Record Book 835, Page 77; Right-of-way Agreements in Record Book 559, Page 567, and Record Book 588, Page 689; and, Right-of-way to

PP&L in Deed Book 70-B, Page 395; in the Office of the Recorder of Deeds in and for York County, Pennsylvania.

Section 2. Easement for Rear Access. Each Unit shall have an easement over Units in the same block of Units for the purpose of ingress and egress from the rear of the dominant Unit. The easement shall be 3' wide and shall be located along the rear boundary of the servient Unit(s). Persons using this easement shall exercise reasonable care to avoid damage to the servient Unit. Unit Owners shall not build fences or other structures obstructing this easement.

Section 3. Common Elements. Each Unit Owner and each person lawfully residing in or on a Unit is hereby granted a non-exclusive perpetual right and easement of access to and enjoyment in common with others of the Common Elements. The rights and easements of access and enjoyment created hereby shall be subject to the following:

- (a) the right of the Association to charge users (including guests) reasonable admission and other fees; and,
- (b) the right of the Association to adopt reasonable rules and regulations governing the use of the Common Elements.

Section 4. Utilities, Pipes and Conduits. In connection with the development of the Planned Community certain sanitary sewer facilities, water facilities, underground electrical distribution facilities, gas, telephone, television cable and storm drainage facilities and other utilities may be constructed above, upon or under portions of the Units not occupied by buildings. There is hereby granted an easement and right of way upon, across, over and under all of the Premises for the purpose of installing, maintaining, repairing or replacing such utilities or facilities as are or may be installed from time to time to serve one or more of the Units. By virtue of this easement, it shall be expressly permissible for the providing utility company or other responsible party, specifically including but not limited to GPU, to erect and maintain other necessary equipment on the Premises, including but not limited to meters and service panels, and to affix and maintain utility wires, circuits, conduits and pipes on, above, across and under the roof and exterior walls of the structures to be built on the Premises and to provide service of such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Premises and Unit Owners shall not block or impede such service, maintenance, or access to such equipment. Should any utility company furnishing a service covered by the easement herein provided or should the Declarant request a specific easement by separate recordable document, the Association shall have the right to grant such easement on the Premises without conflicting with the terms hereof. The easements provided for in this Article shall not impair any other recorded easement on the Premises.

Section 5. Drainage Easements. Certain surface drainage easements for the creation and maintenance of drainage facilities are shown on the Plats and Plans (see Exhibit "C"). Within these drainage easement areas, no structure, planting or other material shall be placed or permitted to remain which may change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. All such drainage easements shall be maintained by the Association.

Section 6. Declarant's Easement for Marketing; Signs. The Declarant reserves the right with respect to its advertising and marketing of Units to use the Premises for the ingress and egress of itself, its officers, employees, agents, contractors and subcontractors. The Declarant or its agent shall also have the right until the conveyance of the last Unit it owns to erect and maintain signs on the Premises in connection with its advertising and marketing of Units for sale or lease. The Declarant shall have the right from time to time to locate and relocate model Units for the marketing of Units and a sales office in connection with the marketing of Units. The rights reserved for the Declarant by this Section shall remain in effect for as long as the Declarant shall remain a Unit Owner in the Planned Community in accordance with §5217 of the Act. This Section shall not be amended without the prior written consent of the Declarant as long as Declarant remains a Unit Owner in the Planned Community.

Section 7. Declarant's Easement for Construction. The Declarant reserves the right and privilege, without hindrance with respect to the construction of the Units, to go upon any and all of the Premises for purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Units (including, without limitation, to change the grade of grounds 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 Premises or any adjacent land). The Declarant agrees to indemnify and hold the Association harmless from liabilities resulting from the exercise of this easement. This Section shall not be amended without the prior written consent of the Declarant as long as Declarant remains a Unit Owner in the Planned Community.

Section 8. Easements Appurtenant. All easements and rights described and mentioned in this Declaration are easements appurtenant, running with the land and the Units, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding upon Declarant, its successors and assigns, the Association, any Unit Owner, purchaser, mortgagee, lessee, occupant and any other Person having an interest in the Premises, Units, or any portion thereof.

