

SCHEDULE A

DECLARATION OF RESTRICTIONS AND COVENANTS By KEYSTONE LAKE PROPERTIES, INC.

WHEREAS, KEYSTONE LAKE PROPERTIES, INC. is a corporation incorporated under the laws of the Commonwealth of Pennsylvania whose principle place of business is located at Lakeshore Drive, P.O. Box 157, Lakeville Pennsylvania hereinafter referred to as Corporation, and

WHEREAS, Charles P. McGinnis, et ux, by deed dated May 19th, 1981 granted and conveyed to the Corporation certain lands subject to certain conditions and restrictions, which lands contain approximately 103.6 acres located in Paupack Township, less previous adverse conveyances, which deed is recorded in Wayne County deed book 380, page 1094, and

WHEREAS, Corporation has prepared a subdivision map of said lands prepared by Schoenagel and Schoenagel and approved by the appropriate officials of Paupack Township, and which subdivision plan has been recorded in Wayne County Map Book 47 at page 25, and

WHEREAS, said Corporation wishes to declare that all of said land which has been subdivided and shown in Map Book 47 at page 25, except Lot LF14, located in Paupack Township, Wayne County, Pennsylvania, shall be subject to the following restrictions, covenants and conditions, which covenants shall be running with the land and shall bind all grantees from said Corporation and their respective successors, executors, heirs and assigns, and further that all conveyances made Corporation or its successors or assigns shall be conveyed expressly subject to the terms and conditions as hereinafter set forth. The term 'parcel' shall be defined as the premises or parcel described in a deed or other recordable document from the Corporation to a grantee or party thereto and shall refer to numbered lots only.

The following are declared to be restrictions, covenants and conditions to bind all parcels of the land hereinafter conveyed, to-wit:

AREA COVERED BY RESTRICTIONS

1. Those areas shown on said subdivision plan upon which are to be built certain townhouses and/or villas with common use of lands surrounding the same as shown on said plot plan shall be subject to all of the terms, covenants conditions and restrictions as contained herein except that certain additional restrictions covenants and conditions not in conflict with this Declaration shall be set forth in a separate Declaration of Restrictions and Covenants, and which shall be duly recorded.

SUBDIVISION OF LOTS AND LOT OWNER RIGHT TO GRANT EASMENTS

2. No parcel or lot hereinafter conveyed shall be subdivided nor shall any grantee be permitted to grant an easement of said parcel to the owner of adjoining lands for the purposes of gaining ingress and egress to the lands which are the subject of this Declaration, nor for the purpose of acquiring rights to the use of the Pennsylvania Power and Light lands which bound on the land which is the subject of this Declaration.

BUILDING AND LOT USE RESTRICTIONS

3. No building erected on any of the land which is the subject of this agreement shall be used at any time for any commercial purposes. The use of said land is strictly limited to residential purposes only. Only one residential structure designed for and to be used by only a one-family unit shall be permitted, and no outbuildings can

be used for any residential purposes whatsoever. The owner of a lot may lease said structure for use by a one-family unit, and said leasing shall not be considered commercial use under the provisions of this paragraph.

4. Any residential structure erected upon a lot or parcel shall contain a minimum of 850 square feet of floor space, and if more than one level, a minimum of 575 square feet of floor on the first level. The height of the building erected shall not exceed 40 feet, or two and one-half (2-1/2) stories. No trees two (2) inches in diameter or above shall be cut, no excavating for construction started, and no building of any kind erected upon the premises herein conveyed without first obtaining the approval in writing of the seller or his assigns as to location of a projected building, trees to be removed, elevation plan, exterior finish and design. The seller or assigns shall approve or disapprove the plan within fifteen (15) days of submission.

5. No building or any portion thereof shall be erected within fifty (50) feet from the edge of any road right-of-way twenty-five (25) feet from rear boundary, or within fifteen (15) feet of the side boundary line of any parcel. In the case of a corner parcel, no front of any accessory building shall be nearer to a side road line than the side line of the main building.

