

AMENDMENT OF BY-LAWS  
OF  
HIGHLANDS CONDOMINIUM ASSOCIATION, INC.

WHEREAS, the By-Laws of the Highlands Condominium Association, Inc. are recorded in Somerset County Deed Book Volume 913, page 806 and, Jefferson Township

WHEREAS, said By-Laws provide for amendment under Article XVI, Section 1, whereby the By-Laws may be amended by recordation of an instrument in the Recorder of Deeds office of Somerset, County, Pennsylvania, certified by the Secretary of the Association as approved by two-thirds (2/3's) of the votes of the members of the Association present at a meeting called for the purpose of amending these By-Laws.

WHEREAS, the unit owners have determined to amend certain provisions of said By-Laws at a meeting held on

NOW, THEREFORE, and intending to be legally bound hereby, the members of the Highlands Condominium Association, Inc. hereby amend the By-Laws of the Highlands Condominium Association, Inc. as follows:

1. **ARTICLE XII, Finances, Section 1, Fiscal Year**, is hereby amended to read as follows:

"The fiscal year of the Condominium shall consist of the 12 month period commencing July 1 of each year and terminating on June 30 of the following year."

2. **ARTICLE V, Meeting of Members, Section 5, Proxy**, is hereby amended to read as follows:

"The votes of any unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No proxy shall be revocable except by actual notice of revocation from the Unit Owner to the person presiding over the meeting where the proxy is to be exercised. The proxy of any person shall be void if it is not signed by a person authorized at the execution of the proxy to legally bind any and all Unit Owners. Any proxy shall become void automatically upon the adjournment of any meeting held on or after the date of execution of the proxy. The proxy shall be on the form set forth hereinafter.

3. **ARTICLE V, Meeting of Members, Section 1, Annual Meetings**, is hereby amended to read as follows:

The regular annual meeting of the members shall be held on the last Saturday in June or on some other date set by the Board of Directors, but no later than October 31 of each year.

In all other respects, the By-Laws of the Highlands Condominium Association, Inc. recorded in the Recorder of Deeds Office of Somerset County, Pennsylvania in Deed Book Volume 913, Page 806 be and are hereby confirmed save as amended herein.

February 26, 1997

CERTIFICATION OF AMENDMENT OF BY-LAWS OF HIGHLANDS CONDOMINIUM ASSOCIATION, INC.

The Undersigned, being the Secretary of the Highlands Condominium Association, Inc. hereby certifies that two-thirds (2/3's) of the votes of members of the association present at a meeting called for the purpose of amending these By-Laws having voted in favor of amendments to the By-Laws of the Highlands Condominium Association, Inc. such By-Laws are amended upon recording of the attached executed instruments.

The undersigned hereby further certifies that said meeting was held on June 23, 1993, at which a quorum was established based upon the attendance of seventy (70) members of the Highlands Condominium Association, Inc. either in person or by proxy, and that said amendments were passed by unanimous consent.

HIGHLANDS CONDOMINIUM ASSOCIATION, INC.

By Roberta L. Black Secretary

SEAL

STATE OF Pennsylvania : COUNTY OF Somerset : ss.

ON THIS, the 5th day of March 1997, before me, the undersigned officer, personally appeared ROBERTA BLACK, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed same for the purpose therein contained.

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

Tamara J. Breegle (SEAL) Title of Officer

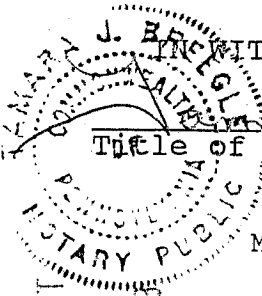
Notarial Seal Tamara J. Breegle, Notary Public Rockwood Boro. Somerset County My Commission Expires Dec. 16, 2000

Member, Pennsylvania Association of Notaries

State of Pennsylvania Somerset County, { ss

RECORDED on this 13th day of March A.D. 19 97 in the Recorder's Office of said County, in Record Book, Vol 1350 Page 815 Given under my hand and the seal of said office, the day and year aforesaid

Patricia A. Brant Recorder



015403

PATRICIA A. BRANT RECORDER 97 MAR 13 AM 8:58 SOMERSET COUNTY

FEES AND TAX PAID 13.50

THE HIGHLANDS CONDOMINIUM AT HIDDEN VALLEY

DECLARATION OF CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM made this                    day of  
1983, by KETTLER BROTHERS, INC., a Maryland corporation, trading and doing busi-  
ness as HIDDEN VALLEY FARM INN, having an office and place of business in  
Jefferson Township, Somerset County, Pennsylvania, and having a mailing address  
of R.D. 4, Box 243, Somerset, Pennsylvania, 15501,

W I T N E S S E T H:

WHEREAS, Kettler Brothers, Inc., trading and doing business as Hidden  
Valley Farm Inn (the Declarant), is the fee simple owner of the hereinafter  
described real estate; and,

WHEREAS, the Declarant, in compliance with the provisions of the  
Uniform Condominium Act of Pennsylvania, Title 68, Pennsylvania Consolidated  
Statutes, Section 3101 et seq. (as amended) (hereinafter referred to as the  
Act), wishes to submit said real property, and the improvements and appurtenan-  
ces thereon, (the Property) to the provisions of the Act:

NOW, THEREFORE, in consideration of the premises, the Declarant does  
hereby submit the Property, with all improvements thereon, whether heretofore or  
hereafter constructed, and all appurtenances thereto, to the provisions of the  
Act, and does hereby establish a condominium with respect to said Property, to  
be known as The Highlands Condominium at Hidden Valley (Highlands Condominium).  
All of said Property (including appurtenances and improvements) shall be held,  
conveyed, divided or subdivided, leased, rented and occupied, improved, hypothec-  
ated or encumbered subject to the covenants, restrictions, uses, limitations,  
obligations, easements, equitable servitudes, charges and liens hereinafter set  
forth or incorporated by reference herein, which shall be deemed to run with and  
bind the land, and which shall be binding on all parties having or acquiring any  
right, title or interest in the Property or any part thereof and shall inure to  
the benefit of each owner thereof.

