

BYLAWS
OF
HANOVER CROSSING NORTH COMMUNITY ASSOCIATION

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BYLAWS
OF
HANOVER CROSSING NORTH COMMUNITY ASSOCIATION

ARTICLE 1
INTRODUCTORY PROVISIONS

1.1 Name; Location. The name of the corporation is HANOVER CROSSING NORTH COMMUNITY ASSOCIATION, and is hereinafter referred to as the "Association." The principal office of the Association shall be located at 107 Floral Vale Boulevard, Yardley, Pennsylvania 18940, but meetings of Members and Directors may be held at such place within or without the Commonwealth of Pennsylvania as may be designated by the Board.

1.2 Applicability. These Bylaws provide for the governance of the Association with respect to the Property subject to that certain Declaration of Covenants and Restrictions recorded in the Office for the Recording of Deeds in and for Northampton County, Pennsylvania, in Deed Book _____ at page _____ (the "Declaration").

1.3 Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration.

ARTICLE 2
THE ASSOCIATION

2.1 Membership. Membership in the Association shall be as provided in Section 8 of the Declaration.

2.2 Annual Meetings. An annual meeting of the Association shall be held during the month of September of each year at a time and place designated by the Board. At such annual meetings, the Board shall be elected in accordance with the requirements of Article 3 of these Bylaws, and such other business as may properly come before the meeting may be transacted.

2.3 Special Meetings. Special meetings of the Association may be called at any time by the President and shall be called as directed by resolution of the Board, or upon written request presented to the Secretary and signed by Members entitled to cast at least twenty percent (20%) of the votes of the Association. Unless a longer delay is specifically requested by the petitioning Owners, if the requisite number of Owners petition for a special meeting as aforesaid, such special meeting shall be held no later than sixty (60) days after receipt by the Secretary of such petition.

2.4 Quorum. Unless otherwise required by the Declaration, the quorum for meetings of the Association shall be the presence, in person or by proxy, of Members who are entitled to cast ten percent (10%) of the votes of the Association.

2.5 Notice of Meeting. Written notice of each meeting shall be given by or at the direction of the Secretary by hand-delivering or mailing a copy of such notice, postage prepaid, to each Member at the address last appearing on the books of the Association or supplied by such Member for the purpose of notice. Such meeting shall specify the place, day and hour of the meeting, which shall be not less than ten (10) days nor more than sixty (60) days from the date of the notice, and, in the case of a special meeting, the purpose of the meeting.

2.6 Proxies. Each Member may vote in person or by proxy or mail ballot. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable at any time by serving written notice of revocation to the Secretary or by attending the meeting and electing to vote in person, and shall automatically cease after eleven (11) months. Every proxy shall automatically cease when the Secretary has received written notice of the death or judicially declared incompetency of the Member granting the proxy or the sale or other transfer by the Member of his interest in his Lot.

2.7 Conduct of Meeting; Voting. The President (or in his absence, any other officer) shall preside over all meetings of the Association and the Secretary (or in his absence, any other officer) shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then-current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws. Voting Rights shall be as provided in Section 8 of the Declaration.

ARTICLE 3 BOARD

3.1 Board of Directors. The business and affairs of the Association shall be managed by a board of five (5) directors. The members of the First Board and the Board following termination of Declarant Control shall be appointed and elected as provided in Section 9 of the Declaration.

3.2 Resignation and Removal. Any elected director may be removed from the Board with or without cause by a majority vote of the Members of the Association. Any Member may propose removal of a director by presenting a petition to the Secretary signed by Members entitled to cast at least twenty percent (20%) of the votes of the Association. Any director whose removal has been proposed shall be given at least ten (10) days' notice by the Secretary of the time, place and purpose of the meeting at which the question of removal will be voted upon, and shall be given an opportunity to be heard at such meeting.

3.3 Vacancies. Except as set forth in Section 9 of the Declaration with respect to members of the First Board to be designated by Declarant, vacancies in the Board caused by any reason other than the removal of a director by a vote of the Members shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a director for the remainder of the term of the director being replaced and until a successor shall be elected at the next annual meeting of the Association at which the term of his predecessor would have

otherwise expired. Vacancies caused by the removal of a director by vote of the Members shall be filled by a vote of Members at a special meeting of the Association which shall be held within sixty (60) days after such vacancy occurs, and which may take place at the same meeting at which such removal is voted by the Members.

3.4 Compensation. No director shall receive any compensation from the Association for acting as such, but may be reimbursed for any out-of-pocket expenses incurred in the performance of his duties as director.

3.5 Powers. The Board shall exercise for the Association all powers, duties and authority granted by the Declaration and not reserved to the membership by other provisions of these Bylaws or the Declaration, including, without limitation, the following powers:

(a) To appoint, employ and remove at its pleasure any manager, independent contractors, all officers, agents, employees, accountants and attorneys of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient. The Board shall have the power to fix a managing agent's compensation and to set forth details of the managing agent's powers and duties, including, but not limited to, the power of the managing agent to engage employees and agents who may or may not be independent contractors, and to define or limit the liability of the managing agent, if any. Such delegation may (but need not) be sufficiently broad as to encompass the full range of powers and duties of the Board, other than the establishment of annual budgets and Assessments, including, but not limited to, the power to open and maintain bank accounts and write checks on behalf of the Board as directed by the Board. The Board shall not be liable for the managing agent's wrongful exercise of any power or duty. Any management agreement entered into before the date the Declarant ceases to control the Association, shall be terminable by either party (i) for cause (and without payment of a termination fee) upon not less than thirty (30) days written notice, and (ii) without cause (and without payment of a termination fee) upon not less than ninety (90) days written notice;

(b) To enter into agreements, contracts, deeds, leases and other written instruments or documents in the name of the Association and authorize the execution, delivery and, if appropriate, the recording thereof;

(c) To adopt and publish rules and regulations governing the use of the Common Elements, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof; and

(d) To establish Assessments and levy same against Owners and their Lots in accordance with the provisions set forth in Section 10 of the Declaration.

3.6 Duties. It shall be the duty of the Board to:

(a) Cause the Common Elements to be maintained in good, clean, attractive and sanitary condition, order and repair;

(b) Cause to be kept a complete record of all its corporate affairs, including a book of resolutions, make such records available for inspection by any Member or

his agent and present an annual statement of the Association's finances, prepared by a certified public accountant, to the Members at the annual meeting of the Association, or at any special meeting when such statement is requested in writing by Members entitled to cast fifty percent (50%) of the votes of the Association;

(c) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(d) Issue promptly after demand by any Member a certificate setting forth whether or not any assessment levied against such Member's Lot has been paid, for which a reasonable charge may be made;

(e) Designate depositories for Association funds and designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded;

(f) Approve the annual budget and general Assessments by a vote of two-thirds of the directors at least thirty (30) days in advance of each annual Assessment, such Assessments to be in an amount reasonably sufficient to meet the obligations imposed by the Declaration;

(g) Send a copy of the annual budget and any resolution approving a capital expenditure not contemplated by the annual budget to every Owner promptly following the adoption thereof by the Board;

(h) Send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of each annual Assessment;

(i) Cause a lien against any Lot for which Assessments are not paid within sixty (60) days after the due date to be foreclosed or cause an action at law to be brought against the Owner personally obligated to pay the same;

(j) Procure and maintain adequate liability and hazard insurance on property owned by the Association; and

(k) Exercise their powers and duties in good faith with a view to the interests of the Association as a whole.

ARTICLE 4 NOMINATIONS AND ELECTION

4.1 Election and Term of Office. At the annual meetings of the Association, subject to Section 9 of the Declaration, the election of directors shall be held. The term of office of any director to be elected (except as set forth in Section 5.3) shall be fixed at three (3) years. Directors shall hold office until the earlier to occur of the election of their respective successors or their death, adjudication of incompetency, removal or resignation. A director may serve an unlimited number of terms and may succeed himself.