ARTICLE V. Restrictions on Use, Occupancy and Alienation

Section 1. Use and Occupancy of Units and Common Elements. The occupancy and use of the Units and Common Elements shall be subject to the following restrictions:

(a) Architectural Control. Excepting any original construction by Declarant, no building, fence, wall or other structure shall be commenced, erected or maintained upon the Units in the Planned Community nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kinds, shape, height and other dimensions, materials, color and location of the same shall have been submitted to and approved in writing by Declarant. This Architectural Control shall pass to the Executive Board when Declarant ceases to be a Unit owner and the Executive Board shall form an Architectural Review Committee. This Section shall not be amended without the prior written consent of the Declarant as long as Declarant remains a Unit Owner in the Planned Community.

(b) Prohibited Uses. In addition to any prohibited uses stated in the Rules and Regulations enacted and amended by the Executive Board or the Association in accordance with the Bylaws, the following prohibited uses apply to the Planned Community:

(1) No tank for storage of ten (10) gallons or more of gas or liquids may be maintained on any Unit.

(2) No animals, livestock, or poultry of any kind shall be raised, bred, or kept in any dwelling or on any Unit, except that dogs, cats or other domesticated household pets may be kept (provided that they are not kept, bred or maintained for any commercial purpose).

(3) No garbage, refuse, rubbish, or cutting shall be deposited on any Unit, street, sidewalk or parking area, except for trash and recycling containers placed at appropriate locations for collection.

(4) No non-passenger vehicle of any type and no unlicensed or non-operational motor vehicle of any type shall be permitted to remain overnight on any property in the Planned Community, other than may be used by Declarant, its agents or contractors in conjunction with building operations.

(5) Except delivery and service vehicles, or construction vehicles used by Declarant, its agents or contractors, no commercial vehicles are permitted in the Planned Community. Commercial vehicles are defined as those with signs or printed advertising exceeding an area of 18 inches by 18 inches.

(6) In addition to the foregoing, the following specific types of vehicles are prohibited from parking in the Planned Community (other than in connection with construction activities of Declarant): buses, step vans (not including handicapped accessible vans), tractor trailers, flat-bed trucks, recreational vehicles, dual rear axle vehicles, tractors, straight-bed trucks, trailers (all types), dump trucks, and tow trucks (except as required to tow disabled or prohibited vehicles).

(7) No boats of any type shall be permitted to be parked in the Planned Community.

(8) No outside radio or television antennas shall be erected on the property of a Unit within the Planned Community except that a reasonably small satellite dish is permitted, provided that its location and size are first approved by the Architectural Review Committee. A satellite dish will not be permitted on the front elevation of a building or where visible when viewing the front elevation of a building.

(9) No noxious, unsightly, or offensive activity, including vehicle repairs (except that resolving minor emergencies, such as changing a flat tire, is permitted), shall be conducted on a Unit or other property in the Planned Community nor shall anything be done on a Unit that is an annoyance or nuisance to other Unit Owners in the Planned Community.

(10) No sign of any kind shall be displayed to public view on any Unit or improvement thereon except for (i) directional signs, (ii) a one-family name sign of not more than 144 square inches and (iii) temporary REALTOR signs advertising the property for sale.

(11) No Unit shall have a fence, except that buried electronic wire fences for dog control shall be permitted provided its location is first approved by the Board consistent with Article V, Section 1(a).

(12) No Unit shall have a swimming pool.

(13) No part of the premises herein described shall be used for any illegal, offensive or obnoxious purpose. Any structure erected upon any of the Units or any part of the land shall be so built to as near as possible harmonize with the type of construction throughout the Planned Community. No grocery store or meat dispensing store, no barber shop, beauty parlor, doctor's, dentist's or chiropractor's office, confectionery or drug store, nor any other type of business or commerce of any kind, fashion, or nature, shall at any time now, or in the future, be carried on upon any Unit or other area included within the Planned Community. Nor shall any dwelling house, Unit, or other building erected upon said land or any part thereof be later converted for any of the uses hereinbefore prohibited, nor shall part of the same be used for

warehousing or storage of articles of commerce, business or industry. Notwithstanding the foregoing, a Unit Owner may engage in a home-based business from a Unit to the extent provided for, defined, and allowed by local Township ordinances and/or rules, but in no event shall such home-based business create an outward appearance of its existence (*e.g.*, no signs, no guest or customer traffic beyond that amount normally associated with a residential dwelling, etc.).

