

CODE OF REGULATIONS

FOR

CHESTNUT GROVE CONDOMINIUM

ARTICLE I

NAME AND LOCATION

Section 1. Council of Unit Owners -- Name and Location. The name of the Council of Unit Owners is as follows: CHESTNUT GROVE CONDOMINIUM.

Its principal office and mailing address is as follows:
412 West Butler Avenue, Chalfont, Pennsylvania 18914.

ARTICLE II

DEFINITIONS

Section 1. Declaration. "Declaration", as used herein, means that certain Declaration made the 24th day of August, 1988, 79 by the Declarant therein identified, pursuant to the Unit Property Act, 68 P.S., Section 700.101, et seq., Chapter 18, 1963, July 3, P.L. 196 (hereinafter called the "Act") by which certain described premises (including land) are submitted to a condominium property regime and which Declaration, to which this Code of Regulations is appended as "Exhibit B" along with a Declaration Plan, are recorded among the land records for Bucks County, Pennsylvania.

Section 2. Mortgagee. "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the condominium units in the condominium. "Mortgage", as used herein, shall include deed of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over all other mortgages. As used in this Code of Regulations, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Code of Regulations, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government.

Section 3. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in the Act.

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EXHIBIT "B"

ARTICLE III

UNIT OWNERS

Section 1. Unit Owners. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds fee simple title within the condominium shall be a Unit Owner, provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a Unit Owner by reason only of such interest.

ARTICLE IV

MEETINGS OF UNIT OWNERS

Section 1. Place of Meeting. Meetings of the Unit Owners shall be held at the principal office of the Council of Unit Owners or at such other suitable place within the Commonwealth of Pennsylvania reasonably convenient to the Unit Owners as may from time to time be designated by the Council of Unit Owners.

Section 2. Annual Meetings. The first annual meeting of the Unit Owners shall be held at such time as the Council of Unit Owners shall determine but, in any event, within one hundred twenty (120) days after eighty percent (80%) of the condominium units in the project have been sold and title to the same has been conveyed by the Declarant or within one (1) year following the recordation of the Declaration, whichever shall first occur. Thereafter, the annual meetings of the Unit Owners shall be held on the first of May of each succeeding year. At such meeting there shall be elected by ballot of the Unit Owners a Council of Unit Owners in accordance with the requirements of Article V hereof.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners as directed by resolution of the Council of Unit Owners or upon a petition signed by Unit Owners representing at least twenty percent (20%) of the total votes of the Unit Owners having been presented to the Secretary; provided, however, that, except upon resolution of the Council of Unit Owners, no special meeting of the Unit Owners shall be called prior to the first annual meeting of Unit Owners as hereinabove provided for. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as specifically stated in the notice.

Section 4. Roster of Unit Owners. The Council of Unit Owners shall maintain a current roster of the names and addresses of each Unit Owner to which written notice of annual meetings or special meetings of the Unit Owners shall be delivered or mailed. Each Unit Owner shall furnish the Council of Unit Owners with his name and current mailing address.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail or otherwise deliver a notice of each annual and special meeting of the Unit Owners stating the purpose thereof as well as the time and place where it is to be held to each Unit Owner at his address as it appears on the roster of Unit Owners

maintained by the Council of Unit Owners, or if no such address appears, at his last known place of address or at his condominium unit at least fifteen (15), but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice. Attendance by a Unit Owner at any annual or special meeting shall be a waiver of notice by him of the time, place and purpose thereof. Notice of any annual or special meeting of the Unit Owners may also be waived by any Unit Owner either prior to, at, or after any such meeting.

Section 6. Quorum. The presence, either in person or by proxy, of Unit Owners representing at least 50% of the total votes of the Unit Owners shall be requisite for and shall constitute a quorum for the transaction of business at all meetings of Unit Owners.

Section 7. Adjourned Meetings. If any meeting of Unit Owners cannot be organized because a quorum has not attended, the Unit Owners who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called for the purpose of obtaining a quorum necessary for the conduct of business in accordance with all other provisions of this Code of Regulations.

Section 8. Voting. At every meeting of the Unit Owners, each of the Unit Owners shall have the right to cast one vote. The votes of the Unit Owners representing fifty-one percent (51%) of the votes of the Unit Owners present and voting, in person or by proxy, shall decide any question brought before such meeting unless the question is one upon which, by express provision of the Act, or the Declaration or of this Code of Regulations, a different vote is required, in which case such express provision shall govern and control. The vote for any condominium unit which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such condominium unit is noted at such meeting. In the event all of the co-owners of such condominium unit who are present at any meeting of the Unit Owners are unable to agree on the manner in which the vote for such condominium unit shall be cast on any particular question, then such vote shall not be counted for purposes of deciding the question. In the event any condominium unit is owned by a corporation, then the vote appurtenant to such condominium unit shall be cast by a person designated in a certificate signed by the president or any vice president and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Council of Unit Owners at or prior to the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote appurtenant to any condominium unit which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and unless any objection or protest by any other trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Unit Owner shall be eligible to vote, either in person or by proxy, or to be elected to the Council of Unit Owners who is shown on the books or management accounts of the roster of Unit Owners to be more than thirty (30) days delinquent in any payment due the Council of Unit Owners.

Section 9. Proxies. A Unit Owner may appoint any other Unit Owner, his tenant, mortgagee or the Declarant or the management agent as his proxy. In no case may any Unit Owner (except the Declarant, the management agent or any mortgagee) cast more than one vote by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in form approved by the Council of Unit Owners at or before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the Unit Owner; provided, however, that no-proxy is effective for a period in excess of one hundred eighty (180) days unless granted to a mortgagee or lessee of the condominium unit to which the votes are appurtenant.

Section 10. Rights of Mortgagees. The Secretary of the Council of Unit Owners shall maintain a roster of all institutional mortgagees and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Unit Owners to each such institutional mortgagee in the same manner, and subject to the same requirements and limitations as are provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Unit Owners and such representative may participate in the discussion at any such meeting and may, upon his request made to the President in advance of the meeting, address the Unit Owners present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Unit Owners upon request made in writing to the Secretary. There shall be no duty to provide any such notice of either annual or special meeting of the Unit Owners to any institutional mortgagee, however, who has not furnished the Council of Unit Owners with the name and current mailing address for said institutional mortgagee prior to the deadline for provision of notice of meetings as set forth in Section 5 hereinabove.

Section 11. Order of Business. The order of business at all annual meetings of the Unit Owners shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and disposal of minutes of preceding meetings if any.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Election or appointment of inspectors of election.
- (g) Election of Council members.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

Section 12. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the Unit Owners shall be determined by the President of such meeting.

ARTICLE V

CHESTNUT GROVE CONDOMINIUM

CONDOMINIUM COUNCIL

Section 1. Number and Qualification. The affairs of the Chestnut Grove Condominium shall be governed by a Council of Unit Owners (hereinafter called "Council") composed of an uneven number of at least three (3) natural persons and not more than five (5) natural persons. Prior to the first annual meeting of Unit Owners, the number of Council members shall be determined, from time to time, by a vote of the initial Council members hereinafter named. Thereafter, the number of Council members shall be determined by a vote of the Unit Owners at the first annual meeting of Unit Owners and the number of Council members may be changed by a vote of the Unit Owners at any subsequent annual or special meeting of the Unit Owners; provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Council member.