6. No structure of a temporary character, trailer, camper, shack or tent shall be erected or maintained on any parcel. No basement, garage, barn or outbuilding shall be used as a residence, either temporarily or permanently.

7. Grantees shall be required to maintain their parcel and lot in a clean and proper manner. No trash, garbage, or other debris shall be permitted to accumulate on the property. No licensed or unlicensed vehicles which are owned primarily for parts, machinery, or other unsightly objects are to be kept on the premises in public view. No boats or other similar motorized recreational vehicles designed for use in water shall be maintained in open view on the premises from October 1st through April 15th on any parcel of land in this development unless the same is used and kept from public view.

8. No fence shall be built on any of the property lines herein described, but shrubbery or hedges may be used.

9. The raising, breeding, stabling or pasturing of poultry, livestock, horses and farm animals shall not be permitted, nor shall domestic animals or fowl be bred and raised for commercial purposes, personal household pets only being permitted.

10. After due notice of violation without correction in thirty (30) days the seller or assigns shall have the right to enter upon the premises and take such actions as are necessary to rectify the unsightly or unsanitary conditions and further shall have the right to charge the purchaser for the cost of services.

11. No excavation shall be made on the premises except for the purpose of building. No earth or sand shall be removed from the premises except as part of such excavation, all buildings must be completed within one (1) year after start of construction. The purchaser shall have a culvert of proper size installed at the road junction with driveway when driveway is put in.

PROPERTY OWNERS' ASSOCIATION

12 (a). By accepting delivery of a deed to a parcel which is the subject of this agreement, the grantee agrees to become and shall become a member of Cove Point Club, Inc., a nonprofit Pennsylvania corporation to be formed, and promises and agrees to be subject to the rules and regulations adopted by a majority of the owners of lots in said subdivision, and stipulates and agrees to maintain such membership by the payment of reasonable annual dues and be liable to pay all assessments, fees and charges as adopted by a majority of the members of said nonprofit corporation covering the cost of essential services such as security, snow plowing and cindering, maintenance of road, parking areas, beach and lakefront, tennis courts, club buildings, liability insurance and such other expenses as may be determined from time to time by said nonprofit corporation for the mutual benefit of all members. All members of Cove Point Club, Inc. must be either the owners in fee of a parcel of land or the five duly elected Directors of the

seller corporation, Keystone Lake Properties, Inc. Said Directors shall not be liable for such annual fees, dues, assessments and charges as may be assessed by said nonprofit corporation. Said Cove Point Club, Inc., however shall not have the right, except for the right to establish reasonable annual dues covering the cost of administration, to levy on each member an amount in excess of 1/104 percentage of the cost of essential services and other items of maintenance as set forth above.

12 (b). Each grantee of each parcel of land or lot as shown in said subdivision and the future purchaser of a villa or townhouse shall be entitled to only one vote at any meeting of Cove Point Club, Inc. The owner or owners of said parcel shall designate to the Secretary of Cove Point Club, Inc. in writing the name of the person who shall cast a vote as representative of the lot owner of said parcel or owner of a villa and/or townhouse.

DOCKS

13 (a). No lot owner whose parcel fronts on the Pennsylvania Power and Light Company project line shall have the right to install a private dock at any point along the project line. Said grantee upon accepting the deed releases and disclaims all said right for a private dock and expressly understands and agrees that all docks on the project line shall be under the exclusive control of Cove Point Club, Inc., who shall install common docks at such points as shall be designated by the corporation declarant or Cove Point Club, Inc. No common docks, however, will be installed or maintained in front of Lots through 15 inclusive.

13 (b). In the event a member of Cove Point Club, Inc. desires a boat slip at dock areas to be designated and maintained by Cove Point Club, Inc., the right to a boat slip will be furnished upon the payment of a fee of \$500.00 to said Cove Point Club, Inc., said right to the boat slip may be assigned without further charge in the event the said member (owner of the lot in question) conveys all of its right, title and interest to the parcel owned at the time of said payment. The annual cost of future maintenance of said boat slips and common docks shall be a proportionate share of the maintenance determined by dividing the cost amongst the then users of said boat slip.

