

CODE OF REGULATIONS

OF

FOX HILL TOWNE HOUSE CONDOMINIUMS

Located in

Abington Township

Montgomery County

HIGH, SWARTZ, ROBERTS & SEIDEL
40 East Airy Street
Norristown, Pennsylvania 19404

CODE OF REGULATIONS
OF
FOX HILL TOWNE HOUSE CONDOMINIUMS

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CODE OF REGULATIONS
FOX HILL TOWNE HOUSE CONDOMINIUM

Article I
GENERAL PROVISIONS

Section I - ADMINISTRATION.

The administration of the Unit Property known as Fox Hill Towne House condominiums shall be governed by this Code of Regulations (hereinafter referred to as the "Code").

Section 2 - THE PROPERTY.

The term "Property" means and includes the land and buildings and other improvements now or hereafter erected thereon, all owned in fee simple, and all easements, rights and appurtenances belonging thereto, which have been submitted to the Unit Property form of ownership in accordance with the Unit Property Act (hereinafter referred to as "Act") of the Laws of the Commonwealth of Pennsylvania by virtue of the Unit Property Act Declaration (hereinafter referred to as the "Declaration") and the Declaration Plan (hereinafter referred to as "Declaration Plan") of Fox Hill Towne House Condominium, filed of public record in the Office of the Department of Records in and for the County of Montgomery as follows:

Declaration Plan No. 1	Condo Book 6	Page 14
Unit Property Act Declaration	Deed Book 4305	Page 541
Code of Regulations	Deed Book 4306	Page 23

The Property shall herein be called either "The Property" or "The Project" and both terms shall have the same meaning.

Section 3 - Persons Bound.

All present and future owners, mortgagees, tenants and occupants of the Townhouses and their respective agents and employees or any person that might occupy or use the Project or any part thereof, in any manner, are subject to and bound by the provisions of the Declaration, the Declaration Plan, this Code, and lawful rules and regulations promulgated from time to time by the Association governing the details of the use and operation of the Property, including the Townhouses and the Common Elements. The acquisition or rental of any of the Townhouses of the Project or the act of occupancy of any of the Townhouses shall automatically constitute an acceptance and ratification of the Declaration and the Rules and Regulations adopted pursuant thereto, and of this Code, and shall indicate the intention to be legally bound to the provisions of such documents.

Section 4 - DEFINITIONS.

The terms used herein and in the Unit Property Act Declaration shall, unless otherwise specified herein or in the Unit Property Act, have the meanings stated in the Unit Property Act. If the Definitions in the Unit Property Act are amended, the new definitions are incorporated herein.

(a) The term "Association" as used herein shall have the same meaning as the term "Council" in the Unit Property Act.

(b) The term "Townhouse" as used herein shall have the same meaning as the term "unit" in the Unit Property Act.

(c) The term "House" as used herein shall mean that part of the Townhouse intended for indoor living purposes.

Article II
MEETINGS OF TOWNHOUSE OWNERS

Section 1 - PLACE OF MEETINGS OF TOWNHOUSE OWNERS.

Meetings of the Townhouse Owners shall be held at the principal office of the Project or such other suitable place convenient to the Townhouse Owners as may be designated by the Association.

Section 2 - ANNUAL MEETINGS OF TOWNHOUSE OWNERS.

The first annual meeting of the Townhouse Owners shall be held on the date and at the time specified in a written notice to all Townhouse Owners from the First Association, said date to be no later than one month after title to five (5) townhouses have passed to Owners other than the Declarant (as defined in the Declaration) or January 1, 1980, whichever shall first occur. Thereafter the annual meetings of the Townhouse Owners shall be held on the third Tuesday of September, at a date, time and place set by the Association.

At such annual meetings, the members of an Association to act for the Townhouse Owners shall be elected by vote of the Townhouse Owners.

At the annual meeting of the Townhouse Owners, the Treasurer shall render a report for the prior year and copies thereof shall be distributed. The Townhouse Owners may also transact such other business as may properly come before the Meeting.

Section 3 - SPECIAL MEETINGS OF TOWNHOUSE OWNERS.

It shall be the duty of the President of the Association to call a special meeting of the Townhouse Owners as directed by resolution of the Association or upon a petition, signed by a majority of the Townhouse Owners, having been presented to the Association

Secretary. The President shall have no discretion in calling such meeting and if the President will not call the meeting, the Secretary will do so.

Section 4 - NOTICE OF MEETINGS.

It shall be the duty of the Secretary to deliver or cause to be delivered a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least five (5) days prior to such meeting. Notices to Townhouse Owners shall be addressed to the Townhouse of each Townhouse Owner or to such other address as the Townhouse Owner may from time to time specify in writing to the Secretary. Delivery shall be deemed to have been made when the notice is placed, in the Townhouse Owner's mailbox, by hand or when the notice has been duly deposited in the United States mail, postage prepaid. Notice may be waived in a writing given either before or after a meeting. Notices to co-owners shall be addressed to all, but need be sent only to the Townhouse or to one other address designated by them in writing to the Secretary.

Section 5 - CONTENTS OF NOTICE OF MEETING.

The Notice of any meeting shall contain the time and place of such meeting and in general form a statement of the matters to be considered. No business shall be transacted at any meeting except as stated in the call of the meeting. The request by any Townhouse Owner to have a matter listed in the call of the next meeting shall be honored.

Section 6 - ADJOURNED MEETINGS.

If a quorum is not present at any meeting, the Townhouse Owners present, either in person or by proxy, may, by majority vote, reschedule the meeting for a later date and notice thereof shall be given to all Townhouse Owners in accordance with the provisions of Article II, Section 4 hereinabove. A quorum at such second meeting shall consist of whatever number of Townhouse Owners are present.

Section 7 - OFFICERS AT MEETINGS.

At any meeting of Townhouse Owners, the President of the Association shall preside and the Secretary of the Association shall keep the Minutes and record the votes.

Section 8 - PROVISIO.

Until five (5) of the Townhouses are transferred to Owners other than the Declarant of January 1, 1980, whichever shall first occur, there shall not be a meeting of Townhouse Owners, unless a meeting is called by the Association and should a meeting be called, the proceedings shall have no effect unless approved by the Association.

Until five (5) Townhouses are sold to Owners other than Declarant or January 1, 1980, whichever shall first occur, Declarant shall have the right to appoint all of the members of the Association.

This Section may not be amended without the consent of the Declarant and this Section supersedes all provisions to the contrary in this Code and the Declaration.