Section 2. Initial Council Members. The initial Council members shall be selected by the Declarant and need not be Unit Owners. The names of the Council members who shall act as such from the date upon which the Declaration is recorded among the land records for Bucks County, Pennsylvania, until the first annual meeting of the Unit Owners are:

1. Richard W. Held
2. Andrew Wirth
3. Janet Pool

Section 3. Powers and Duties. The Council of Unit Owners shall have all the powers and duties necessary for the administration of the affairs of Chestnut Grove Condominium and may do all such acts and things as are not by law or by this Code of Regulations directed to be exercised and done by the Unit Owners. The powers and duties of the Council of Unit Owners include, but are not limited to, the following:

To provide for the:

(a) Care, upkeep and surveillance of the condominium and its general and limited common elements and services in a manner consistent with law and the provisions of this Code of Regulations and the Declaration; and

(b) Establishment, collection, use and expenditure of assessments and carrying charges from the Unit Owners and for the assessment, the filing and enforcement of Statement of Condominium Liens therefor in a manner consistent with law and the provisions of this Code of Regulations and the Declaration; and

(c) Designation, hiring and dismissal of the personnel necessary for the good working order of the condominium and for the proper care of the common elements and the provision of services for the project in a manner consistent with law and the provisions of this Code of Regulations and the Declaration; and

(d) Promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of

the condominium and the use of the general and limited common elements and as are designated to prevent unreasonable interference with the use and occupancy of the condominium and of the general and limited common elements by the Unit Owners and others, all of which shall be consistent with law and the provisions of this Code of Regulations and the Declaration; and

(e) Authorization, in their discretion, of the payment of patronage refunds from residual receipts or common profits when and as reflected in the annual report; and

(f) To enter into agreements whereby Chestnut Grove Condominium acquires leaseholds, memberships and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the Unit Owners and to declare expenses incurred in connection therewith to be common expenses of Chestnut Grove Condominium ; and

(g) To purchase insurance upon the condominium in the manner provided for in this Code; and

(h) To repair, restore or reconstruct all or any part of the condominium after any casualty loss in a manner consistent with law and the provisions of this Code of Regulations and to otherwise improve the condominium; and

(i) To lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the condominium; and

(j) To purchase condominium units in the condominium and to lease, mortgage or convey the same, subject to the provisions of this Code of Regulations and the Declaration; and

(k) To appoint the members of the Architectural and Environmental Control Committee provided for in Article X of this Code of Regulations and to appoint the members of such other committees as the Council may from time to time designate.

Section 4. Management Agent. The Council of Unit Owners may employ for Chestnut Grove Condominium a management agent or manager (the "Management Agent") at a rate of compensation established by the Council to perform such duties and services as the Council shall from time to time authorize in writing. The Council of Unit Owners shall not undertake "self-management" or otherwise fail to employ a professional management agent or manager without the prior written approval of all of the institutional holders of all first mortgages on the condominium units in the condominium. Any management agreement entered into by the Council of Unit Owners shall provide, inter alia, that such agreement may be terminated for cause upon thirty (30) days' written notice thereof. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

Section 5. Election and Term of Office. The term of the Council members named herein shall expire when their successors have been elected at the first annual meeting of Unit Owners and are duly qualified. The election of Council members shall be by ballot unless balloting is dispensed with by the unanimous consent of the Unit Owners present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of Unit Owners, the term of office of the Council member receiving

the greatest number of votes shall be fixed for three (3) years. The term of office of the Council member receiving the second greatest number of votes shall be fixed for two (2) years and the term of office of the other Council members shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Council member, his successor shall be elected to serve a term of three (3) years. In the alternative, the membership may by resolution duly made and adopted at the first annual meeting of members, or at any subsequent annual meeting, resolve to fix the term for each Council member elected at any such meeting at one (1) year. Council members shall hold office until their successors have been elected and hold their first regular meeting.—

Section 6. Vacancies. Vacancies in the Council of Unit Owners caused by any reason other than the removal of a Council member by a vote of the membership shall be filled by vote of the majority of the remaining Council members even though they may constitute less than a quorum; and each person so elected shall be a Council member until a successor is elected by the Unit Owners at the next annual meeting to serve out the unexpired portion of the term.

Section 7. Removal of Council Members. At an annual meeting of Unit Owners, or at any special meeting duly called for such purpose (but only at or after the first annual meeting of Unit Owners as hereinabove provided for), any Council member may be removed with or without cause by the affirmative vote of the majority of the votes of the Unit Owners present and voting, in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. Any Council member whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. The term of any Council member who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due Chestnut Grove Condominium may be terminated by resolution of the remaining Council members and the remaining Council members shall appoint his successor as provided in this Article.

Section 8. Compensation. No compensation shall be paid to Council members for their services as Council members. After the first annual meeting of the Unit Owners, no remuneration shall be paid to any Council member who is also a Unit Owner for services performed by him for Chestnut Grove Condominium in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Council of Unit Owners before such services are undertaken. Council members may be reimbursed for their actual out-of-pocket expenses necessarily incurred in connection with their services as Council members.

Section 9. Organization Meeting. The first meeting of a newly elected Council of Unit Owners shall be held within ten (10) days of election at such place as shall be fixed by the Council members at the meeting at which such Council members were elected, and no notice shall be necessary to the newly elected Council members in order legally to constitute such meeting, provided a majority of the whole Council of Unit Owners shall be present at such first meeting.

Section 10. Regular Meetings. Regular meetings of the Council may be held at such time and place as shall be determined, from time to time, by a majority of the Council members, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Council shall be given to each

Council member, personally or by mail, telephone or telegraph, at least six (6) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Council may be called by the President on three (3) days' notice to each Council member, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Council of Unit Owners shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Council members.

Section 12. Waiver of Notice. Before, at, or after any meeting of the Council, any Council member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Council member at any meeting of the Council shall be a waiver of notice by him of the time, place and purpose thereof. If all the Council members are present at any meeting of the Council, no notice shall be required and any business may be transacted at such meeting.

Section 13. Quorum. At all meetings of the Council, a majority of the Council members shall constitute a quorum for the transaction of business, and the acts of the majority of the Council members present at any meeting at which a quorum is present shall be the acts of the Council. If, at any meeting of the Council members, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. Any action by the Council required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Council shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Council.

Section 15. Fidelity Bonds. The Council shall require that all officers, members and employees of Chestnut Grove Condominium regularly handling or otherwise responsible for the funds of Chestnut Grove Condominium shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article XI hereof. The premiums on such bonds or insurance shall be paid by the Unit Owners.

ARTICLE VI

OFFICERS

Section 1. Designation. The principal officers of Chestnut Grove Condominium shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Council of Unit Owners. Prior to the first annual meeting of Unit Owners, the officers of Chestnut Grove Condominium need not be Unit Owners. Thereafter, except for the President, the officers of Chestnut Grove Condominium need not be Unit Owners. The Council members may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of Chestnut Grove Condominium shall be elected annually by the Council at the organization meeting of each new Council and shall hold office at the pleasure of the Council.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Council, any officer may be removed either with or without cause, and his successor elected at any meeting of the Council, or at any special meeting of the Council called for such purpose.

Section 4. President. The President shall be the chief executive officer of Chestnut Grove Condominium. He shall preside at all meetings of the Unit Owners and of the Council. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation including, but not limited to, the power to appoint such committees from among the Unit Owners from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of Chestnut Grove Condominium. The President shall count the votes at all meetings of the Unit Owners.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Council shall appoint some other member of the Council to do so on an interim basis. The Vice President shall also assist the President generally and shall perform such other duties as shall from time to time be delegated to him by the Council members.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Council and the minutes of all meetings of the Unit Owners for the recording of the resolutions of the Council of Unit Owners. The Secretary shall give notice of all annual and special meetings of the Unit Owners in conformity with the requirements of this Code of Regulations. The Secretary shall have custody of the seal of the Council of Unit Owners, if any. The Secretary shall have charge of the membership transfer books and of such other books and papers as the Council may direct and he shall, in general, perform all of the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of Chestnut Grove Condominium and shall be responsible for keeping, or causing to be kept, full and accurate accounts of all receipts and disbursements in books belonging to Chestnut Grove Condominium. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit, of Chestnut Grove Condominium in such depositories as may from time to time be designated by the Council.