Section 2. Rules and Regulations. Reasonable rules and regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of property within the Planned Community, may be promulgated from time to time by the Association or its Executive Board. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Executive Board promptly after the adoption of such Rules and Regulations or any amendments thereto.

Section 3. Restriction on Alienation. No Unit owner shall convey a Unit in the Planned Community without collecting and paying over to the Association the initiation fee reasonably determined by the Executive Board from time to time for the benefit of the Association as stated in Article II, Section 4, herein.

Section 4. Leases. The rights of any lessee or sublessee of a Unit shall be subject to, and each such lessee or sublessee shall be bound by, this Declaration, Bylaws and Rules and Regulations, and a default thereunder shall constitute a default under the lease or sublease; provided, however, that the foregoing shall not impose any direct liability on any lessee or sublessee of a Unit to pay any Common Expense monthly Assessments or Special Assessments on behalf of the Owner of that Unit. The Association shall have the right to enforce the provisions of any lease or sublease of a Unit directly against the tenant or subtenant if such tenant or subtenant defaults under any covenant, condition or restriction set forth in this Declaration, the Bylaws or the Rules and Regulations; provided, however, that the Association has first or simultaneously given written notice of such default to the Unit Owner subject to the lease or sublease, and such default has not been cured within the period specified in such notice.

ARTICLE VI. Loans/Assignment of Income

Section 1. Assignment of Income Rights. The Association may assign its rights to future income, to secure any loan obtained by the Association for repairs, replacements or capital improvements to the Common Elements, provided that any such assignment is authorized by the vote of not less than 75% of the members of the Executive Board.

ARTICLE VII. The Association, Executive Board, and Quorums

Section 1. Association Membership. Every Owner of a Unit including the Declarant shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

Section 2. Association Powers. An association of Unit Owners, defined herein and referred to as the Association, shall exist and shall have all the powers and duties as are provided by the Act and this Declaration. The powers and duties of the Association shall include, but not be limited to, the following:

(a) To provide for the operation, care, upkeep and maintenance of the Common Elements and to provide for all reasonable and necessary insurance coverage and appropriate liability insurance, workmen's compensation, officers and directors liability insurance and fidelity bonds in a manner consistent with the law and with this Declaration and the Bylaws;

(b) To provide for the establishment and collection of Assessments and other charges from the Unit Owners and the enforcement of liens therefor in a manner consistent with the law and with this Declaration and the Bylaws;

(c) To provide for the employment of personnel, contractors or others necessary to maintain, operate, renovate and improve the Common Elements to be maintained by the Association in a manner consistent with the law and with this Declaration and the Bylaws;

(d) To provide for the promulgation and enforcement of such Rules and Regulations, restrictions or requirements as the Association may deem proper, all of which shall be consistent with the law and with this Declaration and the Bylaws, but which may either supplement or elaborate upon the provisions of this Declaration and the Bylaws; and

(e) To take or cause to be taken any and all other actions which are required or permitted under the Act, this Declaration and the Bylaws.

Section 3. Notice and Quorum for Action Authorized. Written notice of any Association meeting shall be sent to all members in accordance with the Bylaws, but in no event less than 10 days nor more than 60 days in advance of such meeting. Such notice must contain all items required by §5308 of the Act, including, but not limited to, the time and place of the meeting and the items on the agenda including the general nature of any proposed amendment to the Declaration or Bylaws and any budget or Assessment changes. At the first such meeting called, the combined presence of members and of proxies entitled to cast sixty (60%) percent of all the votes shall

constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. With respect to any Association meeting called for the purpose of approving or rejecting any budget or capital expenditure pursuant to §5303(b) of the Act, the above notice and quorum requirements shall supersede and be in lieu of any notice or quorum requirements at any time hereafter adopted by the Association in its Bylaws, and may be modified only by an amendment to this Declaration. Notice and quorum requirements for all other meetings of the Association called for purposes not in any way including the purpose of approving or rejecting any budget or capital expenditure shall be governed by the above notice and quorum requirements, or those stated in the Act and/or Bylaws, if any.