Article III
VOTING, MAJORITY OF OWNERS, QUORUM, AND
PROXIES AT MEETINGS OF THE TOWNHOUSE OWNERS

Section 1 - VOTING.

At any meeting of Townhouse Owners, each Townhouse Owner shall be entitled to the same number of votes as the percentage of ownership in the Common Elements assigned to his Townhouse in the Declaration and any amendments thereto.

Section 2 - MAJORITY OF OWNERS.

As used in this Code, the term "majority of owners" shall mean the owners of more than fifty (50%) percent in the aggregate interest of the undivided ownership of the Common Elements as specified in the Declaration.

Section 3 - QUORUM.

Except as otherwise provided in this Code, the presence in person or by proxy of a "majority of owners" as defined in Section 2 of this Article shall constitute a quorum, and the act of more than fifty (50%) percent of the votes entitled to be cast at a meeting at which a quorum is present shall be the act of and binding upon all Townhouse Owners for all purposes except where otherwise provided under the Act, the Declaration or this Code.

Section 4 - PROXIES.

Votes may be cast in person or by written proxy. Proxies must be filed with the Association Secretary at or before the meeting. A proxy shall be revocable at any time only upon written notice to the Secretary and in no event shall a proxy endure for longer than twelve (12) months. A proxy shall also become void when the Association

has received written notice of the death or judicially declared incompetency of the grantor of the proxy or of the recording of the transfer of title to the Townhouse by the grantor of such proxy.

Section 5 - MULTIPLE OWNERSHIP.

If a Townhouse is owned by one person, his right to vote shall be established by the recorded title to the Townhouse. If a Townhouse is owned by more than one person, the person entitled to cast the vote for the Townhouse shall be designated in a Certificate signed by all of the recorded owners of the Townhouse and filed with the Secretary to the Association. If a Townhouse is owned by a corporation, the officer, employee thereof, or other person entitled to cast the vote of the Townhouse for the Corporation shall be designated in a Certificate for this purpose, signed by the President or Vice-President and attested to by the Secretary or Assistant Secretary of the Corporation and filed with the Secretary of the Association. The person designated in these Certificates who is entitled to cast the vote for a Townhouse shall be known as the "voting member". If such a Certificate is not on file with the Secretary of the Association for a Townhouse owned by more than one person or by a corporation, the vote of the Townhouse concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the Townhouse, except if said Townhouse is owned by a husband and wife.

Such Certificates shall be valid until revoked in writing by any owner of the Townhouse, or until superseded by a subsequent Certificate or until a change in the ownership of the Townhouse concerned.

If a Townhouse is owned by a husband and wife, the following three provisions are applicable thereto.

- (1) The husband and wife who own the Townhouse may, but they shall not be required to do so, designate a voting member in a Certificate signed by both and delivered to the Association Secretary as provided above.
- (2) If they do not so designate a voting member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they each shall vote one-half (1/2) of the vote of their Townhouse.
- (3) Where they do not designate a voting member, and only one is present at a meeting and there is no written proxy of record for the other, the person present may cast the Townhouse vote, just as though he or she owned the Townhouse individually and without establishing the concurrence of the absent spouse.

Section 6 - FIDUCIARIES.

If a Townhouse is held in a fiduciary capacity, the fiduciary and not the beneficiary shall be entitled to exercise the voting rights appurtenant to such Townhouse.

Article IV
ASSOCIATION

Section 1 - NUMBER AND QUALIFICATION.

The Association of the Townhouse Owners (herein called Association) shall consist of three (3) natural individuals who are residents of Pennsylvania, who need not be Townhouse Owners and who shall manage the business, operations and affairs of the Property on behalf of the Townhouse Owners and in compliance with the provisions of the Unit Property Act, the Declaration and this Code.

The first members of the Association who shall serve until the first annual meeting, are named in the Declaration.

Section 2 - POWERS AND DUTIES.

The Association shall have the powers and duties necessary for the administration of the affairs of the Project and may do all such acts and things as are not, by law or by this Code or the Declaration, directed to be exercised and done by the Townhouse Owners acting for themselves.

Subject to the limitations and restrictions contained in the Act, the Unit Property documents and this Code, the duties of the Association shall specifically include, but shall not be limited to the following:

- (1) The exercise of all powers and the performance of duties specifically set forth in the Act, in the Unit Property Declaration and this Code.
- (2) The assessment and collection of funds from Townhouse Owners for common expenses.

- (3) The improvement, maintenance, repair and replacement of the Common Elements.
- (4) The maintenance, repair and replacement of elements, construction or things, which are the responsibility of an individual Townhouse Owner, but which the Townhouse Owners or the Association has decided the Association should maintain, repair or replace either at the cost of the individual Townhouse Owner or as a common expense.
- (5) The making and enforcement of Rules and Regulations governing the details of the use and operation of the Project and the use of the Common Elements, subject to the right of a majority of the Townhouse Owners to change any such rules.

Subject to the limitations and restrictions contained in the Act, the Declaration and this Code, the powers of the Association shall specifically include, but shall not be limited to, the following:

- (1) The power to engage and dismiss contractors, agents, employees, accountants, attorneys, and others to do what the Association has authorized to be done.

- (2) The power to enter into a Trust Agreement with one (1) or more Association members or any other persons or corporations to act as trustees on behalf of the Association for the purposes of holding title to any Townhouses purchased by the Association in trust for the Townhouse Owners and enter into Agreements, contracts, deeds, leases, mortgages and other written instruments or documents in the name of the Association or in the name of the trustees appointed by the Association pursuant to this Section, and authorize the execution, delivery and the recording thereof.
- (3) The power to further improve the Common Elements beyond that done by the Declarant, and to purchase items of furniture, fixtures, decoration, furnishings and equipment for the common use.
- (4) The power to designate one or more committees which, to the extent provided in the Resolution establishing said Committee, shall have the powers of the Association in the management of the business and affairs of the Property, within the sphere of that Committee. Such Committee shall

any association, including but not limited to, the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Townhouse Owners.

Section 5 - SECRETARY.

The Secretary shall keep the minutes of all meetings of the Association and the minutes of all meetings of the Townhouse Owners; he shall have charge of such books and papers as the Association may direct; and he shall, in general, perform all the duties incident to the office of Secretary of any association.

Section 6 - TREASURER.

The Treasurer shall have the responsibility for Association funds and securities and for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Association. The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Common Elements, specifying and itemizing the maintenance, repair and replacement expenses of the Common Elements and any other expenses incurred. In accordance with the actions of the Association assessing common expenses against the Townhouse and Townhouse Owners, the Treasurer shall keep an accurate record of such assessments and of the payments thereof by each Townhouse Owner. The Treasurer or any other employee or agent handling funds, shall, if required by the Association, furnish bond in such form and amount and covering such risks as the Association shall require, the premium for which shall be a common expense

The Treasurer shall render a written report at the annual meeting of Townhouse Owners and such report shall be distributed to each Townhouse Owner.

