

DECLARATION OF COVENANTS,
EASEMENTS AND RESTRICTIONS

FOR

DEER RUN

BY AND AMONG

GREENSBURG SAVINGS AND LOAN ASSOCIATION

AND

MORGENS PROPERTIES, INC.

AND

SHELTER ENTERPRISES, INC.,

To

Same

Dated as of
September 24, 1980

DECLARATION OF COVENANTS,
EASEMENTS AND RESTRICTIONS

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DECLARATION OF COVENANTS
EASEMENTS AND RESTRICTIONS

THIS DECLARATION, made as of this 24th day of September, 1980, by and among GREENSBURG SAVINGS AND LOAN ASSOCIATION, a Pennsylvania Corporation, hereinafter sometimes called "Greensburg", MORGENS PROPERTIES, INC., a Pennsylvania corporation hereinafter sometimes called "Morgens" and SHELTER ENTERPRISES, INC., a Pennsylvania Corporation hereinafter sometimes called "Shelter" all sometimes collectively called "Declarants".

WITNESSETH:

WHEREAS, Greensburg and Shelter are the owners of legal title of certain real property described in Article II hereof and desire to create thereon a residential community with Recreation Areas, as hereinafter defined for the benefit of said community; and

WHEREAS, Morgens has the option to purchase from Shelter certain of the real property described in Article II; and

WHEREAS, Declarants desire to provide for the preservation of the value and amenities in said community and for the maintenance of said Recreation Areas and other lands and improvements owned by Greensburg and Shelter as described in Article II; and to this end, desire to subject the real property described in Article II hereof to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said property and the subsequent owners thereof; and

WHEREAS, the real property described in Article II owned by Greensburg and Shelter respectively is or will be subject to the Planned Unit Development Ordinance ("Ordinance") of Cranberry Township, Butler County, Pennsylvania ("Township"); and

WHEREAS, the Declarants have deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an association to which should be delegated and assigned the powers and duties of maintaining and administering the Recreation Areas and otherwise administering and enforcing the within covenants and restrictions and disbursing the charges and assessments hereinafter created; and

WHEREAS, the Declarants have formed or will form Deer Run Homeowners Association as a non-profit corporation without capital stock under the laws of the Commonwealth of Pennsylvania for the purposes of carrying out the powers and duties aforesaid.

NOW, THEREFORE, the Declarants intending to be legally bound hereby declare that the real property described in Article II hereof is and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to the covenants,

restrictions, easements, charges and liens (hereinafter sometimes referred to as "covenants and restrictions") hereinafter set forth.

ARTICLE I

Definitions

The following words, when used in this Declaration, shall have the following meanings:

Section 1. "Developers" or "Declarants" shall mean Greensburg Savings and Loan Association, Morgens Properties, Inc. and Shelter Enterprises, Inc., collectively, and any successors in title to all or any portion of the property subject to this Declaration who acquire such for the purpose of site development, or construction of Units with the objective of selling individual developed Lots or selling or renting individual Units or purchases two or more units which have never been initially occupied for the purpose of rental or resale. Further, "Shelter" is sometimes referred to as the "Developer of Phase I and Phase II". "Greensburg" is sometimes referred to as the "Developer of Phase III", and "Morgens" and any successor in title who is a developer as defined herein is sometimes referred to as the "Developer of Phase IV".

Section 2. "Association" shall mean and refer to Deer Run Homeowners Association and its successors or assigns.

Section 3. "Directors" shall mean the Board of Directors of the Association as provided in the Chapter and By-Laws of the Association.

Section 4. "Improvements" shall mean and refer to any building or other improvement situate upon the Property or as part of the Recreation Areas.

Section 5. "Recreation Areas" shall mean and refer to all real property owned or to be owned by the Association free and clear of all monetary liens and subject only to existing easements as described in Exhibit "A" and as shown on the Phase III and Recreation Area PUD Plan for the benefit, use and enjoyment of its members, together with all improvements located thereon and all personal property incidental thereto which may be owned by the Association and shall include without limitation, community buildings, pools, tennis courts, childrens playground, play equipment, playing fields and open space. The portion of Recreation Areas owned by Greensburg shall be conveyed to the Association within thirty (30) days after the recording of this Declaration and the future Recreation Areas subject to the option of Morgens will be conveyed to the Association not later than the filing of subdivision plans for all portions of Phase IV abutting such Recreation Areas and completion of site development work on such subdivisions.

Section 6. "Recreation Assessments" shall mean any charge (annual, advanced, or special) determined under Article V of this Declaration by the Association to be due and payable by a Unit Owner on account of the Recreation Areas.

Section 7. "Phase" shall mean any Residential Phase of the Property including Phase I and II, Phase III or Phase IV as the case may be, considered individually. Any Phase may be developed as a condominium, cooperative, townhouse development, apartment development or detached single family development or any combination thereof.

Section 8. "Phase III" shall mean the real property owned by Greensburg as described in Exhibit "B".

Section 9. "Phase IV" shall mean the real property legal title of which is held by Shelter, subject to an Option Agreement between Shelter and Morgens as described in Exhibit "C".

Section 10. "Phase I and Phase II" shall mean any real property now or hereafter subject to the Pine Ridge Condominium Declaration (certain units of which are owned by Shelter) as listed in Exhibit "D" as recorded in the Recorder's Office and as the same may be supplemented.

Section 11. "Lot" shall mean and refer to any plot of land and any designation of Units, or shown upon any recorded subdivision map of any portion of Phase IV other than areas designated for common use or as common elements or open space Recreation Area. Prior to initial occupancy of any completed dwelling Unit or Units constructed on any Lot, such Unit(s) shall be considered as a Lot or Lots. If improvements as constructed upon such designated Lots do not result in an actual corresponding constructed number of Units as initially planned, a "Lot" shall from the date of the completion of such Improvements mean and refer to each Unit actually constructed.

Section 12. "Member" shall mean and refer to every person, group of persons or entity who holds membership in the Association.

Section 13. "Mortgage" shall include a Deed of Trust and similar security instruments.

Section 14. "Recorder" shall mean the Register and Recorder of Butler County, Pennsylvania.

Section 15. "Residents" shall mean any occupant of a Unit under lease from a Unit Owner.

Section 16. "Property" shall mean and refer to all real property described or listed in Exhibits "A", "B", "C" and "D" hereof.

Section 17. The "Deer Run PUD" shall mean the Planned Unit Development of Phases I and II, Phase III, Phase IV and the Recreation Areas, as approved by the Township.

Section 18. The "Deer Run PUD Plan - Phase III (Pine Ridge) and Recreation Area" shall mean the plan so designated, dated May 6, 1980 last revised October 8, 1980 and recorded or to be recorded in the Office of the Recorder.

Section 19. "Unit" shall mean any dwelling unit, including single family, townhouses or apartments situate on the Property, whether in a Development submitted in whole or in part to the provisions of the Unit Property Act, or in a Development not submitted in whole or in part to the Unit Property Act, and including units owned by a Declarant and leased to any individual or entity.

Section 20. "Unit Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Unit situate on the Property, whether or not the Unit is in a Multifamily Development and whether or not submitted to the Unit Property Act, including any Developer but excluding those having such interest in a Unit solely as security for the performance of an obligation.

Section 21. "Individual Unit Owner" shall mean any Owner of a Unit other than a Developer.

Section 22. "Unit Property Act" means the Act of July 3, 1963, P.L. No. 196, 68 P.S. 700.101 et seq. of the Commonwealth of Pennsylvania or any law hereafter enacted or in effect which amends or supersedes such Unit Property Act in whole or in part.

Section 23. "Drainage Facilities" shall include, but not be limited to storm and surface water easements, drainage pipes, ponds, and erosion and sedimentation control facilities.

ARTICLE II

Property

Section 1. Property Subject to Declaration. The property which is, and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied, and improved subject to this Declaration consists of the Recreation Areas, Phase III and Phase IV and the Units and Lots in Phases I and II designated in Exhibit "D" hereto and is located in Cranberry Township the County of Butler, Commonwealth of Pennsylvania, all of which are more particularly described on Exhibits "A" through "D", inclusive.

Section 2. Additions. Further, subject to the terms and provisions of this Declaration, any additional presently existing or future Units in Phases I and II may become members of the Association upon a written joinder being filed with the Recorder.

Section 3. Additional Recreation Areas. Additional lands identified on the Deer Run PUD Plan identified in Article 1, Section 18 and identified as Future Recreation Area to be conveyed by Phase IV Developer shall be conveyed to the Association as Recreation Area by the Phase IV Developer without further approvals or consents by the Phase IV Developer filing with the Recorder a Declaration to that effect.

Section 4. Annexations Under Article II. Any annexations made pursuant to this Article shall be made by recording a joinder in the Recorder's Office duly executed by the owner of the property being annexed hereunder.

ARTICLE III

Membership

Section 1. Membership. The Association shall have five classes of voting members.