Section 4. Executive Board Powers. The Executive Board shall be vested with the authority, subject to the provisions of the Act, to act on behalf of the Association consistent with the law. The Board shall have the power to act on behalf of the Association, except that the Board may not, except as provided in Section 5219(f) of the Act, amend this Declaration, elect members of the Executive Board, or determine the qualifications, powers, duties or terms of the Board members, but the Executive Board may fill vacancies in its membership for unexpired portions of terms.

Section 5. Executive Board Members; Original Term; and Removal. The original Executive Board shall consist of five (5) individuals appointed by the Declarant. The term of the original Executive Board shall be for a term of one (1) year and shall commence on the date of Recording of the original Declaration in the Office of the Recorder of Deeds in and for the county in which all or part of the Planned Community is located, and shall continue until December 31, 2001. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of Units to Unit Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units to Unit Owners other than the Declarant, not less than thirty-three and one-third percent ($33\frac{1}{3}\%$) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant. Not later than sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Unit Owners other than the Declarant, the members of the Executive Board shall be elected by Unit Owners, including the Declarant. Consistent with the foregoing, for a period of time not to exceed seven (7) years after the date of the first conveyance of a Unit to a person other than a declarant, or the earlier of: (1) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than a Declarant; or, (2) two years after all declarants have ceased to offer Units for sale in the ordinary course of business; or (3) two years after any development right to add new Units was last

exercised; Declarant may, at its option, control the Association, and shall specifically have the power to appoint and remove officers and members of the Executive Board (the "Declarant Control Period"). Further, Declarant may voluntarily surrender such right to appoint and remove officers and members of the Board before expiration of the Declarant Control Period, and in that event, Declarant, by executing and Recording an instrument in the Office of the Recorder of Deeds in and for the county in which all or any portion of the Planned Community is located, may require for the remaining duration of the Declarant Control Period, that certain specified future actions of the Board as specified in such recorded instrument shall not become effective unless approved by Declarant. Notwithstanding the foregoing, if any meeting required by this Section could be held on the date an annual meeting of the Association is scheduled, then such meeting shall be held concurrently with such annual meeting. The Declarant reserves the right to send representatives to observe all meetings of the Executive Board while the Declarant holds legal title to a Unit in the Planned Community. Unit Owners, by a two-thirds (2/3) vote of all persons present in person or by proxy and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Executive Board with or without cause, other than a member appointed by the Declarant during the Declarant Control Period.

ARTICLE VIII. LIMITATION OF LIABILITY FOR EXECUTIVE BOARD MEMBERS

Section 1. Standard of Conduct for Executive Board Members.

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

(b) In discharging the duties of their respective positions, the Executive Board members and officers may, in considering the best interests of the Association, consider the effects of any action upon employees and upon suppliers of the Association and upon communities in which the Planned Community is located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of the standards described above.

(c) Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as an Executive Board member or officer or any failure to take any action shall be presumed to be in the best interest of the Association.

Section 2. Good Faith Reliance by Executive Board Members. In performing his duties, an officer or Executive Board member shall be entitled to rely in good faith on

information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- (a) One or more other officers or employees of the Association whom the officer or Executive Board member reasonably believes to be reliable and competent in the matters presented.
- (b) Legal counsel, certified public accountants or other persons as to matters which the officer or Executive Board member reasonably believes to be within the professional or expert competence of such person.
- (c) A committee of the Executive Board upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the officer or Executive Board member reasonably believes to merit confidence.
- (d) An officer or Executive Board member shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

Section 3. Limited Liability of Executive Board Members. No Executive Board member or officer, in his capacity as such, shall be personally liable for monetary damages for any action taken, or any failure to take any action, unless he has breached or failed to perform the duties of his office under the standards described above; provided, however, that the provisions of this Section shall not apply to the responsibility or liability of an Executive Board member or officer pursuant to any criminal statute, or to the liability of an Executive Board member or officer for the payment of taxes pursuant to local, state, or federal law.

