



ESTATES II

NEWTOWN GRANT 2-S.F. HOMEOWNERS' ASSOCIATION

THESE DOCUMENTS ARE NOT TO BE USED FOR RESALE PURPOSES AND/OR TRANSFER OF TITLE AND DEED.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR NEWTOWN GRANT PHASE 2-S.F. HOMEOWNERS' ASSOCIATION

THIS DECLARATION, made this _____ day of _____, 199____, by EPA Corporation, a Delaware Corporation, hereinafter called Declarant,

W I T N E S S E T H :

WHEREAS, Declarant is the owner of the real property described in Exhibit A of this Declaration and desires to create thereon a planned cluster of groups of detached single family Homes with common open space for the benefit of the said cluster, substantially as shown on Exhibit A; and

WHEREAS, Declarant desires to preserve the property values, in said cluster by providing for maintenance of the properties and improvements thereon, and of the open space, and to this end desires to subject the real property described in Exhibit A 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 each owner thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values, in said cluster, to create an agency to which should be delegated and assigned the powers of owning, maintaining and administering the community properties and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created with regard to the cluster; and

WHEREAS, Declarant has incorporated or will incorporate under the laws of the Commonwealth of Pennsylvania the Newtown Grant Phase 2-S.F. Homeowners' Association, Inc., as a nonprofit corporation for the purpose of exercising the functions aforesaid;

WHEREAS, the Cluster Properties (as defined below) are part of a planned community being developed by Declarant known as Newtown Grant (the "Community"), which Community is intended to contain different types of dwelling units in differing forms of ownership;

NOW, THEREFORE, the Declarant, intending to be legally bound hereby, declares that the real property described in Exhibit A, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

ARTICLE I

DEFINITIONS

THESE DOCUMENTS ARE NOT TO BE USED FOR RESALE PURPOSES AND/OR TRANSFER OF TITLE AND DEED.

Section 1. "Declaration" shall mean the covenants, conditions and restrictions and all other provisions herein set forth in this entire document, as same may from time to time be amended.

Section 2. "Association" shall mean and refer to Newtown Grant Phase 2-S.F. Homeowners' Association, Inc., its successors and assigns. The Association is intended to be a Cluster Association pursuant to the Master Declaration.

Section 3. "Declarant" shall mean and refer to the FPA Corporation, and its successors and assigns, together with any successor to all or substantially all of its business of developing the Cluster Properties.

Section 4. The "Cluster Properties" shall mean and refer to all real property which becomes subject to this Declaration.

Section 5. "Cluster Common Area" shall mean and refer to that area of land described more particularly in Exhibit B attached hereto, which is intended to be devoted to the common use and enjoyment of the members of the Association.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Cluster Properties with the exception of the Cluster Common Area as heretofore defined.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Book of Resolutions" shall mean and refer to the document containing rules and regulations and policies adopted by the Board of Directors of the Association as the same may be from time to time amended.

Section 9. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 10. "Association Recreation Area" shall mean such areas designated in the Master Declaration or as have been or shall be designated from time to time as such in a Supplementary Declaration duly recorded in Bucks County pursuant to the Master Declaration, such areas and the facilities and improvements therein and thereon to be part of the Common Property owned by the Master Homeowners' Association.

Section 11. "Master Board of Directors" or "Master Board" shall mean the Board of Directors of the Master Homeowners' Association.

Section 12. "Community" shall mean any portion of the Entire Tract defined in the Master Declaration which has been subjected to which is intended to be subjected to the provisions of the Master Declaration.

Section 13. "Covenants Committee" shall mean the Committee established by the Master Board pursuant to the Master By-Laws to administer for the Master Homeowners' Association certain restrictions, rules and regulations in accordance with requirements and guidelines contained in the Master Declaration, Master By-Laws or Master Homeowners' Association Rules and Regulations or as otherwise adopted by the Master Board.

Section 14. "Delegate" shall mean the duly elected representative of the Owners of Homes within a Cluster (as defined in the Master Declaration) assigned to represent such Owners in the election of members of the Master Board of Directors.

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Section 15. "Master Homeowners' Association" shall mean THE NEWTOWN GRANT HOMEOWNERS' ASSOCIATION, a Pennsylvania nonprofit corporation, its successors and assigns.