(a) Class A. With the exception of Greensburg, so long as it remains the Class B member every other person, group of persons or entity who is an Individual Unit Owner of any unit in Phase III shall be a Class A member of the Association. Class A members shall be entitled to one vote for each Unit in which they hold the interest required for membership.

(b) Class B. The Class B member shall be Greensburg, and it shall be entitled to three (3) votes for each Unit owned. The Class B membership will cease on January 1, 1984, at which time Greensburg will possess one Class A membership for each Unit of which it is the then record owner.

(c) Class C. Every person, group of persons or entity who is an Unit Owner of any Unit in Phase IV which has been initially occupied shall be a Class C Member of the Association. Class C members shall be entitled to one vote for each Unit in which they hold the interest required for membership.

(d) Class D. The Class D member shall be Morgens or any other developer of all or any part of Phase IV which will be entitled to three (3) votes for each Unit owned but never initially occupied and for each Lot owned without an initially occupied Unit erected thereon. The Class D membership will cease (i) when the total number of existing Class "C" votes exceed the total votes outstanding in the Class D membership, or (ii) on January 1, 1990, or (iii) when such Class D members delivers its resignation, whichever is the earlier, at which time the Phase IV Developer(s) will possess one (1) Class C membership for each Unit owned and also for each Lot without a Unit erected thereon.

(e) Class E. The Owner of any Unit in Phase I and Phase II who agrees in writing shall be a Class E member of the Association. Class E members shall be entitled to one vote for each Unit in which they hold the interest required for membership.

Section 2. Multiple Ownership-Security Interests. No person, group of persons or entity who holds any interest in a Unit or Lot solely as security for the performance of an obligation shall be a member. In the event that more than one person, group of persons or entity is a record owner of a fee interest in any Unit or Lot then the vote for the membership appurtenant to such Unit or Lot shall be exercised as they among themselves

determine, but no more than one vote shall be cast with respect to any Unit, excepting as expressly hereinabove provided for.

Section 3. Action by Membership.

(a) Whenever in this Declaration any action is required to be approved, authorized or taken by a specified percentage of the Phase III Members and of the Phase IV Members of the Association, then such action shall be required to be taken separately by the specified percentage of the votes of then Class A members and the then Class B members collectively and also by the specific percentage of the votes of the then Class C members and the then Class D members collectively.

(b) Whenever in this Declaration any action is required to be taken separately by "each Class of the then members" of the Association, then such action shall be required to be taken by the specific percentage of the votes of each Class of membership voting separately.

(c) Whenever in this Declaration any action is required to be taken by a specified percentage of "all classes of the then members" of the Association or by a specified percentage of the "then members" of the Association, then such action shall be required to be taken by the specified percentage of the votes of then cumulative Members of the Association.

Section 4. One Time Initial Fees. Subject only to the voting rights of the Class D member by reason of the ownership of Lots upon which Units are not constructed or constructed but never initially occupied no Unit Owner which is otherwise entitled to: (i) a Class C membership for such Unit, or (ii) a Class E membership for a Unit shall be otherwise entitled to membership in the Association for such Unit or of any other of the rights and privileges appurtenant thereto nor shall any Resident who occupies such Unit be so entitled until such time as the following Initial Fee is paid to Greensburg for such Unit whether or not Greensburg is a Unit Owner at such time, it being understood that Greensburg has or will pay substantially all of the initial cost of construction of the initial Recreational Facilities:

(a) For each Unit in Phase IV which is owned by a Unit Owner and which is initially occupied by an Individual Unit Owner or by a Resident, an Initial one time Fee of Three Hundred Twenty Dollars (\$320.00) shall be paid at the time of initial occupancy on a unit by unit basis by the Developer in Phase IV who has constructed the Unit;

(b) For each Unit in Phases I and II listed in Exhibit "D", an Initial one time Fee of Six Hundred Dollars (\$600.00) shall be paid on or before May 1, 1981 if such Unit is occupied by a Resident or Unit Owner on such date; or if any such Unit is not constructed and occupied on May 1, 1981, an Initial Fee one time of Six Hundred Dollars (\$600.00) shall be paid on the date subsequent when such Unit is occupied by a Resident or Unit Owner. Such Initial Fees shall be paid by the Developer of Phase I and Phase II;

(c) For each Unit in Phases I and II not listed in Exhibit "D", an Initial one time Fee of Three Hundred Twenty Dollars (\$320.00) shall be payable by the Owner of such Unit at the time such Unit Owner joins the Association pursuant to Article II Section 2.

The terms and conditions of this Section and the payments for each Unit required hereunder shall be a charge upon and lien upon the Unit and shall run with the land and shall further at the time such payment for any Unit is due, then constitute the binding obligation of the person obligated to pay such Initial Fee to Greensburg in accordance herewith. Greensburg shall acknowledge receipt of all such fees by an instrument in recordable form.

Section 5. Approval of Phase IV Developer. Notwithstanding anything to the contrary contained herein, no amendment may be made hereto or any material action taken hereunder without the prior written consent of the Phase IV Developer until the date which is two (2) years from the date of recording of this Agreement or until such Developer qualifies as a Class D member by recording a subdivision of any portion of Phase IV, whichever is the earlier.

ARTICLE IV

Recreation Areas

Section 1. Member's Right of Enjoyment. Every Member and Resident shall have a right and easement of enjoyment in and to the Recreation Areas and such easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following:

(a) The right of the Association to make and publish rules and regulations and to levy reasonable admission and other fees for the use of any recreational facility situate upon the Recreation Areas by the members of the Association, the Residents and their guests; and

(b) The right of the Association to take such steps as are reasonably necessary to protect the Recreation Areas against Mortgage default and/or foreclosures; and

(c) The right of the Association to limit the number of guests of Members and Residents; and

(d) The right of the Association to suspend the voting rights and the rights of members and residents to use of the Recreation Areas (i) for any period during which any Assessment remains unpaid and (ii) for any period not to exceed thirty (30) days for any infraction of any of its published rules and regulations; and

(e) The right of the Declarants and the right of the Association to connect any streets, drives or other rights of way located within the Recreation Areas to any streets, drives or other rights of way, whether public or private, on any abutting property; and

(f) The rights of Phase III and Phase IV and any portions thereof to establish perpetual easements in and over the Recreation Areas as may be reasonable for streets and ways, public or private, and for easements, and rights-of-way for utilities and sanitary and storm and surface water sewers and drainage, together with the right to install streets and ways, utilities, sanitary and storm and surface water sewers and Drainage Facilities, and to maintain and repair the foregoing, and to dedicate the foregoing to any public or municipal body or agency for permanent maintenance. Such rights of Phase III and Phase IV shall not unreasonably interfere with the use of and enjoyment of the Recreation Areas or the Recreation Facilities erected thereon or any improvements erected in either Phase pursuant to a Plan approved by the Township (the installation of Drainage Facilities, including those which cause temporary ponding as referred to in Section 1(g) of this Article shall not be considered an unreasonable interference); the Association shall join in such dedications to the extent required for title purposes; the rights of Phase III and Phase IV and any portions thereof for reasonable pedestrian ingress and egress and regress and vehicular access over streets and drives to and from any part of the Property over, in and to the Recreation Areas; and

(g) The right of the Declarants or the Association, acting by and through Directors, to grant rights-of-way and/or easements for any public way or utility purpose or Drainage Facilities to any municipal agency, public utility or for the purpose of the installation and/or maintenance of such utilities and Drainage Facilities as may be necessary to serve any of the Recreation Areas, or to serve any portion of Phase III or Phase IV; provided, however, that such easements and/or rights-of-way shall not be unreasonably inconsistent with the enjoyment of the Recreation Area or any other portion of the Property by the Members of the Association and the Residents it being understood that open Recreation Areas including the proposed ball field may be used from time to time as temporary drainage control basins and which may result in temporary ponding of water; and

Section 2. Utility Easements. All utility lines and Drainage Facilities running across or located upon any of the Property, shall create perpetual utility easements for the Phase or Phases served thereby. Said easements shall be created without cost to the benefited Phase and shall be appurtenant to the land. Said utility lines and Drainage Facilities shall, subject to the provisions of Article VIII hereof be constructed and maintained by the user or users thereof in accordance with Article VII Section (c)(ii) subject to the rights of dedication similar to those in Section 1(g) of this Article IV above who shall each have perpetual right at reasonable times and following reasonable notice, to enter upon the subjected Phase for the purpose of performing any requested maintenance to said utility and drainage facilities lines.

Section 3. Rights Not Subject to Suspension. Notwithstanding anything herein contained to the contrary, the rights and easements created in this Article may not be terminated or suspended by the Association for any reason without the written consent of all persons benefited thereby.

Section 4. Benefits to Mortgagee. The easements, benefits and other rights created under this Article, to which all Member's and Resident's rights are subject, are intended to be created for the benefit of any Mortgagee, its successors or assigns of any Phase or any portion thereof.