Section 4. Indemnification of Executive Board Members. To the full extent permitted under Pennsylvania law, each member of the Executive Board, in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or for any settlement of any such proceeding, whether or not he is an Executive Board member, officer, or both at the time such expenses are incurred or settlement is reached, except in such cases wherein such Executive Board member and/or officer is adjudged to be in breach of the standards of conduct described above; provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association, and provided further that indemnification

hereunder with respect to any criminal action or proceeding is permitted only if such Executive Board member and/or officer had no reasonable cause to believe his conduct was unlawful. To the extent permissible under Pennsylvania law, expenses incurred by an Executive Board member or officer in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit, or proceeding, upon the request of the Executive Board member or officer, but only after the Association has received a written promise by or on behalf of such Board member or officer to repay such amount if it shall ultimately be determined that such Board member or officer is not entitled to be indemnified by the Association. The indemnification set forth in this section shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense Liability and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or by agreement, or by vote of the Unit Owners, or otherwise.

Section 5. Director and Officer Insurance. The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth in this Article, if and to the extent available at reasonable cost.

ARTICLE IX. REPAIR, RESTORATION AND MAINTENANCE

Section 1. Owner's Obligation to Repair, Restore, and Maintain. Each Owner shall, at each such Owner's sole cost and expense, repair, restore, and maintain the exterior of each Owner's Unit and the exterior of other improvements to an Owner's Unit, keeping the same in the condition comparable to the condition of such improvements at the time of their initial construction, excepting only normal wear and tear.

Section 2. Owner's Failure to Repair, Restore and Maintain. In the event an Owner of any Unit in the Premises shall fail to repair, restore or maintain the Unit and the improvements situated thereon in a manner satisfactory to the Board or the Architectural Control Committee, the Board, after approval by two-thirds (2/3) vote of the Board, shall have the right, through its agents and employees, to enter upon said Unit and to repair, maintain, and restore the Unit and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance, restoration, or repair shall be paid for by the Owner on demand, or, if not paid, shall be added to and become part of the Assessment against such Unit.

ARTICLE X. NOTICE

All notices, demands, bills, statements or other communications under this Declaration or pursuant to the Act, or the Bylaws, shall be in writing and shall be

deemed to have been duly given if delivered personally or if sent prepaid by United States mail (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Owner, or (ii) if to the Association, the Executive Board or the Declarant, at the principal office of the Planned Community or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one Person, each such Person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder until such designation is withdrawn in writing by such Person. The effective date of a notice shall be the date of personal delivery, a date five (5) days after deposit in the United States mail with proper postage, or in the case of actual delivery, the date of actual delivery to a Unit.

ARTICLE XI. DECLARANT/SPECIAL DECLARANT RIGHTS

Section 1. Declarant Rights. For the time period not exceeding seven years after the Recording of the original Declaration, certain Special Declarant Rights as defined in §5103 of the Act, and the other Declarant rights stated herein, are hereinafter reserved unto Declarant, including, but not limited to, the right to subdivide Units, merge Units, to convert Units, to add Additional Real Property and create additional Units or Common Elements in the Planned Community, or otherwise alter the Unit boundaries shown on Exhibit C. Notwithstanding any other provisions contained herein, the following provisions shall be deemed to be in full force and effect:

(a) Declarant shall have the right to relocate, enlarge, eliminate in whole or in part, change, vary or otherwise alter the easements as set forth herein in Article IV; provided, however, that any such relocation, enlargement, elimination, change, variance or alteration of the easements shall not be made without providing alternative access, flow area or other right-of-way or easement necessary to provide access and utilities to and storm water drainage from any Unit in the Planned Community.

(b) Declarant shall have the right to transact any business on the Property necessary to complete the construction of Units and improvements and to consummate the sale of Units, including but not limited to, the right to maintain models, display signs, sales offices, management offices, employees in an office, the right to maintain and locate within the Planned Community construction equipment, including construction trailers, and to conduct construction activities on the Premises.