4.2 Nominations. Persons qualified to be directors may declare candidacy or be nominated for election only as follows:

(a) Any Member may submit to the Association at least thirty (30) days before the meeting at which the election is to be held a declaration of candidacy stating that the candidate is willing to serve on the Board together with a biographical sketch of the candidate. At least ten (10) days prior to the meeting, the Members shall be notified in writing of all such candidates and shall be furnished with the biographical sketches of candidates and ballots. Ballots shall contain the typed or printed names of all candidates, with the order in which such names appear determined by lot.

(b) Nominations may be submitted from the floor at the meeting only for vacancies for which no more than one person has declared candidacy.

4.3 Method of Election. All elections to the Board shall be by written ballot, and the candidates receiving the greatest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE 5 MEETINGS OF DIRECTORS

5.1 Regular Meetings. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the President at the meeting at which such Board was elected. Notice of such first meeting shall be sent to each director at least three (3) days prior to the date of the meeting. Thereafter, regular meetings of the Board shall be held without notice at such place and hour as may be fixed from time to time by resolution of the Board. One such meeting of the Board shall be held not later than the month of November for the purpose of adopting a budget for the following calendar year, which meeting may not be waived by the directors.

5.2 Special Meetings. Special meetings of the Board shall be held when called by the President, or by any two (2) directors, after not less than two (2) days' notice to each director. Notice may be given personally or by mail, telephone, telecopy or telegraph, and shall state the time, place and purpose of the meeting.

5.3 Quorum; Acts. A majority of the number of directors shall constitute a quorum for the transaction of business and the acts of the majority of those present at a meeting at which a quorum is present shall be the acts of the Board.

5.4 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting if all of the directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the Secretary of the Association and included with the minutes of the Board.

5.5 Waiver of Notice. Before or at any meeting of the Board any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by

him of the time, place and purpose thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.6 Assumed Assent. Any director present at any meeting shall be deemed to have assented to any action taken at such meeting, unless his dissent is entered on the minutes or unless his written dissent is filed with the Secretary at or immediately following the adjournment thereof, provided that no director may dissent from any action for which he voted affirmatively at the meeting.

5.7 Participation in Meetings by Communications Equipment. One or more directors may participate in and be counted for quorum purposes at any meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

5.8 Attendance by Members of the Association. Members who are not directors shall not have the right to receive notice of, or to attend, meetings of the Board, unless the Board, in its sole discretion, elects to invite all Members to attend (except that the Board may request the attendance at any meeting of a Member or Members who are members of advisory committees without inviting all Members to attend). If the Board elects to invite Members to a meeting of the Board, the Secretary shall give all Members notice of such meeting in accordance with Section 2.5. At each such meeting which Members are entitled to attend, the attending Members shall not have the right to vote, but shall have the right to be heard consistent with such rules of order as the Board may adopt.

5.9 Validity of Contracts with Interested Directors. No contract or other transaction between the Association and one or more of its directors or between the Association and any corporation, firm or association in which one or more of the directors are directors or officers, or are financially interested, shall be void or voidable because such director or directors are present at any meeting of the Board which authorized or approved the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exist:

(a) The fact that a director is also such a director or officer or has such financial interest is disclosed or known to the Board, and is noted in the minutes thereof, and the Board authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such interested director or directors; or

(b) The contract or transaction is made in good faith and is not unconscionable to the Association at the time it is authorized, approved or ratified.

5.10 Consents and Approvals. Whenever the Declaration or these Bylaws shall require written permission of the Board, such permission shall consist of a written statement setting forth the action or activity for which such permission is granted, signed by at least one (1) director who shall have been authorized to sign such permission by the vote of the Board. Written permission of the Association shall consist of a similar written statement signed by the Secretary of the Association who shall have been authorized to give such permission by such vote of the Association as may be required to allow the requested action or activity. The action or activity

for which permission is granted shall be noted by the Secretary in the records of the Board or the Association, as applicable.

ARTICLE 6 COMMITTEES

6.1 Establishment of Committees. The Board is authorized to appoint such standing and ad hoc committees as it deems appropriate to make recommendations to the Board with respect to the exercise of its powers and duties under the Declaration and these Bylaws.

ARTICLE 7 OFFICERS

7.1 Enumeration of Officers. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by and serve at the pleasure of the Board. The Board may appoint a Vice President, an Assistant Treasurer, an Assistant Secretary, and such other officers as, in its judgment, may be necessary. The President shall be a director. Any other officers may, but need not, be Members of the Association or directors. An officer other than the President may hold more than one office.

7.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of the Board each year, and shall hold office at the pleasure of the Board.

7.3 Removal of Officers. Upon the affirmative vote of a majority of all directors, any officer may be removed, either with or without cause, and a successor may be elected at any meeting of the Board called for such purpose.

7.4 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to fill such vacancy shall serve for the remainder of the term of the officer he replaces.

7.5 Duties. The duties of the officers are as follows:

(a) President. The President shall be the chief executive officer of the Association, preside at all meetings of the Association and of the Board, and have all of the general powers and duties which are incident to the office of president of a corporation organized under the laws of Pennsylvania. The President shall cease holding such office at such time as he ceases to be a director.

(b) Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board, have charge of such books and papers as the Board may direct, maintain a register setting forth the place to which all notices to Members shall be delivered and, in general, perform all of the duties incident to the office of secretary of a corporation organized under the laws of Pennsylvania.

(c) Treasurer. The Treasurer shall have the responsibility for the safekeeping of Association funds and securities, be responsible for keeping full and accurate

financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data, and be responsible for the deposit of all monies in the name of the Board, the Association or the managing agent, in such depositories as may from time to time be designated by the Board and, in general, perform all the duties incident to the office of treasurer of a corporation organized under the laws of Pennsylvania.

7.6 Execution of Documents. All agreements, contracts, deeds, leases, and other instruments of the Association for expenditures or obligations in excess of \$10,000 shall be executed by any two (2) officers of the Association. All such instruments for expenditures or obligations of \$10,000 or less may be executed by any one officer of the Association or any other person designated by the Board, including, but not limited to, a managing agent.

7.7 Delegation of Duties. The Secretary and Treasurer may delegate all or some of their duties to a managing agent approved by the Board. Without limiting the generality of the foregoing, the Board may, pursuant to a management agreement or by separate resolution, authorize a managing agent (or employees of the managing agent designated by the managing agent) to issue checks on behalf of the Association and/or have signing authority on Association bank accounts.

ARTICLE 8 ASSESSMENTS; FISCAL YEAR

8.1 Assessments. All matters relating to Assessments upon Lots and their Owners shall be governed by Section 9 of the Declaration.

8.2 Fiscal Year. The fiscal year of the Association shall be the calendar year,

ARTICLE 9 INDEMNIFICATION AND LIABILITY OF DIRECTORS AND OFFICERS

9.1 Personal Liability of Directors. A Director of the Association shall not be personally liable for monetary damages for any action taken, or any failure to take any action, as a director except to the extent that by law (including the Directors' Liability Act, 42 Pa. Cons. Stat. § 8361 et seq.) a director's liability for monetary damages may not be limited.

9.2 Indemnification. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, including actions by or in the right of the Association, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Association, a member of a committee formed by the Board, or is or was serving while a director or officer of the Association at the request of the Association as a director, officer, employee, agent, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct, gross negligence or bad faith.

9.3 Advancement of Expenses. Expenses incurred by an officer or director of the Association or member of an Association Committee in defending a civil or criminal action, suit or proceeding described in Section 9.2 shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Association.

9.4 Other Rights. The indemnification and advancement of expenses provided by or pursuant to this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any insurance or other agreement, vote of directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

9.5 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of these Bylaws.

9.6 Security Fund; Indemnity Agreements. By action by the Board (notwithstanding their interest in the transaction) the Association may create and fund a trust fund or fund of any nature, and may enter into agreements with its directors, officers, employees and agents for the purpose of securing or insuring in any manner its obligation to indemnify or advance expenses provided for in this Article.