I. DESCRIPTION:

The Declarant has constructed on the Property situated in  
Jefferson Township, Somerset County, Pennsylvania, more particularly shown and  
described as Phase 1 on the map attached hereto as EXHIBIT A and incorporated  
herein by reference, one residential structure containing 8 individual units  
designated for residential occupancy. Such residential units are depicted on  
the plans attached hereto as EXHIBIT B and are hereinafter referred to as Units.

The ownership of each Unit shall include, but shall not necessarily be limited to, an undivided interest in the Common Elements, interest in the Limited Common Elements as hereinafter described, membership in the Highlands Condominium Owners Association, Inc. (hereinafter referred to as the "Association"), and an undivided interest in the funds and assets of the Association.

## II. ADDITION OF UNITS TO DECLARATION:

Declarant hereby expressly reserves the option to create units and limited common elements on additional real estate as defined under the Uniform Condominium Act of the Commonwealth of Pennsylvania within a time period not exceeding seven years from the recording of this Declaration. In the event that such additional units or limited common elements are not created within said seven year period, said option, as expressly reserved herein by Declarant, will lapse and terminate. The area of such additional real estate as may be added to said Condominium is more specifically shown and described on the attached EXHIBIT A and EXHIBIT C, such areas being designated Phases 2 - 19 on said maps.

Declarant hereby reserves the right upon completion of the residential structure containing 8 individual units on the property described on EXHIBIT A (Phase 1) the right to construct upon additional real estate up to eighteen additional residential structures on the additional real estate as shown and described in attached EXHIBITS A and C, which such additional residential buildings will be designated respectively Phases 2 - 19.

Declarant presently intends to complete the units on additional real estate by the approximate times as follows:

Phase 2 (Building 2) in 1983

Phases 3, 4 & 5 (Buildings 3, 4 & 5) in 1984

Phases 6, 7 & 8 (Buildings 6, 7 & 8) in 1985

Phases 9, 10 & 11 (Buildings 9, 10 & 11) in 1986

Phases 12, 13 & 14 (Buildings 12, 13 & 14) in 1987

Phases 15, 16 & 17 (Buildings 15, 16 & 17) in 1988

Phases 18 & 19 (Buildings 18 & 19) in 1989

If Declarant adds such additional real estate to said Condominium and constructs all such additional units, said Condominium will contain a total of 152 units.

All units created on such additional real estate will be restricted exclusively to residential units.

Declarant intends to construct buildings which will be compatible with other buildings and units in terms of architectural style, quality of construction, principal materials employed in construction and size as to the units originally constructed on the property which is the subject of this Declaration.

All restrictions set forth herein affecting the use, occupancy and alienation of units will apply equally to all units created within the additional real estate as are imposed herein on the units originally created hereunder.

All improvements and limited common elements will be substantially identical on the additional real estate as on the original premises (except for minor variations and finishing details) which are the subject of this Declaration, such improvements and limited common elements being substantially similar to other units.

III. TYPES, AREA AND CONTENT OF UNITS:

Each of the Units of Highlands Condominium shall be composed of the areas and contain the space as described and shown in EXHIBIT B attached hereto, subject only to possible variations within normal construction tolerances or allowances.

IV. HORIZONTAL AND VERTICAL BOUNDARIES:

All Units of Highlands Condominium shall be as shown on EXHIBIT B and shall include all portions of the Unit within boundaries as set forth in Section 3202 of the Act.

V. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS:

A. The Common Elements of Highlands Condominium shall consist of all portions of the condominium not included within the boundaries of any Unit and all items set forth in Section 3202(2) of the Act which are located within a Unit and which serve more than one Unit or any portion of the Common Elements; and,

B. Any deck or patio shown on EXHIBIT B shall be deemed a limited Common Element appertaining to the adjacent Unit only.

VI. INTEREST IN COMMON ELEMENTS:

A. Ownership of the Common Elements as described herein shall be by the Unit Owners as tenants in common. Pursuant to the provisions of Section 3208 of the Act, the undivided ownership interest in the Common Elements is hereby allocated to each Unit in accordance with EXHIBIT D attached hereto. The undivided interest of each Unit Owner in the Common Elements is appurtenant to the Unit owned by him and no such interest shall be deemed to be conveyed or encumbered or to otherwise pass without the Unit or be severed from the Unit. Each Unit Owner, his guests and the Association may use the Common Elements for the purposes for which they are intended, but no such use shall encroach upon the lawful rights of the other Unit Owners.

Upon the completion of possible construction of additional buildings on additional real estate wherein an additional 144 individual condominium units designed for residential occupancy may be constructed, the common expense liability of each unit will be automatically modified and adjusted as set forth in the attached EXHIBIT E.

Each of the Unit Owners shall have a right to parking spaces in the Parking Areas designated on EXHIBIT A attached hereto. While no specific spaces are hereby established, the right to assign such spaces later is specifically reserved to the Association.

B. The interests assigned herein do not necessarily reflect or represent the relative selling price or actual value of any Unit and no opinion, appraisal, sale or market value transaction of one Unit at a greater or lesser price than another unit shall be interpreted as requiring or permitting any change in the undivided interest assigned herein.

C. The use of the Common Elements shall be governed by the By-Laws and rules and regulations adopted by the Association as provided for in Section 3306 of the Act. The Common Expenses, as defined in Section 3307 of the Act, shall be borne among the Unit Owners in the proportions as set forth on the attached EXHIBITS E and F.

D. The Common Elements shall remain undivided and no Unit Owner may bring any action for partition or division of the Common Elements except as provided in Section 3220 of the Act.

VII. ADMINISTRATION:

The administration of Highlands shall be conducted in accordance with the provisions of this Declaration and the By-Laws of the Association attached hereto as EXHIBIT G.

VIII. EASEMENTS:

A. Enjoyment of Common Elements:

Every Unit Owner shall have an easement for the use and enjoyment of the Common Elements and such easement shall be appurtenant to and shall pass with the title to every Unit. Any Unit Owner may assign, in accordance with the By-Laws, his right of enjoyment to the Common Elements, to members of his family, his guests or to his tenants who reside in his Unit. This easement shall be subject to the right of the Association to suspend such easement as to a Unit Owner and his assigns for as long as any assessment of the Association shall remain unpaid or for a period not to exceed 30 days for violation of any rules and regulations established by the Association governing the use of Common Elements; PROVIDED, however, that no such suspension shall deny any Unit Owner of the right of access to and from his Unit.

