

DECLARATION OF CONDOMINIUM

for

NORTHTOWNE ESTATES CONDOMINIUM

ARTICLE I

SUBMISSION: DEFINED TERMS

Section 1.1. Declarant; Property; County; Name. REELCO COMPANY, INC., a Pennsylvania corporation (the "Declarant") owner in fee simple of the Real Estate described in Exhibit "A" attached hereto, located in the Township of Marshall, Allegheny County, Pennsylvania, hereby submits the Real Estate, including all easements, rights and appurtenances thereunto belonging and the buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of the Pennsylvania Uniform Condominium Act, 68 PA. C.S.A. §3101 et seq. (the "Act"), and hereby creates with respect to the Property a condominium, to be known as "**NORTHTOWNE ESTATES CONDOMINIUM**" (the "Condominium").

Section 1.2. Easements and Licenses. Attached hereto as Exhibit "B" is a list of the recorded easements and licenses affecting the Real Estate hereby submitted to the Act.

Section 1.3. Defined Terms.

1.3.1. Terms Defined in the Act. Capitalized terms not otherwise defined herein or in the Plats and Plans shall have the meanings specified or used in the Act.

1.3.2. Terms Defined Herein. The following terms are used or defined in general terms in the Act and shall have specific meanings herein as follows:

- a. "Additional Real Estate" means the real estate which may be added to the Condominium as described on Exhibit "C" attached hereto, to be developed in phases and added to the Condominium.
- b. "Association" means the Unit Owners Association of the Condominium and shall be known as the "Northtowne Estates Condominium Association.
- c. "Building" means any building included in the Property.
- d. "Condominium" means the Condominium described in Section 1.1 above. "Condominium Documents" means the Public Offering

Statement and all Exhibits and attachments thereto, The Declaration, By-Laws and Rules and Regulations.

- e. "Declarant" means the Declarant described in Section 1.1 above and all successors to any Special Declarant Rights.
- f. "Declaration" means this Document, as the same may be amended from time to time.
- g. "Executive Board" means the Executive Board of the Association.
- h. "Limited Common Elements" means the Common Elements described as such in the Act, including the driveways located adjacent to a Unit as shown on the Plats and Plans.
- i. "Limited Expenses" means the Common Expenses described as such in Section 3314(c) of the Act as modified by Section 2.4 of this Declaration.
- j. "Plats and Plans" means the Plats and Plans being recorded contemporaneously herewith in the office of Recorder of Deeds of Allegheny County, Pennsylvania, as the same may be amended from time to time, which are hereby incorporated herein as Exhibit "D." (see PBV 249, PAGE 149)
- k. "Property" means the Property described in Section 1.1 above, together with any Additional Real Estate as may be added to the Condominium. If all the Additional Real Estate is added to the Condominium the Property shall be as described on Exhibit "E" attached hereto.
- l. "Unit" means a Unit as described herein and in the Plats and Plans.

1.3.3. Non-statutory Terms. The following terms when used herein shall have the meanings set forth below:

- a. "General Common Expenses" means Common Expenses excluding Limited Expenses.
- b. "Percentage Interest" means the undivided ownership interest in the Common Elements appurtenant to each Unit as set forth in Exhibit "F" attached, as the same may be amended from time to time.
- c. "Permitted Mortgage" means any mortgage to the seller of a Unit and a first mortgage to (I) the Declarant; (II) a bank, trust company, savings bank, savings and loan association, mortgage service institutional investor or lender; (III) any other mortgagee approved by

the Executive Board. A holder of a Permitted Mortgage is referred to herein as a "Permitted Mortgagee."

ARTICLE II

ALLOCATION OF PERCENTAGE INTERESTS, VOTES AND COMMON EXPENSE LIABILITIES; UNIT IDENTIFICATION AND BOUNDARIES; MAINTENANCE RESPONSIBILITIES

Section 2.1. Plats and Plans. The location and dimensions of the Buildings and other improvements comprising the property and the location of the Units, Common Elements and Limited Common Elements of the Condominium are shown on the Plats and Plans.

Section 2.2. Percentage Interests. Each Unit shall be entitled to one (1) vote. The Percentage Interest shall be calculated in the following manner: one hundred (100%) percent divided by the number of Units sold by the Declarant to third parties. The Percentage Interest shall determine the number of votes in the Association and the share of Common Expense Liability appurtenant to each Unit. The Percentage Interest in the Common Elements will be reduced pro-rata as additional Units are added to the Condominium through the exercise of Declarant's right to expand the Condominium as set forth in Article XII so that the total Percentage Interest of all Units will always be one hundred (100%) percent. This will be accomplished by the recording of an Amendment to this Declaration setting forth the new Percentage Interest appurtenant to each Unit.