Section 8. Compensation. No compensation shall be paid to officers for their services as officers of Chestnut Grove Condominium. After the first annual meeting of the Unit Owners, no remuneration shall be paid to any officer who is also a Unit Owner for services performed by him for Chestnut Grove Condominium in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Council before such services are undertaken. Officers may be reimbursed for their actual out-of-

ARTICLE VII

LIABILITY AND INDEMNIFICATION OF OFFICERS AND COUNCIL MEMBERS

Section 1. Liability and Indemnification of Officers and Council Members. The Unit Owners shall indemnify every officer and member of Council against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Council member in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Council of Unit Owners) to which he may be made a party by reason of being or having been an officer or member of the Council, whether or not such person is an officer or member of the Council at the time such expenses are incurred. The officers and members of the Council shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and members of the Council shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of Chestnut Grove Condominium (except to the extent that such officers or members of Council may also be owners of condominium units) and the Unit Owners shall indemnify and forever hold each such officer and Council member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be in addition to and not exclusive of any other rights to which any officer or member of Council or former officer or member of Council may be entitled.

Section 2. Common or Interested Council Members. The Council members shall exercise their powers and duties in good faith and with a view to the interests of the Unit Owners and Chestnut Grove Condominium. No contract or other transaction between the Council and one or more of its members, or between the Council of Unit Owners and any corporation, firm or association (including the Declarant) in which one or more of the Council members are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Council member or members are present at the meeting of the Council or any committee thereof which authorizes or approves the contract or transactions, or because his or their votes are counted for such purpose if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Council or a majority thereof or noted in the minutes, and the Council authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the Unit Owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Council of Unit Owners at the time it is authorized, ratified, approved or executed.

Common or interested Council members may be counted in determining the presence of a quorum at any meeting of the Council or committee thereof which authorizes, approves or ratifies any contract or transaction and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII

ASSESSMENTS AND CARRYING CHARGES FOR COMMON EXPENSES

Section 1. Annual Assessments and Carrying Charges. Each Unit Owner shall pay to Chestnut Grove Condominium, in advance, a monthly sum (hereinafter sometimes referred to as "assessments" or "carrying charges") equal to one-twelfth (1/12) of the Unit Owner's proportionate share (determined in accordance with the percentage interests in common expenses and common profits of the condominium set forth on "Exhibit C" attached to the Declaration or as otherwise established in the Declaration) of the sum required by the Council of Unit Owners, as estimated by its Council members, to meet its annual expenses, including, but in no way limited to, the following:

(a) The cost of all operating expenses of the condominium and the cost of services furnished the Council of Unit Owners for facilities and services furnished; 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 Chestnut Grove Condominium (exclusive of any taxes or assessments levied or to be levied against the individual condominium units) 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 project and the cost of such other insurance as the Council of Unit Owners may effect; and

(e) The cost of furnishing water, electricity, heat, gas, garbage and trash collection and other utilities to the extent furnished by the Council of Unit Owners; and

(f) The cost of funding contributions to the "Paid-in-Surplus" account of Chestnut Grove Condominium, and the cost of funding all reserves established by the Council of Unit Owners, including, when appropriate, a general operating reserve and a reserve for replacements; and

(g) The estimated cost of repairs, maintenance and replacements of the common elements of the condominium to be made by the Council of Unit Owners.

The Council shall determine the amount of the assessments at least annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of both the Council and the Unit Owners representing at least fifty-one percent (51%) of the total votes of the Unit Owners, installments of annual assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinabove provided.

The Council of Unit Owners shall make reasonable efforts to fix the amount of the assessment against each condominium unit for each annual assessment period at least thirty (30) days in advance of the commencement of such period and shall, at that time, prepare a roster of the condominium units and assessments applicable thereto which shall be kept in the office of the Council of Unit Owners and shall be open to inspection by the owner or mortgagee of any condominium unit and by its respective duly authorized agents and attorneys upon reasonable notice to the Council. Written notice of the assessments shall thereupon be sent to the Unit Owners. The omission of the Council before the expiration of any annual assessment period to fix assessments for that or the next such period shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Unit Owner from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period; but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No Unit Owner may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him.

Section 2. Budget. The Council, with the assistance and counsel of the Management Agent, if any, shall prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Council of Unit Owners to meet its annual expenses for that period. The budget herein required to be prepared and adopted by the Council shall be in a format consistent with the classification of the accounts of Chestnut Grove Condominium as hereinafter in this Code of Regulation: provided for and shall provide for sufficient estimates on a monthly basis to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operations and the actual financial condition of Chestnut Grove Condominium on both a current basis and for prior corresponding periods, all in accordance with generally accepted accounting practices, consistently applied. Copies of the budget shall be available for examination by the Unit Owners and by their duly authorized agents and attorneys and to the institutional holder of any first mortgage on any condominium unit in the condominium and by their duly authorized agents and attorneys during normal business hours for purposes reasonably related to their respective interests.

Section 3. Special Assessments. In addition to the regular assessments authorized by this Article, the Council of Unit Owners may levy, in any assessment year, a special assessment or assessments, 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 condominium, including the necessary fixtures and personal property related thereto, or for such other purpose as the Council may consider appropriate; provided, however, that any such special assessment shall have the assent of the Unit Owners representing two-thirds (2/3) of the total votes of Chestnut Grove Condominium. A special meeting of the Unit Owners shall be duly called for this purpose.

Section 4. Reserve for Replacements. The Council of Unit Owners shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Council. Such

fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of any state or an agency of the United States of America or may, in the discretion of the Council, be invested in obligations of, or fully guaranteed as to principal by, any state or the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the common elements and equipment of the condominium and for start-up costs and operating contingencies of a non-recurring nature. The proportionate interest of any Unit Owner in any reserve for replacement and any other reserves established by the Council of Unit Owners shall be considered an appurtenance of his condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the condominium unit to which it appertains and shall be deemed to be transferred with such condominium unit.

Section 5. Non-Payment of Assessments - Lien to Serve Payment. Any assessment levied pursuant to the Declaration or this Code of Regulations, By-Laws, and any installment thereof, which is not paid on the date when due shall be delinquent and shall entitle the Council of Unit Owners to claim the amount of such total annual assessment, not then paid, together with interest thereon at the maximum rate from time to time permitted by law and the actual costs of collection thereof, and such amount shall be the debt of the Unit Owner and the Council shall be entitled, pursuant to Section 700.703 of the Act, to maintain an action in assumpsit to recover such debt. Until the same are paid, all such assessments shall be a charge and lien upon such unit.

The Council may post a list of members who are delinquent in the payment of any assessment or other fees which may be due Chestnut Grove Condominium, including any installment thereof which becomes delinquent, in any prominent location within the condominium.

Section 6. Priority of Lien. The lien and charge established by this Code of Regulations shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(a) General and special assessments for ad valorem real estate taxes on the condominium unit; and

(b) The lien of any bona fide deed of trust, mortgage or other encumbrance duly recorded on the condominium unit prior to the docketing of an action in assumpsit to collect unpaid assessments, or duly recorded on the condominium after receipt by the holder of any such mortgage (or the holder of the indebtedness or note secured thereby) of a certificate or statement in writing signed by an officer or agent of the Council of Unit Owners stating the payments on account of all assessments levied by the Council of Unit Owners against the condominium unit were current as of the date of recordation of such deed of trust, mortgage instrument or other encumbrance.

The lien and charge established in accordance with this Code and with Sections 700.702 and 700.703 shall be subordinate to the lien of any deed of trust, mortgage or other encumbrance duly recorded on the condominium unit and made in good faith and for value received; provided, however, that such subordination shall apply only to assessments, and installments thereof which have become due and payable prior to a sale or transfer of the condominium unit pursuant to a foreclosure or any deed, assignment or

other proceeding or arrangement in lieu of foreclosure. Any holder of any deed of trust, mortgage or other encumbrance duly recorded on the condominium unit and made in good faith and for value received who comes into possession of the condominium unit pursuant to a foreclosure or any deed, assignment or other proceeding or arrangement in lieu of foreclosure and any other purchaser at a foreclosure sale shall take the condominium unit free of any claims for unpaid common expense assessments and carrying charges levied against the condominium unit which accrue prior to the time such holder comes into possession of the condominium unit or prior to the foreclosure sale, except for claims for a proportionate share of such unpaid common expense assessments and carrying charges resulting from a reallocation of such unpaid common expense assessments or carrying charges among all of the condominium units in the condominium. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not relieve the mortgagee in possession or the purchaser at any foreclosure sale from any liability for any common expense assessments and carrying charges thereafter becoming due.