B. Encroachments:

Each Unit and the property included in the Common Elements shall be subject to an easement for encroachments as set forth in Section 3218 of the Act.

C. Utilities:

There is hereby reserved to Highlands Condominium a blanket easement upon, across, over and under all of the Property for ingress, egress, installation, replacing, repairing and maintaining a cable television system, public walks and all utilities including, but not limited to, water, sewers, telephones and electricity which serve the Property or other properties within Highlands Condominium. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the poles and other equipment reasonably required on said Property and to affix and maintain utility wires, circuits and conduits on, above, across and under the roofs and exterior walls of the Units. Notwithstanding anything to the contrary contained in this subparagraph, no walks, sewers, electrical lines, water lines or other utilities may be installed or relocated on the Property except as programmed and approved by the Declarant prior to the recordation of this Declaration, or thereafter approved by the Board of Directors of the Association. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Declarant or the Board of Directors of the Association shall have the right to grant such easement on said Property.

D. Easements to Declarant:

The Declarant does hereby reserve unto itself, its successors and assigns, the easements and rights-of-way as hereinafter provided:

An easement under, over, across and through the Property for purposes of installing sanitary sewer, storm sewer, telephone, cable television and electric lines, systems and appurtenances thereto for purposes of serving adjacent or other Properties of Declarant. Such easements which may traverse the Property may in part serve the Property and Highlands in part and may also serve such adjacent Properties of Declarant. All rights and privileges set forth in this Article VIII hereof shall equally apply with respect to said easements reserved to Declarant hereunder as are more specifically set forth in the provisions of the other subparagraphs of this Article VIII as though the same are set forth at length herein.

E. Declarant's Licensees:

The easements and rights-of-way granted herein may be exercised by any licensee of the Declarant, but the granting of the aforesaid easements and rights-of-way shall not be considered an obligation of the Declarant to provide or maintain any of the aforesaid utilities or services.

F. Repairs:

The Association, or its designee, shall have the right to enter any Unit when necessary to carry out any repair, maintenance, landscaping, or construction for which the Association is responsible or for which any Unit Owner is responsible and has not completed after written notice to the Unit Owner from the Association. The entry and work by the Association shall be made with as little inconvenience to the Unit Owner as practicable and any damage caused thereby shall be repaired at the expense of the Association, unless the entry is made to perform any obligation for which the Unit Owner is responsible, in which event the entry and all work shall be done at the risk and expense of the Unit Owner.

G. Emergency Services:

1. There is hereby granted a blanket easement to the Association, its directors, officers, agents and employees, to any Manager employed by or on behalf of the Association and to all policemen, firemen, ambulance personnel, utility maintenance persons, employees of Declarant and all similar persons without prior written notice to enter upon the Common Elements subject to this Declaration, By-Laws and rules of the Association, in the event of emergencies or immediate danger to individuals, to the Units, or to the Common Elements.

2. Except when an emergency situation arises, when there is danger to life, health and property or in the exercise of a governmental function, the rights accompanying the easements provided by paragraphs F and G of this Article VIII shall be exercised only during reasonable daylight hours and then whenever practicable only after advance notice to, and with the permission of, the Unit Owner or tenant directly affected thereby.

H. The easements provided for in this Article VIII shall in no way affect any other recorded easement on the Property.

IX. RESTRICTIVE AND AFFIRMATIVE COVENANTS:

A. Every person who is the record owner of a whole or partial fee simple interest in any Unit which is a part of Highlands Condominium shall receive water and sewer disposal services through Declarant. Declarant receives such services from Hidden Valley Estates Utility Corporation, a utility cooperative, which receives services through water supply and sewage disposal systems owned by Declarant. Each such record owner will receive bills for water and sewage disposal service on a periodic basis, and each such record owner will be responsible and liable for payment of such bills.

B. The owners of Units covenant to restrict the use of their Units to residential use which term shall specifically include rental for transient and temporary occupancy.

C. Every Unit Owner covenants for himself and his family, tenants and guests to abide by the Association rules relating to activities and behavior in the Common Elements and activities or behavior within a Unit but affecting other Units or the Common Elements. The house rules shall be established and adopted by the Association. No house rule shall be effective until after a copy has been delivered to the Owner of each Unit. For this purpose, mailing a copy of such rules(s) postage prepaid, certified or registered mail, to the last known address of such Owner shall be deemed to be effective delivery.

X. SUBDIVISION OF UNIT:

Pursuant to the provisions of Section 3215 of the Act and of this section, the Owner of any Unit shall have no right to subdivide any Unit.

XI. MANAGEMENT:

A. Establishment of Assessments:

The Association shall establish and collect assessments for each Unit payable by the Owners of such Unit to provide for the payment of Common Expenses as defined in Section 3208 of the Act. See EXHIBITS E and F for a specific breakdown of the assessments for each Unit.

B. Liability for Assessments:

The assessments imposed by the Association in accordance with

the provisions of the By-Laws for the maintenance and operation of the Common Elements shall constitute a lien upon each Unit superior to all other liens, other than liens for real estate taxes, liens and encumbrances recorded before this Declaration, and liens for first mortgage or first trust financing securing Institutional Lenders recorded prior to the perfection of the lien for the assessments of the Association. In addition, each Unit Owner shall be personally liable for all such assessments by the Association which may be due but unpaid at the time he acquires a Unit or which may become due and payable during any time while he owns his Unit. No Unit Owner may exempt himself from liability for assessments on his Unit by the abandonment of his Unit.

XII. MAINTENANCE, REPAIR AND INTERNAL CHANGES OF UNIT:

A. Every Unit Owner must promptly perform all maintenance and repair work within his own Unit [excluding, however, the Common Elements described in Article VI(A) hereof] which if omitted would affect the Common Elements of Highlands Condominium or other Units. This requirement specifically includes, but is not limited to, maintaining heat within the Unit to protect against freezing pipes.

B. Every Unit Owner shall be responsible for the repairs and/or replacement of internal installations within such Owner's Unit and serving only such Unit, such as those providing water, electricity, gas power, and sewage and all telephones, heaters, sanitary installations, doors, windows, screens, lamps and other accessories belonging to a Unit. The maintenance and repair of the heaters furnishing service to the Unit shall be at the Unit Owner's individual expense.