The Association may require the Treasurer's Report to be certified by a Certified Public Accountant.

Any Townhouse Owner may inspect the books as provided in Article VIII, Section 4.

Section 7 - COMPENSATION.

The compensation, if any, of any, of any officers shall be fixed by the Association. No officer may vote on the question of his own compensation.

Section 8 - EXECUTION OF INSTRUMENTS.

No agreement, deed, lease or other instrument shall be binding upon the Townhouse Owners, unless entered into on their behalf by the Association and signed by two of the aforesaid officers or by one officer and one assistant officers or other person designated by the Association.

The Association may delegate the right to sign agreements or other instruments to the Managing Agent subject to such limitations as the Association places upon the Managing Agent.

All checks of the Association shall be signed by two officers except as provided in Article V, Section 9.

Section 9 - DELEGATIONS OF DUTIES.

- (1) The Secretary and Treasurer may delegate all or some of their duties to others, including a Management Agent, Management Company, Bank or Certified Public Accountant, ap-

contract covering such delegation must be cancellable on sixty (60) days notice.

- (2) Any one to whom the Treasurer delegates his duty may, if a Bank or if bonded as required by the Association, be the sole signature on the Association's bank account.

ARTICLE VI
COMMON ELEMENTS AND COMMON EXPENSES

Section 1 - DEFINITIONS.

"Common Elements" shall have the meaning designated in Section 5 of the Declaration.

The Common Expenses shall have the meaning designated in Section 6 of the Declaration and shall include by way of illustration and not of limitation.

- (1) The costs of the operation of the Project;
and
- (2) The costs of maintenance, repairs, additions alterations, improvements and replacements of the Common Elements, including specifically, but not limited to trash removal, snow removal, road and parking area maintenance and lawn care;
and
- (3) The cost of purchasing any personal property needed for the Project; and,
- (4) The cost of maintenance and repairs of Townhouses which are normally the responsibility of the Owners, but which the Association decides to undertake as a Common Expenses; and,
- (5) The compensation of employees, agents and contractors hired by the Association; and
- (6) The premiums on all policies of insurance and bonds obtained or required by the

- Association and the cost of the Insurance Trustee; and,
- (7) The liabilities of the Project or the Association under contracts or resulting from or out of the settlement of litigation or claims; and,
 - (8) Such amounts as the Association deems proper for working capital, general operation reserves and reserves for replacements and contingencies, and to make up any uncollectible delinquencies in the payment of assessments for Common Expenses; and,
 - (9) Amounts expended by the Association to purchase, maintain, repair, sell, convey, mortgage (including interest or principal payable under any mortgage) or, lease a Townhouse held by the Association pursuant to this Code or the Declaration and to pay the assessments for Common Expenses and real estate taxes, municipal claims and charges assessed against the Townhouse and any other charges and expenses thereof while the Association is in title thereto; and
 - (10) The cost of electricity and gas consumed, and water and sewer rents charged to the

- Townhouse and the Common Elements except to the extent these are separately metered and billed to Townhouse Owners; and,
- (11) Uncollectible assessments for Common Expenses and the costs of suit to collect Common Expenses.

Section 2 - BUDGETING.

- (1) The Association shall yearly prepare an estimated budget of the expected common expenses of the Project for the coming year. The estimated budget shall be distributed, discussed and adopted as provided in Article IV, Association.
- (2) The estimated budget shall be a guide for the Association, but shall not be binding upon the Association in making expenditures or commitments on behalf of the Project.
- (3) In setting the budget, the Association shall consider the expected life of the Common Elements and shall establish an adequate reserve for their replacement. Funds to establish such reserves shall be part of the assessment for Common Expenses which the Association assesses against Townhouse Owners on a monthly basis.

(4) Any Budget item which calls for an expenditure in excess of Three Thousand (\$3,000.00) Dollars per year, or a liability in excess of Three Thousand (\$3,000.00) Dollars per year, shall be effective only if approved by fifty-one (51%) percent of the Townhouse Owners either in writing or at a meeting of Townhouse Owners, notice of which indicated the matter to be voted on. This provision is not applicable to:

- (a) sums to be used to purchase insurance;
- (b) sums to be used to lease or purchase a Townhouse, such action being subject to provisions of the Unit Property Declaration;
- (c) Emergency repairs to a Townhouse or the Common Elements.

(5) Where any group of Townhouse Owners request any expenditure which substantially exclusively benefits them and eight (80%) percent of the Townhouses affected (on a per-Townhouse basis), agree in writing and

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Section 3 - ASSESSMENT OF COMMON EXPENSES

(1) The Association may from time to time on a monthly, semi-annually or annual basis assess the Townhouse Owners for their share of estimated or actual common expenses according to the percentage of the undivided interest of each in the Common Elements as set forth in the Declaration and any amendments thereto. If the actual common expenses for any year are less than the total receipts of such year's estimated assessments, the surplus shall be applied:

- (a) to the operating reserves of the Project, or,
- (b) to the expenses of the Project for next year, or,
- (c) to be returned to those who are Townhouse Owners at the end of the fiscal year in accordance with their percentage in the Common Elements as the Association may decide.

However, the Association may not distribute reserves for replacements as long as there is a chance that such reserves will be needed later,

- (2) Each Townhouse Owner shall pay to the Association any assessment duly imposed upon such Townhouse within thirty (30) days from the due date for such assessment, as set forth in written notice to the Townhouse Owners, from the Association mailed before the due date. All sums assessed against any Townhouse for the share of common expenses chargeable to that Townhouse shall constitute the personal liability of the Owners of the Townhouse so assessed and shall, until fully paid, together with interest thereon at the rate of six (6%) percent per annum, or such greater rate as designated by the Association, if within the limits provided by law, from the forty-fifth (45th) day following the due date of such assessment and shall also constitute a charge against such Townhouse which shall be enforceable as provided in Section 703 of the Act. The Townhouse Owner's liability for any assessment shall not be abated due to any

interruption in his right of occupancy of his Townhouse or for any other reason whatsoever.