(c) Declarant shall have the absolute right to make any alterations in or improvements to any Unit owned by Declarant, including the right, in compliance with §5214 of the Act, to alter the boundaries between two (2) or more Units owned by Declarant and the right to subdivide or convert such a Unit into two or more Units,

Common Elements, or a combination of Units and Common Elements in compliance with §5215 of the Act, and to convert Convertible Real Estate and add Additional Real Estate, in compliance with §5211 of the Act, and in connection with any such alterations, improvements, subdivision, or conversion, the Declarant shall have the right and/or obligation to revise the Plats and Plans, in compliance with §5210 of the Act; provided that no such revision shall affect any Units not owned by Declarant, except with the consent of the Unit Owners of such Units, and except as specifically provided for in the Act (e.g., reallocation of common expense liability after addition of Additional Real Estate under §5211). An appropriate amendment to this Declaration shall be Recorded and executed according to the Act (see §5219 of the Act).

(d) The Declarant shall have the absolute right to modify the location of proposed roadways, recreation areas, if any, or other improvements, and to dedicate any streets, sanitary sewers or other improvements offered for dedication on the Plats and Plans to the appropriate Township, municipal, or governmental authorities having jurisdiction.

(e) The Declarant reserves all of the following Special Declarant Rights as set forth in §5103 of the Act, to wit:

(1) Complete improvements indicated on Plats and Plans filed with the Declaration under §5210 of the Act; and,

(2) Convert Convertible Real Estate in a Flexible Planned Community under §5211 of the Act; and,

(3) Add Additional Real Estate to a Flexible Planned Community under §5211 of the Act; and,

(4) Convert a Unit into two or more Units, Common Facilities, or Controlled Facilities, or into two or more Units and Common Facilities or Controlled Facilities under §5215 of the Act; and,

(5) Maintain offices, signs and models, under §5217 of the Act; and,

(6) Use easements through the Common Facilities or Controlled Facilities for the purpose of making improvements within the Planned Community or within any Convertible or Additional Real Estate under §5218; and,

(7) Appoint or remove an officer of the Association or an Executive Board Member during any Declarant Control Period under §5303.

(f) Termination of Specific Right. Declarant's Rights, as set forth in this Declaration, may be terminated prior to the end of such stated period only upon the Recording of an amendment to this Declaration by the Declarant expressly terminating such Declarant Rights.

Section 2. Transfer of Special Declarant Rights.

(a) No Special Declarant Rights created or reserved under this subsection may be transferred except by an instrument evidencing the transfer which is Recorded in the Office of the Recorder of Deeds in and for the county in which all or any portion of the Planned Community is located, in the same records as are maintained for the recording of Deeds of real property. The instrument shall be indexed in the name of the Planned Community in both the grantor and grantee indices. The instrument is not effective unless executed by the transferee.

(b) Upon transfer of any Special Declarant Right, the liability of the transferor Declarant and the liabilities and obligations of successors to Special Declarant Rights shall be determined in accordance with Section 5304 of the Act.

(c) Nothing in this subsection subjects any successor to a Special Declarant Right to any claims against or other obligations of a transferor Declarant other than claims and obligations arising under this Declaration or the Act.

Section 3. Restrictions on Declarant-Related Actions.

(a) No Declarant-related amendment shall be made to this Declaration or to any other governing document, nor shall any Declarant-related governing document be executed, adopted or promulgated by the Executive Board or the Association, nor shall any such amendment or document so executed, adopted, or promulgated, be effective, unless such Declarant-related amendment or governing document shall be specifically approved in writing by Declarant in accordance with §5219(d) of the Act.

(b) An amendment or governing document which does any of the following shall be considered to be Declarant-related:

(1) Discriminates or tends to discriminate against a Declarant as a Unit Owner or otherwise.

(2) Directly or indirectly, by its provisions or in practical application, relates to any Declarant in a manner different from the manner in which it relates to other Unit Owners.