C. A Unit Owner shall reimburse the Association or Owner of another Unit for expenditures incurred in repairing or replacing any Common Element or portion of another Unit damaged through the Unit Owner's negligence or failure to perform promptly all maintenance and repair work within his Unit.

D. No Unit Owner shall make interior structural modifications or exterior alterations to his Unit or its equipment without previously notifying the Association in writing through the President of the Association and obtaining the Association's written consent. The Association shall have the obligation to answer within 30 days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration, which may then be completed in accordance with the submitted proposals as if the Association's consent had been given.

XIII. CONDEMNATION:

The rights of Declarant, the Association, all Unit Owners and any institutional first lien creditors shall be determined by the provisions of

Section 3107 of the Act in the case of any exercise of the right of eminent domain against Highlands Condominium.

XIV. TERMINATION AND AMENDMENT:

This Declaration and Highlands Condominium may be terminated and the Property removed from the provisions of the Act or this Declaration and/or the By-Laws may be amended pursuant to the provisions of Section 3220 of the Act. In addition, the Condominium instruments may be amended pursuant to the provisions of Section 3219 of the Act to the extent contemplated by Article IX hereof.

IN WITNESS WHEREOF, Kettler Brothers, Inc., trading and doing business as Hidden Valley Farm Inn, has caused this Declaration to be executed on the date first above mentioned.

KETTLER BROTHERS, INC.,  
trading and doing business as  
HIDDEN VALLEY FARM INN

WITNESS:

BY \_\_\_\_\_

Clifford E. Forlines  
Its Attorney-in-Fact

COMMONWEALTH OF PENNSYLVANIA

:

COUNTY OF SOMERSET

SS.

:

ON THIS, the \_\_\_\_\_ day of \_\_\_\_\_, 1983, before me, the undersigned officer, personally appeared CLIFFORD E. FORLINES, Attorney-in-Fact for KETTLER BROTHERS, INC., trading and doing business as HIDDEN VALLEY FARM INN, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed same for the purposes therein contained.

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

\_\_\_\_\_  
(SEAL)

\_\_\_\_\_  
Title of Officer

THE HIGHLANDS CONDOMINIUM AT HIDDEN VALLEY

DECLARATION OF CONDOMINIUM EXHIBITS

I N D E X

	DESCRIPTION	PAGE NUMBER
EXHIBIT A	PHASE 1 MAP (ALSO SHOWS PHASES 2 - 6)	A
EXHIBIT B	UNIT PLAN	B
EXHIBIT C	PHASES 7 THROUGH 19 MAP	C
EXHIBIT D	PERCENTAGE OF INTEREST IN COMMON ELEMENTS AND COMMON EXPENSES - PHASE 1	D
EXHIBIT E	PERCENTAGE OF INTEREST IN COMMON ELEMENTS AND COMMON EXPENSES - PHASES 2 THROUGH 19	E
EXHIBIT F	BY-LAWS OF HIGHLANDS CONDOMINIUM OWNERS ASSOCIATION, INC.	F

THE HIGHLANDS CONDOMINIUM AT HIDDEN VALLEY

PROPORTIONATE INTEREST IN COMMON ELEMENTS  
AND PROPORTIONATE SHARE OF COMMON EXPENSES

Upon completion of Phase 1 (Building 1), the  
proportionate interest and share of each unit  
will be.....12.5%

THE HIGHLANDS CONDOMINIUM AT HIDDEN VALLEY

PROPORTIONATE INTEREST IN COMMON ELEMENTS  
AND PROPORTIONATE SHARE OF COMMON EXPENSES

Upon Completion of Phase (Building) on Additional Real Estate Each Individual Unit Will have the Following Proportionate Interest in Common Elements and Proportionate Share of Common Expenses

Phase 2.....	6.25%
Phase 3.....	4.167%
Phase 4.....	3.125%
Phase 5.....	2.5%
Phase 6.....	2.0834%
Phase 7 .....	1.7856%
Phase 8 .....	1.5625%
Phase 9.....	1.3887%
Phase 10.....	1.25%
Phase 11.....	1.1364%
Phase 12.....	1.0417%
Phase 13.....	0.9615%
Phase 14.....	0.8929%
Phase 15.....	0.8334%
Phase 16.....	0.7813%
Phase 17.....	0.7353%
Phase 18.....	0.6944%
Phase 19.....	0.6579%

B Y - L A W S  
OF  
HIGHLANDS CONDOMINIUM OWNERS ASSOCIATION, INC.

ARTICLE I

Office

The office of the Association and of the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II

Definitions

Section 1. "Association" shall mean and refer to Highlands Condominium Owners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Condominium of Highlands Condominium and such expansion thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Elements" shall mean all real property controlled and managed by the Association for the common use and enjoyment of the members of the Association as described in the Declaration of Condominium of Highlands, a Condominium.

Section 4. "Unit" shall mean and refer to a portion of Highlands Condominium designed and intended for individual ownership and use. "Unit" shall refer to one of the 8 Units designed for residential occupancy and use or to any future Units as may be added to said Highlands, a Condominium, in accordance with the terms and conditions of the Declaration.

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" or "Unit Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any

HIGHLANDS CONDOMINIUM OWNERS ASSOCIATION, INC.

BY-LAWS

I N D E X

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Unit which is a part of the Properties, including contract sellers, but excluding those holding title merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to Kettler Brothers, Inc., a Maryland corporation, trading and doing business as Hidden Valley Farm Inn, its successors and assigns, as developer of the Properties.

Section 8. "Declaration" shall mean and refer to the Declaration of Condominium applicable to the Properties recorded in the Office of the Recorder of Deeds of Somerset County, Pennsylvania.

### ARTICLE III

#### Membership

Section 1. Every person or entity who is a record owner of a whole or partial interest in any Unit which is subject by the Declaration to assessment by the Association, including contract sellers, shall be a member of the Association. When a Unit is owned of record in the name of two or more individuals, each co-owner shall be a member, provided, however, that the vote appertaining to such Unit shall be cast in accordance with the provisions of Section 3310 of said Condominium Act. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association. Ownership of such Unit shall be the sole qualification for membership.