9.7 Modification. The duties of the Association to indemnify and to advance expenses to a director or officer provided in this Article shall be in the nature of a contract between the Association and each such director or officer, and no amendment or repeal of any provision of this Article, and no amendment or termination of any trust or other fund created pursuant to Section 9.6, shall alter, to the detriment of such director or officer, the right of such person to the advance of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment, repeal or termination.

ARTICLE 10 COMPLIANCE AND DEFAULT

10.1 Relief. Each Member shall be governed by and shall comply with all of the terms of the Declaration, these Bylaws and the Rules and Regulations, as any of them may be amended from time to time. In addition to the remedies provided in the Declaration, a default by a Member shall entitle the Association, acting through its Board or through a managing agent, if any, to the following relief:

(a) Additional Liability. Each Member shall be liable for the expense of all maintenance, repairs or replacements to Common Elements rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Association. Such liability shall include any increase in casualty insurance premiums occasioned by improper use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its right of subrogation.

(b) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Member, the prevailing party shall be entitled to recover the costs of such proceeding, and such reasonable attorneys' fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Association, the Board or of a Member to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board or the Members to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board, or any Member pursuant to any provision, covenant or condition of the Declaration, these Bylaws or the Rules and Regulations shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, these Bylaws or the rules and regulations, or at law or in equity.

(d) Abating and Enjoining Violations. The violation of any of the rules and regulations adopted by the Board or the breach of any provision of the Declaration or these Bylaws shall give the Board the right, in addition to any other rights granted by the Declaration, these Bylaws or the rules and regulations, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE 11 AMENDMENTS

11.1 Method. Except as otherwise provided in these Bylaws or in any applicable law, these Bylaws may be amended at any time in the following manner:

(a) A resolution adopting a proposed amendment may be proposed by either the Board or by Members entitled to cast not less than twenty percent (20%) of the total outstanding votes of the Association at a meeting called for that purpose.

(b) Notice of the proposed amendment in reasonably detailed form shall be included in a notice of any meeting of the Association at which a proposed amendment is to be considered. Such amendment must be approved by means of an instrument or instruments signed by Members entitled to cast a majority of the votes of the Association.

11.2 Technical Amendments.

(a) If, in the judgment of the Board, or prior to the termination of Declarant Control, in the judgment of the Declarant, any amendment is necessary to cure any ambiguity or to correct or supplement any provision of these Bylaws which is defective or inconsistent with any other provision hereof, the Board or the Declarant, in the event the period of Declarant Control has not yet been terminated, may affect an appropriate corrective amendment without the approval of any other Members upon its receipt of an opinion from independent counsel to the effect that the proposed amendment is permitted by the terms of this sentence.

(b) Notwithstanding anything in these Bylaws to the contrary, in the event Declarant shall seek to have the Property approved by the Federal Housing Administration, Federal National Mortgage Association, the Veterans' Administration, or the Federal Home Loan Mortgage Corporation and any such entity shall require that these Bylaws be amended as a condition to the granting of such entity's approval, Declarant shall have the right to amend these Bylaws without the consent of any other Owners or the Board in order to incorporate the changes required by such entity in order to obtain its approval.

(c) Any such technical amendment shall become effective upon notice to the Members of the need for and contents of such amendment.

ARTICLE 12 MISCELLANEOUS

12.1 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

12.2 Invalidity. If any provision of these Bylaws is determined to be invalid, the determination shall not affect the validity or effect of the remaining provisions hereof or of the Declaration, all of which shall continue in effect as if such invalid provision had not been included herein.

12.3 Conflicts. The Declaration shall control in the case of any conflict between the provisions thereof and the provisions of these Bylaws.

DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

HANOVER CROSSING NORTH,

a planned community

Dated as of _____, 2003

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THIS DECLARATION is made as of the ___ day of _____, 2003, by DELUCA ENTERPRISES, INC., a Pennsylvania corporation (the "Declarant"), as the owner in fee of the real estate hereinafter described.

WITNESSETH:

1. Submission of Property to Act; Name. Declarant intends to and does hereby submit the real estate described in Exhibit "A" attached hereto, located in Hanover Township, Northampton County, Pennsylvania, together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind now erected or to be erected thereon, and all easements, rights and appurtenances belonging or in anywise pertaining thereto to the provisions of the Pennsylvania Uniform Planned Community Act, 68 Pa. Cons. Stat. Ann. §5101 et seq., as amended (the "Act"), thus establishing and creating with respect to the Property a flexible planned community, to be known as "HANOVER CROSSING NORTH, a planned community" (the "Community").

The Property is so submitted under and subject to the following matters of record, but only to the extent such matters continue to affect the real estate, Declarant expressly disclaiming any intent to revive or extend any such matters which do not presently affect the real estate:

(a) All conditions and notes set forth on that certain Record Plan of Monocacy Farms prepared by The Pidcock Company dated May 12, 2001, last revised _____ to be recorded in the Recorder of Deeds office in and for Northampton County, Pennsylvania, prior to the execution and recordation of this Declaration.

(b) Rights granted to Metropolitan Edison Company in Misc Books 79, Page 476; 79, Page 471 and 93, Page 53;

(c) Reservations as contained in Misc. Book 75, Page 525;

(d) Temporary Grading Easement and Temporary Construction Easement as in Record Book 1995-1, Page 64589;

(e) Restrictions by implication as contained in Deed Book 202, Page 1;

(f) Rights granted to Pennsylvania Power and Light Company in Misc. Books 155, Page 174 and 324, Page 197; and

(g) Subdivision Improvements Agreement with Hanover Township as recorded in Record Book 2001-1, Page 18267.

2. Definitions. Capitalized terms not otherwise defined herein or in the Plans shall have the meanings specified or used in the Act. As used herein, unless the context otherwise requires, the following capitalized terms shall have the following meanings:

(a) "Additional Real Estate" means the real estate more particularly described in Exhibits "B-1" and "B-2" attached hereto, for so long as such real estate has not been added to the Community pursuant to Section 6 hereof. The Additional Real Estate consists of two (2) Parcels: that portion of the Additional Real Estate in Exhibit "B-1" is sometimes referred to herein as "Parcel A" and the portion of Additional Real Estate described in Exhibit "B-2" is sometimes referred to herein as "Parcel B".

(b) "Assessments" shall mean those levies, charges, assessments or sums payable by the Owners from time to time to the Association, as provided herein. The obligation to pay Assessments is a covenant running with the land. Each Assessment shall be separate for each Lot and payable by the Owner thereof.

(c) "Association" means the Hanover Crossing North Community Association, a Pennsylvania unincorporated association consisting of all Owners, its successors and assigns, which shall be the organization by and through which the affairs of the Community are administered by its duly elected Board.

(d) "Board" means a group of natural individuals of the number stated in the Bylaws, who shall manage the business, operation and affairs of the Community on behalf of the Owners and in compliance with and subject to the provisions of the Act. For purposes of this Declaration and the Bylaws, each individual member of the Board shall be referred to as a director.

(e) "Bylaws" means the governing regulations adopted pursuant to the Act and this Declaration by the Association for the regulation and management of the Association, as such Bylaws may be amended from time to time.

(f) "Common Elements" means collectively, the Common Facilities and Controlled Facilities.

(g) "Common Expenses" means the expenses and liabilities of the Association, including, but not limited to the following:

(i) Expenses of administration, maintenance, repair and replacement of the Common Elements;

(ii) Expenses or liabilities agreed upon as common by the Owners;

(iii) Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves; and

(iv) Expenses designated as common by provisions of the Act, by this Declaration or the Bylaws.

(h) "Common Facilities" means all portions of the Property other than the Lots as further described in this Declaration or the Plans.