Section 16. "Master Homeowners' Association Expenses" shall mean all expenses including reserves incurred by or assessed by the Master Homeowners' Association or its directors, officers, agents, or employees in the performance of their responsibilities, duties or powers.

Section 17. "Lender" shall mean the record owner of a mortgage loan which encumbers any Home.

Section 18. "Master By-Laws" shall mean the By-Laws of the Master Homeowners' Association, together with all amendments thereto from time to time.

Section 19. "Master Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions of the Master Association and all Exhibits thereto as the same may now exist or hereafter be amended or supplemented.

Section 20. Other Capitalized terms used herein shall have the meaning specified or used for such terms in the Master Declaration.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Newtown Township, Bucks County, Pennsylvania and is more particularly described in Exhibit A.

Section 2. Master Homeowners' Association. The entire Community is governed by and subject to the provisions of the Master Declaration and the Articles of Incorporation and the Master By-Laws of the Master Homeowners' Association which is established to operate, manage and maintain the Common Property and facilities within the Community which are intended for the use and enjoyment of all the residents in the Community. The Master Homeowners' Association is also lawfully empowered to accept the responsibility for maintaining, operating and administering the Cluster Common Area and facilities within the Cluster Properties and administering certain of the affairs of the Association on behalf of the Board of Directors, to the extent such power and obligation is currently delegated to it pursuant to Article VIII of this Declaration. The Association common expenses shall include all Master Homeowners' Association Expenses assessed by the Master Homeowners' Association against the Association and the Cluster Properties in the lawful performance of its duties or powers as Annual or Special Cluster Assessments.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners of Lots, and shall be entitled to one vote for each Lot owned.

Class B. The Class B member shall be the Declarant, who shall have three votes for each Lot owned. The Class B membership shall cease upon the earlier of written notice thereof by Declarant to the Association, or upon sale and settlement by Declarant of at least forty-five (45) Lots, but in no event later than December 31, 1994.

Any person or entity qualifying as a member of more than one Class, may exercise those votes to which he is entitled for each such class of membership.

ARTICLE IV

COMMON AREA

Section 1. Obligations of the Association. The Association, subject to the rights of the Owners set forth in this Declaration and delegation of most of its powers and duties to the Master Homeowners' Association as set forth in Article VIII below, shall be responsible for the exclusive management and control of the Cluster Common Areas and facilities related thereto, and shall keep the same in good order and condition. The Association shall also administer and enforce all of the provisions hereof.

Section 2. Members' Easement of Enjoyment. Subject to the provisions herein, every Owner shall have a right and easement of enjoyment in and to the Cluster Common Areas which shall be appurtenant to and shall pass with the title to every Lot. If the Owner of a Lot does not reside in or upon the Lot then the Single Housekeeping Unit therein residing shall be deemed the Owner for the purpose of using the Cluster Common Area.

Section 3. Extent of Owners' Easements. The Owners' easements of enjoyment created hereby shall be subject to the following:

(a) the right of the Association to establish reasonable rules on a uniform basis for the use of the Cluster Common Areas;

(b) the right of the Association to suspend the voting rights of an Owner and the right of the Master Association to suspend the right of an Owner to use the Association Recreation Area for any period during which any assessment against his Lot remains unpaid for more than thirty (30) days and for a period not to exceed sixty (60) days for any other infraction of this Declaration or the Book of Resolutions;

(c) the right of the Association to mortgage any or all of the Cluster Common Area for the purposes of improvements or repair to Cluster Common Area pursuant to approval of the Class B member, if any, and of 67% of the votes of the Owners who are voting in person or by proxy at a regular meeting of the Association or at a meeting duly called for this purpose;

(d) the right of the Association to take such steps as are reasonably necessary to protect against foreclosure;

(e) the right of the Association to dedicate or transfer all or any part of the Cluster Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by 67% of the Owners and by the Class B member, if any, agreeing to such dedication or transfer, has been recorded;

(f) the easements created pursuant to the Master Declaration;

(g) the Board from time to time may designate parts of the Cluster Common Areas as Reserved Cluster Common Areas and (i) either limiting use to those persons paying fees or satisfying other reasonable conditions for use, or (ii) restricting access only to authorized personnel (such as with

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regard to detention basins, utility easement areas and areas containing utility or other installations and facilities). Utility and other installations in or upon or under the Cluster Common Areas whether belonging to or operated by a utility company, the Association or the Master Homeowners' Association shall be Reserved Cluster Common Areas with access limited only to authorized personnel;

Section 4. Delegation of Use. Any Owner may delegate his right of enjoyment to the cluster Common Areas and facilities to the members of his Single Housekeeping Unit and to his guests subject to such general regulations as may be established from time to time by the Association, and included within the Book of Resolutions.

