

MASTER DECLARATION OF PROTECTIVE COVENANTS
FOR THE HIGHLANDS SUBDIVISION
BOROUGH OF HUNTINGDON, HUNTINGDON COUNTY PENNSYLVANIA

THIS DECLARATION is made this 8th day of June, 1992 by S&A CUSTOM BUILT HOMES, INC., hereinafter called "Developer".

WHEREAS, Developer is the owner of the real property known as The Highlands and referred to in Article II and described in Exhibit "A" of this Declaration, and as shown on the Preliminary Plan for The Highlands (hereinafter "Plan") as attached hereto as Exhibit "B" and desires to develop thereon a subdivision in accordance with the requirements of the Pennsylvania Municipalities Planning Code and the Huntingdon Borough Zoning Ordinance, together with common lands and facilities for stormwater management and for recreational purposes for the benefit of such community; and,

WHEREAS, Developer desires to provide for the preservation of said common lands and facilities; and, to this end, desires to subject the real property referred to in Article II and described in Exhibit "A", and as shown on the Plan dated July 1, 1991, to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Developer has deemed it desirable for the efficient preservation of the common lands and facilities in said community to create an agency to which will be delegated and assigned the powers of maintaining and administering the community facilities, administering and enforcing the covenants and restrictions, and levying, collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Developer has incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation, Highlands Property Owners Association, for the purpose of exercising the functions aforesaid.

NOW, THEREFORE, the Developer declares that the real property referred to in Article II hereof and more particularly described in Exhibit "A", attached hereto and forming a part hereof, and as shown on the Preliminary Plan as attached hereto as Exhibit "B", is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

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ARTICLE I
DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to the Highlands Property Owners Association, its successors and assigns.

(b) "The Properties" shall mean and refer to all properties, both Lots and Common Areas, or adjacent roadways or easements, and common areas of said Lots, as are subject to this Declaration, and which are described in Exhibit "A", and as shown on the Preliminary Plan as attached hereto as Exhibit "B", and as may be shown on any revision of the Preliminary Plan which becomes a final subdivision plan.

(c) "Common Areas" shall mean and refer to all areas designated for the entryway; entryway landscaping; landscaping in the center of cul-de-sacs; landscaping of median strip at entryway; landscaping mounding including vegetation, grasses, and trees on mounding; signage; street signs; open space; and for passage and right of way within the subdivision, or for stormwater management purposes including detention basins, easements and rights-of-way, which are a part of said Properties. Said areas are intended to be devoted to the common use and enjoyment of the members of the Association as herein defined, and are not dedicated for use by the general public, unless dedicated to the Borough pursuant to Article II, Section 5. Common areas include those areas added pursuant to Article II, Section 7.

(d) "Lot" shall mean and refer to any plot of land intended and subdivided for use in the scheme of the subdivision, shown upon the Plan or on one of the recorded subdivision plans of The Properties, but shall not include the Common Areas as herein defined. The term "Lot" shall also include a condominium unit.

(e) "Owner" shall mean and refer to the recorded owner, whether one or more persons or entities, of the fee simple title to any Lot but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(f) "Members" shall mean and refer to all those Owners who are members of the Association. All Owners as herein defined, upon acquiring title to any Lot, shall automatically become a member of the Association.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Description of Land. The land subject to this Declaration is a tract of 94.868 acres situate in Huntingdon Borough, Huntingdon County, Pennsylvania, as more specifically described on Exhibit "A", attached hereto and made a part hereof and as shown on the Preliminary Plan as attached hereto as Exhibit "B".

Section 2. Application of Master Declaration Protective Covenants. This Master Declaration of Protective Covenants applies to all of the lands of The Highlands as described in this Article II.

Section 3. Separate Restrictions for Portion of Subdivision. Developer intends to create sections within the subdivision, which sections may have protective covenants and/or restrictive covenants (in addition to this Master Declaration of Protective Covenants) which apply only to one section or to one section along with other sections. Developer may add to, delete from, or amend protective covenants and/or restrictive covenants which apply only to a section or sections, and only an owner who owns property within the section for which a protective covenant or restrictive covenant is being changed shall be deemed to have an interest in that protective covenant or restrictive covenant. To that end, the consent shall not be required, nor shall an objection be valid from any owner who is not an owner of a lot within the section for which a protective covenant or restrictive covenant is being amended.