- (i) “Controlled Facilities” means the westerly side of the Route 512 Berm.
- (j) “Convertible Real Estate” means the real estate more particularly described in Section 6(a)(ii) and designated as such on the Plans, for so long as such real estate is not converted to Lots pursuant to Section 6 hereof.
- (k) “Declarant” means DeLuca Enterprises, Inc., a Pennsylvania corporation, dba DeLuca Homes, and its successors and assigns, and any successor to any Special Declarant Rights (a “Successor Declarant”).
- (l) “Declaration” means this instrument by which the Declarant submits the Property to the provisions of the Act, as such Declaration may be amended from time to time.
- (m) “Eligible Mortgage” means a first mortgage to (i) Declarant, (ii) the seller of a Lot, (iii) a bank, trust company, savings bank, savings and loan association, mortgage service company, insurance company, credit union, pension fund, real estate investment trust or like institutional investor or lender, or (iv) a first mortgage which is guaranteed, insured or purchased by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. A holder of an Eligible Mortgage which has registered with the Association in accordance with Section 18(a) hereof is referred to herein as an “Eligible Mortgagee.”
- (n) “Limited Charges” means those Assessments levied by the Association pursuant to this Declaration against one Owner or several Owners but not all Owners for the costs and expenses incurred by the Association to provide services for the benefit of such Owner or Owners, as contemplated by §5314(c) of the Act.
- (o) “Lot” means any of the subdivided building lots located on the Property that are designated as Lots on the Plans and listed on Exhibit “C”. The Lots constitute the units within the Community for purposes of the Act.
- (p) “Member” means an Owner of a Lot, as more particularly provided for in Section 8 hereof.
- (q) “Owner” means the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.
- (r) “Person” or “person” means a natural individual, corporation, partnership, limited liability company, association, trust or other legal entity or any combination thereof.
- (s) “Plans” means the plats and plans attached hereto as Exhibit “D” and recorded as part of this Declaration, as such Plans may be amended from time to time.
- (t) “Property” means the real property described in Section 1, together with such portions of the Additional Real Estate as shall have been added to the Community.

(u) "Residence" means the dwelling erected or to be erected on a Lot.

(v) "Route 512 Berm" means the landscaped berm located along the Community's boundary line abutting Route 512, as shown on the Plans.

(w) "Subdivision Plan" means the Record Plan referred to in Section 1(a), as it may be amended, including any amendment (or separate record plan) providing for the subdivision and land development of the Additional Real Estate.

3. Number of Lots. The Community initially includes the _____ () Lots designated on Exhibit "C" and shown on the Plans. If Declarant adds all of the Additional Real Estate to the Community and converts all of the Convertible Real Estate pursuant to Section 6, the Community will include two hundred twenty-eight (228) Lots. Declarant reserves the right, exercisable in its sole discretion, to (i) relocate boundaries between Lots owned by it and (ii) change the boundary line between a Lot and any adjoining Common Facilities, provided that in either such case the approval of the Municipality has been obtained. Any such lot line changes shall be reflected in an amendment to the Plans prepared, executed and recorded by the Declarant. Except as provided in this Section, Declarant has not reserved the right to subdivide or convert any Lot owned by Declarant into two or more Lots, Common Elements, or a combination of Lots and Common Elements.

4. Lot Boundaries. Each Lot has a separate identifying number, as shown on the Plans. The title lines of each Lot are situated as shown on the Plans. There are no upper or lower boundaries to the Lots. Each Lot includes all improvements within the boundary lines described above.

5. Common Elements.

(a) Description. The Common Facilities include the entrance sign, the two (2) storm water detention basins located on the Property and related open space, as shown on the Plans. The Common Areas do not include the road right-of-ways shown on the Plans, which are intended to be dedicated to Northampton Township. The Controlled Facilities include the westerly side of the Route 512 Berm.

(b) Rights and Obligations of the Association. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Elements and all improvements thereon, if any (except for such improvements as are owned and operated by any municipal authority or public or private utility), and shall maintain the same in good, clean, attractive and sanitary condition, order and repair. The Association may retain a manager to render professional services in the operation and management of the Common Elements. The Association, through action of its Board, may acquire, hold and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold or other property interests within the Property conveyed to it by the Declarant. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws of the Association, and every other right or privilege reasonably

implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

(c) Owners' Easement of Enjoyment. Subject to the provisions herein, every Owner shall have a right and easement of enjoyment in and to the Common Facilities which shall be appurtenant to and shall pass with the title to every Lot.

(d) Extent of Owners' Easements. Each Owner's easement of enjoyment created hereby shall be subject to the following:

(i) The right of the Association to dedicate or transfer all or any part of the Common Facilities to any public agency, authority or utility for such purposes and subject to such conditions as the Board determines to be necessary or appropriate. Nothing in this subsection shall be deemed to require approval of the Association or any Owner for any dedication by the Declarant pursuant to Section 11(e) hereof.

(ii) The right of the Declarant, for so long as the Declarant holds Lots for sale, to use any part of the Property (other than Lots which have been conveyed to Owners unrelated to the Declarant) for purposes which are consistent with the development and improvement of such Lots without regard to any limitations on use contained elsewhere in this Declaration or the rules and regulations of the Association. Permitted uses by the Declarant include, without limitation, the maintenance of one or more sales offices, models and directional signs, construction offices and the storage of construction materials and equipment on unsold Lots or the Common Facilities.

(e) Title to Common Facilities. The Declarant shall convey the Common Facilities to the Association, free and clear of all liens and financial encumbrances, on or before the earlier to occur of (i) sixty (60) days after the date by which one hundred seventy-one (171) of the Lots have been conveyed to Owners other than a Successor Declarant, (ii) two (2) years after Declarant has ceased to offer Lots for sale in the ordinary course of business, or (iii) the date seven (7) years from the date this Declaration is recorded. From and after the date hereof the Association shall have all the rights and obligations imposed by this Declaration with respect to such Common Facilities, including payment of taxes, insurance and maintenance costs with respect thereto.

6. Declarant's Right to Add or Convert Real Estate.

(a) Option to Convert Convertible Real Estate.

(i) Declarant reserves the option, until the seventh (7th) anniversary of the recording of this Declaration, to convert all or any portion of the Convertible Real Estate to Lots. Declarant may exercise this right by executing and recording one or more amendments to this Declaration in compliance with §5211 of the Act, and may do so without the consent of any Owner or the holder of any mortgage on a Lot. This option may be terminated prior to such seventh (7th) anniversary only by Declarant executing and recording an amendment to this Declaration expressly terminating this option.

(ii) As shown on the Plans, the Convertible Real Estate initially consists of the subdivided building lots created in the Property by the approval and recording of the Subdivision Plan that are not designated as Lots in the Community on the Plans and Exhibit "C." If the Declarant exercises its right to add the Additional Real Estate and in connection therewith exercises its right to designate subdivided building lots therein as Convertible Real Estate, the Convertible Real Estate shall then include such designated building lots. The subdivided building lots that are designated as Convertible Real Estate on the Plans are referred to herein as the "Unconverted Lots." Each Unconverted Lot may be converted only into one Lot. If Parcel A is added to the Property and Unconverted Lots created therein, the maximum number of Lots that may be created by the conversion of Unconverted Lots in that Parcel shall be equal to thirteen (13) less the number of Lots created in that Parcel at the time it is added to the Community. If Parcel B is added to the Property and Unconverted Lots created therein, the maximum number of Lots that may be created by the conversion of Unconverted Lots in that Parcel shall be equal to two (2) less the number of Lots created in that Parcel at the time it is added to the Community. Declarant expressly reserves the right to convert any or all of the Unconverted Lots at different times and from time to time, in any order, without limitation and without any requirement that any other Unconverted Lot be converted.

(b) Option to Add Additional Real Estate.

(i) Declarant reserves the option, until the seventh (7th) anniversary of the recording of this Declaration, to add the Additional Real Estate to the Community. Declarant may do so without the consent of any Owner or the holder of any mortgage on a Lot. This option may be terminated prior to such seventh (7th) anniversary only by Declarant executing and recording an amendment to this Declaration expressly terminating this option.