- (3) In accordance with Section 703 of the Act, any charge assessed against a Townhouse may be enforced by suit by the Association, acting on behalf of the Townhouse Owners, in an action in assumpsit; Provided, however, that such suit when filed shall refer to the Act and to the Townhouse against which the assessment is made and the Owner thereof and shall be indexed by the Prothonotary as a 'lis pendens' against the Townhouse involved. Any judgment against a Townhouse Owner shall be enforceable in the manner as is provided by law. Reasonable attorney's fees incurred by the Association incident to the collection of any assessment or the enforcement of any lien, together with any sum which was or will be advanced by the Association for taxes and payments on account of superior liens in order to protect its lien, shall be payable by the Townhouse Owner and secured by the lien obtained by the Association

(4) In the event that title to a Townhouse is transferred by Sheriff's Sale pursuant to execution upon any lien against the Townhouse, the Association may give notice in writing to the Sheriff of any unpaid assessments for common expenses which are a charge against the Townhouse but have not been reduced to lien pursuant to Section 703 of the Act, and the Sheriff shall pay the assessments of which he has notice out of any proceeds of the sale which remain in his hand 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 Townhouse Owner against whom the execution was issued. The purchaser at such Sheriff's Sale of the Townhouse involved shall not be liable for unpaid assessments for common expenses which became due prior to the Sheriff's Sale of the Townhouse. Any such unpaid assessments which cannot be promptly collected from the former Townhouse Owner may be reassessed by the Association as a common expense to be collected from all of the Townhouse Owners,

including the purchaser who acquired title at the Sheriff's Sale, his successors and assigns. To protect its right to collect unpaid assessments which are a charge against a Townhouse, the Association may, on behalf of the Townhouse Owners, purchase the Townhouse at Sheriff's Sale provided that such action is authorized by Section 13 of the Declaration. The Association may apply as a cash credit against its bid, all sums due the Association covered by the lien enforced. In case of such foreclosure, the Townhouse Owners shall be required to pay a reasonable rental for the Townhouse during the foreclosure proceedings and for such periods as said Townhouse Owner or anyone authorized by him resides therein. The Plaintiff in such foreclosure shall be entitled to the appointment of a Receiver to collect such rent.

- (5) Upon the voluntary sale or conveyance of a Townhouse or any other transfer of a Townhouse by operation of law or otherwise, except a transfer described in (4) above, the grantee or transferee as the case may be, shall be jointly and severally liable with the grantor or transferor for all

charge against the Townhouse as of the date of the sale, conveyance or transfer, but such joint and several liability shall be without prejudice to the right of the grantee or transferee to recover from the grantor or transferor the amount of any such unpaid assessments which the grantee or transferee may pay, and until such assessments are paid, they shall continue to be a charge against the Townhouse which may be enforced in the manner set forth in Section 703 of the Act; provided, however, that any person who shall have entered into a written agreement to purchase a Townhouse shall be entitled to obtain a written statement from Treasurer setting forth the amount of unpaid assessments charged against the Townhouse and its Owners, and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the Townhouse shall be liable for the payment of an amount in excess of the unpaid assessments shown thereon. Any such excess which cannot

be promptly collected from the Townhouse Owner may be reassessed by the Council as a Common Expense to be collected from all of the Townhouse Owners, including the Purchaser his successors and assigns, without prejudice however to the Association's rights of collection against the persons or entities liable therefore.

Section 4 - PERSONAL PROPERTY.

The Association has the right to purchase, lease, mortgage, insure, or repair any personal property which will be useful to or decorative of the Project. The Association may also sell such items and give good title thereto.

REGULATIONS
Article VII
OBLIGATIONS OF THE OWNERS

Section 1 - TO KEEP TOWNHOUSE IN GOOD REPAIR.

Each Townhouse Owner shall keep his Townhouse in good condition and repair at his expense.

The term Townhouse as used herein includes not only all elements and things within the title line for the Townhouse as set out in Declaration, but shall also include all utilities, including water, sewer, electric, telephone and any other utility lines, pipes, fixtures, meters and other equipment which serves only that Townhouse, even when such utilities are located in the Common Elements, and even though such utilities are classified as Common Elements in the Declaration.

When the title line of a Townhouse is the exterior surface of a part of the Townhouse (such as a door or a window frame) the Townhouse Owner shall maintain and paint such exterior surface at his expense unless the Association votes to maintain or paint all such exterior surfaces as a common expense.

Section 2 - FAILURE OF OWNER TO KEEP TOWNHOUSE IN GOOD REPAIR.

If a Townhouse Owner does not keep the exterior of his Townhouse (or any part thereof including the roof) in good order and repair, the Association may, after reasonable written notice to the last known address of the Townhouse Owner, make the necessary repairs and charge the Townhouse Owner therefor as though the cost of such repairs were a common expense chargeable only to that Townhouse.

Section 3 - ASSOCIATION MAY DO REPAIRS.

In accordance with the Declaration, the Townhouse Owners or the Association may agree that certain maintenance, repairs, and replacements which are the responsibility of the Townhouse Owner should be done by the Association and charged as a Common Expense.

Section 4 - INTERNAL CHANGES TO TOWNHOUSES.

A Townhouse Owner shall not make structural modifications or alterations in his Townhouse without previously submitting plans and specifications to the Association, and securing the Association's written approval for such work. In no event shall a Townhouse Owner do any work which would jeopardize the soundness or safety of the Property or impair any casement without the unanimous consent of the Townhouse Owners affected thereby.

Section 5 - RIGHT OF ENTRY.

- (1) The Association and the duly authorized agents of the Association shall have a right to enter any Townhouse to maintain, repair, or replace the Common Elements, or to do such work to the Townhouse as is authorized by the Association.
- (2) A Townhouse Owner shall permit other owners, or their representatives, when so required, to enter his Townhouse for the purpose of making installations, alterations or repairs to things which affect or service the other

Townhouses provided that requests for entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate. The entering Owner is responsible for such work and properly cleaning the entered Townhouse.

Section 6 - RULES OF CONDUCT.

- (1) The Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Townhouses.
- (2) No Townhouse Owner shall use or authorize any use of the Common Elements which will increase the rate of insurance upon the Property.
- (3) All Townhouse Owners will observe all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction over the Project.
- (4) No Owner, resident or lessee shall make any installation on the exterior of the Townhouse, or which protrudes through the walls or the roof of the Townhouse except as authorized by the Association.

- (5) Until the Declarant has sold all of the Townhouses, the Townhouse Owners and the Association shall not interfere with the sale or rental of the Townhouses by Declarant. The Declarant may make such use of the unsold townhouses and common elements as may facilitate such sale and rental, including, but not limited to, the maintenance of a sales office, the maintenance of sample townhouses, the showing of the Project to the public and the display of signs at the public entrance to the Project and elsewhere stating that townhouses are for sale or rent and containing such other information as Declarant wishes to put on such signs.