Section 2.3. Unit Boundaries. The title lines or boundaries of each Unit situated as shown on the Plats and Plans and described as follows:

- a. **Horizontal Boundaries:** The upper and lower (horizontal boundaries of the Unit shall be the following extended to intersections with the vertical boundaries;
 - (1) **Upper Boundary:** The Unit side surface of the plywood sheathing of the roof of the Building.
 - (2) **Lower Boundary:** The bottom surface of the concrete basement or garage floor slab.
- b. **Vertical Boundaries:** The vertical boundaries of the Unit shall be the vertical planes, extended to intersections with each other and with the upper and lower boundaries, of the Unit-side surface of the exterior walls of the Building, and the center line of the party walls which separate the Unit from other Units.
- c. Each Unit shall also consist of:

- (1) the finished or decorating surfaces, including paint, lacquer, varnish, wallpaper, paneling, tile, carpeting and any other material applied to wall, floor or ceiling areas; all doors and windows in interior and perimeter walls, including patio doors;
- (2) all built-in and installed fixtures and equipment located within a Unit for the exclusive use of the Unit, commencing at the point of connection with the structural part of the Building and with utility pipes, lines of systems, serving the Building, including furnaces, water heaters, ductwork and piping serving only one Unit, and air conditioning or similar units located outside the Unit but serving only one Unit; and
- (3) all spaces, interior partitions and other fixtures and improvements within the title lines described above. Each Unit shall include the items within the title lines described in Section 3202 of the Act which are appurtenant to the Unit.

Section 2.4. Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the foregoing boundary descriptions, the Units and Common Elements shall be maintained and repaired by each Unit Owner and by the Association in accordance with the provisions of Section 3307 of the Act, except as expressly set forth to the contrary herein. All Common Expenses associated with the maintenance of a Limited Common Element shall be assessed as Limited Expenses against the Units to which such Limited Common Element was assigned at the time the expense was incurred in the same proportions as the respective Percentage Interests of all such Units. Ordinary maintenance and repair of porch and deck Limited Common Elements shall be the responsibility of the Owner of the Unit to which such Limited Common Element is appurtenant. Structural repairs or replacements of all general and limited Common Elements, including but not limited to the roofs, exterior walls and landscaping areas shall be the responsibility of the Association, the costs to be charged as General Common Expenses. In addition, the Association may provide for Association maintenance of Unit components where such items involve matters of concern related to the general health, safety and welfare of the occupants of the Building in which the Unit is located and may promulgate guidelines governing the division of maintenance and repair responsibilities between the Unit Owners and the Association. Maintenance and repair of driveways, including snow removal shall be the responsibility of the Association.

Section 2.5. Relocation of Unit Boundaries. Relocation of boundaries between Units, subdivision or conversion of Units is not permitted.

ARTICLE III

LIMITED COMMON ELEMENTS

Portions of the Common Elements including porches and decks, or as so defined in this Declaration or the Act, are Limited Common Elements and are for the exclusive use of the Unit which they serve.

ARTICLE IV

EASEMENTS

Section 4.1. Additional Easements. In addition to and in supplementation of the easements provided for by Sections 3216, 3217, 3218 of the Act, the following easements are hereby created:

- a. Declarant's Use for Sales Purposes. Declarant shall have the right to maintain sales offices, management offices and models throughout the Property. Declarant reserves the right to place models, management offices and sales offices on any portion of the Common Elements in such manner, of such size and in such locations as Declarant deems appropriate or to use any Unit for such purposes. Declarant may from time to time relocate models, management offices and sales offices to different locations within the Common Elements.
- b. Utility Easements. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, the Association, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easement created in this Section shall include, without limitation, rights of Declarant, the Association, or the providing utility or service company, or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electric wires, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant, or so as not to materially interfere with the use or occupancy of the Unit by its occupants.
- c. Declarant's Easement to Correct Drainage. Declarant reserves an easement on, over and under those portions of the Common Elements not located within a Building for the purpose of maintaining and correcting drainage of surface water in order to maintain reasonable

standards of health, safety and appearance. The easement created by this Section expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil, or to take any other action reasonably necessary to achieve this purpose, following which the Declarant shall restore the affected property as closely to its original condition as practicable.