ARTICLE V

Assessments

Section 1. Covenant for Assessments. Each person, group of persons or entity who becomes a member of the Association by the execution hereof, and thereafter any Lot or Unit Owner in Phase III or Phase IV by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance or otherwise by a written instrument by any Owner of a Unit in Phase I and Phase II who otherwise becomes a member of the Association by written agreement or instrument, shall be deemed to covenant and agree to pay to the Association Assessments to be fixed, established and collected from time to time as hereinafter provided. The Assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the real estate and shall be a continuing lien upon the Unit against which the Assessment is made. Each Annual Assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person, group of persons or entity who was the Unit Owner of the Unit at the time when the Assessment fell due and no foreclosure sale or judicial sale shall discharge any personal liability of the Unit Owner. Annual Assessments for all Units subject to assessments hereunder shall be uniform.

Section 2. Purpose of Assessment. The Annual Assessments levied by the Association under this Article shall be used exclusively for the purpose of promoting the recreation, health, welfare and safety of the Unit Owners and Residents of the Property through the improvement and maintenance of the Recreation Areas, including, but not limited to, the payment of taxes and insurance for the Recreation Areas and repair, replacement, and additions thereto, and for the cost of labor, equipment, and materials, management and supervision thereof; and including, but in no way limited to, the following:

(a) The cost of all operating expenses of the Recreation Areas and services furnished, including charges by the Association for services furnished by it; and

(b) The cost of necessary management and administration, including fees paid to any management agent; and

(c) The amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is otherwise required to pay, if any; and

(d) The cost of fire and extended coverage and liability insurance on the Recreation Areas and the cost of such other insurance as the Association may effect; and

(e) The cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or other utilities, to the Recreation Areas; and

(f) The cost of funding all Recreation Areas reserves established by the Association, including, when appropriate, a general operating reserve and/or a reserve for replacements; and

(g) The cost of repairs, maintenance and replacements to roads, streets and ways or otherwise to the Recreation Areas; and complying with any applicable health and safety regulations; and

(h) The cost of grass cutting and snow removal on all Recreation Areas and general landscaping costs thereof; and

(i) Such capital improvements as may be permitted in Sections 5 and 6 of this Article.

All uncontested obligations of the Association incurred within any operating year shall be paid within such year or by Special Assessment as provided in Section 5 of this Article.

Section 3. Annual Assessments. The initial maximum annual Assessment for each Unit shall not exceed Three Hundred Sixty Dollars (\$360.00), shall be paid by Owner of each and ever Unit in accordance herewith and may be levied on a monthly, quarterly, semi-annual or annual basis. The Board of Directors of the Association may fix the annual Assessment at any amount not in excess of the maximum hereinabove provided for. The ownership of Phase IV Lots shall not obligate the owner thereof to pay an annual assessment until Units erected thereon are occupied in accordance with Section 9(b) of this Article.

Section 4. Increase or Decrease in Maximum Assessment.

(a) From and after January 1, 1981, the maximum annual Assessment for all Members may be increased by the Board of Directors of the Association, without a vote of the Members, by not more than an additional five percent (5%) above the maximum annual Assessment for the preceding year, or by the percentage of increase, if any, of the United States Department of Labor Cost of Living Index for the Pittsburgh, Pennsylvania Metropolitan Area during the preceding year, whichever results in the higher increase. The Board of Directors shall be obligated to so increase the actual assessments unless the total annual assessments collected in any year exceed one hundred ten percent (110%) of total costs incurred for the preceding year.

(b) From and after January 1, 1982, the maximum annual Assessment for all Members may be increased above that established by the preceding

paragraph by a vote of the Members, as hereinafter provided, for the next succeeding year and at the end of such year for each succeeding year. So long as there is a Class B or a Class D Member, any change made pursuant to this paragraph shall have the assent of at least sixty-seven percent (67%) of the Phase III Members and also of the Phase IV Members present at any meeting called for such purpose. Thereafter, such increase shall require the vote of sixty-seven percent (67%) of all Members present. A meeting of all Members shall be duly called for this purpose.

Section 5. Special Assessments. In addition to the annual Assessments authorized by this Article, the Association may levy in any Assessment year a special Assessment, applicable to that year only, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Recreation Areas, including the necessary fixtures and personal property related thereto, provided that any special assessment shall have the assent of at least sixty-seven percent (67%) of the Phase III members and also of the Phase IV members. A meeting of the Members shall be duly called for this purpose. Any special Assessment levied by the Association pursuant to the provisions of this Section shall be assessed equally against each Unit initially occupied during the year. Notwithstanding the foregoing, in the event an operating deficit for any year exceeds five percent (5%) of the total Annual Assessments collected for such year, the Board of Directors shall in the following year levy a special assessment to pay such deficit against Units initially occupied during or prior to the year in which the deficit occurred.

Section 6. Reserve for Replacement. The Association shall establish and maintain a reasonable reserve fund for replacements by the allocation thereto of a portion of the regular Assessments to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be held in trust for the benefit of the association. Such fund shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

Section 7. Commencement of Assessments-Individual Owners. The Assessment for each Member who is an Individual Unit Owner in Phase III or in Phase IV shall commence on the first day of the month following the occupancy of a Unit and as to Individual Unit Owners in Phase I and Phase II on the first day of the month following the month in which they join the Association. The first Assessment for any such member shall be made for the balance of the calendar year and shall become due and payable and a lien on the date aforesaid. Thereafter Assessments may be monthly, quarterly, semi-annually or yearly as the Directors may determine.

Except as hereinafter provided, the Assessment for any Unit for any year after the first year, shall become due and payable and a lien on the first day of said year, except as the Board of Directors may otherwise provide.

It shall be the duty of the Board of Directors of the Association to periodically fix the amount of the annual Assessment against each Unit for each Assessment period and the Board of Directors shall make reasonable efforts to fix the amount of the Assessment against each Unit for each Assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Units and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Unit Owner upon reasonable notice to the Board. Written notice of the amount of the Assessment shall thereupon be sent to the Unit Owner subject thereto.

Section 8. Term of Membership. Without otherwise limiting any other provision hereof the Owners of each and every Unit of Phase I, Phase II, Phase III and Phase IV or of any lot in Phase IV upon joining the Association shall by such act subject such Unit or Lot to membership in the Association and to the covenants, easements and restrictions hereof so long as the Association remains in existence.

Section 9. Assessments of Declarants. Any provisions of this Declaration or of the Articles of Incorporation or By-Laws of the Association notwithstanding, the Declarants shall not be required to pay an annual Assessment or special Assessment for any Lot or Unit which it owns except as provided for in this Section.

(a) The Phase III Developer agrees, that until forty-one (41) Phase III Units are sold to Class A members or until such time as the number of Units in Phase IV obligated to pay annual assessments exceeds the number of Units in Phase III obligated to pay annual assessments, whichever is the earlier, it will cause to be paid to the Association quarterly, any deficiency between Member's Assessments and the actual costs of owning and operating the Recreation Areas.

(b) The Phase IV Developer which owns a Unit shall, commencing on the first day of the month following the month in which any Unit such in Phase IV is initially occupied be obligated to pay and shall commence payment of the required Annual Assessment for any and all such Units then owned by such Phase IV Developer. Further, commencing on the first day of the month in which any subdivision plan is recorded the owner of each Lot contained therein shall pay for each Lot a sum equal to ten percent (10%) of all annual assessments which would be payable if an occupied Unit or Units were erected on each such Lot.

(c) The Phase I and Phase II Developer shall commence the payment of assessments for any Units completed and occupied on the date upon which the assessments are first payable by any Class A member. Assessments payable by the Phase I and Phase II Developer for any Units not covered by the preceding sentence shall commence on the first day of the month following the date upon which any such Unit is occupied.

Section 10. Assessment Certificates. The Association shall, upon demand, at any reasonable time, furnish to any Unit Owner liable for Assessment a certificate in writing signed by an officer or other authorized agent of the Association, setting forth the status of said Assessments; i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A charge not to exceed Ten Dollars (\$10.00) may be levied in advance by the Association for each certificate so delivered.

ARTICLE VI

Remedies for non-Payment of Recreation Area Assessments

Section 1. Non-Payment of Assessments. Any Assessment levied pursuant to these covenants which is not paid on the date when due shall be delinquent and shall, together with such interest thereon and cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Unit against which such Assessment is levied which shall bind such Unit in the hands of the then Unit Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Unit Owner to pay such Assessment, however, shall also remain his personal obligation for the statutory period.