Section 7 - LIABILITY FOR DAMAGES.

A Townhouse Owner shall be liable for the costs of any maintenance, repair, restoration or replacement of any part of the Common Elements rendered necessary by his act or negligence or by that of any member of his family or his guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association.

Section 8 - LIABILITY FOR INCREASED INSURANCE RATE.

A Townhouse Owner shall be liable for any increase in any insurance rates in insurance carried by the Association which is

Such Certificates shall be valid until revoked in writing by any owner of the Townhouse, or until superseded by a subsequent Certificate or until a change in the ownership of the Townhouse concerned.

If a Townhouse is owned by a husband and wife, the following three provisions are applicable thereto.

- (1) The husband and wife who own the Townhouse may, but they shall not be required to do so, designate a voting member in a Certificate signed by both and delivered to the Association Secretary as provided above.
- (2) If they do not so designate a voting member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they each shall vote one-half (1/2) of the vote of their Townhouse.
- (3) Where they do not designate a voting member, and only one is present at a meeting and there is no written proxy of record for the other, the person present may cast the Townhouse vote, just as though he or she owned the Townhouse individually and without establishing the concurrence of the absent spouse.

Section 6 - FIDUCIARIES.

If a Townhouse is held in a fiduciary capacity, the fiduciary and not the beneficiary shall be entitled to exercise the voting rights appurtenant to such Townhouse.

Article VIII
MISCELLANEOUS

Section 1 - TAKING OF COMMON ELEMENTS.

Whenever all or part of the Common Elements shall be taken, injured or destroyed, by eminent domain, each Townhouse Owner shall be entitled to notice of such taking. The Association shall represent the Townhouse Owners in the proceedings incident thereto, and damages shall be determined for such taking, injury or destruction of the Common Elements as a whole and not for each Townhouse Owner's interest therein. The damages shall be paid only to the Association. The Association shall determine if the proceeds are to be used to repair or make useable the remaining common elements, to purchase and build additional common elements, or to distribute some or all of the proceeds to the Townhouse Owners.

Section 2 - LIMITATION OF LIABILITY.

Notwithstanding the duty of the Association to maintain and repair parts of the Project, the Association shall not be liable for injury or damage caused by the failure of the Association to maintain or repair the same.

Section 3 - ASSESSMENTS AGAINST TOWNHOUSES OWNED BY ASSOCIATION.

During the period when the Association holds title to one or more Townhouses: (i) all assessments for common expenses and charges assessed against such Townhouse(s) and for claims for taxes and municipal claims shall be paid by the Association, and the amounts so paid, together with all other expenses of purchasing,

holding, selling, conveying, mortgaging, leasing, or otherwise dealing with such Townhouse(s) shall constitute common expenses to be assessed against all other Townhouse Owners in accordance with their percentage interest as recalculated without the interest of any Townhouse owned by the Association, being in such calculation; (ii) the voting rights appurtenant to such Townhouse(s) shall be suspended and may not be counted for quorum purposes, and (iii) no notice of any meetings of Townhouse Owners or notices of assessments, budgets or the like, need be given with respect to such Townhouse(s).

Section 4. INSPECTION OF RECORDS BY TOWNHOUSE OWNERS.

- (1) Any Townhouse Owner may at any time, during normal business hours and upon five (5) days prior written notice to the Treasurer of the Association or the Managing Agent, by himself or his agents, cause an inspection or audit to be made of the books and records of the Treasurer, the Association or of the Managing Agent as they pertain to the Property. The Townhouse Owner shall be responsible for the expenses incurred by him in such inspection and audit.
- (2) The holder of any first mortgage on any Townhouse in the Property shall have the same

right to an inspection or audit as any
Townhouse Owner has.

- (3) If requested, the Association, the Treasurer and the Managing Agent must allow any of their records to be photostated as part of any allowed inspection and the Association shall pay for the reproduction of such documents.

Article IX
AMENDMENTS TO CODE OF REGULATIONS

Section 1 - ADOPTION.

The first members of the Associations shall establish and adopt the original Code of Regulations.

Section 2 - AMENDMENT.

This code may be amended by the Townhouse Owners in a meeting called for such purposes. However, no amendment shall be adopted unless approved by Owners representing at least a majority of the votes in the Project.

Section 3 - CONFLICT.

In the event of a conflict between the provisions of the Unit Property Act, the Declaration, the Code of Regulations or any Act of the Association, the order of priority as to which shall prevail shall be, with priority, to the higher document:

- (1) The Unit Property Act
- (2) The Declaration
- (3) The Code of Regulations
- (4) The Rules & Regulations and Acts of the Association

Article X
NOTICE OF SUIT AGAINST TOWNHOUSE OWNERS

Section 1 - NOTICE OF SUIT.

A Townhouse Owner shall give notice to the Association of every suit or other proceeding which questions his title to his Townhouse or any other part of the Project, such notice to be given within five (5) days after the Townhouse Owner receives the suit papers or learns of the other proceedings.

Article XI
INSURANCE

Section 1 - LIABILITY INSURANCE.

The Association shall obtain insurance covering liability for loss or damages to persons or property in such amounts, against such risks, with such deductibles and other features and in such insurance companies as Association shall from time to time determine. All liability insurance contracts shall contain severability of interest provisions to cover liabilities of the Townhouse Owners as a group to a Townhouse Owner. Premium for such insurance shall be paid by the Association and charged as a common expense.

Section 2 - FIRE INSURANCE.

The Association shall obtain fire and other insurance covering damage to the Property, insuring all of the insurable "building standard improvements" within the Project included in the original sales of each Townhouse, not including any personal property owned by the Townhouse Owners or improvements other than building and standard improvements and equipment. The insurance shall be in and for the interests of the Association, all Townhouse Owners and their First Mortgagees, as their interests may appear. Such insurance shall be in amounts equal to the maximum insurable replacement value, as determined annually by the Association. The premiums for such coverage and other expenses in connection with said insurance shall be paid by the Association and charged as a common expense. The company companies with whom the Association shall place its insurance

coverage, must be good and responsible companies, authorized to do business in the State of Pennsylvania. The Mortgagee holding the first recorded mortgage encumbering a Unit, shall have the reasonable right to approve the policies and the company or companies who are the insurers under the insurance placed by the Association, and the amount thereof, and the further reasonable right to approve the Insurance Trust and Trustee.