- d. Signs. Declarant shall have the right to maintain on the property such advertising signs as Declarant in its sole discretion may deem appropriate, provided that such signs comply with applicable governmental requirements. Declarant may from time to time relocate such advertising signs.
- e. Construction Easement. Until the expiration of seven (7) years after the date hereof, the Declarant shall have an easement through the Units and the Common Elements for access or any other purposes necessary to complete any renovations or work to be performed by the Declarant.
- f. Site Conditions and Other Circumstances. Notwithstanding anything to the contrary, including but not limited to Section 4.1 above, the Declarant shall have the right to create new, modify originally contemplated, or otherwise relocate easements due to or rendered appropriate by site conditions, force majeure events or requirements imposed by or reasonably likely to be imposed governmental or quasi-governmental entities, law, regulation or judicial or administrative determination.
- g. Reciprocal Rights. Declarant shall have the right as grantor to grant easements affecting the Real Estate on such terms as the Declarant may reasonably determine for purposes of furthering the development, use, and beneficial enjoyment of such future projects that Declarant or its affiliated entities may construct on nearby or adjoining land. Conversely, Declarant shall have the right as grantee to agree to and accept such easements on nearby or adjoining land on terms as Declarant may reasonably determine for purposes of furthering the development, use and beneficial enjoyment of the Real Estate of the Condominium and such further projects that Declarant or its affiliated entities may construct on nearby or adjoining land.

Section 4.2. Declarant's Easement for Development of Additional Real Estate.

4.2.1. Declarant reserves an easement on, over and under those portions of the Common Elements not located in a Building which contains Units for all purposes relating to the construction, development, leasing and sale of improvements on the Additional Real Estate. This easement shall include, without limitation, the right of

vehicular and pedestrian ingress and egress, the right to park motor vehicles and to engage in construction and marketing activities of any nature whatsoever, including the movement and storage of building materials and equipment, the conduct of sales, leasing and management activities, the maintenance of models and office and the erection and maintenance of directional and promotional signs.

4.2.2. Declarant's right to maintain models and offices on the Common Elements under this Section is subject to the limitation that Declarant may not maintain on the Common Elements more than four (4) models or offices pertaining to Declarant's activities on the Additional Real Estate. Any such model or office may not be larger than the largest Unit. Such models or offices maintained by Declarant pursuant to this Section may be located in any Unit or in the Community Building or on any portion of the Common Elements not located in a Building which contains Units, and may be relocated and removed by the Declarant at Declarant's sole discretion.

4.2.3. The easement created by this Section shall terminate upon the annexation of all of the Additional Real Estate to the Condominium; however, Declarant shall have the easements and rights for construction and marketing activities with respect to the Condominium as are otherwise provided in the Act and this Declaration.

ARTICLE V

AMENDMENT OF DECLARATION

Section 5.1. Amendment Procedure. This Declaration may be amended only in accordance with the procedures specified in Section 3219 of the Act, the other Sections of the Act referred to in Section 3219 thereof, and the express provisions of this Declaration.

Section 5.2. Rights of Permitted Mortgagees. Subject to the limitations imposed by Section 3221 of the Act and except as set forth below, no amendment of this Declaration may be made without the prior written approval of all Permitted Mortgagees if and to the extent that such approval is required by the Act or if and to the extent that such amendment would have the effect of (1) terminating or abandoning the Condominium (except for termination or abandonment as a result of taking of all the Units by eminent domain); (2) abandoning, encumbering, selling or transferring the Common Elements; (3) partitioning or subdividing any Unit or the Common Elements; or (4) changing the Percentage Interests of any Unit Owners. Such approval shall not be required with respect to any Amendment pursuant to ARTICLES VI, VII or VIII or XII below. The granting of easement for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed to be a transfer within the meaning of this Section.

Section 5.3. Other Amendments. If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of this Declaration or the Plats and Plans which is defective or inconsistent with

any other provision hereof or appearing or failing to appear in the Plats and Plans which is incorrect, defective or similarly inconsistent, or if such amendment is necessary to conform to the then current requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to the Condominium projects, the Executive Board may, at any time and from time to time effect such amendment without the approval of the Unit Owners or Permitted Mortgagees, upon receipt by the Executive Board of an opinion from independent registered architect or licensed professional engineer in the case of any such amendment to the Plats and Plans. Each such amendment shall be effective upon the recording of any appropriate instrument setting forth the amendment and its due adoption, execution and acknowledgment by one or more officers of the Executive Board.