If the Assessment is not paid within thirty (30) days after the delinquency date, the Assessment may bear interest at the highest rate permitted by law not to exceed nine percentum (9%) per annum, and the Association may bring an action at law against the Unit Owner personally obligated to pay the same in any court having jurisdiction, or foreclose the lien against the Unit (to the same extent, including a foreclosure sale and deficiency decree and subject to the same procedures as may then be applicable to Mortgages or other liens upon real property under the laws of the Commonwealth of Pennsylvania), in either of which events, interest, costs and reasonable attorney's fees shall be added to the amount of each Assessment. No Unit Owner may waive or otherwise escape liability for the Assessments herein provided for by non-use of the Recreation Areas or abandonment of his Unit.

Section 2. Acceleration of Installments. Upon default in the payment of any one or more installments of any annual Assessment levied pursuant to this Declaration, or any other installment thereof, the entire balance of said annual Assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 3. Subordination Provision. The lien of the Assessments provided for in this Declaration shall be subordinate to the lien of any first Mortgage or Mortgages now or hereafter placed upon any Unit subject to assessment, or any acquisition, development, or construction mortgage for the Property or any part thereof, provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the sale or transfer of any Unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the Unit from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent Assessment.

Section 4. Additional Default. Any recorded first mortgage secured by any Unit may provide that any default by the Mortgagor in the payment of any Assessment levied pursuant to this Declaration, or any installment thereof, shall likewise be a default in such a provision in any such Mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such Mortgage (or the indebtedness secured thereby) by reason of Section 3 of this Article shall not be altered, modified, or diminished by reason of such failure.

Section 5. Use. No Unit Owner or Resident or guest of any Unit Owner or Resident may use any of the Recreation Facilities unless all Assessments due and payable for such Unit are paid in full.

ARTICLE VII

Easements and Reciprocal Rights, Phase III and Phase IV

Section 1. Rights of Phase III and Phase IV. The Developer of Phase III and the Developer of Phase IV shall have the following reciprocal rights, easements, privileges, duties and obligations:

(a) To dedicate or transfer any easements, rights-of-way, roads, streets, pedestrian ways, utilities, sewers or drainage facilities now or hereinafter located in Phase III or Phase IV or the Recreation Area to any public or municipal agency, authority or utility company for purposes consistent with the purpose of this Declaration and the PUD; and

(b) The right to connect any streets, drives or other rights of way located within the Recreation Area or Phase III or Phase IV to any streets, drives or other rights-of-way, whether public or private, located or any abutting portion of the Property; and

(c) Subject to and in accordance with Deer Run PUD Plan aforesaid:

(i) the rights of the Unit Owners and Residents of Phase III and Phase IV for reasonable pedestrian and vehicular (over streets and roads) ingress, egress and regress to and from any part of the Property over Phase III, Phase IV and the Recreation Areas; and

(ii) the right to construct utility improvements and Drainage Facilities in, under, or upon Phase IV or the Recreation Areas for the benefit of Phase IV and to connect same with private, municipal or public utility lines, improvements or Drainage Facilities existing in Phase III or Recreation Areas; provided, however, (a) that rights and such easements and/or rights-of-way created thereby shall not be inconsistent with the PUD, (b) shall be constructed, repaired and maintained at the sole expense and risk of the Phase IV Developer, (c) shall not unreasonably hinder or unreasonably impair the use and enjoyment of Phase III or any Unit erected therein or the Recreation Areas, subject to Article IV, Section 1(g) or any portion thereof, (d) all tap fees shall be paid by the Phase IV Developer, (e) any and all damage or destruction to Phase III or the Recreation Areas shall be immediately cured to the condition equal to that existing prior to the work, and (f) all necessary approvals shall be obtained by the Phase IV Developer as well as adequate liability insurance for the benefit of Phase III and the Association.

(d) The right of the Phase IV Developer at its own expense and liability to perform such work as is reasonably necessary upon the street leading from Haynes School Road into Phase III where it intersects with a proposed street in Phase IV in order to construct an adequate intersection.

(e) The rights of the Developer of Phase III and of Phase IV and of the Association to enter into contracts and agreements which must be satisfactory to the Developers of Phase III and Phase IV with any entity created for the ownership and operation of Phase III and Phase IV or any part thereof whether, condominium, cooperative, homeowner association or otherwise for the purpose of the Association acting as agent for all such entities in dealing with the Township in matters related to compliance with the Deer Run PUD and the Township Ordinance applicable thereto.

Section 2. Utility Easements. All utility lines and drainage facilities established now or hereafter pursuant to Section 1 of this Article shall create perpetual utility easements for the dominant Phase. Said easements shall be created without cost to the encroaching Phase shall be appurtenant to the land and shall pass to the Phase's successor in title. Said utility lines shall, however, subject to the provisions of Article VIII hereof be constructed and maintained at the sole cost and liability of the user or users thereof who shall each have perpetual right at reasonable times and following reasonable notice and following reasonable procedures, to enter upon the subjected Properties for the purpose of performing any required construction for maintenance to said utility lines.

Section 3. Benefits to Mortgagee. The easements, rights of encroachment, and other rights created under this Article, to which all Member's and Resident's rights are subject, are intended to be created for the benefit of any Mortgagee of any portion of Phase III or of Phase IV.

Section 4. Limited Obligations - Agency of Association.

(a) It is the general intention of this Declaration:

(i) To establish the Recreation Area and provide for the operation and maintenance thereof, and

(ii) To establish certain reciprocal rights, obligations and restrictions as between and among the Developers of and the Unit Owners of the Phase III and Phase IV and the Association, and

(iii) To provide for the designation of the Association as the body with which the Township may deal in all matters regarding the operation and maintenance of the Pine Ridge PUD in accordance with Article VII Section 1; provided, however nothing hereto is intended to impose any obligation or liability upon the Association or the Declarants except as expressly set forth in this Declaration.

(b) In no event shall Greensburg or any Unit Owner in Phase III have any obligation or liability directly or indirectly, actual or contingent (i) to develop Phase IV hereafter or (ii) pay, incur or be liable for the cost of construction or development of any improvement or facility located in Phase IV or any improvement or facility located in Phase III or in the Recreation Areas which does not serve Phase III or for the operation, maintenance, repair or replacement of any such improvement or facility.

(c) In no event shall the Phase IV Developer or any Unit Owner in Phase IV have any obligation or liability directly or indirectly, actual or contingent (i) to develop Phase III hereafter or (ii) pay, incur or be liable for the cost of construction or development of any improvement or facility located in Phase III or located in Phase IV or in the Recreation Areas which does not serve Phase IV or for the operation, maintenance, repair or replacement of any such improvement or facility.

ARTICLE VIII

Township Requirements

Section 1. Compliance With Township Requirements.

(a) Greensburg hereby certifies that Phase III has been developed in accordance with the Township Planning Unit Development Ordinance (the "Ordinance").

(b) Morgens and Shelter hereby agree that any and all development in Phase IV will be in compliance with the Ordinance and the PUD, provided nothing herein is intended to require Morgens to develop Phase IV in whole or in part.

(c) The Open Space Requirements of the Ordinance shall be binding and apply to the Property as a whole. Neither Phase III or Phase IV

(d) This Agreement may not be amended in a manner which will result in non-compliance with Sections 88-7(4)(a) of the Township Code through (f) inclusive, Planning Unit Development, requirements without the prior written consent of the Township.

(e) As used in this subsection the term "maintenance" shall mean the obligations, undertakings and liabilities of the Association as set forth in this Declaration:

(i) In the event any common areas of Phase III, Phase IV and the Recreation Areas are not maintained in reasonable order and condition in accordance with the PUD plan and as required by this Agreement, the Township may serve written notice upon Association setting forth the nature of such failure, and said notice shall include a demand that such deficiencies of maintenance be corrected within thirty (30) days thereof, and shall state the date and place of hearing thereon which shall be held within fourteen (14) days of the notice. At such hearing the Township may modify the terms of the original notice as to the deficiencies and may give an extension of time within which they shall be corrected. If the deficiencies set forth in the original notice or in the modifications thereof shall not be corrected within said thirty (30) days or any extension thereof the Township in order to preserve taxable values and to prevent the area from becoming a public nuisance, may enter upon the Property and maintain the same for a period of one (1) year.

(ii) Said maintenance by the Township shall not constitute a taking nor vest in the public any rights to use the same. Before the expiration of said year, the Township shall, upon its initiative or upon the request of the Association call a public hearing upon prior written notice to the Association, to be held by the Township at which hearing the Association shall show cause why such maintenance by the Township shall not, at the option of the Township, continue for a succeeding year. If the Township Supervisors shall reasonably determine that the Association is ready and able to resume responsibility for maintenance of the Property, the Township shall cease such maintenance at the end of said year. If the Township Supervisors shall determine that the Association is not ready and able to resume responsibility for maintenance, the Township may, in its discretion, continue maintenance during the next succeeding year and, subject to a similar hearing and determination, in each year thereafter. The decision of the Township Supervisors shall be subject to appeal to court in the same manner, and within the same time limitation, as is provided for zoning appeals by the Pennsylvania Municipalities Planning Code, Act 247 of 1968, as amended by Act 93 of 1972.