(3) Modifies the Declarant's Easement rights provided for herein by Article IV, the definitions provided for by Article I of this Declaration, the Special Declarant Rights provided for in this Article, or other rights reserved to the Declarant in this Declaration, in a manner which alters Declarant's rights or status.

(4) Alters any previously Recorded or written agreement with any public or quasi-public agencies, utility companies, political subdivisions, public authorities or

other similar agencies or bodies, respecting zoning suspension, streets, roads, drives, easements or facilities.

(5) Alters or repeals any of Declarant's rights or any provision applicable to Declarant's rights as provided for by any provision of this Declaration or of any other governing document applicable to Declarant.

Section 4. Limitation of Liability for Declarant. Except as is set forth in the Act, as the same applies to structural defects, the Declarant shall not be liable to any Unit Owner, their heirs, executors or assigns, the Association, the Executive Board, or the Architectural Control Committee, any officer, any committee member, any mortgagee and/or other lienholder, any guest or invitee, and/or any other party whatsoever for any damage, loss or prejudice suffered or claimed whatsoever and for any reason whatsoever. Furthermore, any Unit Owner or Unit Owners, the Association, the Committee and/or other occupant and/or any other party and/or the Executive Board, or any member thereof, or any officer, or other committee member, or any mortgagee and/or other lienholder, any guest or invitee, and/or any other party whomsoever who shall initiate or cause to initiate and/or bring and/or file any claim, demand, law suit or other legal proceeding against the Declarant for any reason whatsoever, if unsuccessful in said claim, demand, law suit or other legal proceeding, shall pay to the Declarant, on demand, the costs incurred by the Declarant, including attorneys' fees and court costs incurred in the defense of any such claim, demand, lawsuit or other legal proceeding of any kind or nature whatsoever.

ARTICLE XII. CONVERTIBLE or ADDITIONAL REAL ESTATE

Section 1. Reallocation. Article XI herein expressly reserves unto the Declarant the right to convert Convertible Real Estate and/or to add Additional Real Estate. Except as provided in the Act, there are no limitations on this Declarant Right. Should Declarant exercise this Declarant Right, the relative voting strength and share of Common Expense Liability for each Unit will be reallocated. Such reallocation shall be effective upon Recording the appropriate amendment to the Declaration pursuant to §§5211 and 5219. The formula for such reallocation will be as follows:

(a) Each new Unit created will be allocated one vote in the Association. When no longer designated as a Non-Voting Class Unit, each such Unit created will increase the total number of votes in the Association and proportionately increase the actual number of votes required for purposes of determining quorums and tallying votes at Association meetings and elections; and,

(b) For the new Common Expense Liability allocated to each Unit, the new applicable fractional share allocated to each Unit will be determined by using "1" as the numerator and the combined total number of Units, both newly created and already existing, but excluding any Non-Voting Class Units, as the new denominator. The Executive Board shall apply that new fraction to the total actual or projected Common

Expense Liability of the Association, including any amount of Common Expense Liability projected for and attributable to the newly created Units, which will yield the Common Expense Liability for each Unit. At the sole discretion of the Executive Board, the Regular Monthly Assessment may be adjusted accordingly to reflect such new allocation.

Section 2. Legal Descriptions. Legally sufficient descriptions for the Convertible Real Estate and Additional Real Estate are attached hereto as Exhibit "D" and made a part hereof.

Section 3. Timing and Boundaries. The Convertible Real Estate or Additional Real Estate may be converted or added in portions, in any order, and at different times. Further, converting or adding a portion of Convertible Real Estate or Additional Real Estate will not then require any other and remaining portion to be converted or added. There are no assurances made as to the boundaries of any portions which may be converted or added.

Section 4. Use, Density, Location, and Type of Units. All Units created will be restricted to residential use under the same restrictions, Rules and Regulations, and Bylaws of the Association then existing in the Planned Community. There are no assurances made as to the exact location of the buildings on the Units. The maximum number of Units will result in no further density of Units (as determined by Units per specified volume of space) as currently exist in the Planned Community and all such Units will be of the same or compatible architectural style and quality of construction and no further assurances are made in this regard.