ARTICLE VI

USE RESTRICTIONS

Section 6.1. 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. All Units, or any two or more adjoining Units used together, shall be used only as a residence for a single family (or housekeeping Unit) or such other uses permitted by this Declaration. With the prior consent of the Executive Board, portions of the Common Elements may be used for any lawful commercial purposes, not inconsistent with all applicable laws, codes or ordinances. No Unit Owner shall permit his Unit to be used or occupied for any prohibited purpose.
- b. Except as set forth in subparagraph "a" above, no industry, business, trade, occupation or profession of any kind shall be conducted, maintained, or permitted on any part of the Property. Except for a single, small, non-illuminated name sign on the door of a Unit, no signs advertising or other displays shall be maintained or permitted on any part of the Property except at such location and in such form as shall be determined by the Executive Board. The right is reserved by the Declarant or its agent or agents to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units, and on any part of the Common Elements, and the right is hereby given to any Permitted Mortgagee, who may become the Owner of any Unit, to place such signs on any Unit owned by such Permitted Mortgagee.
- c. There shall be no obstruction or alteration of the Common Elements nor shall anything be stored in or on the Common Elements without the prior consent of the Executive Board except as herein expressly provided.

- d. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Property, or contents thereof, without the prior written consent of the Executive Board, which consent may be conditioned upon the Unit Owner of such Unit being required to bear the full amount of such increase. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will violate any law, statute, ordinance or regulation of any governmental body or which will result in the cancellation of any insurance maintained by the Executive Board. No waste shall be committed in the Common Elements.
- e. No person shall create a nuisance on the Property or engage in any use or practice which interferes with the peaceful possession or proper use of any of the Units or of the Common Elements.
- f. No Unit Owner, or Occupant shall (1) build any structure on the Common Elements (including Limited Common Elements) or make any installation which extends beyond the physical limits of Unit Owner's or Occupant's Unit into the Common Elements; (2) paint or otherwise alter the structure, form or appearance of the exterior portion of any wall, window, door or other portion of the Property which is visible from outside of such Unit; or (3) place any sign, notice, advertisement or the like on any part of the Property which is visible from outside of such Unit.
- g. No Unit Owner shall do any work or any other act which would jeopardize the soundness or safety of the Property or any part thereof, or impair any easement or hereditaments without the unanimous consent of the Unit Owners affected thereby.
- h. No animals of any kind may be raised, bred or kept in the Condominium except as specifically authorized by the Rules and Regulations adopted from time to time by the Executive Board. All pets must be kept leashed when outside the Unit. No pets may be left outside the Unit unattended in a kennel run or in any other fashion.
- i. There shall be no outside storage upon any Limited or General Common Element of any automobile, truck, tractor, mobile home, camper, boat, motorcycle, recreational vehicle, or other transportation device of any kind and gardening or construction equipment (collectively, "Vehicle"), unless approved by the Board in the Rules and Regulations hereinafter adopted. No Unit owners or tenants of Unit Owners shall repair or restore any Vehicle of any kind upon any Limited or General Common Element except for normal washing and cleaning of or emergency repairs to such Vehicle. Such repairs to the Vehicle must be truly emergency in nature, in which case there shall

be prompt attention to the Vehicle by competent Vehicle repair persons, no fluids may be changed or discharged, and such repairs shall be effected as expeditiously as possible, but certainly within six (6) hours of the commencement of the repair, but in no event shall repairs continue past 8:00 p.m., and in all other circumstance the Vehicle must be removed from the Real Estate for repair to occur elsewhere. In addition, the Board shall have the right to adopt further detailed Rules and Regulations concerning parking and the operation of vehicles on the Property.

- j. No motorcycles, motorbikes, go-carts, snow mobiles or similar motor-powered vehicles shall be operated on any portion of the common areas.
- k. Skateboarding shall not be permitted in or on Common Elements.