Section 5. Damage or Destruction of Cluster Common Area by Owner. In the event any Cluster Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents or members of his family, such Owner does hereby authorize the Association to repair said damaged area; the Association shall repair said damaged area in a good workmanlike manner. The amount necessary for such repairs shall become a Special Assessment upon the Lot of said Owner.

Section 6. Title to Cluster Common Area. The Declarant hereby covenants that it shall convey the Cluster Common Area to the Association, free and clear of all liens and financial encumbrances, not later than the date of the first transfer of title to a Home by Declarant to a purchaser who is not a successor Declarant.

Section 7. Title to Streets and Roads within the Cluster. The Declarant hereby covenants that it shall retain title to, and maintain at its sole cost and expense, all streets and roads within the Cluster until such time as said streets and roads are accepted for dedication by Newtown Township.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants, and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual general assessments or charges, and any special assessments.

All such assessments, together with interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest thereon and costs of collection thereof, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 2. Assessment in General.

(a) Purpose and Determination of Assessment. The assessments levied by the Association shall be used exclusively to operate and maintain the Cluster Common Area and facilities, perform services related to the use and enjoyment of the same, and enforce the provisions hereof.

A prospective annual budget shall be prepared by the Master Homeowners' Association and will include the Master Homeowners' Association budget for Cluster Annual Assessments. The expenses giving rise to Master Homeowners' Association Cluster Annual Assessments shall be common expenses of the Association. The expenses giving rise to Master Homeowners' Association Special cluster Assessments shall also be common expenses of the Association. The Board shall formally adopt a budget and assessments each year as the Association budget and the Association annual and/or special assessments of common expenses. Unless and until such a budget is adopted, the proposed budget submitted by the Master Homeowners' Association shall be deemed to have been adopted by the Board and assessments of common expenses made accordingly.

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Common expenses arising from non-delegated powers and duties of the Board shall be communicated to the Master Homeowners' Association for inclusion in the prospective budget.

In order to aid the Master Homeowners' Association in enforcement and collection of any type of Master Homeowners' Association Assessments against the Association or its Member, such Assessments shall be deemed to be assessments of common expenses by the Board.

It is contemplated that the Master Homeowners' Association will collect all common expense assessments, disburse all payments of common expense and otherwise handle all fiscal affairs for and on behalf of the Association.

(b) Basis for Assessments. Master Homeowners' Association Annual and Special Individual Assessments shall be assessed against individual Lot Owners as set forth in the Master Declaration. Annual and Special General and Cluster Assessments shall be assessed as follows:

(1) Each Lot shall be assessed at a uniform rate.

(2) Declarant-owned Property: Lots owned by the Declarant shall be assessed 25% of the full assessment per Lot until any such Lot contains a Home which is occupied.

(3) The first year's assessment shall be prorated according to the number of months remaining in the year.

(c) Method of Assessment. The Board shall cause the Master Board to fix the annual assessments at an amount sufficient to meet the obligations imposed by the Declaration. The Master Board shall set the date(s) such assessments shall become due.

Section 3. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence on the first day of the month following conveyance of the first Lot to an Owner who is not a Declarant. The initial annual assessment on any assessable Lot shall be adjusted according to the number of whole months remaining in the fiscal year.

Section 4. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid after the due date shall bear interest from the due date as provided in the Master Declaration at a rate to be set by the Master Board for each assessment period. The Association may bring or cause to be brought an action at law against the Owner personally obligated to pay the same or an action to foreclose the lien against the Lot or Home and there shall be added to the amount due the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the amount due as herein provided and reasonable attorneys' fees to be fixed by the court together with costs of the action. If the Association has provided for collection of assessments in installments, upon default in the payment of any one or more installments, the Association may accelerate payment and declare the entire balance of said assessment due and payable in full. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Cluster Common Area or abandonment of his Lot. Similarly, all Owners' liability for any assessments shall not be abated nor reduced by reason of any interruption in his right of occupancy of his Home or use of the Cluster Common Areas, the benefits hereunder or for any other reason whatsoever.