Section 5. Common Elements. Limited Common Elements and Common Elements created, if any, will be compatible with any existing Common Elements and no other assurances are made with regard to Common Elements. Declarant will not improve these portions of the property, but may make suggestions for how the Association might improve the property when it takes possession. The conveyance of the unimproved property is expected to have a minimal impact on the budget of the Association and the Common Expense Liability of Unit Owners.

ARTICLE XIII. AMENDMENT OF DECLARATION

Section 1. No amendment of this Declaration may be made without the prior approval of the required number of votes of Unit Owners, if and to the extent that such approval is required by the Act. Any amendment of this Declaration shall be made in compliance with §5219 of the Act and pursuant to the Association's Bylaws. Any amendment of this Declaration shall be executed by the Declarant, the Board, and/or the Unit Owners, as required by §5219 of the Act and shall be Recorded by the Board and shall include a certification therein by the Board that the required number of votes, if any, were obtained. Any amendment must be Recorded and is effective only upon Recording.

Section 2. Notwithstanding the foregoing provisions, the Executive Board has limited authority to amend the Declaration to effect technical corrections pursuant to and in compliance with §5219(f) of the Act to do any of the following:

- (a) cure an ambiguity;
- (b) correct or supplement any provision of the Declaration, including the Plats and Plans, that is defective, missing or inconsistent with any other provision of the Declaration or the Act; or,
- (c) conform to the requirements of any agency or entity that has established national or regional standards with respect to loans secured by mortgages or deeds of trust or units in planned community or so-called "PUD" projects, such as Housing and Urban Development, Federal National Mortgage Association, Federal Housing Authority, Veterans Administration, and the Federal Home Loan Mortgage Corporation.

ARTICLE XIV. GENERAL PROVISIONS

Section 1. Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability, effect or remainder of this Declaration, and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

Section 2. Binding Covenants. The covenants, easements, and restrictions of this Declaration are equitable servitudes, shall run with and bind the land which is the submitted real estate identified in Exhibit "A", and shall inure to the benefit of and be enforceable by the Association, or the Unit Owner, or the local Township, their respective legal representatives, heirs, successors and assigns.

Section 3. Participation in Government Financing Programs. The Planned Community is intended to be in compliance with and approved by all governmental financing programs, standards, and requirements relating to a planned community or so called "PUD" projects (e.g., Housing and Urban Development, Federal Housing Authority, Federal National Mortgage Association, Veterans Administration, and the Federal Home Loan Mortgage Corporation).

Section 4. Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur.

Section 5. Gender. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

Section 6. Headings. The headings herein are for reference purposes only and shall not affect the meaning or interpretation of this Declaration.

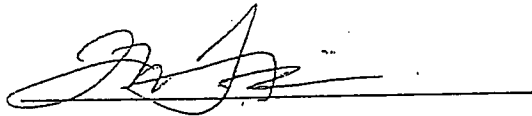
Section 7. Amendments to the Act. Any reference herein to a provision or provisions of the Act shall include any amendment thereto.

Section 8. Effective Date. This Declaration or any amendment thereof shall become effective when it has been duly Recorded.

IN WITNESS WHEREOF, the Declarant, intending to be legally bound hereby, has executed this Declaration as of the 17th day of September, 2001.

WITNESS:

Olde Orchard Hill Development
Company, LLC



By:

Richard E. Yingst, Jr.
Richard E. Yingst, Jr., Managing Member

ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA :

: SS.

COUNTY OF Dauphin :

On this the 17th day of September, 2001, before me, the undersigned officer, personally appeared Richard E. Yingst, Jr., who acknowledged himself to be the Managing Member of Olde Orchard Hill Development Company, LLC, a Pennsylvania limited liability company, and that he as such officer/member, being authorized to do so executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company by himself as Managing Member.

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



Frank A. Zelko
Notary Public (SEAL)
My Commission Expires:

Notarial Seal
Frank A. Zelko, Notary Public
Swatara Twp., Dauphin County
My Commission Expires July 1, 2002

Member, Pennsylvania Association of Notaries

Exhibit A. Submitted Real Estate