Section 6.2. Additions, alterations or Improvements to Units. No Unit Owner shall make or permit any addition, alteration or improvement to his Unit which could or might affect the structural integrity of the Building. No Unit Owner shall make or permit any other structural change, addition, alteration or improvement in or to his Unit without the prior written consent of the Executive Board, which shall not be unreasonably withheld, and, if such change so consented to would result in rendering inaccurate the description of that Unit on the Plats and Plans, it shall not be undertaken until the Plats and Plans have been duly amended at the cost and expense of such Unit Owner. Requests for such consent shall be accompanied by detailed plans and specification showing the proposed addition, alteration or improvement, and shall name the contractors and subcontractors to be employed. The Executive Board shall act upon requests within thirty (30) days after receipt thereof, and shall be deemed to have acted favorably in cases where no response is made within that period. Application to any governmental authority for necessary permits shall be made only by the Executive Board as agent for and at the expense of the Unit Owner, without incurring any liability to such authority or to any contractor, subcontractor or materialman or to any person having any claim for injury to person or damage to property from such work.

Section 6.3. Rules and Regulations. Reasonable Rules and Regulations not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property, may be promulgated from time to time by the Executive Board, subject to the right of the Association to change such Rules and Regulations. 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 VII

MORTGAGES

Section 7.1. Permitted Mortgages. A Unit Owner other than the Declarant or the Executive Board may not voluntarily encumber or subject his, her or its Unit to any lien other than the lien of a Permitted Mortgage. Whether or not they expressly so state, all such Permitted Mortgages and the obligations secured thereby shall be deemed to provide, generally, that the Permitted Mortgage, and the rights and obligations of the parties thereto, shall be subject to the terms and conditions of the Act and this Declaration and shall be deemed to provide specifically, but without limitation that the Permitted Mortgagee shall have the right (a) to participate in the adjustment of losses with insurers or in the decision as to whether or not or how to repair or restore damage to or destruction to the Property, or (b) to accelerate the mortgage debt or to have any other remedies by virtue of waste or alleged waste or other conditions occurring anywhere on the Property other than within the affected Unit, and the obligation secured shall be prepayable, without penalty, upon the happening of any termination of the Condominium or determination not to restore or replace the affected Unit. No Unit Owner shall deliver any Permitted Mortgage, or any obligation to be secured thereby, unless it has first notified the Executive Board of the name and address of the proposed Permitted Mortgagee. Upon receipt of notice of a Permitted Mortgage, the Secretary of the Executive Board shall instruct the insurer of the Property to add the name of the Permitted Mortgagee to the mortgagee loss payable provision of the hazard insurance policy covering the Property and to provide such Permitted Mortgagee's name has been so added. The Secretary shall maintain a register of such Permitted Mortgages, showing the names and addresses of the Permitted Mortgagees and the amount secured thereby.

Section 7.2. Rights of Permitted Mortgagees. Upon the specific written request of a holder of a mortgage on a Unit or its servicer to the Executive Board, the mortgagee shall be entitled to receive some or all of the following as designated in the request:

- a. copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Executive Board to the Owner of the Unit covered by the mortgage;
- b. any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Unit Owners;
- c. copies of notices of meetings of the Unit Owners and the right to designate a representative to attend such meetings;
- d. notice of the decision of the Unit Owners to make any material amendment to this Declaration;
- e. notice of substantial damage to or destruction of any Unit (the repair of which would cost in excess of \$1,000.00) or any part of the Common Elements (the repair of which would cost in excess of \$10,000.00);

- f. notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Property;
- g. notice of any default by the Owner of the Unit which is subject to the mortgage, where such default is not cured by the Unit Owner within thirty (30) days after the giving of notice of the Association to the Unit Owner of the existence of the default;
- h. the right to examine the books and records of the Executive Board at any reasonable time; or
- i. notice of any decision by the Executive Board to terminate professional management and assume self-management of the Property.

The request of a mortgagee or its servicer shall specify which of the above items it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Executive Board. The Executive Board need not inquire into the validity of any request made by a mortgagee hereunder.

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

ARTICLE VIII

LEASING

A Unit Owner may lease or sublease his Unit (but not less than his entire Unit) any time and from time to time provided that: (1) no Unit may be leased or subleased for transient or hotel purposes or for an initial term of less than six (6) months; (2) no Unit may be leased or subleased without a written lease or sublease on a form approved by the Executive Board; (3) a copy of such lease or sublease shall be furnished to the Executive Board within ten (10) days after execution thereof; and (4) a breach of the Declaration, By-laws or Rules and Regulations of the Condominium shall constitute a default under the lease or sublease and the lessee or sublessee shall be bound by and subject to the Declaration, By-laws and Rules and Regulations of the Condominium.