Section 5. Subordination of the Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot or Home shall not affect the assessment lien. However, the sale or transfer of any Lot or Home pursuant to mortgage foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer but shall not extinguish the obligation of the prior Owner therefor. No sale or transfer shall relieve such Lot or Home from liability for any assessments thereafter becoming due or from the lien thereof.

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Section 6. Exempt Property. The Cluster Common Area shall be exempted from the assessments, charges and liens created herein.

Section 7. Annual Budget. By a two-thirds (2/3) vote of the Board, the Board shall adopt the annual budget for the subsequent fiscal year, which shall provide for allocation of expenses in such a manner that the obligations imposed by the Declaration and the Master Declaration will be met.

Section 8. Certificates. The Association shall upon demand at any time and upon payment of a reasonable fee as determined from time to time by the Board, furnish or cause to be furnished to any Owner a certificate in writing signed by an officer of the Association setting forth whether all assessments then due by said Owner have been paid to date or listing the amounts (including interest) then due. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Contribution to Capital. Each Owner shall at the time he acquires title to his Home be obligated to pay to the Association a one-time contribution to the capital and common expenses of the Association equal to one-fourth (1/4) of the estimated annual Association common expense assessments for the Home, which contribution shall not be refundable or transferable and may be utilized for any lawful purpose which the Board may deem appropriate.

ARTICLE VI

ENVIRONMENTAL CONTROL

Section 1. The Environmental Review Board. An Environmental Review Board consisting of three or more persons shall be appointed by the Class B member. At such time as the Class B membership expires, the Environmental Review Board shall be appointed by the Board of Directors.

Section 2. Purpose. The Environmental Review Board shall regulate the external design, appearance, use and maintenance of the Cluster Properties and of improvements thereon, in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography.

Section 3. Conditions. No improvements, alteration, repairs, change of paint colors, excavations, changes in grade or other work which in any way alters the exterior of any Home (including exterior doors and storm doors) or Lot or the improvements located thereon from its natural or improved state existing on the date such property was first conveyed in fee by the Declarant to an Owner shall be made or done without the prior approval of the Environmental Review Board, except as otherwise expressly provided in this Declaration. No building, fence, wall, recreational equipment, residence, or other temporary or permanent structure shall be commenced, erected, maintained, improved, altered, made or done without the prior written approval of the Environmental Review Board.

Section 4. Procedures. In the event the Board fails to approve, modify or disapprove in writing an application within sixty (60) days after sufficiently detailed plans and specifications in writing have been submitted to it, in accordance with adopted procedures, approval will be deemed granted. The applicant may appeal an adverse Environmental Review Board decision to the Board of Directors who may reverse or modify such decision by a two-thirds (2/3) vote of the Directors.

ARTICLE VII

USE OF PROPERTY

Section 1. Protective Covenants.

(a) Residential Use. All of the property subject hereto, except the Cluster Common Area, shall be used, improved and devoted exclusively to residential use and no Lot shall contain more than

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one building which shall be devoted to such residential purposes and occupied only by a Single Housekeeping Unit; provided, however, that Declarant may maintain on the property a construction office, sales office and sample units. Nothing herein shall be deemed to prevent the Owner from leasing a Home to a Single Housekeeping Unit, subject to all of the provisions of the Declaration and the Master Declaration.

(b) Cluster Common Area. Except as set forth herein, the Cluster Common Area shall remain in a natural, park-like state to be used for the benefit and enjoyment of the Owners of Homes within the Cluster. Improvements to the Cluster Common Areas initially will be substantially as shown on Exhibit C. Said improvements will include walks and paths, detention basins, box culverts and other utility areas and installations and may in the future include, although not currently planned, recreation facilities, other utility facilities and equipment and trash collection or compaction facilities and equipment. Utility facilities, areas and equipment may serve other Clusters in which event the Master Homeowners' Association shall apportion costs and expenses with regard thereto.

(c) Nuisances. No nuisance shall be permitted to exist or operate upon any property so as to be detrimental to any other property in the vicinity thereof or to its occupants; provided, that it shall not be deemed a nuisance for Declarant to construct maintain, sell and display Homes.