13 (c). The grantor specifically reserves title to a one foot strip of land for any parcel which fronts on the Pennsylvania Power & Light Company lands, said one foot strip being measured at right angles to said project line. Grantees, however, shall have the right to the use of said land at any point for an easement to Pennsylvania Power & Light Company lands. This one foot strip is reserved for the purpose of insuring that no grantee of any lots fronting on said Pennsylvania Power & Light Company lands shall have the right or the privilege of securing from the Pennsylvania Power & Light Company or its successors the right to a private dock and to insure that the said Cove Point Club, Inc. shall have exclusive control over the installation and maintenance of common docks in accordance with paragraph 13 (a) above.

ROADS AND COMMON FACILITIES

14 (a). All grantees shall have the right in common with other grantees of ingress and egress on all roads as shown on said subdivision map as heretofore referred to. All roads in Cove Point Club shall remain private for the use of owners and their guests. As the use and maintenance of roads and common use facilities shall be that of any grantee as a member of Cove Point Club, Inc., the corporation interest shall in no way be held liable for any accidents, damages, or any other costs arising from, or in the course of, using said facilities or rights-of-way, and the grantees and/or Cove Point Club, Inc. shall indemnify and save harmless the said corporation interest from any and all claims, losses, damages or injury arising from the use or maintenance of said roads or facilities which may be brought by any person, firm or corporation.

14 (b). The portions of the lands of seller described on the recorded maps of Cove Point as roads, parking areas, tennis courts, beaches and recreation areas are not dedicated to public use, and title thereto shall remain in seller, subject to seller's obligation. Upon the sale and conveyance by deed of all parcels, together with villas and townhouses, seller shall convey to Cove Point Club, Inc., (the nonprofit membership corporation owned by the purchasers), at no cost or charge to Cove Point Club, Inc., other than applicable recording costs and transfer taxes, the

remaining lands, to-wit, all roadways, parking areas, tennis courts and recreational areas as shown on the recorded subdivision map. Upon the formation of Cove Point Club, Inc., Keystone Lake Properties, Inc. agrees to lease the facilities and land used in connection with them for the sum of One Dollar a year, subject, however, to the condition that the said Cove Point Club, Inc. will secure public liability insurance in an amount mutually agreeable between the lessor and lessee and which policy shall have the usual landlord-tenant rider endorsement to protect the said Keystone Lake Properties, Inc.

ENFORCEMENT RIGHTS

15. The purchasers herein, for themselves, their heirs and assigns, accept this conveyance subject to the restrictions, covenants, conditions and agreements herein set forth and will forever faithfully observe, perform and covenant to and with seller herein, its successors and assigns to comply with these said several restrictions covenants, conditions and agreements.

PUBLIC UTILITY EASMENTS

16. The said land herein conveyed is under and subject to a blanket right-of-way as granted by seller for public utilities, ditches and poles, including electric and telephone.

LF 14 AND RIGHTS RESERVED BY DECLARER

17. Lot LF 14 is specifically exempt from the prohibitions against commercial use as set forth in paragraph 3 of this Declaration; however, this shall not exempt the owner of LF 14 from the payment of all dues and assessments levied by Cove Point Club, Inc. under the provisions of paragraph 12 (a).

The aforesaid restrictions, covenants and agreements are hereby declared to be covenants running with the land, and it shall be lawful for the seller, its successors or assigns, Cove Point Club, Inc., or any owner of a parcel of land within the subdivision, their heirs, executors, administrators or assigns to institute and prosecute appropriate proceedings of law or equity for any of the provisions of this Declaration, or any wrong done or attempted by any person, firm or corporation.

SCHEDULE B

SPECIAL RESTRICTIONS KEYSTONE LAKE PROPERTIES, INC.

WHEREAS, KEYSTONE LAKE PROPERTIES, INC., formerly KIZER LAKE PRESERVE, INC. filed of record certain Declaration of Restrictions and Covenants and Amendments thereto, which were filed November 5th, 1981 in book 386, page 1076 and Jul 15th, 1982 in book 394, page 487, and covering, lands as shown in approved subdivision plans recorded in Map Book 48 at page 107, and covering only those portions of said subdivision designated as housing area.