(iii) The cost of such maintenance by the Township shall be assessed ratably against all Units in the Deer Run PUD whose owners are members of the Association for facilities enjoyed by all members or the Phase III or Phase IV members, as the case may be, and shall become a lien on the Units of such members. The Township at the time of entering for the purpose of maintenance shall file a notice of lien in the office

the sale or rental of the individual Unit. It is understood that the Developer of Phase III and of Phase IV may from time to time erect appropriate promotional and sales signs at the main entrance to Phase III and Phase IV. Phase IV Developer may landscape the main entrance at its expense.

(g) No part of the common areas or the Recreation Areas shall be permitted to fall into disrepair and the Property (including lawn and other landscaped areas) shall be maintained in good condition and repair.

Section 2. Enforcement - Right to Remove or Correct Violations
Non-Exclusive. In the event any violation or attempted violation of any of the covenants or restrictions contained in this Article shall occur or be maintained, or in the event of any other conduct in violation of any of the provisions and requirements of this Article, then the same shall be considered to have been undertaken in violation of this Article, and, upon written notice from the Board of Directors, such violation shall be promptly removed or abated. In the event the same is not removed, or the violation is not otherwise terminated or abated, within fifteen (15) days (or such shorter period as may be required in any such notice) after notice of such violation is delivered to the Development (or Unit) upon which such violation exists, or to the Member responsible for such violation if the same shall be committed or attempted on premises other than the Unit owned by such Member or Members, then the Association shall have the right, through its agents and employees, (but only after a resolution of the Board of Directors) to enter upon such Property (or Unit) and to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof not less than Twenty Dollars (\$20.00) may be assessed against the Member or the Unit upon which each such violation occurred and, when so assessed, a statement for the amount thereof shall be rendered to the person in violation at which time the Assessment shall become due and payable and a lien, and a binding personal obligation of such person, in all respects (and subject to the same limitations) as provided in Article VI, Section 3 of this Declaration. The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any Unit or portion of the Property at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Article, or any of the other provisions or requirements of this Declaration, and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection. Nothing herein is intended to limit the rights any other body may have on account of any such violation.

ARTICLE X

Permitted Uses

Section 1. Residential Use. All Units shall be used exclusively for private residential purposes.

of the Prothonotary of Butler County, upon the Unit affected by the lien.

(f) The agreements between the Association and the various entities which are or will be charged with the operation and maintenance of the various Phases or portions thereof whether condominiums, or home owners associations or otherwise shall specifically incorporate this Section.

ARTICLE IX

Prohibited Uses

Section 1. Prohibited Uses and Nuisances. In addition to but not in limitation of separate rules and regulations which may hereafter be applied to each Phase separately and any pertinent laws or ordinances the following shall apply to the Recreation Area, Phase III and Phase IV and all Units in Phases I and II subject to this Declaration.

(a) The commercial maintenance, keeping, boarding and/or raising of animals, livestock, or poultry of any kind, shall be and is hereby prohibited on the Property.

(b) No burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, or used building materials, or trash of any other kind shall be permitted on the Property.

(c) No junked, inoperative, or unlicensed vehicle shall be kept on the Property.

(d) No Property shall be used for the purpose of drilling, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth.

(e) No sound hardwood trees measuring in excess of six (6) inches in diameter two (2) feet above the ground shall be removed by any individual Unit Owner or resident without prior written approval of the Association acting through its Board of Directors or duly appointed committee. The Board of Directors of the Association may from time to time adopt and promulgate such additional rules and regulations regarding the preservation of trees and other natural resources and wildlife upon the Property as it may consider appropriate.

(f) Except for entrance signs, directional signs, signs for traffic control or safety, community "theme areas" and such promotional signs or signs as may be maintained by the Declarants or the Association, no signs or advertising devices of any character shall be erected, posted, or displayed upon the Property or Unit situate upon the Property, provided, however, that one temporary real estate sign not exceeding six (6) square feet in area, may be erected for any Unit for sale or for rent. Any such temporary real estate sign shall be removed promptly following

Section 2. Sales. Nothing contained in this Article, or elsewhere in this Declaration, shall be construed to prohibit a Declarant from the use of any Unit for promotional, display purposes, as "model units" or the like, or as a sales or rental office.

ARTICLE XI

Management

Section 1. Management Agent. The Association may employ a professional management agent (the "Management Agent") at a rate of compensation to be established by the Board of Directors of the Association to perform such duties and services as the Board of Directors shall authorize, including without limitation:

(a) to establish (with the approval of the Board of Directors of the Association) and provide for the collection of the Assessments provided for in this Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Declaration; and

(b) to provide for such care, upkeep, maintenance and surveillance as is required by or consistent with the terms of this Declaration; and

(c) to designate, hire and/or dismiss such personnel as may be required for the good working order, maintenance and efficient operation; and

(d) to promulgate (with the approval of the Board of Directors of the Association) and enforce such rules and regulations and such restrictions or requirements, or the like as may be deemed proper; and

(e) to provide such other services (including accounting services) for the Association as may be consistent with law and the provisions of this Declaration.

ARTICLE XII

Miscellaneous

Section 1. Duration. Except where permanent easements or other permanent rights or interest are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or any Declarant or any Unit Owner subject to this Declaration, their respective legal representatives, heirs, successors, and assigns for a term of fifty (50) years from the date of recordation of this Declaration, after which the said covenants shall be automatically extended for successive periods of ten (10) years each.

Section 2. Amendment. During the first twenty (20) years this Declaration may be amended only by recordable instrument signed by the mortgagee or mortgagees of each and every Unit and ninety percent (90%) of all Phase III Members and ninety percent (90%) of the Phase IV Members voting separately agreeing to change said covenants and restrictions in whole or in part. Thereafter a vote of sixty-seven percent (67%) of such members voting separately will be required. No such agreement to change shall be effective unless made and recorded in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every Unit Owner at least sixty (60) days in advance of any action taken, and no such agreement to change shall be effective with respect to any permanent easements or other permanent rights or interests relating to the Property herein created. No change or circumstances or conditions shall operate to amend any of the provisions of this Declaration, which may be amended only in the manner specifically provided for. None of the provisions of this Declaration shall be construed as a condition subsequent or as creating a possibility of reverter.

Section 3. Amendment for FHA Compliance. Notwithstanding anything to the contrary contained herein, this Declaration is subject to any amendment required by any agency or department of the Federal Government as a condition to granting mortgage insurance for any Unit to be constructed on Phase IV, and any such amendment shall be effected by the execution thereof by Morgens and Greensburg, without requiring the joinder of any other person or entity whether or not a party to this Agreement and Morgens and Greensburg agree to execute any such amendments in a timely manner. Provided all Unit Owners will be given not less than thirty (30) days prior written notice of any such proposed amendment so that they may comment thereon.

Section 4. Notices. Any notice required to be sent to any Member, Resident or Unit Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, postpaid, to the last known address of the person who appears as Member, Resident or Unit Owner on the records of the Association at the time of such mailing.

Section 5. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain or enjoin violation or to recover damages, or to enforce any lien created by these covenants; and the failure or forbearance by the Association or any Unit Owner or Declarant to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants or restrictions cannot be adequately remedied by action at law or by recovery of damages. The remedies provided for in this Declaration shall be cumulative and not exclusive.

Section 6. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any of the Property or any portion thereof by any public or municipal agency, authority or utility.

Section 7. Severability. Invalidation of any one of these covenants or restrictions by judgment, decree or order shall in no way affect any other provision hereof, each of which shall remain in full force and effect.

Section 8. Captions and Gender. The captions of this Declaration are intended for convenience only and shall not alter, enlarge, modify or otherwise affect the provisions hereof. Wherever the context so requires, all references to the singular shall include the plural and all references to the masculine gender shall include the feminine.

Section 9. Exhibits. The exhibits hereto being Exhibits "A" through "D" inclusive are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Declaration to be duly executed as of the day and year first above written.

ATTEST:

Paul P. Glycer
(Assistant) Secretary

GREENSBURG SAVINGS AND LOAN ASSOCIATION

By: William R. Nielsen
(Vice) President

ATTEST:

James H. Morgens, Inc.

MORGENS PROPERTIES, INC.

By: James H. Morgens, Pres

ATTEST:

Richard E. Hartung
(Corporate Seal)

SHELTER ENTERPRISES, INC.

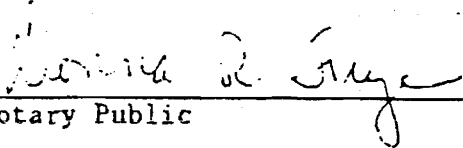
By: Frank J. Polich

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WESTMORELAND)

SS:

On this, the 22nd day of October, 1980, before me, the undersigned officer, personally appeared William R. Nicholson, who acknowledged himself to be the Vice President/Lending Ser- of GREENSBURG SAVINGS AND LOAN ASSOCIATION, a PA corporation, and that he as such Lending Services, being authorized to do so, executed the foregoing Agreement for the purposes therein contained by signing the name of the corporation by himself as Vice President/Lending Services.