(ii) The Additional Real Estate initially consists of two (2) Parcels, Parcel A and Parcel B. The maximum number of Lots that may be created in Parcel A of the Additional Real Estate is thirteen (13). The maximum number of Lots that may be created in Parcel B of the Additional Real Estate is two (2). Declarant expressly reserves the right, at the time either Parcel of the Additional Real Estate is added to the Community, to create Convertible Real Estate in the Additional Real Estate by designating Unconverted Lots therein, which Unconverted Lots shall then be subject to Declarant's option to convert Convertible Real Estate pursuant to this Section 6. Declarant reserves the right to add either or both Parcels of the Additional Real Estate at different times and from time to time, in any order, without limitation and without any requirement that any other Parcel of Additional Real Estate be added or converted.

(c) Assurances. Declarant offers no assurances as to the location or size of Lots that may be created in any Parcel of the Additional Real Estate or the number of Lots that may be created, other than that the aggregate number of Lots in a Parcel of the Additional Real Estate (including Lots created in such Parcel at the time the Additional Real Estate is added to the Community and any Unconverted Lots designated in such Parcel at that time) shall not exceed the maximum number of Lots designated for such Parcel in Section 6(b)(ii). All Lots added to the Community, whether through the addition of the Additional Real Estate or the conversion of Unconverted Lots, shall be restricted to residential use and all restrictions in this

Declaration affecting the use, occupancy and transfer of Lots shall apply to all Lots so created. No assurances are made as to the compatibility of Residences constructed on Lots created within the Additional Real Estate or Convertible Real Estate with Residences constructed on the Lots initially included in the Community in terms of architectural style, principal materials employed or size; however, Residences on newly created Lots shall be compatible with existing Residences in terms of quality of construction. Declarant does not intend to create any limited common elements in the Addition Real Estate, and offers no assurances regarding the improvements, if any, that may be constructed within the Common Areas created within the Additional Real Estate. Except as specifically set forth in this Section 6, there are no limitations on Declarant's option to add the Additional Real Estate. If Declarant does not add a Parcel of the Additional Real Estate to the Community, none of the assurances set forth in this subsection shall apply to such Parcel of the Additional Real Estate; in such case the only restrictions on the ownership, development and use of such Parcel of the Additional Real Estate shall be such restrictions as are imposed by law.

(d) Votes and Liability for Assessments. If Lots are added to the Community through the conversion of Convertible Real Estate or the addition of Additional Real Estate, the owner of each Lot so added shall have one vote in the Association and the liability for Common Expenses shall be reallocated so that each Lot is allocated an equal share of the Common Expenses as otherwise provided in this Declaration.

7. Maintenance and Repair Obligations; Alterations.

(a) Lots. Each Owner shall keep his Lot and any Residence and improvements thereon in good order and repair; provided, that the Association shall be responsible for the maintenance repair of the westerly side of the Route 512 Berm.

(b) Common Elements. All maintenance, repairs and replacements necessary to keep the Common Elements in a good and orderly state of repair and cleanliness shall be performed by the Association and charged as Common Expenses (except where caused by the negligence or misuse of an Owner, and the required repair or replacement is not covered by the Association's insurance, in which event the Owner shall be responsible for the cost thereof as a Limited Charge).

8. Association Membership, Voting Rights.

(a) Members. Every person or entity who is an Owner of any Lot shall be a Member of the Association. When more than one person is an Owner of a Lot all of such persons shall be Members. The recorded title to a Lot shall be conclusive evidence of its ownership. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

(b) Voting Rights. Each Member shall be entitled to one (1) vote for each Lot owned. If more than one person is the Owner of a Lot, or if a corporation, partnership, limited liability company, association, trust, or other legal entity or any combination thereof is the Owner of a Lot, the vote for such Lot shall be exercised as those persons or entities themselves

determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, such Lot's vote shall be suspended in the event more than one person seeks to exercise it. In no event shall more than one vote be cast with respect to any Lot.

(c) Approval of Certain Litigation. The Board shall be required to obtain the prior approval of Owners entitled to cast not less than seventy-five percent (75%) of the total votes in the Association prior to the payment of, or contracting for the payment of, legal or other fees or expenses to any person engaged by the Association in contemplation of a lawsuit or for the purposes of making, preparing or investigating any lawsuit, or commencing any lawsuit, other than for the following purposes:

- (i) collection of Assessments;
- (ii) collection of other charges which Owners are obligated to pay pursuant to this Declaration or the Bylaws;
- (iii) enforcement of any use and occupancy restrictions contained in this Declaration; or
- (iv) filing a compulsory counterclaim.

9. Board.

(a) Number and Qualification. The business and affairs of the Association shall be managed by a board of the number designated in the Bylaws, each of whom shall be a natural person of full age. All of the directors shall be either a Member or a shareholder, director, officer, partner, employee or authorized agent of a Member of the Association ("Member Representative"). No Member Representative shall be qualified to be elected to the Board if the Member he represents has been suspended from membership in the Association or if the books or management accounts of the Association show the Member he represents to be more than sixty (60) days delinquent in payments due the Association.

(b) The First Board. Anything contained in Section 9(a) to the contrary notwithstanding, until the first annual meeting of the Association following the termination of Declarant Control, as hereinafter defined, the members of the "First Board" shall be appointed and elected as follows:

(i) The initial members of the First Board shall be three (3) persons designated by the Declarant who need not be Members or Member Representatives. The directors designated by the Declarant shall have the same rights and duties as any elected director, including the right to hold office. The period of "Declarant Control" shall extend from the date of the first conveyance of a Lot to a person other than a Successor Declarant for a period of seven (7) years. Notwithstanding the foregoing, Declarant Control shall terminate no later than the earlier of:

(A) sixty (60) days after conveyance of one hundred seventy-one (171) Lots to Owners other than Declarant or a Successor Declarant; or

(B) two (2) years after Declarant has ceased to offer Lots for sale in the ordinary course of business.

(ii) Not later than sixty (60) days following the conveyance of fifty-seven (57) Lots to Owners other than Declarant or a Successor Declarant, a special election meeting of the Association will be held, at which time the Members other than Declarant shall elect two Members of the Association to serve as additional directors on the First Board. The directors elected by the Members other than Declarant pursuant to this subsection shall serve until the special election meeting of the Association following the termination of Declarant Control.

(iii) If a director elected pursuant to subsection (ii) above shall resign, be removed, die, become incapacitated or shall no longer be a Member, the vacancy on the First Board thus created shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. The directors appointed by the Declarant may be removed and replaced only by the Declarant.

(c) Election of the Board Following Declarant Control. Upon the termination of Declarant Control a special election meeting of the Association shall be held, at which time all of the members of the First Board shall resign and the Members (including Declarant, if it still owns Lots) shall elect five (5) persons to serve on the Board, who shall be elected to serve until their respective successors are elected. The two nominees receiving the highest number of votes at such meeting shall be elected to serve three-year terms as directors. The nominees receiving the third and fourth highest number of votes shall be elected to serve two-year terms as directors. The nominee receiving the fifth highest number of votes shall be elected to serve a one-year term as a director. At each subsequent annual meeting, elections shall be held to fill the vacancies on the Board caused by the expiration of the terms of office of directors, with each director elected to serve a three year term.

10. Assessments.

(a) Creation of the Lien and Personal Obligation of Assessments. Declarant hereby covenants, and each Owner, by acceptance of a deed to any Lot, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (i) annual general Assessments or charges, (ii) special Assessments for capital improvements, repairs and replacements to the Common Elements, (iii) fines and/or late charges established from time to time by the Board pursuant to the Act and this Declaration against any Owner whose Assessments are delinquent for a period of fifteen (15) days after the due date, (iv) Limited Charges assessed as provided in this Declaration, and (v) any other charges or Assessments for what may be determined from time to time by the Association to be chargeable to the Owners, all such Assessments to be established and collected as hereinafter provided.