Section 2. Suspension of Membership Rights. During any period in which a member shall be in default in the payment of any annual or special assessment levied by the Association, the right to the use of the Common Area and the recreation facilities, if any, of such member may be suspended by the Board of Directors until such assessment has been paid, provided, however, that access by the delinquent Unit Owners shall not be denied. Such rights of a member may also be suspended, after two weeks prior written notice and a hearing before the Board of Directors, for a period not to exceed 30 days, for violation of any rules and regulations established by the Association governing the use of the Common Elements and facilities.

### ARTICLE IV

#### OBLIGATIONS OF THE OWNERS

Section 1. Expenses and Assessments. Every Owner shall contribute toward the expense of the maintenance of the Common Elements and payment of other Common Expenses, as provided by the aforementioned Declaration. The

Association shall fix an annual assessment for each Unit in an amount sufficient to provide for its share of the maintenance of the Common Elements and of other Common Expenses based on the annual budget approved by the Association in accordance with these By-Laws, which annual assessment shall be payable quarterly, subject to adjustment from time to time as the Board of the Association may deem necessary. Such quarterly charge shall be due and payable in advance on the first day of every calendar quarter, shall at the option of the Board of Directors when established at a duly called meeting of the Board, bear interest at the rate of fifteen percent (15%) per annum from due date until paid, and with such interest shall be a lien on the Unit, assessed prior in right to all other charges whatsoever except assessments, liens and charges in favor of the Commonwealth of Pennsylvania, the County of Somerset or the Township of Jefferson for taxes or charges past due and unpaid on such Unit and amounts and liabilities secured by first mortgage instruments or deeds of trust duly recorded prior to the perfection of the lien and securing Institutional Lenders. In the event any Owner is delinquent in the payment of any quarterly assessment for a period in excess of thirty (30) days, the Association is authorized to discontinue all services that the Association is furnishing to his Unit and residents thereof and/or to suspend the easement to the Common Elements (except for access) to the Unit Owner, his family, tenants and assigns.

## Section 2. Maintenance and Repair.

(a) Every Owner must perform promptly all maintenance and repair work within his own Unit excluding, however, the Common Elements, which if omitted would affect the Common Elements and/or any other Unit, and shall be expressly responsible for the damages and liabilities resulting from the failure of Owner to properly maintain hereunder, including Owner's failure to maintain reasonable interior temperature of his Unit sufficiently so that any water pipes located within such Unit shall not freeze.

(b) Every Owner shall be responsible for the repairs of internal installations of the Unit which serve only such Unit, such as water, light, power, sewage, telephone, sanitary installations, doors, windows, lamps and all other accessories belonging to the Unit.

(c) An Owner shall reimburse the Association or any Owner of another Unit for any expenditures it incurs in repairing or replacing any Common Element or other Unit damaged through the Owner's negligence or failure to promptly perform all maintenance and repair work within his Unit, and the Association shall have a lien on the Owner's Condominium Unit(s) for the amount of such expenditure.

Section 3. Limited Common Elements. The Owner of each Unit which has a limited Common Element shall be responsible for the cleaning of and the trash and litter removal from such limited Common Element. Otherwise, the Association shall be responsible for the maintenance of such limited Common Element.

Section 4. House Rules. In order to assure the peaceful and orderly enjoyment of the buildings and Common Elements of the Condominium, the Board of Directors may from time to time adopt, modify and revoke in whole or in part by a unanimous vote of the Directors present in person at any meeting duly called for the purpose such reasonable rules and regulations which shall be called House Rules and shall govern the conduct of persons within Highlands as it may deem necessary. Such House Rules upon adoption and every amendment, modification and revocation thereof, shall be sent promptly to each Owner and shall be binding upon all members of the Association and occupants of the Condominium.

Section 5. Perfection and Foreclosure of Lien. The Association shall perfect its lien against any Unit for which assessments are not paid within 90 days from the time such assessments became due in the manner set forth in Section 3315 of the Uniform Condominium Act of Pennsylvania, as amended. This requirement can be waived only by specific action of the Board of Directors prior to the expiration of such time. The waiving of the perfection of such lien shall not waive the right of the Association to maintain an action at law to recover a money judgment for unpaid assessments. Any owner who is delinquent in the payment of his assessments shall be responsible for the costs and reasonable attorney's fees incurred by the Association in the collection of such assessments. In any suit to foreclose the lien for assessments, the Association shall follow the requirements of Section 3315 of said Act. The Board of Directors, or its agent, shall have the power, but not the obligation, to acquire such Unit on behalf of the Association at a foreclosure sale provided that such action shall have been previously authorized at a regularly held meeting of the Board of Directors. No Unit shall have any votes in the Association when it is owned by the Association.

Section 6. Right of Entry. The President or any person authorized by the Board of Directors shall have the right to enter such Unit in case of any emergency originating in or threatening such Unit whether or not the Owner or occupant is present at the time. Every Owner and occupant, when so required, shall permit Board members, or their representatives, employees or contractors to enter his Unit at reasonable times for the purpose of performing authorized installations, alterations or repairs to the Common Elements therein for central services, provided that requests for entry are made in advance.

Section 7. Title. Every Unit Owner shall promptly cause to be duly recorded in the Office of the Recorder of Deeds of Somerset County, Pennsylvania, the deed or other conveyance to him of his Unit and file a copy thereof or other evidence of his title with the Board of Directors through the Secretary, and the Secretary shall maintain such information in the record of ownership of the Association.

Section 8. Mortgages. Any institutional first lien mortgagee (the Mortgagee) of a Unit may file a copy of its mortgage or deed of trust with the Board of Directors through the Secretary, and the Secretary shall maintain such information in the record of ownership of the Association. After the filing of

the mortgage or deed of trust, the Board of Directors (through its manager if one exists) shall notify the Mortgagee of any Unit Owner who is in default in the expenses for the administration of the project and the Mortgagee at its option may pay the delinquent expenses.