No amendment to this Section shall affect the rights of the holder of any such deed of trust, mortgage or other encumbrance recorded prior to the recordation of such amendment unless the holder of such deed of trust, mortgage or other encumbrance shall join in the execution of such amendment.

Section 7. Additional Rights of Mortgagees - Notice. The Council of Unit Owners shall promptly notify the holder of the first mortgage on any condominium unit for which any assessment levied pursuant to the Declaration or this Code of Regulations, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days and the Council of Unit Owners shall promptly notify the holder of the first mortgage on any condominium unit with respect to which any default in any provision of the Declaration or this Code of Regulations remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the priorities established by this Article, the validity of any assessment levied pursuant to the Declaration or this Code of Regulations or the validity of any lien to secure the same.

No suit or other proceeding may be brought to foreclose the lien for any assessment levied pursuant to the Declaration or this Code of Regulations except after ten (10) days' written notice to the holder of the first mortgage on the condominium unit which is the subject matter of such suit or proceeding.

Section 8. Acceleration of Installments. Upon default in the payment of any one or more monthly installments of any assessment levied pursuant to the Declaration or this Code of Regulations, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Council and be declared due and payable in full.

Section 9. Unpaid Assessments at Transfer - Assessment Certificates. Upon the voluntary sale or conveyance of a unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments which are a charge against the unit as of the date of the sale or conveyance, but such joint and several liability shall be without prejudice to the grantee's right to recover from the grantor the amount of any such unpaid assessments which the grantee may pay, and until any such assessments are paid, they shall continue to be a charge against the unit which may be enforced in the manner set forth above. Provided, however,

that any person who shall have entered into a written agreement to purchase a unit shall be entitled to obtain a written statement from the Treasurer setting forth the amount of unpaid assessments charged against the unit and its owners; and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the unit shall be liable for the payment of an amount in excess of the unpaid assessments shown thereon. Any such excess which cannot be promptly collected from the former Unit Owner may be reassessed by the Council as a common expense to be collected from all of the Unit Owners, including the purchaser, his successors and assigns.

Section 10. Additional Default. Any recorded first mortgage secured on a condominium unit in the condominium shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to the Declaration or this Code of Regulations, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness or note secured thereby). Such mortgages shall also provide that, in the event of any default thereunder, the mortgagee shall have the right, at its option exercised by notice in writing to the mortgagor, and the Secretary of Chestnut Grove Condominium, to cast the votes appurtenant to the condominium unit which is security for the repayment of the mortgage debt at all meetings of the Unit Owners. Failure to include such provisions in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the holder of the indebtedness or note secured thereby) by reason of the provisions of this Article shall not be altered, modified, or diminished by reason of any such failure.

ARTICLE IX

USE RESTRICTIONS

Section 1. Residential Use. Except for such temporary non-residential uses as may be permitted by the Council from time to time, all condominium units shall be used for private residential purposes exclusively. Nothing in this Section, or hereinelsewhere, shall be construed to prohibit the Declarant from the use of any condominium units which the Declarant owns for promotional or display purposes, as "model apartments", a sales office or the like, or from leasing any unit or units which the Declarant owns.

Section 2. Leasing. No portion of any condominium unit (other than the entire unit) shall be leased for any period. Any owner of any condominium unit who shall lease such unit shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Council. All leases shall be in writing. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the condominium unit shall be subject and subordinate in all respects to the provisions of the Declaration and this Code of Regulations and to such other reasonable rules and regulations relating to the use of the common elements, or other "house rules", as the Council may from time to time promulgate and shall provide, further, that any failure by the tenant to comply with the provisions of such documents shall be a default under the lease. The provisions of this subsection shall not apply to any institutional first mortgagee of any condominium unit who comes into possession of the unit by reason of any remedies provided by law or in such mortgage or as

a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure. No condominium unit within the condominium shall be rented for transient or hotel purposes or, without the consent of the Council, for any period less than six (6) months.

Section 3. Prohibited Uses and Nuisances. Except for the activities of the Declarant and its agents in connection with the development of the condominium, and except as may be reasonable and necessary in connection with the maintenance, improvement, repair or reconstruction of any portion of the condominium by the Declarant or the Council of Unit Owners:

(a) No noxious or offensive trade or activity shall be carried on within the condominium or within any condominium unit, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other Unit Owners. No nuisances shall be permitted within the condominium nor shall any use or practice be permitted which is or becomes a source of annoyance to the Unit Owners or which interferes with the peaceful use and possession thereof by the Unit Owners.

(b) There shall be no obstruction of any of the common elements. Nothing shall be stored upon any of the common elements excepting those areas designated for storage of personal property by the owners of the condominium units.

(c) Nothing shall be done or maintained in any condominium unit or upon any of the common elements which will increase the rate of insurance on any condominium unit or the common elements or result in the cancellation thereof without the prior written approval of the Council. Nothing shall be done or maintained in any condominium unit or upon the common elements which would be in violation of any law. No waste shall be committed upon any of the common elements.

(d) No structural alteration, construction, addition or removal of any condominium unit or the common elements shall be commenced or conducted except in strict accordance with the provisions of this Code of Regulations.

(e) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon any of the common elements, except that this shall not prohibit the keeping of a dog, cat or caged birds as domestic pets provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the general common elements of the condominium unless accompanied by an adult and unless they are carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the condominium shall be deemed to have indemnified and agreed to hold the Council of Unit Owners, each of the Unit Owners and the Declarant and Management Agent free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the condominium. All pets shall be registered with the Council and shall otherwise be registered and inoculated as required by law. The Council shall have the right to order any person whose pet is a nuisance to remove such pet from the premises and the Council, after affording the right to a hearing to the Unit Owner affected, shall have the exclusive authority to declare any pet a nuisance.

(f) Except for such signs as may be posted by the Declarant or the Council of Unit Owners for promotional or marketing

purposes, traffic control or the like, no signs of any character shall be erected, posted or displayed upon, in, from or about any condominium unit or the common elements without the prior consent in writing of the Council and under such conditions as they may establish. The provisions of this subsection shall not be applicable to the institutional holder of any first mortgage which comes into possession of any condominium unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or other proceeding, arrangement, assignment or deed in lieu of foreclosure.

(g) Except as hereinelsewhere provided, no junk vehicle or other vehicle on which current registration plates are not displayed, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon any of the general common elements nor shall the repair or maintenance or washing of automobiles or other vehicles be carried out on any of the common elements or within or upon any condominium unit.

(h) Except as hereinelsewhere provided, no part of the common elements shall be used for commercial activities of any character. This subsection shall not apply to the use of the common elements and of condominium units by the Declarant for display, marketing, promotional or sales purposes or as "model" condominium units nor shall it be deemed to prevent or prohibit the utilization of the easement for ingress and egress declared in the Declaration.

(i) No burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any condominium unit or upon any of the common elements. Trash and garbage containers shall not be permitted to remain in public view, except on days of collection. All refuse shall be deposited with care in containers or trash chutes designated for such purpose during such hours as may from time to time be designated by the Council.

(j) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any common elements at any time. Outdoor clothes dryers or clothes lines shall not be maintained upon any of the common elements at any time. No clothing, laundry or the like shall be hung from any part of any condominium unit or upon any of the common elements or from or upon any balcony or patio.

(k) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission shall be maintained upon any condominium unit or upon any of the common elements without the prior written consent of the Council.

(l) Nothing shall be stored upon any balcony or patio, nor shall the cooking or preparation of food be permitted upon any balcony or upon any portion of the general common elements of the project, except with the consent of the Council.

(m) No unlawful use shall be made of any condominium unit or any portion of the common elements and all laws, zoning and other ordinances, regulations of governmental and other municipal bodies and the like shall be observed at all times.

(n) No Unit Owner shall engage or direct any employee of the Council of Unit Owners or the Management Agent on any private business of the Unit Owner during the hours such employee is employed by the Council of Unit Owners or the Management Agent

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nor shall any member direct, supervise or in any manner attempt to assert control over any such employee.