All such Assessments and other charges, together with interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Such lien shall be

prior and superior to all other liens except as provided in the Act and further provided that the lien for any fines, fees, charges, late charges, interest and costs of collection thereof (including attorneys' fees) shall be subordinate to the lien of any Eligible Mortgage on a Lot.

Such Assessments, together with interest thereon and costs of collection thereof, shall also be the personal obligation of the Owner of such Lot at the time when the Assessments fell due.

(b) Allocation of Assessments. Common Expenses levied as general or special Assessments shall be allocated equally among all Lots. Limited Charges shall be levied against the Lots to which they relate. No Owner may exempt himself from liability for the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of a Lot or by setoff or counterclaim.

(c) General Assessment.

(i) Purpose of Assessment. The general Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Community including, but not limited to, payment of the expenses required to comply with the Association's obligations under Sections 5 and 7 of this Declaration, the payment of taxes (if any) and insurance with respect to the Common Facilities, and at the Board's option, the establishment of reserves for the repair and replacement of the Common Elements, if appropriate.

(ii) Determination of Assessments. Until January 1 of the year immediately following the commencement of Assessments, the amount of the general Assessments shall be determined by the Declarant. Commencing with the first year in which a Lot is conveyed to an Owner other than a Successor Declarant, it shall be the duty of the Board, during or prior to November of each year, to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget shall include reserves for capital repairs and replacements, if appropriate, taking into account the number and nature of replaceable assets that are owned or maintained by the Association pursuant to this Declaration, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required reserves in an amount sufficient to permit meeting the projected capital needs with respect both to amount and timing by annual Assessments over the expected useful lives of such assets. The Board shall cause a copy of the budget, and the amount of the Assessments to be levied against each Lot for the following year, to be delivered to each Owner at least thirty (30) days before the commencement of such new Assessments. The budget and the projected Assessments shall become effective unless, within thirty (30) days of delivery of the budget to the Owners, the budget is disapproved by the vote of ninety percent (90%) of the votes of the Members who are voting in person or by proxy at a meeting duly called pursuant to Section 10(e) hereof for the purpose of rejecting the proposed budget.

In the event the Members disapprove a proposed budget, or the Board fails for any reason so to determine the budget for the succeeding year (or is delayed in doing so), then and until such time as a budget shall have been determined, the budget and Assessments in

effect for the then-current year shall continue for the succeeding year. In such event the new budget and Assessments shall become effective thirty (30) days after delivery of the new budget to the Owners.

(d) Special Assessments for Capital Improvements. In addition to the general Assessments authorized above, the Board may levy against all Lots in any year a special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Elements, provided that any such special Assessment that is in excess of \$10,000.00 shall be approved by the vote of sixty-seven percent (67%) of the Members who are voting in person or by proxy at a special meeting of the Association duly called for that purpose with notice as provided in Section 10(e).

(e) Notice and Quorum for Any Action Authorized Under Sections 10(c) and 10(d). Written notice of any meeting called for the purpose of taking any action authorized under Sections 10(c) or 10(d) shall be sent to all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of the Members, whether present in person or by proxy, entitled to cast twenty percent (20%) of all the votes of the Members, shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be the presence of one-half of the required quorum of Members at the preceding meeting. No such subsequent meeting shall be held more than forty five (45) days following the preceding meeting.

(f) Capital Contributions. At the time of acquiring title to any Lot from the Declarant, each Owner shall pay to the Association the sum of Five Hundred Dollars (\$500.00), such sum to provide working capital and initial reserves for the Association. The payment required by this Section shall not be refundable and shall be paid in addition to any other Assessments authorized by this Declaration.

Except as set forth in the final sentence of this subsection, the Board may elect to charge every grantee of a Lot (other than grantees purchasing from Declarant), at the time of conveyance, a reasonable capital contribution not to exceed an amount equal to the current semiannual general Assessment payable at the time of conveyance. Such capital contribution shall not be refundable, shall not be credited as an advance payment of Assessments and, until paid, shall constitute a lien on the Lot and be enforceable in the same manner as Assessments for Common Expenses. A capital contribution shall not be due or payable with respect to any conveyance: (i) to an Eligible Mortgagee by foreclosure or in lieu of foreclosure; (ii) between one or more persons who collectively comprise the Owner, or to or in trust for the spouse, parent or descendants of any such person; or (iii) from any Owner which is a corporation or partnership to its shareholders or partners.

(g) Date of Commencement of General Assessments; Due Dates and Manner of Collection. The general Assessments provided for herein shall commence on the day of settlement of conveyance of the first Lot from the Declarant to an Owner other than a Successor Declarant; provided, however, at the discretion of the Declarant, general Assessments shall commence at such time on or after the day of settlement of conveyance of the first Lot from the

Declarant to an Owner other than a Successor Declarant, as designated by the Declarant. Assessments shall be paid in such manner and on such dates as may be fixed by the Board. Unless the Board otherwise provides, Assessments shall be paid in semiannual installments. The Declarant and any Successor Declarant will pay Assessments on the same basis as all other Owners for Lots deemed created in the Community for Assessment purposes which continue to be owned by the Declarant or such Successor Declarant.

(h) Certificate of Payment. The Association shall, within ten (10) days of written demand therefor, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid and listing any amounts (including late charges or interest) then due. The Board may, by resolution duly adopted, charge a reasonable and uniform fee for the furnishing of such certificates. A properly executed certificate of the Association shall be prima facie evidence of the payment of any Assessments therein stated to have been paid.

(i) Effect of Non-Payment of Assessments; Remedies of the Association. Any Assessment or installment thereof not paid within fifteen (15) days after its due date shall be deemed delinquent, shall be assessed a late charge to be established by the Board from time to time, and bear interest from the due date at an overdue interest rate to be established by the Board from time to time, not to exceed fifteen percent (15%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or an action to foreclose the lien against his Lot, and there shall be added to the amount due the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the amount due as herein provided and reasonable attorney's fees to be fixed by the court, together with costs of the action. Suit to recover a money judgment for unpaid Assessments or other charges shall not be deemed to foreclose or waive the lien securing the same. If the Association has provided for collection of annual Assessments in installments, upon default in the payment of any one or more installments, the Association may accelerate payment and declare the Assessments (including any special Assessments) for the following twelve (12) months to be due and payable in full. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Lot. Similarly, an Owner's liability for any Assessments shall not be abated nor reduced by reason of any interruption in his right of occupancy of his Lot, or use of the Common Elements or for any other reason whatsoever.

11. Easements. In addition to the easements referred to in Section 1 and the easements specifically granted by the Act, the Declarant, for itself and its successors and assigns, hereby declares, reserves, grants and excepts the following easements as easements appurtenant to the Property, each of which shall be perpetual, subject, however, to the provisions set forth in subsection (e) below:

(a) For so long as Declarant continues to own and market Lots, an easement in favor of Declarant and its agents, employees, subcontractors and contractors, brokers, licensees, invitees and their respective agents and employees as designated from time to time to enter the Property to maintain sales offices, management offices, models and advertising signs

on the Property and to transact on the Property any business necessary to consummate the sale or leasing of Lots.

(b) An easement in favor of Hanover Township and the appropriate municipal authorities and utility companies for such services as are desirable or necessary to adequately serve the Property and the Additional Real Estate and all appurtenances thereto, including, without limitation, the right to install, lay, maintain, repair, relocate and replace manholes, water mains and pipes, steam lines, gas mains and pipes, sewer and drain lines and connectors, telephone and other communication wires, cables and equipment, electrical wires and conduits, and associated equipment over, under, through, along and on the Property; provided, however, that any such easement through a Lot shall be located only as shown on the Plans, or, if such easement is not shown on the Plans, only as the Lot is actually improved on the date such Lot is conveyed by Declarant to an unrelated Owner, unless approved in writing by the Owner or Owners affected thereby.

(c) An easement in favor of the Association and its agents, employees and independent contractors for access to the Lots for inspection, maintenance, repair and replacement of the Common Elements located on or accessible from such Lots.