## ARTICLE V

### Meeting of Members

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of recordation of the Declaration of Condominium registered with the Recorder of Deeds of Somerset County, Pennsylvania, pursuant to Section 3308 of said Act. Each subsequent regular annual meeting of the members shall be held on the Sunday following the second Saturday in each November of each year thereafter, or on the Friday preceding the first Saturday in November, at the option of the Board at a time to be established by the Board.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by or at the direction of the Secretary or person authorized to call the meeting, by mailing a copy of such notice, United States Mail, at least twenty-one (21) days before the annual and regular meetings and seven days before a special meeting, to each member of record entitled to vote thereat, addressed to the member's Unit address or such other address supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour and purposes of the meeting. In lieu of delivering notice as above, the notice may be hand delivered by such officer, provided he obtains a receipt of acceptance of such notice from the Unit Owner.

Section 4. Quorum. The presence at the beginning of meetings of members entitled to cast, or of written proxies entitled to cast, one-quarter (1/4) of the votes of all the membership shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxy. The votes appertaining to any unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner or, in cases where the Unit Owner is more than one person, by or on behalf of all

such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting by the Unit Owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice as aforesaid, or if the signatures of any of those executing the same have not been acknowledged. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy.

## ARTICLE VI

### Voting Rights

Section 1. The Association shall have one class of voting membership: Every Owner, whether one or more, including Declarant as to all units owned by Declarant, shall have one vote for each Unit owned. If more than one person owns a Unit, the vote for such Unit shall be cast according to Section 3310 of said Act.

## ARTICLE VII

### Property Rights

Section 1. Member's Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Elements and such easement shall be appurtenant to and shall pass with the title to every assessed Unit, subject to the following provisions:

(a) The right of the Association to limit the number of guests of members.

(b) The right of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Elements.

Section 2. Delegations of Use. Any member may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Elements to the members of his family, his guest, his tenants, or contract purchasers who reside on the property.

Section 3. Utility Easements. The Association by normal Board action may convey and grant any utility easements.

## ARTICLE VIII

### Board of Directors

Section 1. The management of the affairs, property and business of the Association shall be vested in a Board of Directors consisting of five (5) persons to serve as Directors. The initial Board of Directors shall serve until the first Annual Meeting of members or until the election of their successors for the terms hereinafter set forth. In addition to the powers expressly conferred by these By-Laws and the Declaration, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, or by the Declaration or by these By-Laws directed or required to be exercised or done by the members.

Section 2. The Board of Directors shall have the right to delegate to a managing agent all of its powers relating to the maintenance of the Common Elements and to the collection of all assessments for the Association. Such managing agent shall have no power to establish rules and regulations for the Association.

Section 3. The Board of Directors shall administer the By-Laws and the House Rules as they relate to the use of the Common Elements. Any changes in the interior structural modifications or exterior alterations shall be approved by the Architectural Review Committee prior to the commencement of any work of such changes. Each Architectural Review Committee shall be appointed by the Board of Directors to a term not to exceed the term of the three (3) years.

Section 4. Directors may not receive any compensation other than reimbursement of expenses made on behalf of the Association.

Section 5. The regular meeting of the Board of Directors without notice other than these By-Laws shall be held immediately after the adjournment of each annual meeting of the Association and at the same place.

Section 6. Special meetings of the Board of Directors to be held at a place to be designated by the President or the Vice President may be called by the President or, in his absence, by the Vice President or by any two members of the Board of Directors. At the first Annual Meeting of members held in accordance with these By-Laws, two (2) Directors shall be elected for a term of three (3) years; at the second Annual Meeting, two (2) Directors shall be elected for a term of three (3) years; and at the third Annual Meeting, one (1) Director shall be elected for a term of three (3) years. At each subsequent Annual Meeting, the members shall elect the applicable number of Directors to those terms then expiring in accordance with the foregoing schedule.

Section 7. Notice of the time and place of all regular and special meetings of the Board of Directors shall be mailed to each director by the Secretary or Assistant Secretary at least 10 days before the time fixed for the meeting, unless the fixing of such notice is waived by prior resolution of the Board of Directors or pursuant to Section 11 of this Article. All notices of special meetings shall state the purposes thereof, except as this requirement may be waived as hereinafter provided.

Section 8. A quorum for the transaction of business at any regular or special meeting of the Board of Directors shall consist of a majority of the members of said Board, but the directors present at any directors' meetings, though less than a quorum, may adjourn the meeting from time to time, without notice other than at the time of adjournment, until the requisite quorum shall be present. Any action which may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors and shall be filed with the Secretary of the corporation.

Section 9. Any vacancy on the Board of Directors, except where caused by removal of a director, may be filled by vote of the remaining directors at any regular or special meeting of the Board of Directors. A director elected to fill a vacancy shall serve for the unexpired portion of the term of the director whose place he filled and until his successor shall be duly elected and qualify, unless sooner displaced.

Section 10. At each annual members' meeting, the Board of Directors shall submit a statement of the business done during the preceding year, together with a report on the general financial condition of the Association and on the condition of its tangible property.

Section 11. Any or all of the requirements of this Article of the By-Laws as to time, place or notice of any meeting of the Board of Directors may be waived by the directors if each member of said Board shall agree in writing to such waiver.

Section 12. In any case where the Association enters into any contract, transacts any business with any director or directors, or with any corporation or association of which one or more of its directors is a stockholder, director, officer, trustee or partner, such contract or transactions shall not be invalidated or in any wise affected by the fact that such director or directors have or may have any interest, if disclosure is made to the Board of Directors by the directors having such interest, and if the Board of Directors, by majority vote of the disinterested directors authorizes, affirms, ratifies, or approves such contract or transaction, such director may not vote on any such action in which he has said interest as stated above.

## ARTICLE IX

### Nomination and Election of Directors

Section 1. Nomination. Nomination for election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers.

Section 2. Election. At the election of the Board of Directors, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Article VI hereof. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE X

### Officers

Section 1. The Board of Directors shall elect the officers of the Association, such election to be held at the annual meeting of the Board of Directors following each annual members' meeting. An officer may be removed at any time by a majority vote of the full Board of Directors at any regular or special meeting of the directors, but any officer whose removal is contemplated shall be granted a reasonable time in which to answer, at a hearing before the full Board of Directors, such charges as may be brought against him.

Section 2. The officers of the Association shall be a President, a Vice President (each of which must be members of the Association), a Secretary, an Assistant Secretary, if elected, and a Treasurer, but any two officers except that of President and Secretary may be held by the same individual. The officers shall be elected for a term of one year and shall hold office until their successors are duly elected and qualified. Officers elected to fill vacancies for the unexpired portion of the terms of their predecessors shall hold office until their successors are duly elected and qualify. No one shall be eligible for the office of President who is not a director of the Association, and any President who ceases to be a director shall cease to hold the office of President.