(d) Restriction on Further Subdivision. No Lot having once been sold to an Owner shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest herein, shall be conveyed or transferred by an Owner, provided that this shall not prohibit deeds of correction, deeds to resolve boundary line disputes and similar corrective instruments or easements to utility providers. An Owner of a lot or Lots shall not build any improvement or use any improvement on such Lot or Lots for any purpose other than one Building for residential use by a Single Housekeeping Unit.

(e) Mailboxes. An easement is hereby created on certain Lots for the continued presence of mailboxes for groups of Homes. Mailboxes as initially installed by Declarant may not be moved, painted, altered or replaced without the approval of the Environmental Review Board.

(f) Other Restrictions The Environmental Review Board may adopt general rules to implement the purposes set forth herein and interpret the covenants in this Section, including but not limited to rules to regulate animals, antennas, signs, storage and use of recreational vehicles, storage and use of machinery, use of outdoor drying lines, trash containers, planting, maintenance and removal of vegetation on the Cluster Properties and such other matters consistent with and supplemental to the documents governing the Master Homeowners' Association and its Rules and Regulations pursuant thereto. Such general rules may be amended by a two-thirds (2/3) vote of the Environmental Review Board, following a public hearing for which due notice has been provided, and pursuant to an affirmative vote of two-thirds (2/3) of the Board of Directors. All such general rules and any subsequent amendments thereto shall be placed in the Book of Resolutions.

(g) Owners are also bound by and shall observe and comply with all restrictions and requirements set forth in the Master Declaration, the Master Bylaws and the Rules and Regulations of the Master Homeowners' Association pursuant thereto. A default thereunder shall constitute a default hereunder and the Board shall have the power to enforce any or all of such restrictions and requirements as if the same were set forth in full herein. The Master Homeowners' Association also has authority to enforce its restrictions and requirements and, by reason of delegation of authority hereunder, authority to enforce the requirements and restrictions applicable to the Association and Cluster Properties.

(h) Exceptions. The Environmental Review Board may issue temporary permits to except any prohibitions expressed or implied by this Section, provided the Board can show good cause and acts in accordance with adopted guidelines and procedures.

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Section 2. Maintenance of Cluster Properties. Each Owner shall keep all Lots owned by him, and all Homes and other improvements therein or thereon, in good order and repair and free of debris including, but not limited to, the pruning and cutting of all trees and shrubbery, the mowing of lawns and the painting (or other appropriate external care) of all Buildings and other improvements, all in a manner and with such frequency as is consistent with good residential property management. In the event an Owner of any Lot in the Cluster Properties shall fail to maintain the Lot and the improvements situated thereon, as provided herein, the Cluster Association, after notice to the Owner as provided in the Cluster Bylaws and approval by two-thirds (2/3) vote of the Board of Directors, shall have the right to enter upon said Lot to correct drainage and to repair, maintain and restore the Lot and the exterior of the Building and any other improvements erected thereon. All costs related to such correction, repair or restoration shall become a Special Assessment upon such Lot. Anything herein to the contrary notwithstanding, the exercise of such rights is subject to the limitations set forth in Section 3 of Article V of the Master Declaration.

Section 3. Utility Easements. There is hereby created a blanket easement upon, across, over, through, and under the above-described Cluster Properties for ingress, egress, installation, replacement, repair, and maintenance of all utility and service lines and systems including, but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and systems. By virtue of this easement it shall be expressly permissible for the Declarant or the providing utility or service company to install and maintain facilities and equipment on said Cluster Properties, to excavate for such purposes and to affix and maintain wires, circuits, and conduits on, in and under the roofs and exterior walls of Buildings provided such company restores disturbed areas to the condition in which they were found. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utility service lines or facilities for such utilities may be installed or relocated on said Cluster Properties except as programmed and approved by the Declarant prior to the conveyance of the first Lot to an Owner or by the Environmental Review Board thereafter. This easement shall in no way affect any other recorded easements regarding the Cluster Properties. This easement shall be limited to the replacement and improvement, and not expansion, of any utility facility constructed pursuant hereto.

Section 4. Declarant's Easement to Correct Drainage. For a period of five years from the date of conveyance of the first Lot, the Declarant reserves a blanket easement and right on, over and under the Cluster Properties to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notices.

Section 5. Intentionally Deleted.