WHEREAS, under paragraph 1 of the original Declaration it was specified that a separate Declaration of Restrictions and Covenants would apply to townhouses and/or villas, or so-called cluster type structures, each of which will contain 4 units or less, each unit being according to the original Declaration of Restrictive Covenants subject to all of the conditions and containing all of the rights contained in said Declaration.

NOW, THEREFORE, Keystone Lake Properties, Inc. declares that the following additional restrictions, covenants and conditions shall be covenants running, with the land and bind all grantees of each unit of said townhouse, villa or cluster type structure their respective successors, executors, heirs and assigns.

Map Book 49 page 24

ARTICLE I

DEFINITIONS

A. "K.L.P." shall mean and refer to Keystone Lake Properties, Inc., its successors or assigns, formerly Kizer Lake Preserve, Inc. – the new name of the corporation adopted by virtue of an amendment to the Articles of Incorporation – see Wayne County Deed Book 393, page 883

B. "Club" shall mean and refer to Cove Point Club, Inc. as per paragraph 12 (a) referred to in Declaration recorded in Deed Book 386, page 1076.

C. "Association" shall mean and refer to the association of villa unit owners to be known as "Cove Point Villa Owners Association" or its successor.

D. "Common Areas" (sometimes called unlotted areas) shall mean and refer to those areas of land shown on the recorded subdivision which are not lotted and are designated as "Housing Area", said areas are intended to be devoted to the common use and enjoyment of Cove Point Club, Inc., subject to certain easements hereinafter referred to in connection with said villa units and which lands are subject to further conditions and reservations as hereinafter set forth, and which areas are not dedicated for use by the general public. The exact limits of the common areas referred to in this paragraph shall be subject to the declarant or its successors' and assigns' rights to locate, relocate, and modify or enlarge villa units, the water systems and sewage systems, together with easements through and under the said common areas, parking, areas, easements, rights-of-way and utilities, and also any structure to be erected thereon, or any structure which may be constructed thereon, or in the future be constructed thereon, which are for the convenience of and would be used only in connection with and for the convenience of villa units wherever they desire on the property, the precise description of the same being at the absolute and sole discretion of the declarants, for a period of three years from the date of this declaration.

E. "Villa Unit" shall mean each unit in a 4-unit or less cluster type villa or townhouse type structure. Each one of the units will be deeded by a survey description together with an area of land approximately 5 feet beyond any projection of decking, or the exterior walls, as the case may be, and any additions to said unit structures are not part of "common areas" as defined in paragraph D above.

F. "Member" shall mean and refer to villa unit owner as member of Cove Point Villa Owners Association referred to in paragraph C above.

G. "Declarant" shall mean and refer to K.L.P. as defined in paragraph A above, or its successors or assigns.

H. "Initial Declaration" shall mean and refer to the Declaration of Restrictions and Covenants dated November 4th, 1981 and recorded November 5th, 1981 in Wayne County deed book 386 at page 1076.

I. "Lot" shall mean a villa unit as defined under the definition of "Villa Unit" in paragraph E above.

J. "Owner" shall mean and refer to the record owner of a villa unit, whether one or more persons or entities, of the fee simple title to any villa unit 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 proceedings in lieu of foreclosure.

K. "Property" or "Properties" shall refer to the areas designated on the subdivision map of record as "Housing Areas" in Wayne County Map Book 48 at page 107.

ARTICLE II

RELEVANCE TO INITIAL DECLARATION

This declaration is to carry out the provisions of the initial declaration as quoted below:

"1. Those areas shown on said subdivision plan upon which are to be built certain townhouses and/or villas with common use of lands surrounding the same as shown on said plot plan shall be subject to all of the terms, covenants conditions and restrictions as contained herein except that certain additional restrictions covenants and conditions not in conflict with this Declaration shall be set forth in a separate Declaration of Restrictions and Covenants, and which shall be duly recorded."

and are incorporated as part of this declaration as are all other provisions of said initial declaration which may be relevant hereto; and further shall be applicable only to those areas on said subdivision map designated as housing area.