In Witness Whereof, I hereunto set my hand and official seal.


Notary Public

DONNA R. FRYE, Notary Public
Greensburg, Westmoreland County, PA
My Commission Expires July 13, 1981

10/21/80la

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WESTMORELAND)

SS:

On this, the 21ST day of OCTOBER, 1980, before me, the undersigned officer, personally appeared JAMES H. MORGENS, who acknowledged himself to be the PRESIDENT of MORGENS PROPERTIES, INC., a PA corporation, and that he as such PRESIDENT, being authorized to do so, executed the foregoing Agreement for the purposes therein contained by signing the name of the corporation by himself as PRESIDENT.

In Witness Whereof, I hereunto set my hand and official seal.

WILLIAM J. HAM
Notary Public
My Commission Expires December 27, 1981

William J. Ham
Notary Public

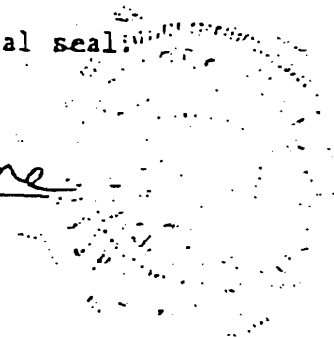
COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WESTMORLAND) SS:

On this, the 23RD day of OCTOBER, 1980, before me, the undersigned officer, personally appeared FRANK J. ROLIK; who acknowledged himself to be the PRESIDENT of SHELTER ENTERPRISES, INC., a PA corporation, and that he as such PRESIDENT, being authorized to do so, executed the foregoing Agreement for the purposes therein contained by signing the name of the corporation by himself as PRESIDENT.

In Witness Whereof, I hereunto set my hand and official seal:

WILLIAM D. ADAMS, Notary Public
Greensburg, Westmoreland County, Pa.
My Commission Expires December 27, 1982

William D. Adams
Notary Public



First Recreational Parcel abutting Central Drive on the north located in Cranberry Township, Butler County, Pennsylvania

BEGINNING at a point on the centerline of Haine School Road, said point being the northeast corner of the right-of-way of Central Drive and the centerline of Haine School Road; thence S 88° 00' 00" West, 109.72 feet to a point; thence S 88° 31' 54" West, 140.29 feet to a point; thence N 02° 00' 00" West, 48.70 feet to a point; thence N 39° 10' 16" West, 181.97 feet to a point; thence N 88° 00' 00" East, 230.00 feet to a point in the centerline of Haine School Road; thence along the centerline of Haine School Road S 02° 00' 00" East, 100.00 feet to the place of beginning.

Containing 0.656 acres.

Second Recreational Parcel located in Cranberry Township, Butler County, Pennsylvania

BEGINNING at the northeast corner of the intersection of Central Drive and Haine School Road, thence S 02° 00' 00" East, 60.00 feet to a point in the centerline of Haine School Road being the southwest intersection of Central Drive and Haine School Road; thence continuing S 88° 00' 00" West, 110.00 feet to the point of beginning along the southerly side of Central Drive; thence S 02° 00' 00" East, 120.00 feet to a point; thence S 43° 00' 00" West, 137.00 feet to a point; thence S 88° 00' 00" West, 240.00 feet to a point; thence N 02° 00' 00" West, 220.00 feet to a point on the southerly side of Central Drive; thence N 88° 31' 54" East, 336.89 feet to the place of beginning.

Containing 1.581 acres.

EXHIBIT "A"

BOOK 1121 PAGE 461

ALL THAT CERTAIN lot of land situate in Cranberry Township, Butler County, Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a point on the centerline of Haine School Road, said point being the northeast corner of the right-of-way of Central Drive and the centerline of Haine School Road; thence South $02^{\circ} 00' 00''$ East, a distance of 60 feet to a point; thence South $88^{\circ} 00' 00''$ West, a distance of 110 feet to a point; thence South $88^{\circ} 31' 54''$ West, a distance of 336.99 feet to a point; thence North $70^{\circ} 00' 00''$ East, a distance of 49.58 feet to a point; thence North $66^{\circ} 31' 42''$ West, a distance of 58.64 feet to a point; thence North $70^{\circ} 36' 36''$ West, a distance of 89.79 feet to a point; thence South $30^{\circ} 00' 00''$ East, a distance of 26.38 feet to a point; thence North $60^{\circ} 00' 00''$ West, a distance of 99.21 feet to a point; thence North $74^{\circ} 00' 00''$ West, a distance of 299.06 feet to a point; thence South $16^{\circ} 00' 00''$ West, a distance of 95.38 feet to a point; thence South $88^{\circ} 00' 00''$ West, a distance of 300.23 feet to a point on lands now or formerly of D. F. Harrington; thence North $01^{\circ} 36' 50''$ West, a distance of 638.10 feet to a point on lands now or formerly of Hannibal Land Investment, Inc.; thence North $85^{\circ} 06' 40''$ East, a distance of 184.41 feet to a point on line of lands now or formerly of T. A. Ward; thence North $88^{\circ} 06' 50''$ East, a distance of 495.97 feet to a point on lands of Pine Ridge Condominium Phase II; thence along lands of Pine Ridge Condominium Phase II, South $02^{\circ} 00' 00''$ West, a distance of 367.69 feet to a point; thence along lands of same, North $88^{\circ} 00' 00''$ East, a distance of 225 feet to a point on lands of Pine Ridge Condominium Phase I; thence South $02^{\circ} 00' 00''$ West, a distance of 158.75 feet to a point; thence South $39^{\circ} 10' 16''$ East, a distance of 181.97 feet to a point; thence South $02^{\circ} 00' 00''$ West, a distance of 48.70 feet to a point; thence North $88^{\circ} 31' 54''$ East, a distance of 140.29 feet to a point; and thence North $88^{\circ} 00' 00''$ East, a distance of 109.72 feet to a point, the place of BEGINNING. Containing 12.715 acres. This description being in accordance with the plan of survey for Declaration Plan of the Deer Run Condominium dated May 13, 1980

Property of Pine Ridge Development
Located in Cranberry Township, Butler County, Pennsylvania

BEGINNING at a point in Haine School Road being located South 2° 00' 00" East, 780.28 feet from the Southeast corner of land now or formerly of T.A. Ward; thence, continuing along Haine School Road, South 02° 00' 00" East, 732.33 feet to a point on the lands of Cranberry Village, Incorporated and Valley Brook Plan of Lots No. 1 recorded in Rack Volume 62, Page 3; thence along Cranberry Village, Incorporated South 88° 14' 20" West, 1275.20 feet to Creekwood Plan of Lots; thence North 01° 36' 50" West, 862.09 feet to a point; thence along the property of Greensburg Savings and Loan Association the following courses and distances: North 88° 00' 00" East, 300.23 feet to a point; thence North 16° 00' 00" East, 95.38 feet to a point; thence South 74° 00' 00" East, 299.06 feet to a point; thence South 60° 00' 00" East, 99.21 feet to a point; thence North 30° 00' 00" East, 26.38 feet to a point; thence South 70° 36' 36" East, 89.79 feet to a point; thence South 66° 31' 42" East, 58.64 feet to a point; thence South 30° 00' 00" West, 49.58 feet to a point; thence South 02° 00' 00" East, 220.00 feet to a point; thence North 88° 00' 00" East, 240.00 feet to a point; thence North 43° 00' 00" East, 137.00 feet to a point; thence North 02° 00' 00" West, 120.00 feet to a point; thence North 88° 00' 00" East, 110.00 feet to the centerline of Haine School Road, containing an area of 22.435 acres.

EXHIBIT "C"

BOOK 1121 PAGE 463

The following Units of Phase I and II of Pine Ridge Condominium, recorded in the Recorder's Office for the Recording of Deeds of Butler County, Pennsylvania, in Rack File 65, Pages 21A and 21B:

I. Units 127, 131, 132, 133, 134, 136, 137, 141, 144, 145 and 147, which have been constructed.

II. Units 149 through 154 inclusive, proposed for construction.

III. Six additional units proposed for construction and tentatively to be designated as Units 155 through 160 inclusive.

EXHIBIT "D"

BGOK 1121 PAGE 464

BY-LAWS OF
DEER RUN HOMEOWNERS ASSOCIATION

a non-profit corporation

ARTICLE I

Name and Location

The name of the corporation is Deer Run Homeowners Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 340 Central Drive, R.D. 5 Mars (Cranberry Township), Butler County, Pennsylvania 16046, but meetings of members may be held at such places within Cranberry Township, Butler County, Pennsylvania, as may be designated by the Board of Directors, and meetings of the Directors may be held at such places within the County of Butler, Commonwealth of Pennsylvania, as may be designated by the Board of Directors.