- (1) Insurance Trustee - The Insurance Trustee shall be a bank in Pennsylvania with Trust powers or an attorney at law as is selected from time to time by the Association. The Insurance Trustee is not responsible for the payment of any premium nor for the renewal or sufficiency of the policies, the form or content of the policies or for any failure to collect any proceeds. The Insurance Trustee need not bring suit to collect any proceeds, unless secured as to his fee and costs. The sole duty of the Insurance Trustee is to receive the insurance proceeds and distribute them as hereinafter provided.
- (2) Loss Payable Provisions. All policies shall be purchased by the Association for the benefit of the Association, all Townhouse Owners and their First Mortgagees, as their interests

may appear; however, the Insurance Trustee shall be named insured as co-insured with the Association and it shall not be necessary to name the Association or the Townhouse Owners in the policies; provided, however, mortgagee endorsements shall be issued upon request of a Mortgagee. Such fire insurance policies may be deposited with the Insurance Trustee. The policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Insurance Trustee. The Insurance Trustee shall hold any insurance proceeds received for the benefit of the Association, the Townhouse Owners and their respective Mortgagees, in the following shares, but such shares need not be set forth upon the records of the Insurance Trustee:

- (a) Common Elements: In the event that proceeds on account of damage to Common Elements are received, the Insurance Trustee shall hold an undivided share for each Townhouse Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Townhouse.

(b) Townhouse(s): In the event that proceeds on account of damage to Townhouse(s) are received, the Insurance Trustee shall hold such proceeds in the following undivided shares: (i) In the event of partial destruction to the Townhouse(s) and they are to be repaired and restored, the proceeds shall be held for the Owners of the damaged Townhouse(s) in proportion to the cost of repairing the damage to building standard improvements suffered by each Townhouse Owner. (ii) In the event of substantially total destruction of the Project or in the event damage occurs and the Common Elements or Townhouses are not to be restored, as provided hereinafter in this Article, the proceeds shall be held by the Insurance Trustee for the Owners of all Townhouses, each Owner's share being in proportion to his share in the Common Elements appurtenant to his Townhouse.

(c) Mortgagees: In the event a mortgage endorsement has been issued as to a Townhouse the share of the Townhouse Owner shall be held in trust for the Mortgagee and the Townhouse Owner, as their interests may appear; provided, however, that no Mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired or the proceeds of the insurance paid to the Townhouse Owners or the holders of liens on such Townhouses as their interest may appear.

(3) Distribution of Proceeds - Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Townhouse Owners and expended or disbursed, after first paying or making provision for the payment of the expenses of the Insurance Trustee, in the following manner:

(a) Reconstruction or Repair: If the damage for which the proceeds were paid is to be repaired and restored, the remaining proceeds shall be paid to

defray the cost thereof, as elsewhere herein provided. Any proceeds remaining after defraying such costs shall be distributed to the Townhouse Owners in the shares provided above, all remittances to Townhouse Owners and their Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by said Mortgagee. However, if it is determined that repairs or replacements are to be made, any proceeds must be used first to repair or replace any damage before it is used by the Mortgagee to reduce the debt due.

(b) Failure to Reconstruct or Repair: If it is determined in the manner elsewhere herein provided that the damage for which the proceeds are paid shall not be repaired and restored, the proceeds shall be disbursed to the Townhouse Owners in the shares provided above, remittances to Townhouse Owners and their Mortgagees being payable jointly to them. This is a covenant for the

benefit of any Mortgage of a Unit and may be enforced by said Mortgagee. In the event of the loss or damage to any personal property belonging to the Association and the Association determines not to replace such personal property as may be lost or damaged, the proceeds may be retained by the Association as a reserve to replace or repair the Common Elements.

- (c) Loss within a Single Townhouse: If loss shall occur within a single Townhouse or Townhouses without damage to the Common Elements and/or the party wall between Townhouses, the insurance proceeds shall be distributed to the Townhouse Owners and their mortgages being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Townhouse and may be enforced by said Mortgagee. However, the funds shall be used by the Townhouse Owner and their Mortgagee first to reconstruct or repair the Townhouse before any sum shall be used to reduce any mortgage debt.

(3) Certificate of Ownership: In making distribution to Townhouse Owners and their Mortgagees, the Insurance Trustee may rely upon a Certificate of the Association as to the names of the Townhouse Owners and their respective shares of the distribution, approved in writing by an attorney authorized to practice law in the Commonwealth of Pennsylvania or a title insurance company authorized to do business in the Commonwealth of Pennsylvania. Upon request of the Insurance Trustee, the Association forthwith shall deliver such Certificate.

(4) Less than Substantially Total Destruction:
Where there is less than substantially total destruction and if there is no election not to repair or restore as provided in Section 802 of the Act, it shall be obligatory upon the Association and the Townhouse Owners to repair, restore, and rebuild the damage to building standard improvements as follows:

(a) The Association shall promptly obtain detailed estimates of the cost of repairing and restoration.

(b) If the damage or loss is limited to the Common Elements or the party wall

between Townhouses, with no or minimum damage or loss to any individual Townhouse(s), and if such damage or loss to the Common Elements or the party wall between Units is less than Five Thousand (\$5,000.00) Dollars, the insurance proceeds shall be endorsed by the Insurance Trustee over to the Association and the Association shall promptly contract for the repair and restoration of the damage.

- (c) If the damage or loss involves individual Townhouses encumbered by mortgages, as well as the Common Elements such as the party wall between the Units, or if the damage is limited to the Common Elements such as the party wall between Townhouses, but is in excess of Five Thousand (\$5,000.00) Dollars, the insurance proceeds shall be disbursed by the Insurance Trustee for the repair and restoration of the Property upon the written direction and approval of the Association; provided, however, that upon the request of a Mortgagee, holding a mortgage on a damaged Townhouse such Mortgagee shall be consulted

as to the extent and manner of the repairs. The Insurance Trustee may rely upon the certificate of the Association as to the payee and the amount to be paid from said proceeds. The Insurance Trustee may require any contractor or materialmen to give to the Insurance Trustee Release of Mechanics Liens and proof that their employees and suppliers have been paid and that the work has been properly done before the Insurance Trustee pays their invoice.

- (d) Any first Mortgagee on a damaged Townhouse may require the Association to obtain a completion, performance and payment bond, in such form and amount, with a bonding company authorized to do business in the Commonwealth of Pennsylvania, as are acceptable to said Mortgagee from any contractor working on a damaged Unit. The cost of such bond shall be charged against the insurance proceeds and if these are insufficient then as part of the

cost of repairs which are not covered by insurance.