Section 4. Reservation of Right to Change Character and Use of Land Within Section. Developer reserves the right to change the use of character of land within any section; provided, however, that the Borough of Huntingdon consents to such change. An owner of a lot shall be deemed to have an interest only in the section within which his lot is located. Any addition, deletion, or amendment to a section, shall require the agreement only of owners of lots within that section, and Borough of Huntingdon, if required by law.

Section 5. Common Areas Conveyed to Borough. Developer reserves the right to convey any of the Common Areas to the Borough of Huntingdon or any municipal entity, body, or authority. No such conveyance shall take place unless the Borough of Huntingdon consents thereto. Conveyance of common areas to the Borough may reserve the obligation to the Association of maintenance, if agreed by the Developer and Borough, and in such case, the acceptance of such common area by the Borough will be subject to the obligation of the Association to continue all or a portion of the maintenance of the common area. Further, any common area conveyed to the Borough whether or not subject to maintenance

(1) utility easements, and (2) those created by or pursuant to this Declaration); the Common Areas to be deeded are those to be shown on such subdivision plan. The Developer hereby agrees that, prior to the conveyance of the first Lot in each section, the section shall have received final subdivision approval of the Borough of Huntingdon.

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

(a) The rights of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Areas and in aid thereof, to execute such notes, mortgages, or other documents as may be required by any lender;

(b) The right of the Association, as provided in its Articles and By-Laws, to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations;

(c) The right of the Association to charge reasonable fees and to impose assessments for the purpose of keeping, maintaining, and utilizing the Common Areas and granting to the Association or its agents, the right to enter upon and to have access to and for ingress and egress for the purpose of keeping, maintaining, and utilizing the Common Areas and to install such ancillary facilities as may be necessary to carry out the intent of this Declaration for the use of the Common Areas;

(d) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility or to grant a right-of-way or easement for such purposes and subject to such conditions as may be agreed to by the members, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by members entitled to cast two-thirds of the votes of the membership (in interest), if any, has been recorded, agreeing to such dedication, transfer, purpose or conditions, and unless written notice of the action is sent to every member at least thirty (30) days in advance of any action taken;

(e) The right of the Developer and of the Association to grant and reserve easements and rights-of-ways through, under, over and across any lot or Common Areas, for the installation, maintenance and inspection of stormwater management facilities or lines appurtenances for public or private water, sewer, drainage, fuel oil, gas, television cable or other utilities.

by the Association shall be open to use by the general public.

Section 6. Additions to the Properties by Developer. If the Developer, their successors and assigns, should develop additional lands adjacent to The Properties, such additional lands may be annexed to The Properties by written declaration of the Developer, their successors or assigns, describing the additional property, and duly recorded. Such addition may be accomplished by the Developer at their sole discretion (except as provided below) without the consent of any of the members hereof or of the Association. Prior to adding any Property to the subdivision, Developer shall first obtain approval of the Borough of Huntingdon.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION**

Section 1. Membership. Membership in the Association shall be governed by the By-Laws of the Association as the same may be enacted or amended from time to time. All Owners, upon acquiring title to any Lot shall automatically become a member of the Association and shall be subject to this Declaration and to the By-Laws of the Highlands Property Owners Association.

Section 2. Voting Rights. Voting rights in the Association shall be likewise as set forth in the said By-Laws as enacted and amended from time to time.

Section 3. Suspension of Membership Rights. Suspension of membership rights shall be as set forth in the said By-Laws as enacted and amended from time to time.

**ARTICLE IV
PROPERTY RIGHTS IN THE COMMON AREAS**

Section 1. Rights in Common Area. Subject to the provisions of Section 3 of this Article, every member shall have a right and easement of enjoyment in and to the Common Areas of the subdivision or of any recorded subdivision plat of which his Lot is a part, and such easement shall be appurtenant to and shall pass with the title to every lot.

Section 2. Title to Common Areas. The Developer hereby agrees that, prior to the conveyance of the first Lot of The Properties, Developer will receive Final Approval of the Huntingdon Borough to develop The Properties as a subdivision and will record the subdivision plans in the Office of the Recorder of Deeds of Huntingdon County. Such plan(s) shall show each of the Lots benefitted and burdened by the intent of these covenants. Either prior to conveyance of the first Lot or at some time thereafter, Developer will convey by special warranty deed, fee title to or an easement in the Common Areas to the Association, or to the Borough of Huntingdon, free and clear of all encumbrances and liens (except

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association or to the Borough of Huntingdon (sometimes referred to as the "Borough"): (1) Annual Assessments for improvements to the Common Areas; and (2) Special Assessments for capital improvements. Such assessments shall be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof as are 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. Each such assessment, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment became due. It is intended by this paragraph that either the Association or the Borough may place liens on the said Lots for maintenance and possible improvements in the event of nonpayment for a period of time by the Owner.