ARTICLE II

Definitions

Section 1. "Association" shall mean and refer to Deer Run Homeowners Association, its successors and assigns.

Section 2. "Declaration" shall mean and refer to the Declaration of Covenants, Easements, and Restrictions for Deer Run dated as of the 24th day of September, 1980 and recorded in the Office of the Register and Recorder of Butler County, Pennsylvania which Declaration is incorporated herein by reference.

Section 3. All terms and words used herein shall have the same definitions and meanings as set forth in the Declaration.

ARTICLE III

Meeting of Members

Section 1. Annual Meetings. The initial annual meeting of the members may be held upon proper notice as required hereby at any time after the Declaration is recorded but not later than one (1) year from the date of incorporation of the Association. Each subsequent regular annual meeting of the members shall be held on the second Tuesday in September each year thereafter, at the hour of 8:00 o'clock, P.M. If the day for the annual meeting of the members is a Sunday or legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday, provided the date for any regular annual meeting may be changed by a vote of the majority of all classes of membership.

Section 2. Special Meetings. Special meetings of the members may be called as expressly provided for herein and otherwise at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4th) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting, regular and/or special, of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each member entitled to vote, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast not less than twenty percent (20%) of the votes of the membership regardless of class membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. Following occupancy of the first units in Phase IV, the presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the votes of Class C and Class D (as long as Class D exists) memberships shall also be required for a quorum for any action except as otherwise provided in the Articles, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies - Voting. At all meetings of members, each member may vote in person or by proxy. All proxies must be held by Unit Owners or a Lot Owner, shall be in writing and filed with the secretary prior to the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Unit. No Individual Unit Owner may vote more than one (1) proxy. No proxy may be voted by any member not eligible to vote. Officers or agents of corporate owners may vote and vote proxies.

ARTICLE IV

Board of Directors; Election; Term of Office

Section 1. Number. The affairs of this Association shall be

managed by a Board of Directors, who need not be members of the Association.

Section 2. First Appointed Board. The first Board shall consist of five (5) members, four (4) to be appointed by Greensburg and one (1) by Morgens and shall serve until the initial annual meeting.

Section 3. Initial Elected Board/Term of Office. The Board elected at the initial annual meeting shall consist of seven (7) members as hereinafter set forth.

(a) At the initial annual meeting the members shall elect two (2) directors for a term of two (2) years, two (2) directors for a term of three (3) years, and three (3) directors for a term of four (4) years.

(b) In the event more than twice the number of positions to be filled at any election of directors are nominated, a runoff election shall be held to reduce the number of nominees to a number equal to twice the number of positions to be filled. At the initial annual meeting the three (3) nominees receiving the highest number of votes shall be deemed elected for terms of four (4) years, the two (2) receiving the next highest number shall be deemed elected for terms of three (3) years and the two (2) receiving the next highest number shall be deemed elected for two (2) years.

Section 4. Phase IV Board Members Special Meeting.

(a) As used in these By-Laws the term "Qualifying Phase IV Subdivision Plan" means a Subdivision Plan or Plans for Phase IV or any portion thereof containing in the aggregate not less than thirty (30) Lots (1) which has been, filed by Morgens in accordance with the applicable Township Ordinance and as otherwise required by law, and has been recorded with the Recorder

(2) for which any security deposits or performance guarantys required by the Township have been made; (3) for which all site development contracts have been let; and (4) the site work for such subdivision has commenced.

(b) A special meeting shall be held in the month following the month in which Morgens has satisfied the conditions for a Qualifying Phase IV Subdivision Plan. At such meeting the terms of all the then incumbent Directors shall terminate and the members shall elect four (4) directors for a term of two (2) years, and four (4) directors for a term of three (3) years in accordance with the terms of this Section 4 of Article IV.

(c) In the event more than twice the number of positions to be filled at any election of directors are nominated, a runoff election shall be held to reduce the number of nominees to a number equal to twice the number of positions to be filled. The four (4) nominees receiving the highest number of votes shall be deemed elected for terms of three (3) years, and the four (4) receiving the next highest number shall be deemed elected for terms of two (2) years.

(d) At such special election the Class A and Class B members shall be entitled to nominate, vote for and elect one-half (1/2) of the directors to be elected for each term and Morgens shall be entitled to nominate, vote for and elect one-half (1/2) of the directors to be elected for each term.

Section 5. Nine Member Board - Special Meeting. Upon the earlier of (i) September 1, 1982 or (ii) the month following the month in which a Qualifying Phase IV Subdivision Plan has been filed by Morgens and all Site work has been completed for such subdivision and also in

which the number of Class A votes entitled to be voted exceed the number of Class B votes entitled to be voted; a then special meeting of the members shall be held.

(a) At such meeting the terms of all the then incumbent directors shall expire and the members shall elect nine (9) directors, three (3) directors for a term of one (1) year, three (3) directors for a term of two (2) years, and three (3) directors for a term of three (3) years. Commencing with the next annual meeting ^{AND} thereafter at each subsequent annual meeting of the members, three (3) directors shall be elected for a term of three (3) years in accordance with the terms of this Section 5 of Article IV. *JMM/WH*

(b) In the event more than twice the number of positions to be filled at any election of directors are nominated, a runoff election shall be held to reduce the number of nominees to a number equal to twice the number of positions to be filled. At such meeting the three (3) nominees receiving the highest number of votes shall be deemed elected for terms of three (3) years, the three (3) receiving the next highest number shall be deemed elected for terms of two (2) years and the three (3) receiving the next highest number shall be deemed elected for one (1) year.

(c) At the first meeting at which nine (9) directors are elected, Morgens shall be entitled to nominate, vote for and elect two-thirds (2/3rds) of the directors to be elected for the three year term and for the two (2) year term and for the one (1) year term and all of the other Members shall be entitled to nominate, vote for and elect the balance of such Directors.

Section 6. Term of Directors Elected at Special Meetings.

Notwithstanding the length of the terms of Directors which may be elected in Section 4 and Section 5 of this Article for the purpose of expiration of terms only, such terms shall be deemed to commence on the date of the first regular annual meeting following the meeting at which such Director's are elected, if such Directors are elected at a special meeting.

Section 7. Limitations.

(a) The special rights of Morgens as to election of directors as set forth in the foregoing Section 4 may not be assigned to any other Developer of Phase IV or any portion thereof without the prior written consent of Greensburg; such consent not to be withheld except for a valid reason, provided such assignee is of comparable experience, financial capability and reputation.

(b) In the event of such assignment by Morgens without such prior written consent of Greensburg and prior to Morgens satisfying the conditions for a Qualifying Phase IV Subdivision Plan, ^{Section} 4 of this Article IV shall be of no force and effect thereafter, however, Section 5 of this Article IV shall be applicable to any such assignee of Morgan for which such consent was not given by Greensburg.

J. J. W. Ken

Section 8. Method of Voting. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Cumulative voting is not permitted.

Section 9. Removal. Any director may be removed from the Board, with or without cause, only by a majority vote of each class of members of the Association present at a duly constituted meeting having a quorum present. In the event of death, resignation or removal of a director, his successor shall be selected by the majority vote of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 10. Compensation. No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 11. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting by obtaining

the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

Nominating Committee

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of three (3) members. The Chairman shall be a member of the Board of Directors. The Nominating Committee shall be appointed by the President with the consent of the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

ARTICLE VI

Meetings of Directors

Section 1. Meetings. Regular meetings of the Board of Directors shall be held monthly without notice on such date at such place in

Cranberry Township and such time as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President, or by any two (2) directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transactions of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the operation and use of the Recreational Areas and facilities incidental thereto and the personal conduct of the Members, Residents, as the term is defined in the Declaration, and their guests thereon, and to establish penalties for the infraction thereof;

(b) levy reasonable admission and other fees for the use of any recreational facility situate upon the Recreation Areas by Members, Residents and their guests;

(c) permit or restrict, in their discretion, Residents of Units in Phase I and Phase II whose record owners are not Members of the Association, and guests of Residents, to use the Recreation Areas;

(d) suspend the voting rights and right to use of the Association property by any Member or Resident during any period in which such Unit

shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) exercise for the Association all other rights, powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, the Declaration, or the laws of the Commonwealth of Pennsylvania.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by fifty percent (50%) of the members who are entitled to vote;

(b) declare the office of any member of the Board of Directors, who is a Unit Owner who resides in his Unit, to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(c) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(d) as more fully provided in the Declaration, to:

(i) determine, fix and levy upon each Unit in Phase III and Phase IV and each Unit in Phase I and Phase II whose record owner(s) have become members of the Association the amount of the annual Recreation Area Assessment for the operation, maintenance and improvement of the Recreation Areas at least thirty (30) days in advance of each annual assessment period;

(ii) collect the Recreational Area assessment and any special assessments from the respective Unit Owners and to deposit the amount so collected in the proper bank fund as hereinafter provided;

(iii) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(e) establish a separate and distinct Recreation Area Fund account with a banking or lending institution the accounts of which are insured by an agency of the United States of America in which shall be deposited all Recreation Area assessment amounts collected from the members and from which the costs and expenses of operating, maintaining and improving the Recreation Areas shall be paid.