(o) There shall be no violation of any rules for the use of the common elements, or other "house rules", which may from time to time be adopted by the Council and promulgated among the Unit Owners by them in writing, and the Council is hereby authorized to adopt and promulgate such rules.

ARTICLE X

ARCHITECTURAL CONTROL

Section 1. Architectural and Environmental Control Committee. Except for the construction of the condominium by the Declarant or its agents and any improvements to any condominium unit or to the common elements accomplished concurrently with said original construction, and except for purposes of proper maintenance and repair or as otherwise in the Act or this Code of Regulations provided, it shall be prohibited for any Unit Owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio, covers, decorations, fences, walls, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any condominium unit or upon any of the common elements within the project or to combine or otherwise join two or more condominium units, or to partition the same after combination, or to remove or alter any window or exterior doors of any condominium unit, or to make any change or alteration within any condominium unit which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other Unit Owner, materially increase the cost of operation or insuring the condominium or impair any easement, until the complete plans and specifications, showing the location, nature, shape, change (including, without limitation, any other information specified by the Council or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the condominium and harmony of design, color and location in relation to surrounding structures and topography by the Council or by an Architectural and Environmental Control Committee designated by the Council.

Section 2. Architectural and Environmental Control Committee - Operation. The Architectural and Environmental Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Council and such persons shall serve at the pleasure of the Council. In the event the Council fails to appoint an Architectural and Environmental Control Committee, then the Council shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural and Environmental Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 3. Approvals, etc. Upon approval of the Architectural and Environmental Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited

among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural and Environmental Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Any Unit Owner aggrieved by a decision of the Committee may appeal the same to the Council by giving notice in writing to the Committee and the Council within ten (10) days of the rendering of such decision. The Council shall, within thirty (30) days after receipt of such notice of appeal, convene a meeting and consider all evidence presented to the Committee and may affirm, reverse or remove the decision of the Committee.

Section 4. Limitations. Construction or alterations in accordance with plans and specifications approved by the Architectural and Environmental Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural and Environmental Control Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided), and shall be substantially completed within twelve (12) months following the date of commencement or within such longer period as the Architectural and Environmental Control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural and Environmental Control Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural and Environmental Control Committee without the prior consent in writing of the Architectural and Environmental Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural and Environmental Control Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Architectural and Environmental Control Committee in accordance with the provisions of this Article, the Architectural and Environmental Control Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural and Environmental Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of this Code of Regulations as may be applicable.

Section 6. Rules and Regulations; etc. The Architectural and Environmental Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines

and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Code of Regulations. The Architectural and Environmental Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decisions of the Architectural and Environmental Control Committee shall be final except that any Unit Owner who is aggrieved by any action or forbearance from action by the Architectural and Environmental Control Committee may appeal the decision of the Architectural and Environmental Control Committee to the Council of Unit Owners and, upon the request of such Unit Owner, shall be entitled to a hearing before the Council.

Section 7. Additions, Alterations or Improvements by the Council. Except in cases of bona fide emergencies involving manifest danger to life, safety or property, or the interruption of essential services to the condominium, whenever in the judgment of the Council the common elements of the condominium shall require additions, alterations or improvements requiring the expenditure of funds of Chestnut Grove Condominium in excess of Twenty-Five Thousand Dollars (\$25,000.00), such additions, alterations or improvements shall not be made until the same shall have been approved by (a) Unit Owners representing a majority of the total votes of Chestnut Grove Condominium at meeting of the Unit Owners duly called for such purpose; and (b) the institutional holder of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more than \$150,000.00, which approval shall be in writing.

ARTICLE XI

INSURANCE

Section 1. Insurance. The Council of Unit Owners shall obtain and maintain to the extent reasonably available at least the following:

(a) Casualty or physical damage insurance in an amount equal to the full replacement value (ie., 100% of "replacement cost" exclusive of land, foundation and excavation) of the condominium (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent, a "Condominium Replacement Cost Endorsement" or its equivalent, and a "Contingent Liability from Operation of Building Laws Endorsement" or its equivalent, without deduction or allowance for depreciation, as determined annually by the Council with the assistance of the insurance company affording such coverage, such coverage to afford protection against at least:

- (i) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and
- (ii) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use including, but not limited to, sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief,

windstorm, water damage, boiler and machinery explosion or damage, and such other insurance as the Council may from time to time determine.

(b) Public liability insurance with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Council (but not less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, legal liability, hired automobile liability, non-owned automobile liability, liability for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership and use of the condominium or any portion thereof.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable law; and

(d) If reasonably available, a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and members of the Council for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Council member shall have been made a party by reason of his or her services as such; and

(e) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by Section 16 of Article V hereof, as are or shall hereafter be considered appropriate by the Council. The Council shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and Council members, trustees for the Council of Unit Owners and such employees and agents of the Council who handle or are responsible for the handling of funds of the Council. Such fidelity coverage shall meet the following requirements:

- (i) All such fidelity bonds and policies of insurance shall name the Council of Unit Owners as obligee or named insured, as the circumstances may require; and
- (ii) All such fidelity bonds and policies of insurance shall be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating budget of the condominium, including reserves; and
- (iii) All such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and
- (iv) All such fidelity bonds and insurance shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all obligees and insureds named thereon and to any mortgagee or any condominium unit who requests such notice in writing.

Section 2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in Pennsylvania and holding a rating of "Class VII" or better in the current edition of Best's Insurance Guide.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Council of Unit Owners as a trustee for the owners of the condominium units, or its authorized representative, including any trustee with which the Council may enter into any Insurance Trust Agreement, or any successor trustee.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the condominium units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Council of Unit Owners pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) Such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Council and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Council or any owner of any condominium unit or their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of neglect or negligence on the part of any of them.

(e) All policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any and all mortgagees of the condominium units.

(f) All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Council of Unit Owners.

(g) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Council of Unit Owners, the owner of any condominium unit and their respective agent, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

(h) All policies of casualty insurance shall contain the standard mortgagee clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in Article XII hereof. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

Section 3. Individual Policies. Because of the entire physical structure of each dwelling unit which constitutes the "condominium unit", the individual Unit Owner shall obtain and maintain in full force and effect a policy of casualty or physical damage insurance to the full replacement value of his unit. In the event of the destruction by fire or other casualty of a unit not insured against such loss, the owner thereof shall, nonetheless, within sixty (60) days of such destruction, commence reconstruction

of the unit. If such reconstruction is not thus undertaken, the Council of Unit Owners is authorized and empowered to accomplish such reconstruction and to charge the cost thereof as a special assessment against the unit reconstructed. Such special assessment shall constitute a lien and charge against such unit and shall be enforced as hereinabove provided for delinquent assessments. The terms hereof shall be in supplement and not in derogation to the provisions of Section 700.802 of the Act.

Section 4. Endorsements, etc. The Council of Unit Owners, at the request of any owner of any condominium unit in the condominium or at the request of the mortgagee of any such condominium unit, shall promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such Unit Owner or mortgagee as it may appear; and (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

ARTICLE XII

CASUALTY DAMAGE - RECONSTRUCTION OR REPAIR

Section 1. Use of Insurance Proceeds. In the event of damage or destruction to the common elements by fire or other casualty, the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications for the condominium with the proceeds of insurance available for that purpose, if any.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not insured against, then the repair or reconstruction of the damage shall be accomplished promptly by the Council of Unit Owners at the expense of Unit Owners of Chestnut Grove Condominium. The ratable share of the expense of such repairs or reconstruction may be assessed as provided for in Article VIII of this Code of Regulations.

ARTICLE XIII

FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Council and Chestnut Grove Condominium shall begin on the first day of January every year, except for the first fiscal year which shall begin at the date of recordation of the Declaration among the land records for the jurisdiction where the Declaration was originally recorded. The commencement date of the fiscal year herein established shall be subject to change by the Council should the practice of the Council subsequently dictate.

Section 2. Principal Office - Change of Same. The principal office of the Council of Unit Owners shall be as set forth in Article I of this Code of Regulations. The Council, by appropriate resolution, shall have the authority to change the location of the principal office of the Council of Unit Owners from time to time provided, however, that no such change shall become effective

until a certificate evidencing such change shall have been made by the Secretary or any Assistant Secretary of the Council of Unit Owners and recorded, in the name of the Council of Unit Owners, among the land records for Bucks County, Pennsylvania.