Section 3. The President shall be the chief executive of the Association; he shall preside at all directors' and members' meetings; shall

have general supervision over the affairs of the Association; shall sign all membership certificates; and shall perform all such duties as are incident to his office or as the Board of Directors may prescribe.

Section 4. In the case of the absence or disability of the President, his duties shall be performed by the Vice President, or by such other officer as the Board of Directors may designate. The other duties of the Vice President shall be such as the Board of Directors may from time to time prescribe.

Section 5. The Secretary shall issue notice of all meetings of the members and of the Board of Directors and shall attend and keep the minutes of the same; he shall be in charge of all Association records except those to be kept by the Treasurer; attest with his signature all membership certificates and all written contracts of the Association as to which attestation is necessary and shall perform all other duties as are incident to his office or as the Board of Directors may prescribe.

Section 6. The Treasurer shall have the custody of all monies and securities of the Association and shall keep regular books of account. He shall disburse the funds of the Association in payment of the just demands against the Association or as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors from time to time as may be required of him, an account of all his transactions as Treasurer and of the financial conditions of the Association. He shall perform all duties incident to his office or which are properly required of him by the Board of Directors.

Section 7. In the case of the absence or inability to act of any officer of the Association, the Board of Directors may, from time to time, delegate the powers or duties of such officer to any other officer, or any director or other person whom it may select.

Section 8. Any vacancy in any office arising from any cause may be filled by the directors at any regular or special meeting.

Section 9. The Board of Directors may appoint such other officer or officers as it shall deem necessary or expedient who shall hold his or their office for such terms and who shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

## ARTICLE XI

### Meetings

Section 1. The order of business at all regular meetings of the Board

of Directors and of members shall follow as nearly as practicable the following outline:

- (a) Calling meeting to order and determination of a quorum.
- (b) Reading and adoption of the minutes of the previous meeting(s).
- (c) Review and adoption of annual budget.
- (d) Reports of officers.
- (e) Reports of special committees.
- (f) Election of Directors (or officers).
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

## ARTICLE XII

### Finances

Section 1. Fiscal Year. The fiscal year of the Condominium shall consist of the 12 month period commencing on January 1 of each year and terminating on December 31 of the same year.

Section 2. Preparation and Approval of Budget. Each year on or before the annual meeting of the Association, the Board of Directors shall prepare and approve a budget for the Condominium containing an estimate of the total amount which it considers necessary to pay the cost of utility services, maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which it is the responsibility of the Board of Directors to maintain, repair, and replace, and the cost of wages, fees, materials, insurance premiums, services, supplies, reserves and other expenses that constitute Common Expenses under the said Condominium Act, these By-Laws or a Resolution of the Board or the Unit Owners Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Condominium and the rendering of statements to the Unit Owners for all such services. The Budget may also include:

- (a) The cost of the maintenance or repair of any Condominium Unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common Elements or to preserve the appearance or value of the Condominium project or is otherwise in the interest

of the general welfare of all Owners of the Condominium Units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Owner of the Condominium Unit proposed to be maintained and provided further that the cost thereof shall be assessed, against the Condominium Unit on which such maintenance or repair is performed and when so assessed, a statement for the amount thereof shall be rendered promptly to the then Owner of said Condominium Unit at which time the assessment shall become due and payable and a continuing lien and obligation of said Owner in all respects as provided in Article IV of these By-Laws.

(b) Any amount necessary to discharge any lien or encumbrance levied against the Condominium, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against the Common Elements rather than the interest therein of the Owner of any individual Condominium Unit.

(c) Such budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Condominium, a general operating reserve, or reserves for contingencies and replacements. The Board of Directors shall deliver to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Unit Owner at the Annual Meeting of members. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium.

Section 3. Reserves. The Board of Directors may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owners assessment, the Board of Directors may at any time levy a further assessment which shall be assessed against the Unit Owners according to their respective Undivided Interests in the Common Elements and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reason therefor and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment.

Section 4. Adoption of Budget. After the Board of Directors shall prepare and approve an annual budget, such budget shall be submitted to the members at the annual meetings for approval and final adoption by the members.

Section 5. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or approve the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until the new annual or adjusted budget shall have been prepared and approved.

Section 6. Deposit of Funds. The funds of the Association shall be deposited in such banks, trust companies, or other depositories as the Board of Directors may designate. Checks drawn to pay indebtedness of the Association may be signed by such person or persons as the Board of Directors may choose by resolution.

Section 7. Authorized Signature. The President or the Secretary is hereby authorized to make and issue notes, bonds, debentures, obligations and evidences of indebtedness of all kinds only pursuant to resolutions duly adopted by the Board of Directors.

Section 8. Special Assessments. In the event that the assessment for any year shall be insufficient, the Board of Directors shall have the right to approve, without vote of the members, a special assessment not to exceed ten percent (10%) of the then existing assessment. Any special assessment in excess of ten percent (10%) of the then existing assessment must be approved by two-thirds (2/3) of the votes of the members of the Association present at a meeting called for the purpose of approving a special assessment.

### ARTICLE XIII

#### Books and Records

Section 1. The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member. The Declaration and these By-Laws shall be available for inspection by any member at the principal office of the Association where copies may be purchased at reasonable cost.