- (e) Subject to the foregoing, the Association shall have the right and obligations to negotiate and contract for the repair and restoration of the Project.
- (f) If the net proceeds of the insurance are insufficient to pay for the estimated cost of restoration and repair (or for the actual cost thereof if the work costs more than expected), the Association shall promptly, when it learns of the deficiency, levy an assessment for the total deficiency against those Townhouse Owners whose Units have been damaged in proportion, inter se, to the damage to their respective Townhouse. The special assessment funds shall be delivered by the Council to the Insurance Trustee and added by the Trustee to the proceeds available for the repair and restoration of the Property. In the event that the Owners of any damaged Townhouses cannot meet

the deficiency assessment, the Association may make a special assessment against all Townhouses to raise the necessary funds. In such case, the Association may continue its efforts to collect the deficiency against the damaged Townhouses even if this means placing a long term lien, in favor of the Association, on the Townhouses.

(g) In the event the insurance proceeds are sufficient to pay for the cost of restoration and repair, or in the event the insurance proceeds are insufficient, but additional funds are raised by special assessment, so that sufficient funds are on hand to fully pay for such restoration and repair, then no Mortgagee or lien holder shall have the right to require the application of insurance proceeds to the payment of its loan.

(5) Substantially Total Destruction: Should substantially total destruction of the Townhouses occur or if seventy-five (75%) of the Townhouse Owners directly affected

thereby duly resolve not to proceed with repaid or restoration as provided in Section 802 of the Unit Property Act, then the salvage value of the Property or of the substantially destroyed building or buildings shall be subject to partition at the suit of any Townhouse Owner directly affected thereby, in which event the net proceeds of insurance policies held by the Insurance Trustee or the Association, if any, shall be considered as one fund and shall be divided among all the Townhouse Owners directly affected thereby in proportion to their respective undivided ownership of the Common Elements, after discharging, out of the respective shares of Townhouse Owners directly affected thereby, to the extent sufficient for the purpose, all liens against the Townhouse of such Townhouse Owner. In the event any dispute shall arise as to whether or not substantially total destruction has occurred, it is agreed that such a finding made by the Association shall be binding upon all Townhouse Owners.

- (6) Surplus: The first monies disbursed in payment of costs of repair and restoration, shall be from the insurance proceeds, and if there is a balance in the funds held by the Insurance Trustee after the payment of all costs of the repair and restoration, such balance shall be distributed to the beneficial owners of the funds in the manner elsewhere stated herein.
- (7) Certificate of Damage: The Insurance Trustee may rely upon a certificate of the Association, certifying as to whether or not the damaged property is to be repaired and restored. Upon request of the Insurance Trustee, the Association shall forthwith deliver such certificate.
- (8) Plans and Specifications: Any repair and restoration must be substantially in accordance with the Plans and Specifications for the original building, or as the building was last constructed, or according to the Plans approved by the Association, which approval shall not be unreasonably withheld. If any material or substantial change is contemplated, the approval of all Permitted Mortgagees who hold mortgages on the Town-

restoration as well as Townhouse Owners of such Townhouse(s) shall also be required, but shall not be unreasonably withheld.

(9) Association's Power to Compromise Claims:

The Association is hereby irrevocably appointed agent for each Township Owner for the purpose of compromising and settling claims arising under Insurance policies purchased by the Association and to execute and deliver releases therefor, upon the payment of claims.

Section 3 - WORKMEN'S COMPENSATION POLICY.

The Association shall obtain workmen's compensation insurance to meet requirements of law, and the cost thereof shall be charged as a common expense.

Section 4 - OTHER INSURANCE.

The Association may obtain such other insurance as the Association shall determine from time to time to be desirable, and the cost thereof shall be charged as a common expense.

Section 5 - TOWNHOUSE OWNERS' INDIVIDUAL INSURANCE.

Each individual Townhouse Owner shall be responsible for purchasing at his own expense, Liability Insurance to cover accidents occurring within his own Townhouse, Fire Insurance upon his own personal property, Living Expense Insurance and Property Insurance for improvements within his Townhouse which are not

building standard improvements.

Section 6 - MISCELLANEOUS INSURANCE PROVISION.

All insurance shall be obtained in accordance with the following provisions:

- (1) In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Townhouse Owners or their Mortgagees.
- (2) Each Townhouse Owner may obtain additional insurance at his own expense, provided, however, that (i) such policy shall contain waivers of subrogation and (ii) no Townhouse Owners shall exercise their right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of the Townhouse Owners, may realize under any insurance policy which the Association may have in force on the Property at any time.
- (3) Each Townhouse Owner shall be required to notify the Association of all improvements made by him to his Unit, the value of which is in excess of \$1,000.00, so that the Association can cause the insurance coverage of the Property to be adjusted accordingly.

(4) The Association shall be required to make every reasonable effort to secure insurance policies covering the Property that will provide for the following:

(a) A waiver of subrogation by the insurer as to any claims against the Association, the Managing Agent, the Townhouse Owners and their respective servants, agents, guests, tenants and other occupants; and,

(b) That the insurance policies issued to the Association on behalf of the Townhouse Owners and covering the Property cannot be cancelled, invalidated or suspended on account of the conduct of one or more Townhouse Owners and in no event can cancellation, invalidation or suspension for any reason be effected without at least ten (10) days prior written notice to each Townhouse Owner and all holders of first mortgages on Units whose names and addresses are on file with the Secretary of the Association; and,

(c) That all policies covering the Project cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Association or Managing cure the defect and without providing a reasonable period of time thereafter in which to cure the same; and,

(d) That any "no other insurance" clause in the Association's insurance policies exclude the individual Townhouse Owner's policies from consideration.

Article XII
SPECIAL ACCOUNT FOR FIRE INSURANCE

Section 1 - ESTABLISHMENT OF SPECIAL ACCOUNT.

There shall be established and maintained in an insured bank, or an insured savings and loan association an interest bearing savings deposit account, to receive the deposits made to pay the premiums due for fire and similar insurance.

Section 2 - DEPOSITS OF FUNDS FOR INSURANCE PREMIUMS.

Funds collected for insurance proceeds shall either be deposited in a special account or if collected with other assessments shall be transferred to the special account at reasonable intervals, so that when the renewal premium is due the estimated cost is on deposit in such special account.

Section 3. WHERE THE SPECIAL ACCOUNT SHOULD BE MAINTAINED.

Said account for the purchase of insurance shall be maintained in the bank or savings and loan association owning and holding the majority in dollars of the recorded First Mortgages, and upon the aforesaid Mortgagee no longer owning and holding a majority in dollars of recorded first mortgages, said accounts shall be moved to the insured bank or insured savings and loan association then holding the highest dollar amount of indebtedness of first mortgages owing against the Townhouses. Where said First Mortgagee is not an insured bank or insured savings and loan association, said account shall be maintained in one of the foregoing as selected by the holder of the largest dollar volume of first mortgages.