(f) open, if a Reserve Replacement Fund has been established, a special trust account with a lending institution the accounts of which are insured by an agency of the United States of America, or invest the amount paid to the Fund in the obligations of or fully guaranteed as to principal by the United States of America.

(g) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(h) procure and maintain adequate liability and hazard insurance on property owned by the Association. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another association, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Section;

(i) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(j) hire a manager, retain counsel and accountants for the Association and establish and pay salaries and fees for services rendered;

(k) cause the Recreation Areas to be maintained and the covenants in the Declaration to be enforced;

(l) enter into contracts with condominium associations, home owners associations and other similar bodies in Phase III and Phase IV whereby the Association may act as agent for such entities in dealing with the Township of Cranberry;

(m) generally take all action and to perform all other duties and things required to be done by the directors set forth in Declaration in the manner provided therein including without limitation actions relating to the use, care, upkeep and maintenance of the Property and the Recreation Areas and the enforcement of the rules, regulations, restrictions or requirements relating to members, Residents, and their guests.

ARTICLE VIII

Officers and Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create. All officers must be Members of the Board except the Treasurer, the Secretary and Assistant Secretaries, if any.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members. In the event more than one (1) person is nominated for election to any office, the person with the largest number of votes of the Directors shall be elected.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. An officer may not be removed unless a majority of all the directors vote for removal. Any officer may resign at any time given written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any officer who is also a member of the Board of Directors and who resigns or is removed as an officer shall remain a director unless and until he resigns or is removed from the Board in accordance with the provisions of Article IV hereof.

Section 6. Vacancies. A vacancy in any office may be filled by an election held by the Board. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability

or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

(e) Compensation. The secretary and any assistant secretary and the treasurer may be reasonably compensated for actual services rendered as may be determined by a vote of the Board. All officers may be compensated for out-of-pocket expenses.

ARTICLE IX

Committees

The President, with the consent of the Directors, may appoint such committees as deemed appropriate in carrying out the purposes of the Association. All such committees shall be responsible to the Board.

ARTICLE X

Books and Records

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

Assessments

Section 1. Recreation Area. As more fully provided in the Declaration, all Members are obligated to pay to the Association annual Assessments relating to the Recreation Area as provided for in the Declaration which are secured by a continuing lien upon the Unit against which the assessment is made.

Section 2. Nonpayment. As more fully provided in the Declaration, and as set forth in Section 1 of this Article, any Recreation assessments which are not paid when due shall be delinquent. If any assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate permitted by law not to exceed nine percent (9%) per annum, shall be a continuing upon the Unit lien, and the Association through the directors may bring an action at law against the Unit Owner personally obligated to pay the same or foreclose the lien against the Unit, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise

escape liability for the assessments provided for herein by non-use of the Recreation Areas, or abandonment of his Unit.

Section 3. Lots. The Class D member(s) upon paying the assessments required by the Declaration shall be entitled to exercise all of its rights hereunder or under the Declaration.

ARTICLE XII

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: "Deer Run Homeowners Association".

ARTICLE XIII

Amendments

Section 1. The By-Laws may be amended at a regular or special meeting of the members where a quorum is present by a vote of a majority of each class of members present in person or by proxy, provided a copy of such amendment must be delivered to the Members at least ten (10) days prior to any such meeting.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control excepting; however, the provisions of Article IV hereof shall control as to any provisions to the contrary contained in the Declaration.

Section 3. The Federal Housing Administration, Department of Housing and Urban Development, and Veterans Administration shall have the right to veto any amendments which are contrary to their rules and regulations.

Section 4. Further these By-Laws may be amended by the Phase III Developer and the Phase IV Developer if required by any agency or department of the Federal Government without the joinder of any other person for the purposes of and in accordance with the procedures of Article XII, Section 3 of the Declaration.

ARTICLE XIV

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 2. Indemnification. The Association shall reimburse or indemnify each director, officer and employee of the Association (and of any other corporation or association which he served at the request of the Association) for or against all liabilities and expenses reasonably incurred by or imposed upon him in connection with or resulting from any claim, action, suit or proceeding (whether brought by or in the name of the Association or such other corporation or association or otherwise), civil, criminal, administrative or investigative (hereinafter called "action"), in which he may become involved as a party or otherwise by reason of his being or having been such director, officer or employee, or by reason of any action taken or not taken in such capacity, whether or not he continues to be such at the time such liabilities or expenses are incurred and whether or not such action or omission to act occurred before or after the adoption of these By-Laws, provided that (a) in respect of any action by or in the right of the Association or such other association, such person was not negligent or guilty of misconduct to the Association or such other association, and (b) in all respect to

all other actions such person acted in good faith in what he reasonably believed to be in the best interest of the Association or such other corporation or association and, in addition, in any criminal action had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 3. As used in these By-Laws the terms "liabilities and expenses" shall include but not be limited to counsel fees and expenses and disbursements and amounts of judgments, fines or penalties against, and amounts paid in settlement by a director, officer or employee, but shall not include amounts paid to the Association itself (or to such other corporation or association) unless approved by a court.

Section 4. Where such person has been wholly successful on the merits in such action, or where indemnification of such person has been awarded by a court, he shall be entitled to indemnification as of right; otherwise, including any instances where such action is terminated by a settlement, the Association shall reimburse or indemnify him only if it shall be determined that such person has met the standards set forth in Section 2, either (a) by the Board of Directors, acting by a quorum consisting of two (2) or more members of the Association other than those involved in the action, or (b) if there are not at least two (2)

members then in office other than those involved in the action, by independent legal counsel, who shall deliver to the Association their written advice to such effect.

Section 5. Expenses incurred with respect to any action may be advanced by the Association prior to the final disposition thereof, upon receipt of an undertaking by such person to repay any amounts for which it shall ultimately be determined that he is not entitled to indemnification.

Section 6. The foregoing right of reimbursement or indemnification shall not be impaired by reason of any officer, director or employee of the Association being an officer, employee or third party contractor to any Developer and shall not be exclusive of other rights to which any such person may otherwise be entitled and in the event of death, shall extend to his legal representatives.

IN WITNESS WHEREOF, we being all of the directors of the Deer Run Homeowners Association, have hereunto set our hands this 21st day of September, 1980.

Robert J. Pichinski (SEAL)

Robert J. Pichinski (SEAL)

William D. Herr (SEAL)

Robert J. Pichinski (SEAL)

William D. Herr (SEAL)

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WESTMORELAND)

SS:

On this, the 22nd day of October, 1980, before me, the undersigned officer, personally appeared Melen M. Pietrusinski, Robert J. McGurk, William D. Adams, Robert P. Fligger and JAMES H. MORRIS satisfactorily proven to me to be the persons whose names are subscribed as Directors to the within By-Laws, and acknowledge that they executed the same for the purposes therein contained.

In Witness Whereof, I hereunto set my hand and official seal.

Donna R. Frye
Notary Public

DONNA R. FRYE, Notary Public
Greensburg, Westmoreland County, PA
My Commission Expires July 13, 1981

April 21, 2004

Dear Homeowner:

At this time, it has been brought to the attention of our Board that our Deer Run Phase II Community Services Association, Inc. Bylaws need modified to include an Amendment to Article XIV. This is requested so that it we are uniform with the Deer Run Homeowners Association, Inc.

Pursuant to our Bylaws, Article XIII sets forth the process to amend our Bylaws. This process includes a vote by a majority of a quorum. In order to have a quorum (pursuant to Article III, Section 5 and 6) we are sending this letter to you requesting your vote to approve this Amendment.

The text of the Amendment is as follows:

ARTICLE XIV

Miscellaneous

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of inspection. (Present language)

Section 2. Indemnification. The Association shall reimburse or indemnify each director, officer and employee of the Association (and of any other corporation or association which he served at the request of the Association) for or against all liabilities and expenses reasonably incurred by or imposed upon him in connection with or resulting from any claim, action, suit, or proceeding (whether brought by or in the name of the Association or such other corporation or association or otherwise), civil, criminal, administrative or investigative (hereinafter called "action"), in which he may become involved as a party or otherwise by reason of his being or having been such director,

person to repay any amounts for which it shall ultimately be determined that he is not entitled to indemnification.

Section 6. The foregoing right of reimbursement or indemnification shall not be impaired by reason of any officer, director or employee of the Association being an officer, employed or third party contractor to any Developer and shall not be exclusive of other rights to which any such person may otherwise be entitled and in the event of death, shall extend to his legal representatives.