Section 3. Books and Accounts. Books and accounts of the Council of Unit Owners shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Council of Unit Owners and its administration and shall specify the maintenance and repair expenses of the common elements of the condominium, services provided with respect to the same and any other expenses incurred by the Council of Unit Owners. The amount of any assessment required for payment of any capital expenditures or reserves of the Council of Unit Owners may be credited upon the books of the Council of Unit Owners to the "Paid-in-Surplus" account as a capital contribution by the members. The receipts and expenditures of the Council of Unit Owners shall be credited and charged to other accounts under at least the following classifications:

(a) "Current Operations" which shall involve the control of actual expenses of the Council of Unit Owners, including reasonable allowances for necessary contingencies and working capital funds in relation to the assessments and expenses hereinelsewh provided for; and

(b) "Reserves for Deferred Maintenance" which shall involve the control of monthly funding and maintenance of such deferred maintenance costs and reserves as are approved by the Council of Unit Owners from time to time; and

(c) "Reserves for Replacement" which shall involve the control of such reserves for replacement as are provided for in this Code and as may from time to time be approved by the Council; and

(d) "Other Reserves" which shall involve the control over funding and charges against any other reserve funds which may from time to time be approved by the Council; and

(e) "Investments" which shall involve the control over investment of reserve funds and such other funds as may be deemed suitable for investment on a temporary basis by the Council; and

(f) "Betterments" which shall involve the control over funds to be used for the purpose of defraying the cost of any construction or reconstruction, unanticipated repair or replacement of a described capital improvement and for expenditures for additional capital improvements or personal property made or acquired by the Council.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Council of Unit Owners shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Council of Unit Owners shall furnish the Unit Owners and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Council within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Council of Unit Owners, vouchers accrediting the entries made thereupon and all other records maintained by the Council shall

be available for examination by the Unit Owners and their duly authorized agents or attorneys and to the institutional holder of any first mortgage on any condominium unit and its duly authorized agents or attorneys during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

Section 6. Execution of Corporate Documents. With the prior authorization of the Council, all notes and contracts shall be executed on behalf of the Council of Unit Owners by either the President or a Vice President, and all checks shall be executed on behalf of the Council by such officers, agents or other persons as are from time to time so authorized by the Council.

Section 7. Seal. The Council may, but need not, provide a suitable corporate seal containing the name of Chestnut Grove Condominium, which seal shall be in the charge of the Secretary. If so directed by the Council, a duplicate seal may be kept and used by the Treasurer or any Assistant Secretary or Assistant Treasurer.

ARTICLE XIV

PHYSICAL MANAGEMENT

Section 1. Management and Common Expenses. The Council of Unit Owners, shall manage, operate and maintain the condominium and, for the benefit of the condominium units and the Unit Owners, shall enforce the provisions hereof and shall pay out of the common expense fund hereinelsewhere provided for the cost of managing, operating and maintaining the condominium including, without limitation, the following:

(a) The cost of providing water, sewer, garbage and trash collection and electrical, gas and other necessary utility services for the common elements and, to the extent that the same are not separately metered or billed to each condominium unit, for the condominium units; and

(b) The cost of fire and extended liability insurance on the condominium and the cost of such other insurance as the Council of Unit Owners may effect; and

(c) The cost of the services of a person or firm to manage the project to the extent deemed advisable by the Council of Unit Owners consistent with the provisions hereof, together with the services of such other personnel as the Council shall consider necessary for the operation of the condominium; and

(d) The cost of providing such legal and accounting services as may be considered necessary by the Council for the operation of the condominium; and

(e) The cost of repairs, maintenance, service and replacement of the common elements of the condominium including, without limitation, the cost of painting, maintaining, replacing, repairing and landscaping the common elements and such furnishings and equipment for the common elements as the Council shall determine are necessary and proper; provided, however, that nothing herein contained shall require the Council of Unit Owners to repair, replace, or otherwise maintain the interior of any condominium unit or any fixtures, appliances, equipment or the like located therein; and

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Council of Unit Owners is required to secure or pay for by law, or otherwise, or which in the discretion of the Council members shall be necessary or proper for the operation of the condominium; provided, however, that if any of the aforementioned are provided or paid for the specific benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof in the manner provided in this Article; and

(g) The cost of maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Council to protect the common elements or to preserve the appearance or value of the condominium or is otherwise in the interest of the general welfare of all of the Unit Owners; provided, however, that except in cases involving emergencies or manifest danger to safety of person or property, no such maintenance or repair shall be undertaken without a resolution by the Council and not without reasonable written notice to the owner of the condominium unit proposed to be maintained and, provided further, that the cost thereof shall be assessed against the condominium unit for which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then owner of said condominium unit at which time the assessment shall become due and payable and a continuing obligation of said Unit Owner in all respects as provided in Article VIII of this Code of Regulations; and

(h) Any amounts necessary to discharge any lien or encumbrance levied against the condominium, or any portion thereof, which may, in the opinion of the Council members, constitute a lien against any of the common elements rather than the interest of the owner of any individual condominium unit.

Section 2. Council of Unit Owners as Attorney-in-Fact. The Council of Unit Owners is hereby irrevocably appointed as attorney-in-fact for the owners of all of the condominium units in the condominium, and for each of them, to manage, control and deal with the interests of such Unit Owners in the common elements of the condominium so as to permit the Council of Unit Owners to fulfill all of its powers, functions and duties under the provisions of the Act, the Declaration and the Code of Regulations, and to exercise all of its rights thereunder and to deal with the condominium upon its destruction and the proceeds of any insurance indemnity, as hereinafter provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any condominium unit shall constitute an irrevocable appointment of the Council of Unit Owners as attorney-in-fact as aforesaid.

Section 3. Management Agent. The Council of Unit Owners may by contract, in writing, delegate any of its ministerial duties, powers or functions to the Management Agent. The Council shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 4. Duty to Maintain. Except for maintenance requirements herein imposed upon the Council, the owner of any condominium unit shall, at his own expense, maintain his condominium unit and any and all equipment, appliances or fixtures therein situate,

and its other appurtenances (including, without limitation, any balcony, terrace, fenced area, courtyard, patio or the like appurtenant to such condominium unit and designated herein or in the Declaration or the Condominium Plat as a limited common element reserved for exclusive use by the owner of that particular condominium unit and including all mechanical equipment and appurtenances located outside such unit which are designed, designated or installed to serve only that unit) in good order, condition and repair, free and clear of ice and snow, and in a clean and sanitary condition and shall do all redecorating, painting, and the like which may at any time be necessary to maintain the good appearance of his condominium unit. In addition to the foregoing, the owner of any condominium unit shall, at his own expense, maintain, repair, replace any plumbing and electrical fixtures, water heaters, fireplaces, plenums, heating and air-conditioning equipment, lighting fixtures, refrigerators, freezers, trash compactors, dishwashers, clothes washers, clothes dryers, disposals, ranges, range hoods, and other equipment that may be in or declared to be appurtenant to such condominium unit. The owner of any condominium unit shall also, at his own expense, keep any other limited common elements which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly and sanitary condition.

Section 5. Windows and Doors. The owner of any condominium unit shall, at his own expense, clean and maintain both the interior and exterior surfaces of all windows of such condominium unit and shall, at his own expense, clean and maintain both the interior and exterior surfaces of all entry doors of the condominium unit, including the interior and exterior surfaces of any door leading to any balcony, deck, terrace, fenced area, courtyard, patio or the like appurtenant to such condominium unit and as a limited common element reserved for the exclusive use of the owner of that particular condominium unit. Notwithstanding the provisions of this Section, the Council members may resolve to clean the exterior surfaces of all windows in the condominium at common expense in accordance with a schedule to be determined by the Council.