Section 4 - MORTGAGES MAY WITHDRAW FUNDS.

In the event the annual premiums above are not paid on or before their due date, the First Mortgagees described in Section 3 above shall have the right, without the necessity of securing the written consent of the Association, to withdraw such sums of money as are necessary to pay the then due premiums.

Section 5 - ADVANCEMENT BY ASSOCIATION OR MORTGAGE.

- (1) Should a Townhouse Owner fail to pay that portion of the monthly assessment relating to insurance, within thirty (30) days from its due date, the Association shall have the right, but it is not required, to advance the necessary funds so as to deposit the required monthly sum into the savings deposit account.
- (2) The Association shall have a lien for all sums so advanced, together with interest thereon at the highest legal rate. It shall also have the right to assign its lien to any Townhouse Owner or group of Townhouse Owners, or to any third party. In the event the Association does not advance funds as aforesaid, the holder of any mortgage on the delinquent Townhouse, or the Mortgagee then holding first mortgages

having the highest original dollar indebtedness on the Townhouses, may advance the necessary funds into the savings deposit accounts to make up the deficiency. Said mortgagee shall have a lien against the Townhouses whose Owners did not advance the funds they were required to advance for insurance premiums, and they may bring suit to enforce said lien.

- (3) The Townhouse Owners herein consent to the establishment of such lien as a result of these advances in favor of the Mortgagee(s) or Association, as aforescribed. However, no such action to enforce said lien may be brought by said Mortgagee or individual, or group of individuals where the Association advances the necessary funds and assigns its lien, until the delinquent Townhouse Owner has received not less than ~~the~~ (10) days written notice in this regard.

Article XIII
LIABILITY AND INDEMNIFICATION

Section 1 - LIABILITY OF MEMBERS OF THE ASSOCIATION AND OFFICERS.

The members of the Association and the officers and any assistant officers (i) shall not be liable to any Townhouse Owner as a result of their activities as such member, officer, or assistant officer for any negligence, except for their own willfull misconduct; (ii) shall have no personal liability to a Townhouse Owner or any other person or entity on any contract, or any transaction entered into by them on behalf of the Association or Townhouse Owners in their capacity as such member of the Association or officer or assistant officer of the Association; (iii) shall have no personal liability (either direct or imputed) in tort to a Townhouse Owner or any other person or entity, by virtue of acts performed by them as a member of the Association, officer or assistant officer of the Association, except for their own willful misconduct; and (iv) shall have no personal liability arising out of the use, misuse or condition of the Project, or which might in any other way be assessed against or imputed to them as a result or by virtue of their capacity as a member, officer or assistant officer of the Association.

Section 2. INDEMNIFICATION BY TOWNHOUSE OWNERS.

The Townhouse Owners shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses, including counsel fees, incurred or imposed, or arising out of or in settlement of

ny threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more Townhouse Owners or any other person or entities, (including governmental entities) to which such person shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Association or an officer or assistant officer of the Association, except to the extent, if any, that such liability or expense shall be attributable to his willful misconduct. In the case of any settlement, which the Association shall approve, it shall be assumed that there was no willful misconduct on the part of any person unless the settlement documents as approved by the Association specifically state that willful misconduct was present and names the persons involved and the amounts they are to pay as part of the settlement. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or vote of Unit Owners or of the Association, or otherwise. The indemnification by the Townhouse Owners set forth in this Section shall be paid by the Association on behalf of the Townhouse Owners and shall constitute a common expense and shall be assessed and collectible as such.

Section 3 - LANGUAGE CONCERNING LIABILITY IN AGREEMENTS.

Every agreement, deed, lease or other instrument entered into by the Association on behalf of the Townhouse Owners shall provide that the Association, its members, its officers, or assistant officers, who execute such document are acting only as agents for the Townhouse Owners and shall have no personal liability

thereunder (except to the extent, if any, that they may also be Townhouse Owners at the time liability under such documents are assessed against all Townhouse Owners) that any claim by the other party or parties thereto with respect thereto or to the subject matters thereof shall be borne by those who are Townhouse Owners at the time such liability may be assessed by the Association as a Common Expense, for which assessment each such Townhouse Owner shall be liable only severally to the extent of his percentage of interest (including reassessments of amounts which other Townhouse Owners do not pay).

Section 4 - NOTICE OF SUIT AND OPPORTUNITY TO DEFEND.

Any suits brought against all Townhouse Owners or the Association, or the officers, assistant officers, employees or agents thereof, in their respective capacities as such, or the Project as a whole, shall be referred to the Association and shall be defended by the Association. The Townhouse Owners and holders of First Mortgages shall be notified of important suits, but shall have no right to participate other than through the Association in such defense. Complaints against one or more but less than all Townhouse Owners shall be directed to such Townhouse Owners who shall promptly give written notice thereof to the Association and to the holders of any First Mortgages affecting such Townhouses and shall be defended by such Townhouse Owners in joint or several action.

Article XIV
COMPLIANCE

This Code is set forth to comply with the requirements of the Unit Property Act, Commonwealth of Pennsylvania, July 3, 1963, P.L. 196, 68 P.S. Sec. 700.101 et seq. In case any of the provisions of the Code conflict with provisions of said statute it is hereby agreed and accepted that the provisions of the statute will apply.

Article XV
RELATIONSHIP WITH GOVERNMENT UNITS

If the law of any governmental unit with jurisdiction over the Project requires that it be given notice of any meeting of the Homeowners or of the Association, such notice shall be given to the governmental unit and the unit may send a representative to any such meeting. Such representative shall not have a vote.

If the law of any governmental authority with jurisdiction over the Project requires that it have a representative on the Association, the Association shall have such a representative, but such representative shall be in addition to the three (3) persons elected by Townhouse Owners and shall have only the authority that the law grants to him. Unless the law clearly requires the representative to have a vote, the representative shall be an observer only (with a right to speak) at such meeting.

Article IVI
SEVERABILITY

The provisions of this Code shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof unless such deletion shall destroy the uniform plan for development and operation of the Property which the Declaration, the Declaration Plan and this Code are intended to create.

Article XVII
EFFECTIVE DATE

This Code shall become effective when it, the Declaration and the Declaration Plan have been duly recorded.

Established and adopted by the First Members of the Association this 15th day of May, 1978.

James G. White
John E. Dando
John B. McLeod