ARTICLE III

ASSOCIATION – MEMBERSHIP AND VOTING RIGHTS

SECTION 1 – Membership. Every owner of a villa unit which is subject to an assessment as hereinafter defined shall and must be a member of the association.

SECTION 2 - Voting Rights. The association shall have two classes of voting membership:

CLASS A – Members shall be all owners with the exception of the declarants and shall be entitled to one vote for each villa unit owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any villa unit.

CLASS B – The Class B members shall be the declarants, and shall be entitled to three votes for each lot owned. The Class B members shall cease and be converted to Class A membership on October 1st, 1991, or upon the happening of the last of the following events:

- A. When the total votes outstanding in the Class A membership equals the total outstanding Class B membership.
- B. When 100% of all residences contemplated by this declaration, and any subsequent declaration relating to annexed lands, are completed construction.

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

SECTION 1 – Creation of the Lien and Personal Obligation of Assessment.

The declarants, for each lot owned within the property, upon which a villa has been completely built and is ready for occupancy, hereby covenants and each owner of any lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed, is deemed to covenant and agree to pay to the association:

- 1. Annual assessments or charges.
- 2. Special assessments for capital improvements which are made solely for the use of said villa units. The annual and special assessments, together with interest, cost, and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the property against which such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall be the personal obligation of the owner who was the owner of such unit at the time when the assessment fell due. In the event there is a sale of a unit, and it is thereafter determined that an assessment or assessments are due for a period prior to the sale, it shall be the obligation of the new owner of the unit to pay the delinquent assessment or assessments, but the new owner shall have the right to collect said delinquent assessment or assessments from the former owner.

SECTION 2 – Purpose of Annual Assessments.

The assessments levied by the association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the properties and for the improvements and maintenance of the amenities solely for the use of villa units and real estate taxes on the said areas where they are located, except that the assessments may be used to temporarily enforce the terms and conditions of Article IX, Section 10.

SECTION 3 – Maximum Annual Assessments.

Until January 1st of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment for each lot with a completed structure shall be \$350.00 per such unit,

- 1. From and after January 1st of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment shall be increased each year not more than 10% of the maximum assessment of the previous year without approval of the membership.
- 2. From and after January 1st of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased above 10% by a vote of two-thirds of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

3. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum provided immediately heretofore.

SECTION 4 – Special Assessment for Capital Improvement.

In addition to the annual assessment authorized above, the association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair, or replacement of a capital improvement in areas designed solely for servicing said villa units, including fixtures and personal property relating thereto, provided that any such assessment shall have the assent of two-thirds of the vote of members who are voting at a meeting duly called for this purpose.

SECTION 5 – Declarants shall, until such time as two-thirds of the units planned for the premises located in housing areas shall have dwellings erected thereon, pay 100% of all annual and special assessments for every villa unit planned for the premises upon which a dwelling has not been erected. The association shall be responsible for the payment of real estate taxes on the areas described in Section 4 above.

SECTION 6 – Quorum for Any Action Authorized under Section 4.

The quorum required for any action authorized by Section 4 of this Article IV shall be as follows: At the first meeting called, as provided in Section 4 of this Article IV, the presence at the meeting of members or of proxies, entitled to cast sixty percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement 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, provided that such subsequent meeting shall not be held more than sixty days following the preceding meeting.

SECTION 7 – Date of Commencement of Annual Assessments.

The annual assessments provided for herein as to Declarants shall commence on the first day of the month following the conveyance of the first lot from the declarants to a unit owner and shall be due and payable in advance of the first day of each calendar month. As to the owner of individual dwelling units, the annual assessment shall commence on the first day of the month following the due date of final payment for the lot and dwelling unit. At the time of acquiring title to a Lot from the declarants, each owner acquiring such title shall deposit with the association an amount equal to one-half of the annual assessment then in effect to provide for initial costs of maintaining the association. This section shall also apply to those homes which the declarants build and lease. The aforementioned payment shall not in any way be prepayment of the annual assessment fee. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

SECTION 8 – Duties of the Board of Directors.