Section 6. Access to Reasonable Times. The Council of Unit Owners shall have an irrevocable right and an easement to enter condominium units for the purpose of making repairs to the common elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium. Except in cases involving manifest damage to public safety or property, the Council shall make a reasonable effort to give notice to the owner of any condominium unit to be entered for the purpose of such repairs. No entry by the Council of Unit Owners for the purpose specified in this Section may be considered a trespass.

Section 7. Easement for Utilities and Related Purposes. The Council of Unit Owners is authorized and empowered to grant such licenses, easements and rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, overhead or underground conduits and such other purposes related to the provisions of public utilities to the condominium as may be considered necessary and appropriate by the Council members for the orderly maintenance, preservation and enjoyment of the common elements or for the preservation of the health, safety, convenience and welfare of the owners of the condominium units or the Declarant.

Section 8. Limitation of Liability. The Council of Unit Owners shall not be liable for any failure of water supply or

other services to be obtained by the Council of Unit Owners or paid for out of the common expense funds or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common elements or from any wire, pipe, drain, conduit, appliance or equipment. The Council of Unit Owners shall not be liable to the owner of any condominium unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of common expense assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements, or to any condominium unit, or from any action taken by the Council of Unit Owners to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE XV

PARKING

Section 1. General Requirements. All parking areas within the condominium shall be considered part of the general common elements. Parking may be regulated by the Council and parking spaces may initially be assigned by the Declarant and thereafter by the Council. No Unit Owner shall make use of any parking space other than the space or spaces appurtenant or assigned to his condominium unit by the Council, if any, without the express written consent of both the Unit Owner to whom such space has been assigned and the Council members, nor shall any Unit Owner invite, encourage or permit the use by his guests of parking spaces appurtenant or assigned to condominium units other than his own. No vehicle belonging to any Unit Owner or to any guest or employee of any Unit Owner shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any parking space assigned to any other Unit Owner. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris.

Each Unit Owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions hereof which the Council members may from time to time adopt and promulgate with respect to parking and traffic control within the condominium and the Council is hereby, and elsewhere in this Code of Regulations, authorized to adopt such rules and regulations.

In the event the Council elects to assign parking spaces within the condominium, the Council shall make reasonable efforts to assign parking spaces in a manner calculated to make reasonable adjustments to accommodate the elderly and handicapped.

ARTICLE XVI

AMENDMENT

Section 1. Amendments. This Code of Regulations may be amended by the affirmative vote of Unit Owners representing seventy-five percent (75%) of the total votes of the Council of Unit Owners, at any meeting of the Unit Owners duly called for such purpose in accordance with the provisions and requirements of this Code of Regulations and the Act. Any amendment to this Code of Regulations shall be effective only upon the recordation of such amendment among the land records for Bucks County.

Pennsylvania, together with a certificate in writing of the President of the Council of Unit Owners stating that the amendment was approved as aforesaid.

Section 2. Proposal of Amendments. Amendments to this Code of Regulations may be proposed by the Council members or by petition signed by Unit Owners representing at least twenty-five (25%) percent of the total votes of the Council of Unit Owners, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meeting of the Unit Owners at which such proposed amendment is to be considered and given to vote.

EXHIBIT "C"

Each unit in CHESTNUT GROVE CONDOMINIUM shall be possessed of and have appurtenant to it a percentage interest in the Common Elements of the Condominium equal to and in accordance with the schedule of percentages as assigned to unit type which schedule is outlined on pages 2 through 7 on this Exhibit "C".

Common Expenses and Common Profits shall be allocated among the units in accordance with such various percentages as outlined on the abovementioned schedule.

Each unit shall cast one vote in the governance of the affairs of CHESTNUT GROVE CONDOMINIUMS, and each vote shall have equal value without regard to any percentage interest outlined below.

D2380- 451

UNIT TYPEINTEREST/COMMON ELEMENTUNIT NUMBER

Oleander
42 Units
1220 S.F./Unit

.530

2-12
2-15
2-18
2-21
2-24
2-27
4-2
4-6
4-9
4-14
5-2
5-5
5-11
5-14
5-17
5-20
6-2
6-5
6-8
6-11
7-2
7-5
7-9
7-12
7-17
7-20
11-2
11-4
11-8
11-11
11-14
11-17
12-2
12-5
12-8
12-11

42 x 155/100

D2380- 465

EXHIBIT "C" - Cont'd.

<u>UNIT TYPE</u>	<u>% INTEREST/COMMON ELEMENT</u>	<u>UNIT #</u>
Oleander (Cont'd.)	.530	4-4 5-7 7-7 4-12 5-8 7-15
Sassafras 2 Br./Den 25 Units 1427 S.F./Unit	.620	2-14 2-19 2-23 2-28 4-1 4-5 4-8 5-3 5-6 5-13 5-16 6-4 6-7 6-12 7-4 7-8 7-11 7-21 11-5 11-9 11-13 11-18 12-4 12-7 12-12

185/100 x 25

D2380- 466

EXHIBIT "C" - Cont'd.

<u>UNIT TYPE</u>	<u>% INTEREST/Common ELEMENT</u>	<u>UNIT #</u>
Sassafras	.672	2-13
3 Br./Den		4-13
5 Units		5-21
1547 S.F./Unit		7-16
		11-12
Sassafras	.554	2-22
2 Br.		5-12
6 Units		6-3
1275 S.F./Unit		7-3
		11-3
		12-3
Plum Tree	.503	12-1
41 Units		12-6
1157 S.F./Unit		12-10
		2-11
		2-17
		2-20
		2-25
		4-3
		4-7
		5-4
		5-10
		5-15
		5-19
		6-1
		6-6
		6-10
		7-1
		7-6
		7-10
		7-19
		11-1

D2380-467

EXHIBIT "C" - Cont'd.

<u>UNIT TYPE</u>	<u>% INTEREST/COMMON ELEMENT</u>	<u>UNIT #</u>
Plum Tree (Cont'd.)	.503	11-6 11-7 11-16 12-9 2-16 2-26 4-10 4-15 5-1 5-18 6-9 7-13 7-18 11-10 11-15 5-9 4-11 7-14 7-23 7-22
Mimosa 24 Units 880 S.P./Unit	.382	1-1 1-4 1-5 1-8 2-31 2-34 2-5 2-8 3-1 3-5 3-12 3-18 1-2 1-3

24 x 115

D2380- 468

EXHIBIT "C" - Cont'd.

<u>UNIT TYPE</u>	<u>% INTEREST/Common ELEMENT</u>	<u>UNIT #</u>
Mimosa (Cont'd.)	.382	1-6 1-7 2-32 2-33 3-6 3-2 3-17 2-2 2-37 3-13
Mimosa/Den 6 Units 960 S.F./Unit	.417	3-11 2-6 2-7 3-14 2-1 2-38
Black Elm 13 Units 1137 S.F./Unit	.494	3-3 3-8 3-9 3-16 3-4 3-7 3-10 3-15 2-29 2-10 2-3 2-36 2-30

bx 125/MD

13x 147/MD

D2380- 469

EXHIBIT "C" - Cont'd.

UNIT TYPE

% INTEREST/COMMON ELEMENT

UNIT #

Black Elm/Den
3 Units
1217 S.F./Unit

.529

3x15/mo

2-9
2-4
2-35

Joshua Tree
23 Units
1529 S.F./Unit

.663

23x 201/mo

~~13-2~~
~~13-3~~
9-2
9-3
9-4
9-5
9-6 201
8-2
8-3
8-4
8-5
8-6
8-7
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13-4
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~~14-1~~ 201
~~14-2~~
10-1
10-2
9-1

D2380- 470

12484

APR 25 12 05 PM '80

AMENDED CONDOMINIUM
DECLARATION

CHESTNUT GROVE
(with Code of Regulations)

BUCKS COUNTY SS:
RECORDED IN THE RECORDER'S
OFFICE OF SAID COUNTY IN
DEED BOOK 2350
AT PAGE 424 &
WITNESS MY HAND AND SEAL OF
OFFICE APRIL 25, 1980

Joseph M. Trench

RECORDER OF DEEDS

U.S.

012484

LAW OFFICES
POWER, BOWEN & VALIMONT
102 N. MAIN STREET
DOYLESTOWN, PA.