Section 2. Purpose of Assessment. The Annual and Special Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents and occupants of The Properties and in particular for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas, including, but not limited to, the payment of taxes and insurance thereon and repair, maintenance, upkeep, replacement, and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

Section 3. Basis and Maximum of Annual Assessments. Commencing with the conveyance of the first Lot to an Owner, the annual assessment shall be calculated in accordance with the following formula:

The owner of a Lot, or Condominium Association on behalf of each residential unit within the Condominium Association, shall pay Twenty (\$20.00) Dollars per year per Lot (if no improvement is constructed) or per dwelling unit on each Lot, prorated for the first year of purchase from date of purchase to December 31 as set forth in Section 8, then during following years due January 31 of current year.

The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the assessments at a different amount, provided that it shall be an affirmative obligation of the Association and its Board of Directors, to fix such assessments at an amount sufficient to maintain and operate the Common Areas and facilities. Nothing herein is intended nor shall be interpreted as a limitation on the right of the Borough in its discretion or judgment to order improvements to the Common Areas or maintain and to fix assessments to each of the Owners in the event the Board of Directors of the Association does not act in a manner commensurate with the wishes of the Borough or any other sovereign (e.g. Department of Environmental Resources).

Until a combination of seventy-five (75) lots and condominium units have been sold, each owner of a lot shall pay Twenty (\$20.00) Dollars per year as an Annual Assessment, and the Developer shall pay the additional costs of maintenance of the Common Areas, if any. Thereafter, the Developer shall be exempt from the payment of any assessment or charge with respect to any Lots owned by Developer until the Developer rents a Lot or constructs and rents an improvement on a lot (other than a model or models) in which event Developer shall pay the same as any other Owner.

Section 4. Special Assessments for Capital Improvements.
In addition to the Annual Assessments authorized by Section 3 of this Article V, the Association or the Borough (if Borough has received Common Areas, or if the Borough has the right to maintain Common Areas and charge the Association) may levy in any assessment year one or more special assessments (which must be fixed and assessed in proportion to the Annual Assessment of each lot as per Section 3, above), applicable to that year only, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto, provided that any such assessments shall have the assent of a majority of the votes, in interest, of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Assent of the Members shall not be required in the case of levy or lien by the Borough of Huntingdon.

The due date of any special assessment under this Section shall be fixed in the resolution authorizing such assessment.

Section 5. Change in Maximum of Annual Assessment.
The Board of Directors of the Association may prospectively increase the maximum of the Annual Assessments from time to time as the same may be deemed necessary in the sole discretion of the said Board.

Section 6. Quorum for any Action Authorized Under Section 4. The quorum required for any action authorized by Section 4 of this Article V shall be as follows:

At the first meeting called, as provided in Section 4 of this Article V, the presence at the meeting of members or of proxies entitled to cast sixty (60%) percent, in interest, of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in Section 4 and the required quorum at such subsequent meeting shall be one-half of the required quorum at the preceding meeting shall not be held more than sixty (60) days following the preceding meeting.

Section 7. Votes of the Membership. In any vote of the membership, each member shall have one vote.

Section 8. Date of Commencement of Annual Assessments, Due Date. The Annual Assessments provided for herein shall commence on the day of conveyance of the first Lot from the Developer to an Owner and shall be due and payable as follows:

(a) At Closing, Owner shall pay Highlands Property Owners Association an amount equal to one hundred (100%) percent of the Annual Assessment then in effect if Closing occurs during the months of January, February, March, April, May or June; Owner shall pay Highlands Property Owners Association an amount equal to one-half (1/2) of the Annual Assessment then in effect if Closing occurs during the months of July, August, September, October, November or December, as a proportionate share of the Annual Assessment.

(b) During the following years one hundred (100%) percent of the Annual Assessment then in effect shall become due and payable January 31 of the current year.

