

(r) No tree, shrub, bush or other plant of any kind located on the Community Facilities may be cut down, trimmed, relocated, uprooted or altered in any way except by the Association, and no tree climbing or other hazardous activity of any kind is permitted on the Community Facilities.

SECTION 17. Regulated Activities.

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

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

(c) Any Owner wishing to sell or lease his Dwelling shall provide to the Association the name and telephone number of the listing agent (if any), or the Owner's telephone number if there is no listing agent. The Association shall prepare and install on the Owner's Lot, at the Owner's expense and in a location mutually acceptable to the Owner and the Association, a sign displaying such name and telephone number and the words "For Sale" or "For Lease," using in all cases a single uniform size and format for each such sign that will be consistent with other signage on the Property. No other sign of any kind shall be permitted on any Lot or Dwelling except as set forth in Section 16(f).

(e) The provisions of this Section shall not apply to the Declarant.

SECTION 18. Compliance and Default.

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

(b) The Board of Directors shall have the power to adopt, amend and enforce compliance with, any reasonable rules and regulations relative to the operation, use and occupancy of the Dwellings, and the Community Facilities consistent with the provisions of this Declaration, including, but not limited to any enforcement procedures and penalties for violations of this Declaration, the By-Laws and any rules and regulations adopted pursuant thereto which the Board of Directors shall deem appropriate. Any rules and regulations shall be adopted or amended, from time to time, by means of appropriate resolutions duly approved by the Board of Directors in accordance with the By-Laws. A copy of the rules and regulations and copies of any amendments thereto shall be delivered or mailed to each Owner and occupant of a Dwelling promptly after the adoption thereof and shall become binding upon all Owners and occupants of Dwellings, their successors and assigns.

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

(i) Suits: The Association or any aggrieved Owner shall be to sue for the recovery of damages or for injunctive relief, or both; provided, that the Owner has exhausted his remedies provided for herein. This relief shall not be exclusive of other remedies provided by law.

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

(iii) No Waiver of Rights: The failure of the Declarant, or the Board of Directors, or any Owner to enforce any covenant, restriction or other provision of this Declaration, the

By-Laws or any rules and regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

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

SECTION 19. Indemnification of Officers, Directors and Committee Members. The Association shall indemnify every Director, officer and committee member, his heirs, executors and administrators, against all loss, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director, officer or a committee member of the Association, in accordance with, to the same extent and as limited by the provisions of the Pennsylvania Nonprofit Corporation Law of 1988 (the "Nonprofit Law"), as amended from time to time. In the event of a settlement, indemnification shall be provided only in connection with those matters covered by the settlement as to which the Association is advised by independent counsel that the person to be indemnified may be indemnified under the Nonprofit Law. The foregoing rights shall not be exclusive of other rights to which the Director, officer or committee member may be entitled. All liability,

loss, damage, costs and expenses incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated by the Association as Common Expenses; provided, however, that nothing contained in this Section shall obligate the Association to indemnify any member of the Association, who is or has been a Director, an officer or a committee member with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of his membership in the Association.

SECTION 20. Amendments.

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

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

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

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

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

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

(d) Any abandonment, partition, subdivision, encumbrance, sale or transfer of any of the Community Facilities (except for granting easements for utilities or other public purposes consistent with the intended use of the Community Facilities) by act or omission shall require the prior written approval of the Eligible Mortgagees of at least sixty-seven (67%) percent of the first mortgage liens on the Dwellings.

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

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

(f) Any addition or amendment to the Association Documents shall not be considered material if it is for the

purpose of correcting technical errors. An Eligible Mortgagee who receives a written request to approve additions or amendments to the Association Documents and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved the request.

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

(h) If any amendment of this Declaration or the By-Laws is necessary in the judgment of the Board of Directors to change, correct or supplement anything appearing or failing to appear therein which is incorrect, defective or inconsistent with anything in either this Declaration or the By-Laws, or if an amendment is necessary to conform to the requirements of FNMA, FHLMC, HUD or VA or other institutional purchasers, guarantors or insurers of first mortgage liens with respect to the Property, the Board of Directors may at any time and from time to time effect an appropriate corrective amendment without the approval of the Owners or any Eligible Mortgagees upon receipt by the Board of Directors of an opinion from counsel to the effect that the proposed amendment is permitted by the terms of this sentence. Each amendment shall be effective upon its recording.

(i) Notwithstanding anything to the contrary contained herein, no provision of this Declaration granting any rights or powers to the Township (including, without limitation, Section 24) may be amended without the prior written consent of the Township.

#### SECTION 21. Duration; Dissolution.

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

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

(c) The Association shall request the approval of the Township of any termination of this Declaration. In the event the Township does not respond to the Association's request within thirty (30) days from the date of the Association's request, the request shall be deemed approved.

SECTION 22. Notices. All notices required to be served upon Owners pursuant to this Declaration or the By-Laws shall be sufficient if delivered to the Dwelling or mailed to the Owner at the Dwelling mailing address by regular mail and if delivered or mailed to the Declarant at the business office of the Declarant. The effective date of a notice shall be the date of delivery to the Dwelling or the Declarant's business office in the case of actual delivery and a date five (5) days after deposit in the mail in the case of notice sent by mail.

SECTION 23. Eligible Mortgagees.

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

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

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

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

(iv) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified below.

(b) Any restoration or repair of the Property, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Plan, and the original plans and specifications, unless other action is approved by the Eligible Mortgagees of at least fifty-one (51%) percent of the first mortgage liens on the Dwellings.