73⁰⁰

D2380-471

612-D74
DATA 3 2422

C-87-612-D74
FAC 859155-D

SA-8425-
EA#1211792

284 19208-11

704-13713

UT-41-54-832

5813685

CHESTNUT GROVE CONDOMINIUM
AMENDMENT TO CODE OF REGULATIONS

The 2nd day of November, 1981, the Council of Unit Owners and the Unit Owners, recognizing the need for the following, did hereby propose and adopt this Amendment pursuant to Article XVI, Section 1 of the Chestnut Grove Condominium Code of Regulations, attached as Exhibit "B" to the Declaration of Amendment of Condominium Declaration for Chestnut Grove recorded at Deed Book Number 2380, page 424, Recorder of Deeds, Bucks County Courthouse, Doylestown, Bucks County, Pennsylvania.

Pursuant to the powers granted the Council of Unit Owners in Article V, Section 3 to oversee and administer to various annual assessments and carrying charges contained in Article VIII, Section 1, inclusive, it shall now be the duty of said Council to provide oil and oil heat to all applicable buildings of Chestnut Grove Condominium requiring same and collect the charges and all delinquent penalties therefore.

Individual charges shall be computed based upon the Formula that from time to time may be adopted by Council and which currently is in effect.


Individual unit owners will be obligated for charges of oil and oil heat as determined by the Formula and/or any additional charges relating thereto levied by the Council.

The Council will administer to the reading of the meters, determine the individual charges, maintain the heat delivery system and arrange for the individual billing of the unit owners. The Council from time to time may assign to an agent the billing of the individual unit owners.

D2454-1115

The Council is also hereby empowered to collect the above described charges plus penalties that may have been levied for the oil heat system in the same manner specified in the Code of Regulations at Article VIII, Section 5. Remedies available to Council to collect said charges from a delinquent unit owner include, but are not limited to, judgments, liens, attorneys fees, court costs and other applicable charges.


ATTEST:


Andrew C. Wirth, President
Chestnut Grove Council

11/2/81
DATE


David Cousins, Vice President
Chestnut Grove Council

11/2/81
DATE


James Sherron, Secretary
Chestnut Grove Council

11/2/81
DATE

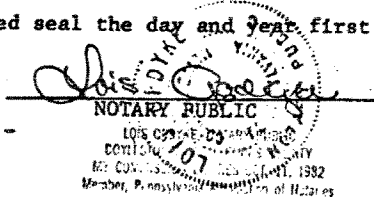
COMMONWEALTH OF PENNSYLVANIA)

COUNTY OF BUCKS)

: ss

I HEREBY CERTIFY that on the 3rd day of February, 1982, before me, the subscriber, a Notary Public, in and for the jurisdiction aforesaid, personally appeared Andrew C. Wirth, David Cousins and James Sherron, personally known to me or satisfactorily proven that they are the members of the Chestnut Grove Council and that they have executed on behalf of such, the foregoing instrument for the purposes therein contained.

WITNESS my hand and notarized seal the day and year first written above.


NOTARY PUBLIC
LOUISIANA
COMMISSION EXPIRES 12/31/82
Member, Pennsylvania Association of Notaries

- 2 -

D2454-1116

FEB 9 1 57 PM '82

003479

BUCKS COUNTY SS.
RECORDED IN THE RECORDS
OFFICE OF SAID COUNTY IN
DEPT. 111800K 2454
AT PAGE 111800K &
WITNESS MY HAND AND SEAL OF
OFFICE
February 9th 19 82
Lucille M. Trench
RECORDER OF DEEDS

CHESTNUT GROVE CONDOMINIUM
AMENDMENT TO
CODE OF REGULATIONS

NOTE

Me.

LAW OFFICES
POWER, BOWEN & VALIMONT
84 N. MAIN STREET
SELLERSVILLE, PA. 18960

D2454-1117

2/09/82 5:50 3079 12.00 11

CHESTNUT GROVE CONDOMINIUM
AMENDMENT TO ARTICLE VI, SECTION 1
OF THE CODE OF REGULATIONS

Whereas, ARTICLE XVI, Section 1. states that the Code of Regulations may be amended by the affirmative vote of Unit Owners representing seventy-five (75%) of the total votes of the Council of Unit Owners, at any meeting of the Unit Owners duly called for such purpose in accordance with the provisions and requirements of this Code of Regulations and the Act. Any amendment to this Code of Regulations shall be effective only upon the recordation of such amendment among the land records for Bucks County, Pennsylvania, together with a certificate in writing of the President of the Council of Unit Owners stating that the amendment was approved as aforesaid.

Whereas, Chestnut Grove Council of Unit Owners wishes to amend the wording in ARTICLE VI, Section 1., Designation to read as follows: (changes are underlined)

The principal officers of Chestnut Grove Condominium shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Council of Unit Owners. Prior to the first annual meeting of the Unit Owners, the officers of Chestnut Grove Condominium need not be Unit Owners. Thereafter, all members of the Chestnut Grove Council must be Unit Owners. The Council members may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

ATTEST:

Ann H. Brabazon
Ann Brabazon
President, Chestnut Grove Council

2/14/96
Date

Kristina Beuttas
Kristina Beuttas
Secretary, Chestnut Grove Council

2/14/96
Date

NOTARIAL SEAL
DIANA C. GRAY, Notary Public
Spring House, Montgomery County
My Commission Expires Sept. 23, 1996

Sworn to and subscribed before me
this 15 day of Feb 1996



CHESTNUT GROVE CONDOMINIUM ASSOCIATION

**RESOLUTION OF THE COUNCIL OF UNIT OWNERS
TO ENACT A CAPITAL IMPROVEMENT FEE UPON TRANSFER OR RESALE OF UNIT**

EFFECTIVE JANUARY 1, 2007

The undersigned, being the members of the Council of Unit Owners of the Chestnut Grove Condominium Association, a Pennsylvania domestic not-for-profit corporation (the "Corporation"), do hereby consent in writing to the adoption of the following resolution in accordance with the bylaws of the Corporation and the Nonprofit Corporation Law:

WHEREAS, Title 68, Chapter 33, Section 3302 of the Pennsylvania Consolidated Statutes empowers the Chestnut Grove Condominium Association to impose a capital improvement fee on the resale or transfer of units, and

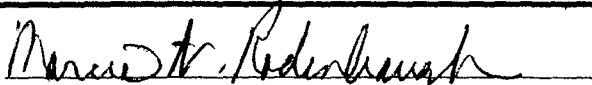
WHEREAS, the Council of Unit Owners has determined that a capital improvement fee to be paid upon the sale or transfer of any unit is necessary and appropriate, to be used to defray the future cost of new capital improvements, or replacement of existing common elements. Therefore,


IT IS RESOLVED, that a capital improvement fee in the amount of \$500 is to be paid to the Chestnut Grove Condominium Association through negotiation between the seller and prospective buyer upon the sale or transfer of any unit. No capital improvement fee shall be imposed on any gratuitous transfer of a unit between any of the following family members: spouses, parent and child, siblings, grandparent and grandchild. The monies generated by this capital improvement fee shall be placed in a separate capital account and may be expended only for new capital improvements or replacement of existing common elements and may not be expended for operation, maintenance or other purposes.


The capital improvement fee shall be paid at the time of settlement upon the sale or transfer, and no deed shall be transferred or recorded until the capital improvement fee is paid to Chestnut Grove Condominium Association. Delinquent payment of the capital improvement fee shall be collected in the same manner as any other delinquent assessment.

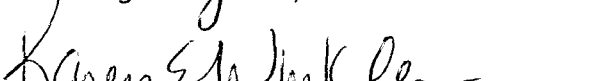
THE RESOLUTION BECOMES EFFECTIVE JANUARY 1, 2007.

IN WITNESS WHEREOF, we have executed this written consent this 26th day of SEPT, 2006.


Ms. Marcia Rodenbaugh, President


Mr. Douglas Clemens, Vice President


Ms. Victoria Pyle, Treasurer


Ms. Karen Winkler, Secretary

Ms. Kristina Beuttas, Member