In the event of any change in the annual assessment as set forth herein, the Board of Directors of the Association shall fix the date of commencement and the amount of assessment against each lot for each assessment period at least 30 days in advance of such date or period and 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 certificate in writing signed by an officer of the association, setting forth whether said assessment has been paid. Such certificate shall be prima facie evidence of payment of any assessment therein stated to have been paid.

SECTION 9 – Effect of Non-Payment of Assessment, The Personal Obligation of the Owner: Remedies of Association.

If any assessment is not paid on the date when due (being the dates specified in Section 7 hereof), then such assessment shall be deemed delinquent and shall, together with such interest thereon and cost of collection thereof as

are hereinafter provided, continue as a lien on the villa unit which shall bind such lot in the hands 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 remain his personal obligation, but collection of the same shall be the responsibility and personal obligation of the new owner.

If the assessment is not paid when due, the assessment shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum, and declarant or the association may bring legal action against the unit owner personally obligated to pay the same or may enforce or foreclose the lien against the property; and in the event a judgment is obtained. Such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee for collection as well as all costs of said action. The interest rate specified heretofore may be modified by appropriate action of the association.

SECTION 10 – Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed on the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve any owner of such property from liability for any assessments thereafter made and becoming due, nor from the lien of any such subsequent assessment. Special provisions relative to protection of mortgages are contained in Article VIII hereafter.

ARTICLE V

SPECIAL EXTERIOR MAINTENANCE REQUIREMENTS

SECTION 1 – In order to insure uniformity in the maintenance of exterior walls and the roof, as well as landscaping, each villa unit owner stipulates and agrees that the declarant, or its successor, or the subsequent record title owner to the common areas, shall have complete control over the landscaping surrounding each 4-unit or less structure containing 4 or less villa units. The cost of maintenance of said landscaping surrounding said 4-unit or less structure shall be prorated amongst all unit owners in said structure, and it is expressly understood and agreed that this control of said shrubbery and landscaping, whether it be on the deeded premises of each unit owner or on the common areas, shall be maintained only by the declarant or Cove Point Club, Inc.

SECTION 2 – In order to insure that the staining of the exterior be uniform and be maintained, each villa unit owner shall pay into an escrow fund, which shall be in the name of declarant or declarant's successor in title, or whoever becomes the successor in title to the common ground and the Cove Point Villa unit owners' association as tenants in common to said fund. The amount each unit owner pays will be the estimated cost of restaining the structure every 7 years. The amount of the annual contribution to the escrow fund will be reviewed periodically and raised or lowered depending on the estimated cost of the staining of the exterior. A further sum will be payable into an escrow fund for the replacement of the roof on an estimated life of 20 years, and said fund shall be combined with the moneys being paid for the staining of the exterior, and the amount payable adjusted in like manner, and whatever person, firm or corporation has the rights reserved shall have an easement over each villa unit owner property for the purpose of implementing the maintenance of the landscaping, staining, roof replacement and necessary repairs or rebuilding of said structure in accordance with Article VII of this Declaration. The basis upon which the estimated cost of restaining and reroofing the villa unit structure will be the cost determined by the Association, and such cost shall be based on an estimate provided by a contractor qualified to provide these services.

ARTICLE VI

PARTY WALLS

SECTION 1 – General Rules of Law to Apply.

To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to each party wall which is built as part of the original construction of the homes upon the properties and any replacement thereon.

In the event any portion of any structure originally constructed by the declarants, including any party wall shall protrude over an adjoining lot, such structure, or party wall shall not be deemed to be an encroachment upon the adjoining lot or lots, and owners shall neither maintain any action for the removal of a party wall or projection, nor any action for damages. In the event there is a protrusion as described in the immediate preceding sentence, it shall be deemed that said owners have granted perpetual easements to the adjoining owner or owners for continuing maintenance and use of the projection or party wall. The foregoing shall also apply to any replacements of any structures or party walls if same are constructed in conformance with the original structure, or party wall constructed by the declarants. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions.