(d) For so long as Declarant owns a Lot in the Community, or otherwise may be obligated to Hanover Township for the condition of any portion of the Common Elements, the Declarant reserves a blanket easement and right on, over and under the Property to maintain and correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which Declarant shall restore the affected portion of the Property to its original condition as near as is reasonably possible. The Declarant shall give reasonable notice of its intent to take such action to all affected Owners, unless in the opinion of Declarant an emergency exists which precludes such notice.

(e) The Declarant expressly reserves the right to dedicate from time to time to Hanover Township or to any non-profit conservation group selected by Declarant all or any part of the open space as shown on the Plans including, but not limited to, the open space designated on the Plans as Lot 11. In making any such dedication or dedications, the Declarant may act in its own name without the joinder of the Association or any Owners in such actions.

(f) For so long as Declarant continues to own and market Lots, no amendment of this Declaration shall make any change which would in any way affect any of the rights, privileges, powers and options of Declarant unless Declarant shall have given its prior written approval of such amendment.

12. Use and Occupancy Restrictions.

(a) No part of the Community may be used for purposes other than as residential housing and the related common purposes for which the Property was designed; provided, however, that Declarant may maintain on the Property a construction office, sales and

administrative offices, samples, and maintenance facilities for so long as the Declarant continues to market Lots. Each Lot shall be used as a residence for a single household and for no other purpose. The foregoing restriction as to residential use shall not, however, be construed in such manner as to prohibit an Owner from: (i) maintaining his personal professional library; (ii) keeping his personal business or professional records or accounts; or (iii) handling his personal business or professional telephone calls or correspondence. Such uses are expressly declared customarily incident to the principal residential use and not in violation of said restriction.

(b) No nuisance shall be permitted to exist or operate upon any Lot so as to be detrimental to any other property in the vicinity thereof or to its occupants; provided, however, that it shall not be deemed a nuisance for Declarant to construct, maintain, sell and display Lots, nor to develop, construct and maintain appurtenant parking and similar facilities.

13. Rules and Regulations. The Board shall have the right from time to time to adopt general rules and any appropriate rules and regulations in order to implement and further the covenants and restrictions in this Declaration. Such rules and regulations may be amended by the Board from time to time. All such rules and regulations and any subsequent amendments thereto shall be published by the Association and made available to all Owners and residents on the Property. In addition to the foregoing, for two (2) years from the date of recording this Declaration, no "For Sale" or "For Rent" signs shall be displayed to public view on any Lot or Common Area, except by Declarant.

14. Sale of Lots. There shall be no restriction on the sale, conveyance or other transfer of title to any Lot, but any sale, conveyance or other transfer shall be subject to the applicable provisions of the Act, this Declaration, the Bylaws and the rules and regulations of the Association. Without limiting the generality of the foregoing, this Declaration does not create a right of first refusal in favor of the Association or any other Owner with respect to the sale of a Lot.

15. Leasing of Lots.

(a) Except as expressly provided in this Section, there shall be no restrictions on the leasing of Lots. No transient tenants may be accommodated in any Lot, and no lease shall be for less than a whole Lot, nor for initial term of less than one (1) year. Each lease shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Bylaws and rules and regulations of the Association and that any failure by the lessee to comply with the terms of such documents shall be an event of default under the lease. The Association shall be a third party beneficiary of such covenants in any lease and shall have the right to enforce them.

(b) An Owner shall provide the Board with the name of the tenant and such other information as the Board may reasonably require within ten (10) days after leasing his Lot. In the event the Owner shall fail to pay any charge or Assessment levied by the Board against a leased Lot, and this failure to pay continues for thirty (30) days, the Board shall have the right, after first giving the Owner written notice, sent by certified mail, return receipt requested, that the Board intends to so proceed, to notify the lessee of the Lot in writing of the amount(s) due

and, within fifteen (15) days after the date of the notice, the lessee shall pay to the Association the amount(s) of all unpaid charges or Assessments. In no event shall the lessee be responsible to the Association for any amount of unpaid charges or Assessments during any one month in excess of one monthly rental installment. In no event shall the delivery of such notice from the Board to the lessee or payment by the lessee of the sums due from the Owner to the Association give the lessee any right to default under the lease or otherwise fail to perform its obligations under the lease unless the specific provisions of the lease shall so provide. The amounts of unpaid charges or Assessments paid to the Association by the lessee after the nonpayment by the Owner shall be credited against and shall offset the next monthly rental installment due to the Owner following the payment by the lessee of the charges or Assessments to the Association.

16. Mortgaging of Lots.

(a) There shall be no restriction on the mortgaging of Lots; however, only the holders of Eligible Mortgages shall be entitled to approve certain actions of the Association and receive certain notices as provided in Section 18. All mortgages and the obligations secured thereby shall be deemed to provide, generally, that the mortgage and the rights and obligations of the parties thereto shall be subject to the terms and conditions of the Act, this Declaration, the Bylaws and the rules and regulations of the Association.

(b) Declarant may at any time obtain a mortgage or mortgages encumbering any Lot or Lots owned by Declarant. Any such mortgage shall be subject to the terms and conditions of the Act and this Declaration. In the event that the holder of any such mortgage shall obtain title to any Lot prior to the sale thereof by Declarant, by the exercise of any rights or remedies contained in any such mortgage, said holder may, at its option, succeed to all or some of the rights of Declarant hereunder or under the Act, as provided in the Act with respect to the transfer of Special Declarant Rights.

17. Insurance; Indemnification.

(a) Liability. The Board shall obtain or cause to be obtained commercial general liability insurance, covering liability for loss or damage to persons or property in those amounts, against those risks and in those insurance companies which the Board shall from time to time determine, but in no event less than One Million (\$1,000,000) Dollars for bodily injury, including death of persons and property damage arising out of a single occurrence. This insurance shall include protection against bodily injury and property damage that results from the operation, maintenance or use of the Common Elements, any legal liability that results from law suits related to employment contracts to which the Association is a party, and all other risks which are customarily covered in Association liability insurance policies for similar planned communities.

(b) Other Insurance. The Board shall also obtain the following insurance coverage and endorsements as may be applicable to the Community, all premiums for which are to be charged as Common Expenses:

(i) Workmen's compensation policy to meet the requirements of law;

(ii) Directors' and officers' liability and all other insurance which the Board shall deem necessary (and available at reasonable cost) to satisfy the indemnification obligations of the Association as provided in the Bylaws;

(iii) Fidelity bond insurance as described in the Bylaws; provided, however, that such insurance may be maintained by the property manager engaged by the Association to manage the Community so long as the Association is a named insured under such coverage; and

(iv) Any other insurance which the Board shall determine from time to time to be necessary or desirable.

If available, and where applicable, the Board shall endeavor to obtain policies which provide that the insurer waives its right of subrogation as to any claims against Owners and members of their households, the Association, the Board and their respective servants, agents and guests.

(c) Owner Insurance. Each Owner shall carry homeowners' insurance for his Lot as required pursuant to §5312 of the Act. The Association shall have no responsibility for insurance coverage with respect to any Residence or the personal property of an Owner.

(d) Indemnification. The Association shall indemnify, defend and hold the members of the Board, the Owners and Declarant harmless from and against any and all loss, damage, cost, expense and/or liability arising from any bodily or personal injury, loss of life and/or damage to property sustained in or about the Common Elements. The Association shall further indemnify, defend and hold Declarant harmless from and against any cost incurred by Declarant to compel the specific enforcement of the provisions, conditions and covenants contained in this Declaration to be kept and performed by the Association.