ARTICLE IX

BUDGETS; COMMON EXPENSES; ASSESSMENTS AND ENFORCEMENT

Section 9.1. Monthly Payments. All Common Expense assessments made in order to meet the requirements of the Association's annual budget shall be deemed to be adopted and assessed on a monthly basis (rather than on an annual basis payable in monthly installments) and shall be due and payable in advance on the first day of each month. Special assessments and fines shall be due and payable in one or more monthly

payments, in advance, on the first day of each month, as determined by the Executive Board. At the time of settlement under an Agreement of Sale of any Unit, the Purchaser (i.e., new Unit Owner) shall pay \$500.00 as a capital contribution in the addition to the regular monthly assessment or any special assessment.

Section 9.2. Subordination of Certain Charges. Any fees, charges, late charges, fines, interest or any assessment or supplemental assessment, and including any lien arising from the same, which may be levied by the Executive Board pursuant to Sections 3302(a) (10), (11), and (12) of the Act, shall be subordinate to the lien of a Permitted Mortgage on a Unit.

Section 9.3. Surplus. The Budget of the Association shall segregate Limited Common Expenses from General Common Expenses. Any amounts accumulated from assessments and income from the operation of the Common Elements in excess of the amount required for actual expenses and reserves for future expenses shall be credited to each Unit Owner in accordance with their Percentage Interests, said credits to be applied to the next monthly assessments of General or Limited Common Expenses due from said Unit Owners under the current fiscal year's budget, and thereafter, until exhausted.

Section 9.4. Limitation on Expenditures. There shall be no structural alterations, capital additions to, or capital improvements on the Common Elements (other than for purposes of repairing, replacing and restoring portions of the Common Elements) requiring an expenditure in excess of ten (10%) percent of the total budget of the Association for that fiscal year without the prior approval of a majority of the Unit Owners entitled to vote.

Section 9.5. Reserve. Each annual budget for Common Expenses may include an amount reasonably considered by the Executive Board to be sufficient as a reserve for replacements, contingencies, capital expenditures and deferred maintenance. In addition, the Executive Board shall have the right to segregate all or any portion of such reserve for any specific replacement or contingency upon such conditions as the Executive Board deems appropriate.

Section 9.6. Accounting. Within one hundred twenty (120) days after the end of the fiscal year of the Association, the Executive Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding fiscal year actually incurred and paid together with a tabulation of the amounts collected pursuant to the annual budget or assessments and leases and sales of property owned or managed by the Executive Board on behalf of the Association, and showing the net excess or deficit of income over expenditures plus reserves.

Section 9.7. Interest and Charges. All sums assessed by the Executive Board against any Unit Owner shall bear interest thereon at the rate of fifteen (15%) percent per annum or such other rate as may be determined by the Executive Board from the tenth (10th) day following default in payment of any assessment when due. Any delinquent Owner shall also be obligated to pay a one time late charge not to exceed ten (10%)

percent and (1) all expenses of the Executive Board, including reasonable attorney's fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (2) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such, subject to Section 9.2 above.

ARTICLE X

DECLARANT'S RIGHTS

Section 10.1. Control. Election of the members of the Executive Board shall be subject to the following conditions:

- a. Until the sixtieth (60) day after conveyance of twenty-five (25%) percent of the Units to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all officers and members of the Executive Board. Declarant may not unilaterally remove any members of the Executive Board elected by Unit Owners other than Declarant.
- b. Not later than sixty (60) days after conveyance of twenty-five (25%) percent of the Units to Unit Owners other than Declarant, not less than twenty-five (25%) percent of the members of the Executive Board shall be elected by Unit Owners other than Declarant.
- c. Not later than sixty (60) days after conveyance of fifty (50%) percent of the Units to Unit Owners other than Declarant, not less than thirty-three and one-third (33 1/3%) percent of the members of the Executive Board shall be elected by Unit Owners other than Declarant.
- d. Not later than the earlier of (1) seven (7) years after the date of the recording of this Declaration, or (2) one hundred eighty (180) days after seventy-five (75%) percent of the Units which may be constructed on the Property have been conveyed to Unit Owners other than Declarant, all members of the Executive Board appointed by Declarant shall resign, and the Unit Owners (including Declarant to the extent of Units owned by Declarant) shall elect a new Executive Board.