Section 9. Duties of the Board of Directors. In the event of any change in the Annual Assessments as set forth herein, the Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner. Written notice of the assessment shall thereupon be sent to every owner subject thereto. The Association shall, upon demand at any time, furnish to any owner liable for said assessment, a statement in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such statement shall be prima facie evidence of payment of

assessment therein stated to have been paid.

It shall be the duty of the Board of Directors of the Association to take out and keep continuously in force liability insurance for any Common Areas and covering acts performed by the Association, its agents and/or employees.

Section 10. Effect of Non-Payment of the Assessment.
The Personal Obligation of the owner: The Lien; Remedies of Association and/or Township. If any assessment is not paid on the date when due (being the dates specified in Section 8 hereof), then such assessment shall be deemed delinquent and, together with such interest thereon and cost of collection thereof as are hereinafter provided, shall continue as a lien on the Lot which shall bind each Lot of the then owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then owner to pay such assessment, however, shall be a lien on the Lot and shall be a lien and a continuing obligation of all successors in title unless releases are by the Developer and shall remain a lien on the said Lot and collectible by the Association or the Borough or the Developer by an action before a District Magistrate or any court or competent jurisdiction in Huntingdon County. Any owner hereunder hereby authorizes any attorney of any court of record or the Developer or the Association or the Borough to appear for him or it on his behalf or its behalf and confess judgement for the amount of the said assessment with interest at the prevailing rate and all costs of collection including ten (10%) percent attorney's fees. Nothing herein, however, shall be deemed a limitation on the right of the Association of the Developer or the Township in any way to collect any outstanding assessment for the care, maintenance, repair, replacement or construction of any of the Common Areas.

Section 11. Continuance of Lien. In the event owner shall transfer his Lot while an assessment of any kind remains unpaid, the lien of the assessment shall continue to be a charge on the Lot and shall continue as a lien until paid. The Association shall furnish any prospective purchaser with a certificate upon which all unpaid assessments shall be listed together with interest and costs at any time upon request.

ARTICLE VI OTHER PROTECTIVE COVENANTS

It is understood and agreed that all of The Properties are automatically under and subject to the DECLARATION OF PROTECTIVE COVENANTS as the same may be recorded from time to time. All of said protective covenants, insofar as they apply to the Lots of this Association and The Properties of this Association shall be binding with respect to membership, assessments, and other matter concerning and connected with Highlands Property Owners Association. Developer reserves the right to create separate

restrictions for sections within the Subdivision in accordance with Article II, Section 3, above.

ARTICLE VII

Section 1. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Developer, the Association, the Township, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns. Said covenants and restrictions shall continue in full force and effect until and unless the appropriate municipal, county and state authorities regulating the Common Areas assent to a change in whole or in part and unless an instrument signed by the then owners of two-thirds of the Lots has been recorded, agreeing to change said covenants and restrictions in whole or in part. Provided, however, that no such agreement to change shall be effective unless made and recorded ninety (90) days in advance of the effective date of such change and unless written notice of the proposed agreement is sent to every owner at least sixty (60) days in advance of any action taken. The foregoing notwithstanding, the covenants and restrictions of this Declaration shall continue for thirty-five (35) years from the date of this Master Declaration of Protective Covenants, except that Common Areas shall remain in perpetuity unless altered by the Association and the Borough.

The foregoing notwithstanding, until three-quarters (3/4) of the Lots are sold, and whether or not control of the Association has been turned over from the Developer, the Developer may make amendments to this Declaration of Protective Covenants, and in the Plan, and which may add additional areas as Common Areas and/or which may create additional obligations upon the Highlands Property Owners Association; provided, such amendments foster the intent of this Master Declaration of Protective Covenants and so long as they do not create any additional easement upon land owned by the owner of a Lot other than Developer (unless the owner of the Lot grants such easement).

Section 2. Notices. Any notice required to be sent to any Member or owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears a Member or owner on the records of the Association at the time of such mailing.

Section 3. Enforcement. The Association, Borough of Huntingdon, or 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, Borough of Huntingdon, 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. The failure of the Borough of Huntingdon to request or seek enforcement of these covenants and restrictions, or to place or enforce a lien created by these covenants shall in no event be deemed a waiver of the right to do so, and the rights conferred upon the Borough of Huntingdon in this Section 3 shall not create any obligation on the Borough of Huntingdon to enforce these covenants and restrictions or to place any liens.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect the validity of any other provision, which shall remain in full force and effect.