18. Provisions Pertaining to Eligible Mortgagees.

(a) Registration. When an Eligible Mortgage is delivered to the mortgagee, either the Owner or the mortgagee shall provide the Association with written notice of the name and address of the mortgagee (or its servicer), the amount of the Eligible Mortgage and the Lot it encumbers. The Association shall maintain a register of Eligible Mortgages containing this information. The Association shall not be obligated to investigate the accuracy of any such information or the existence of an Eligible Mortgage on any Lot. The failure of a mortgagee to abide by the provisions of this Section shall in no way affect the lien of a mortgage on a Lot. However, unless the Association has received actual notice of the placement of an Eligible Mortgage on a Lot, the Association shall be relieved of any obligations it may otherwise have under this Declaration or the Bylaws with respect to the holder of such mortgage.

(b) Notice of Owner's Default. Upon specific written request of a holder of an Eligible Mortgage, such holder shall be entitled to receive prompt written notice of any default hereunder by the Owner whose Lot is subject to such Eligible Mortgage if such default is not cured within thirty (30) days after notice by the Association of such default.

(c) Approval of Certain Actions. Unless the holders of at least sixty-seven percent (67%) in number of the total Eligible Mortgages on Lots shall have given their prior written approval, the Association shall not be entitled to:

(i) change the method of determining the Assessments or other charges which may be levied against an Owner;

(ii) restrict the leasing of Lots, except as set forth herein, or impose a right of first refusal for the sale or lease of Lots;

(iii) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the external appearance or the exterior maintenance of structures erected on any Lot and the maintenance of the Common Elements; provided, however, that the reasonable exercise by the Board of the authority granted to them in this Declaration, including the power to set and to amend rules and regulations, shall not be deemed a change, abandonment or waiver of any scheme of regulations; or

(iv) use hazard insurance proceeds for losses to any Common Elements for other than the repair, replacement or reconstruction of such improvements.

(d) Books and Records. Any holder of an Eligible Mortgage shall have the right, at reasonable times and upon reasonable notice, to inspect the books and records of the Association.

(e) Enforcement. The provisions of this Section 18 have been included in this Declaration for the benefit of, and are enforceable by, the Eligible Mortgagees as hereinbefore defined. Said Eligible Mortgagees may, without joinder of the Declarant, Owners or the Association, elect to waive any or all of the provisions of this Section 18. This Section may not be amended without the written approval of the holders of at least sixty-seven percent (67%) in number of the total Eligible Mortgages on Lots.

19. Amendments.

(a) Except as otherwise provided in this Declaration or in any applicable law, this Declaration may be amended at any time in the following manner:

(i) Notice of the subject matter of the proposed amendment in reasonably detailed form shall be included in a notice of any meeting of the Owners held in accordance with the provisions of the Bylaws at which a proposed amendment is to be considered.

(ii) A resolution adopting a proposed amendment may be proposed by either the Board or by Owners entitled to cast not less than twenty percent (20%) of the total outstanding votes of the Association at a meeting duly called for that purpose. Such amendment must be approved by means of an instrument or instruments signed by Members entitled to cast not less than sixty-seven percent (67%) of votes of the Association.

(b) All amendments made as hereinabove provided shall be evidenced by a written instrument, executed and acknowledged by two officers of the Association, which shall contain a certification that the amendments were approved in accordance with this Section 19. Such instrument shall become effective upon its recordation. Copies of such instrument shall be sent to each Owner, but delivery of such copies shall not constitute a condition precedent to the effectiveness of such amendment.

(c) Notwithstanding any contrary provisions of this Declaration, the Declarant may, without the joinder of any other person or entity, amend or terminate this Declaration or any covenants and restrictions hereunder in whole or in part with respect to the Property at any time prior to the transfer of any Lot to a third party purchaser.

(d) If, in the judgment of the Board, any amendment is necessary to cure any ambiguity or to correct or supplement any provision of this Declaration which is defective or inconsistent with any other provision hereof, the Board may effect an appropriate corrective amendment without the approval of any other Owners or Eligible Mortgagees upon its receipt of an opinion from independent counsel to the effect that the proposed amendment is permitted by the terms of this sentence. Each such amendment shall be effective upon the recording of an appropriate instrument setting forth the amendment and its due adoption, duly executed and acknowledged by the Declarant or the appropriate officers of the Board, as the case may be

(e) Notwithstanding anything in this Declaration to the contrary, in the event Declarant shall seek to have the Property approved by the Federal Housing Administration, Federal National Mortgage Association, the Veterans' Administration, or the Federal Home Loan Mortgage Corporation and any such entity shall require that this Declaration be amended as a condition to the granting of such entity's approval, Declarant shall have the right to amend this Declaration without the consent of any other Owners or the Board in order to incorporate the changes required by such entity in order to obtain its approval.

(f) Any technical amendment pursuant to Sections 19(d) or (e) shall become effective upon its recordation. Copies of each such technical amendment shall be sent to each Owner, but the delivery of such copies shall not constitute a condition precedent to the effectiveness of such amendment.

(g) For so long as Declarant continues to own and market Lots, no amendment of this Declaration shall make any change which would in any way affect any of the rights, privileges, powers and options of Declarant unless Declarant shall have given its prior written approval of such amendment.

(h) Notwithstanding anything in this Declaration to the contrary, this Declaration may not be amended so as to affect the Association's maintenance obligations with respect to the Common Elements, and this Declaration may not be terminated or the Association dissolved, without in each case the prior written consent of Hanover Township.

20. Controlling Document. In the event that there shall be any discrepancy between the description of any Lot or Common Elements set forth in this Declaration and that which is

shown on the Plans, the Plans shall control. In the event of any discrepancy between the location of any Lot or Common Elements as shown on the Plans and the actual location thereof, such actual location shall control.

21. Board's Determination Binding. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions of interpretation or application of the provisions of this Declaration or the Bylaws, the dispute or question shall first be submitted to the Board, and the determination thereof by the Board shall be binding on each and all such Owners unless overruled by a court of competent jurisdiction.

22. Rights and Obligations of Grantees of Declarant. Each grantee of Declarant, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdictions, rights and powers created or reserved by this Declaration. All rights, benefits and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

23. Severability. If any provision of the Declaration or Bylaws, or any section, sentence, clause, phrase, word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Declaration and the Bylaws and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby, and the remainder of this Declaration or the Bylaws shall be construed as if such invalid part was never included therein.

24. Effective Date. The effective date of this Declaration shall be the date of recording hereof.

25. Notices. Any notice required to be sent to any Members, Owners or Eligible Mortgagees under the provisions of this Declaration shall be deemed to have been properly sent when hand delivered or mailed postage paid, to the last known address of the person who appears as such Member, Owner or Eligible Mortgagee on the records of the Association at the time of such mailing.

26. Enforcement. The Association, or (after a demand upon the Association that it maintain such action) any Owner, shall have the right to enforce these covenants and restrictions by any proceeding at law or in equity, against any person or persons violating or attempting to violate any covenant or restriction, to restrain violation, to require specific performance and/or to recover damages; and against the land to enforce any lien created by these covenants, and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The expense of enforcement by the Association shall be chargeable to the Owner of the Lot violating these covenants and restrictions and shall constitute a lien on the Lot, collectible in the same manner as Assessments hereunder.

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

DELUCA ENTERPRISES, INC.

By: _____
Name:
Title:

Attest: _____
Name:
Title

COMMONWEALTH OF PENNSYLVANIA :
 :
COUNTY OF BUCKS :

On this, the ____ day of _____, 2003, before me, a Notary Public in and for the Commonwealth and County aforesaid, the undersigned Officer, personally appeared, _____ who acknowledged himself to be the Vice President of DELUCA ENTERPRISES, INC., a Pennsylvania corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My Commission Expires:

EXHIBIT "A"

DESCRIPTION OF REAL ESTATE

EXHIBIT "B-1"

DESCRIPTION OF PARCEL A OF THE ADDITIONAL REAL ESTATE

EXHIBIT "B-2"

DESCRIPTION OF PARCEL B OF THE ADDITIONAL REAL ESTATE

EXHIBIT "C"

SCHEDULE OF LOTS INCLUDED IN THE COMMUNITY

EXHIBIT "D"

PLANS