Section 6. Declarant's Easement for Development of Adjacent Real Estate. Declarant reserves an easement on, over and under those portions of the Cluster Properties not located in a Building for all purposes relating to the construction, development, leasing, and sale of improvements on adjacent real estate. This easement shall include, without limitation, the right of vehicular and pedestrian ingress and egress, the right to park trailers, construction equipment and motor vehicles and to engage in construction and marketing activities of any nature whatsoever, including the movement and storage of building materials and equipment, the conduct of sales, leasing and management activities, the maintenance of models and offices and the erection and maintenance of directional and promotional signs.

Section 7. Intentionally Deleted.

Section 8. Other Easement Areas. Certain easement and open areas are shown on Exhibit "C". Such areas shall be used for their intended purposes as shown on Exhibit "C" and for no other purpose.

ARTICLE VIII

DELEGATION TO MASTER ASSOCIATION

Section 1. Delegation of Authority. Except as expressly set forth below, the responsibility for the administration of the affairs of the Association, collection (but not the determination and assessment) of common expenses and the operation and maintenance of the Cluster Common Areas and other common facilities is hereby delegated to the Master Homeowners' Association and shall be in accordance with the provisions of this Declaration, the Master Declaration, the Articles of Incorporation of the Master Homeowners' Association, the Bylaws, the Rules and Regulations of the Association and the Master Homeowners' Association Rules and Regulations and of any amendments or supplements to the foregoing.

By way of illustration and not limitation, it shall be the affirmative and perpetual obligation and duty of the Board to to perform the following, all of which duties and obligations, together with the right to exercise discretion, are hereby delegated to the Master Board of the Master Homeowners' Association, subject to the provisions set forth below:

- a. Cause the Common Areas to be operated and maintained according to accepted standards established by the Association and as set forth in this Declaration and the Master Declaration including, but not limited to, such maintenance and repair work as may be necessary, grounds care and operation of the detention basins; and
- b. To investigate, hire, pay, supervise and discharge the personnel necessary to be employed, and provide the equipment and materials necessary, in order to properly maintain and operate the Cluster Common Areas and administer the affairs of the Association. Compensation for the services of such employees (or the appropriately allocated portion thereof) shall be considered an operating expense of the Association; and
- c. Cause to be kept a complete record of all its acts and corporate affairs and to present a report thereof to the Home Owners when required pursuant to the By-Laws; and
- d. Place and keep in force all insurance coverages required to be maintained by the Association; and
- e. To manage the fiscal affairs of the Association.

Section 2. Non-delegated Powers. All of the following powers may be exercised by the Board and shall not be delegated to the Master Board of Directors of the Master Homeowners' Association or other entity:

- a. Borrow monies in the name of the Association giving notes, mortgages or other security upon such term or terms as it deems necessary; and
- b. Invest and reinvest monies of the Association other than temporarily, sue and be sued; make and enter into contracts in the name of the Association; enter into leases or concessions in the name of the Association; make and execute any and all proper affidavits for various purposes; and compromise any action in the name of the Association without leave of court; and
- c. Grant and obtain easements, licenses and other property rights with respect to contiguous lands and affecting the Cluster Property; and

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d. Purchase or lease or otherwise acquire in the name of the Association or its designees, corporate or otherwise, on behalf of all Owners within the Cluster Properties, Lots or Homes offered for sale or lease or surrendered by their Owners to the Board; and

e. Purchase Lots or Homes within the Cluster Properties at foreclosure or other judicial sales in the name of the Association or its designees, corporate or otherwise, on behalf of all Lot Owners; and

f. Sell, lease, mortgage (but not vote the votes appurtenant thereto) or otherwise deal with Lots or Homes acquired by the Association, and sublease any such Lots or Homes leased by the Association or its designees, on behalf of all Lot Owners; and

g. Except for enforcement against violators, administer, change or add to or delete any restrictions or requirements with regard to the physical aspects, occupancy and use of the Cluster Properties or the granting or withholding of approvals with regard thereto.

Section 3. Withdrawal of Delegation. Subject to requirements set forth herein regarding termination of professional management, the Board may, and upon vote of the Members, shall withdraw delegation of any or all powers and authority delegated to the Master Homeowners' Association. Such withdrawal of delegation may be as to a general power or area of responsibility (i.e. enforcement of Rules and Regulations) or as to a specific exercise of a power or area of responsibility (i.e. landscaping or snow removal).