SECTION 2 – Sharing of Repair and Maintenance.

The cost of reasonable repair and maintenance of a party wall shall be shared equally by the owners who make use of the wall in proportion to such use.

SECTION 3 – Destruction by Fire or Other Casualty.

If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof, 50% each, without prejudice, however, to the right of any such villa unit owner to call for a larger contribution from the others under the rules of law or equity regarding liability for negligent or willful acts or omissions.

SECTION 4 – Weatherproofing.

Notwithstanding any other provision of this Article an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

SECTION 5 – Right to Contribution Runs with Land.

The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

SECTION 6 – Arbitration.

As a condition precedent to any litigation, all lot owners agree that in the event of any dispute or disagreement hereafter arising between them, or any matter in connection herewith, the same shall be submitted to three (3) arbitrators, one to be selected by each lot owner, and both arbitrators thereafter shall collectively appoint a third arbitrator, and the decision of the majority shall be final and binding with the same force and effect as a judgment at law.

ARTICLE VII

MAINTENANCE AND OVERHANG EASEMENTS

Each lot owner agrees to and with the adjoining and common party wall lot owner that the other owner shall have a perpetual easement to cross on to the land of the lot owner so as to enable the other owner to maintain the exterior of his dwelling unit and any addition thereof approved by the declarants and/or the association as well an easement for any roof overhang and other easements for the maintenance, repair, addition or reconstruction of the other owner's unit. It shall be the responsibility, however, of the other owner to use all reasonable care and consideration so as not to interfere with the lot owner's peaceful enjoyment of his property.

ARTICLE VIII

PROTECTION OF MORTGAGEES

SECTION 1 – Application of Assessments to Mortgagees.

The liens created under this declaration are subordinate to the rights of holders of first mortgages. No mortgagee shall be liable for the payment of assessments against the mortgaged lot, except those accruing after such mortgagee obtains title to the lot pursuant to its remedies under the mortgage. Each mortgagee who obtains title pursuant to its remedies under the mortgage, and any purchaser at a foreclosure sale, shall take the lot free and clear of any claims for unpaid assessments and charges, and liens therefore, which accrued prior to such acquisition of title. Any such sale shall extinguish such liens, but the purchaser or mortgagee who so acquires title shall be liable for all assessments accruing after the date of such sale, including assessments levied against all owners proportionately for the unpaid assessments and charges, which assessments shall constitute a lien upon the purchased lot.

SECTION 2 – No Amendment Affects Mortgagees.

No amendment of any provision of this declaration relating to the rights of mortgagees shall affect the rights of any mortgagee whose mortgage is recorded prior to the recording of such amendment unless such mortgagee consents in writing to such amendment.

SECTION 3 – Extension of Mortgagee Protection.

The association may, by agreement extend the benefits of this Article and other provisions relating to the rights of mortgagees, to real property security holders not otherwise entitled to such benefits.

SECTION 4 – Limitation of Enforcement Against Mortgagee.

No violation of this declaration by, or enforcement of this declaration against, an owner shall impair the lien of any mortgage against the owner's property, but this declaration shall be enforceable against any owner whose title is acquired by foreclosure, trustee's sale, voluntary conveyance, or otherwise.

SECTION 5 – Conflict.

The provisions of this Article, and any other provisions of this declaration relating to the rights of mortgagees, shall prevail over any conflicting provisions of this declaration.

SECTION 6 – Application of this Declaration

Except as specifically provided in this Article or elsewhere in this declaration, all mortgages and mortgagees are bound by this declaration.

ARTICLE IX

USE OF PROPERTY AND EXTERIOR MAINTENANCE

In addition to the applicable building, and lot use restrictions as contained in the original declaration, the following additional restrictions would apply to the use and occupation of structures and land of a villa unit:

SECTION 1 – Signs.

No sign of any kind shall be displayed to the public view on any dwelling or lot except a one family name sign of not more than 75 square inches. No such signs shall be illuminated.

SECTION 2 – Animals.