Section 10.2. Declarant Owned Units. Declarant will not be required to pay monthly maintenance fees for any Unit which it owns and occupies as a model or sales office. Any contributions made by the Declarant to cover shortfalls in the Association's budget shall be reimbursed to the Declarant by the Association.

ARTICLE XI

LIMITATION OF LIABILITY

Section 11.1 Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers and employees:

- a. shall not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the Elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of the Building, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;
- b. shall not be liable to the Unit Owners as a result of the performance of the Executive Board members' duties for any mistake of judgment, negligence or otherwise, except for the Executive Board members' own willful misconduct or gross negligence;
- c. shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;
- d. shall not be liable to a Unit Owner, or such Unit Owner's tenants, employees, agents, customers or guests, for loss or damage caused by theft of or damage to personal property left by such Unit Owner or his tenants, employees, agents, customers or guests in a Unit, or in or on the Common Elements or Limited Common Elements, except for the Executive Board members' own willful misconduct or gross negligence;
- e. shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or gross negligence in the performance of this duties; and
- f. shall have no personal liability arising out of the use, misuse or condition of any Building, or which might in any other way be assessed against or imputed to the Executive Board members' own willful misconduct or gross negligence.

Section 11.2. Indemnification. Each member of the Executive Board, in his or her 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 or her in connection with any proceedings in which he or she may become involved by reason of his or her being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he or she is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his or her duties; 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 or she 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 or her conduct was unlawful. The indemnification by the Unit Owners set forth in this Section shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense 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 agreement or by vote of the Unit Owners or otherwise.

Section 11.3. Defense of Claims. Complaints brought against the Association, the Executive Board or the officers, employees or agents thereof in their respective capacities as such, or the Condominium as a whole, shall be directed to the Executive Board of the Association, which shall promptly give written notice thereof to the Unit Owners and the holders of any mortgages on Units, and such complaints shall be defended by the Association. The Unit Owners and the holders of mortgages on Units shall have no right to participate in such defense other than through the Association.

Section 11.4. Insurance. The Executive Board shall obtain insurance to satisfy the indemnification obligation of the Association and all Unit Owners set forth above, if and to the extent reasonably available.

ARTICLE XII

OPTION TO EXPAND THE CONDOMINIUM

Section 12.1. Reservation. Declarant hereby explicitly reserves an option until the seventh (7th) anniversary of the recording of this Declaration to add Additional Real Estate to the Condominium from time to time in compliance with Section 3211 of the Act, without the consent of any Unit Owner or permitted mortgagee. This option may be terminated prior to such anniversary only by the filing by Declarant of an amendment to this Declaration. Declarant expressly reserves the right at different times, in any order, without limitation and without any requirement that any other real estate be added,

converted or withdrawn; provided, however, that the Additional Real Estate shall not exceed the area described as such on Exhibit "C" hereto. There are no other limitations on this option to add Additional Real Estate to the Condominium.

Section 12.2. Common Element Interest. The Common Element Interest appurtenant to each Unit will be reduced pro-rata upon the creation of additional Units as set forth in Paragraph 2.2. The relative voting strength in the Association and share of common expense liability will be reduced accordingly.

Section 12.3. Assurances. Declarant makes no assurances as to the location of Buildings or other improvements on the Additional Real Estate. At such time as the Condominium is expanded, the maximum number of Units on the Additional Real Estate will be no more than fourteen (14). Any Buildings to be constructed on the Additional Real Estate and Units therein shall be compatible in quality, size, material and architectural style with the Buildings and Units on the Property. Declarant expressly reserves the right to designate Common Elements in the Additional Real Estate which may be assigned subsequently as Limited Common Elements. Declarant makes no assurances as to type, size, maximum number of such Common Elements or Limited Common Elements or proportion of Limited Common Elements to Units. The reallocation of Percentage Interests in the Additional Real Estate and the Property shall be computed as provided in Section 2.2 herein. All restrictions in this Declaration affecting use, occupancy and alienation of Units shall apply to Units created in the Additional Real Estate. In the event that Declarant shall not add, or adds and then subsequently withdraws, any portion of the Additional Real Estate, Declarant shall nevertheless have the right to construct all or any portion of the Buildings on the Real Estate described in Exhibit "C" and operate the same without restriction, except as set forth above.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed on this 8th day of April, 2005.

ATTEST:

REELCO COMPANY, INC.

Glenda L. Martin
Secretary

By: Warren R. Schorr
Warren R. Schorr, Vice President