ARTICLE IX

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated by a vote of the Members holding at least seventy-five percent (75%) of the votes entitled to be cast.

Section 2. Amendment. This Declaration may be amended at any time by an instrument signed by the Class B member, if any, and by not less than seventy-five percent (75%) of the Owners. Any amendment must be recorded, and shall become effective upon recordation.

No change, modification or amendment which affects the rights, privileges or obligations of the Declarant shall be effective without the prior written consent of the Declarant.

If any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provision of this Declaration or the Exhibits which is defective or inconsistent with any other provision hereof or thereof, or to change, correct or supplement anything appearing or failing to appear in the Exhibits which is incorrect, defective or similarly inconsistent, or if such amendment is necessary to conform to the then current requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veteran's Administration or the Federal Housing Association with respect to similar projects, the Board may, at any time and from time to time, effect such amendment without the approval of the Owners or Participating Mortgagees. Each such amendment shall be effective upon the recording of an appropriate instrument setting forth the amendment and its due adoption, execution and acknowledgment by one or more officers of the Board.

Section 3. Enforcement. The Association, Master Association, any Owner or the Declarant shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure to enforce and covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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Section 4. Reports and Notices. Upon the specific written request of a Participating Mortgagee or its servicer, insurer or guarantee to the Board, the Participating Mortgagee or such requestor shall be entitled to receive some or all of the following as designated in the request:

- a. Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Board or Master Board to the Owner of the Home covered by the mortgage;
- b. Any audited or unaudited financial statements of the Board which are prepared for the Master Homeowners' Association and distributed to the Members;
- c. Copies of notices of meetings of the Association and the right to designate a non-voting representative to attend such meetings;
- d. Timely notice of proposed action of the Owners or Board to make any material amendment to this Declaration or the By-Laws or take any action requiring approval of a specified percentage of Participating Mortgagees;
- e. Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Cluster Common Areas;
- f. Notice of any default by the Owner of the Home which is subject to the Participating Mortgage, where such default is not cured by the Owner within thirty (30) days after the giving of notice by the Association or Master Homeowners' Association to the Owner of the existence of the default;
- g. The right to examine the books, records and financial statements (including current copies of the Declaration, Bylaws and Rules and Regulations) of the Association at any reasonable time;
- h. Notice of any decision by the Master Homeowners' Association to terminate professional management and assume self-management;
- i. Notice of lapse, cancellation or material modification of Association insurance policies.

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

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

Section 5. Insurance. The Board shall acquire or cause to be acquired and pay for such insurance as the Board deems advisable in the operation, and for the protection, of the Cluster Common Areas and the Owners.

Section 6. Approvals of Participating Mortgagees.

- a. Termination of this Declaration shall require the approval of Participating Mortgagees representing 67% of the votes of Homes subject to mortgages.
- b. Approval of Participating Mortgagees representing 51% of the votes of Homes subject to mortgages shall be required to effectuate any of the following:
 - (i) any amendment of the Declaration or By-laws of a material nature;
 - (ii) a change of voting rights;

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- liens;
- (iii) a change of assessments, assessment liens, or subordination of assessment
- (iv) a change of requirements for reserves for maintenance, repair and replacement of Cluster Common Areas;
- (v) a change of responsibility for maintenance and repairs;
- (vi) a reallocation of interests in the cluster Common Areas, or rights to their use;
- (vii) a change of expansion or contraction of the Cluster Properties, or the addition, annexation or withdrawal or property to or from the Cluster Properties;
- (viii) a change of insurance or fidelity bonds;
- (ix) a change of restrictions regarding leasing of Homes;
- (x) the imposition of any restrictions on an Owner's right to sell or transfer his or her Home;
- (xi) a decision by the Association to establish self management instead of professional management through the Master Homeowners' Association or otherwise;
- (xii) a change of any provisions that expressly benefit mortgage holders, insurers or guarantors.

Section 7. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed the day and year first above written.

FPA CORPORATION

BY: _____

ATTEST: _____

These Documents are not to be used for resale purposes and/or transfer of Title and Deed.

■ THESE DOCUMENTS ARE NOT TO BE USED FOR RESALE PURPOSES AND/OR TRANSFER OF TITLE AND DEED.