No animals, livestock or poultry of any kind shall be raised or bred, or kept in any dwelling or on any lot, except that two (2) household pets may be kept in such dwelling or lot, which pets shall be limited to two dogs, or two cats, or two other domesticated household pets, but no more than two (2) household pets of any nature whatsoever.

SECTION 3 – Garbage and Rubbish.

No garbage or rubbish shall be dumped, stored or allowed to remain on any portion of the lot outside the exterior of any unit, whether or not the same is confined to a container. The collection of garbage shall be in accordance with the rules and regulations adopted initially by the developer and the association, as may be determined from time to time. The collection of garbage and rubbish shall be in accordance with the regulations of the collecting agency and the association as may be determined from time to time. No automatic kitchen sink garbage disposals may be installed or used in the dwelling units.

SECTION 4 – Fences.

No fences may be erected anywhere in the area covered by this instrument except by the declarants.

SECTION 5 – Laundry Lines

Laundry poles and lines outside the exterior walls of a villa unit on the land being deeded to each unit owner are prohibited, and no personal property of any kind, which includes bathing suits, towels and other items of personal property shall be draped on any deck or hung from any exterior portion of the building or exposed in any manner whatsoever for the purpose of drying the same.

SECTION 6 – Antennas.

No radio, television or similar tower or antennae shall be erected on any lot or attached to the exterior of any dwelling.

SECTION 7 – Parking Lot and Storage Restrictions.

A. No personal property of any nature, type or description may be stored on any lot outside the walls of the villa unit structure.

B. No boat, trailers, or any kind of recreational vehicles or commercial vehicles of any nature, may be parked in the parking areas located on the land which is covered by these restrictions.

SECTION 8 – Snow Removal.

Snow removal for the walkways and on the parking lot shall be initially under the control of the developer who may have assigned this right to the association, and the cost of same shall be a part of the annual assessments under Article IV, Covenants and Maintenance Assessments.

SECTION 9 – Easements.

Perpetual easements for the installation and maintenance of sewer, water, building, cable TV, electric and drainage facilities, for the benefit of the adjoining land owners and/or municipal or private utility companies are reserved. Also, easements in general in and over such lot for the installation and maintenance of electric, sewage, water, telephone and cable TV facilities are similarly reserved.

SECTION 10 – Exterior Maintenance.

In the event an owner of any lot in the property shall fail to maintain the premises and improvements situated thereon in a manner satisfactory to the Board of Directors, the association, after approval by two-thirds vote of the Board of Directors, shall have the right for its agents or employees to enter upon such parcel and to repair, maintain, or restore the lot and the exterior of the buildings and any other improvements thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such lot is subject. The declarants are exempt from the provisions of this paragraph.

ARTICLE X

EASEMENTS

Each villa unit lot is hereby granted an easement to the grantees, their heirs and assigns to a right-of-way over the common areas in accordance with paragraph D of Article 1, which is hereby incorporated by reference. Said easements are intended to cover the following a right-of-way to the parking lots, the use of the parking lots, utilities connecting to each villa unit, and an easement across the common areas to the Pennsylvania Power and Light Project Line, the cost of snow removal and maintenance. The continued right to the use of these easements shall be subject to the provisions of Article IV, entitled Covenants and Maintenance Assessments.

ARTICLE XI

RESERVATIONS BY DECLARANT

Declarant or its successor reserves the right to amend the special restrictions contained in this declaration as they relate to villa unit lots for a period not in excess of two years. Said amendments, however, shall only be for the purpose of further defining rules and regulations which will apply to the use and occupancy of each villa unit and to designate the location and areas surrounding each villa unit and any additions thereto, and not materially in conflict with this declaration. In the event the majority of association members by vote object to a proposed amendment under

this section, then and in that event the dispute will be settled by arbitration in the same manner as set forth in Article VII, Section 6, of this declaration.

IN WITNESS WHEREOF, KEYSTONE LAKE PROPERTIES, INC. has hereunto set its hand and seal this fourth day of August, 1982, intending to be bound.

witnessed:

KEYSTONE LAKE PROPERTIES, INC.

by Arthur W. Avery /s/ (Seal)

Attest: M.M. Avery /s/ (Seal)