### ARTICLE XIV

#### Insurance

Section 1. The Unit Owners Association shall obtain and maintain at all times insurance as set forth herein, including insurance against fire, with endorsement for extended coverage for the full insurable replacement value, of

Highlands Condominium as authorized by Section 3312 of said Act. Such insurance shall run to the benefit of the Unit Owners Association, the respective Unit Owners and their respective mortgagees, as their interests may appear, which insurance shall be governed by the following provisions:

(a) The Board of Directors shall be required to obtain a single master policy covering physical damage for the entire Property under which the insurance company will issue to each Unit Owner a certificate or sub-policy specifying the portion of the master policy allocated to each Unit Owner's Unit and his Undivided Interest in the general Common Elements. The master policy shall also provide:

(1) That each Unit Owner shall have the right to request an increase in the coverage allocated to his Unit by reason of improvements made solely to his Unit, but any additional premium resulting from such additional coverage shall be billed by the insurance company directly to, and shall be paid by, such Unit Owner: and

(b) In addition, the Board of Directors shall be required to secure a master policy covering physical damage that will provide the following:

(1) That the insurer waives its rights of subrogation to any claims against the Declarant, Board of Directors, the Managing Agent, the Unit Owners and their respective agents, employees, guests and, in the case of Unit Owners, the members of their households;

(2) That the master policy on the Property cannot be cancelled, invalidated or suspended on account of the conduct of any member of the Board, officer or employee of the Board of Directors or the Managing Agent without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect;

(3) That any "no other insurance" clause contained in the master policy shall expressly exclude individual Unit Owner's policies from its operation;

(4) That until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any Unit, the mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Unit Owner of such Unit, the other Unit Owners, the Board of Directors, or any of their agents, employees or household members, nor cancelled for non-payment of premiums.

(5) That the master policy may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the Board of Directors and all mortgagees of Units:

(6) That the net proceeds of such policies if less than TWENTY-FIVE THOUSAND (\$25,000.00) DOLLARS shall be payable to the Board of Directors and if more than TWENTY-FIVE THOUSAND (\$25,000.00) DOLLARS shall be payable to the Insurance Trustee designated in Section 4 of this Article.

(7) That the master policy shall contain a standard mortgagee clause in favor of each mortgagee of a Unit to the extent of the portion of the coverage of the master policy allocated to such unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee and the Unit Owner as their interests may appear subject, however, to the loss payment and adjustment provisions in favor of the Board of Directors and the Insurance Trustee contained in Sections 4 and 5 of this Article.

(c) All policies of insurance shall be written with a company licensed to do business in the Commonwealth of Pennsylvania holding a rating of "AAA" or better by Best's Insurance Reports.

(d) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Unit Owners or their mortgagees.

(e) Each Unit Owner shall be required to notify the Board of Directors of all improvements made by the Unit Owners to his Unit, the value of which is in excess of ONE THOUSAND (\$1,000.00) DOLLARS.

(f) Any Unit Owner who obtains individual insurance policies covering any portion of the Property, other than personal property belonging to such Unit Owner, shall be required to file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance. Such Unit Owner shall also promptly notify, in writing, the Board of Directors in the event such policy is cancelled.

## Section 2. Insurance Coverage.

(a) The Board of Directors shall be required to the extent available to obtain and maintain the following insurance:

(1) Fire insurance with extended coverage, vandalism, malicious mischief and windstorm endorsements, insuring the entire Property (including all

of the Units and bathroom and kitchen fixtures initially installed therein by the Declarant, but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners), together with boiler and machinery insurance contained therein and covering the interests of the Association and all Unit Owners and their mortgagees as their interests may appear in the amount equal to at least 100% of replacement value of the Property.

(2) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law.

(3) Such other insurance as the Board of Directors may determine.

(b) The Board of Directors shall also be required to obtain and maintain, to the extent obtainable, public liability and property damage insurance in such limits as the Board of Directors may from time to time determine insuring the Declarant, each member of the Board of Directors, the Managing Agent and each Unit Owners (and their invitees, agents and employees arising out of, or incident to, the ownership and or use of the Common Elements). Said insurance shall be issued on a comprehensive liability basis and shall contain a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured. The Board of Directors shall review such limits once a year, but in no event shall such insurance be less than FIVE HUNDRED THOUSAND AND 00/100 (\$500,000.00) DOLLARS. It shall be the responsibility of each Unit Owner to maintain insurance with respect to his ownership or use of his Unit, and the Board of Directors shall not be responsible for obtaining such insurance.

(c) A duplicate original of the master policy of physical damage insurance, all renewals thereof, and all sub-policies or certificates issued thereunder, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least thirty (30) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board of Directors may determine, of the full replacement value of the property, without deduction for depreciation for the purpose of determining the amount of physical damage insurance to be effected pursuant to this Section.

Section 3. Separate Insurance. Each Unit Owner shall have the right, at his own expense, to obtain additional insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability, provided that no Unit Owner shall be entitled to exercise his right to acquire or maintain such additional insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy which it may have in force on the property at any particular time or to cause any insurance coverage maintained by

the Board of Directors to be brought into contribution with such additional insurance coverage obtained by the Unit Owner. All such additional policies shall contain waivers of subrogation.

#### Section 4. Insurance Trustee.

(a) The lender that is the holder of more than 50% of the mortgages or deeds of trust encumbering Units shall be designated as the Insurance Trustee. If for any reason such lender shall fail, refuse or shall cease to act as such, or at such time as it shall no longer hold such mortgages, the Board of Directors shall have the right to designate any bank, trust company, savings and loan association, building loan association, insurance company or any institutional lender as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby; provided, however, that prior to such designation of a new Insurance Trustee, the Board of Directors shall obtain the consent to such new Insurance Trustee of the mortgagee or mortgagees holding mortgages constituting first liens on more than 50% of the number of Units in the Condominium encumbered by mortgages. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these By-Laws.

(b) The Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or content of the policies, the correctness of any amounts received by it on account of the proceeds of any insurance policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these By-Laws, for the benefit of the Unit Owners and their respective mortgagees.

Section 5. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner of a Unit and for each mortgagee of a Unit and for each owner of any other interest in the Property to adjust all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

Section 6. Premiums. Premiums upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

### ARTICLE XV

#### Indemnification

Section 1. The Association shall have the power to and does hereby

for the PLOT PLAN that pertains to this DECLARATION.  
VERA M. LOHR RECORDER OF DEEDS.

indemnify any officer, director, employee or agent of the Association who was or is threatened, made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason that he is or was an officer, director, employee or agent of the Association against expenses (including attorney's fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, provided:

(a) Such officer, director, employee or agent acted in good faith and in the manner he reasonably believed to be in or not opposed to the best interest of the Association; and

(b) Such officer, director, employee or agent shall not have been guilty of gross negligence or misconduct in his position directly relating to the claim set forth in such action, suit or proceeding.

ARTICLE XVI

Amendments

Section 1. These By-Laws may be amended by recordation of an instrument in the Recorder of Deeds Office of Somerset County, Pennsylvania, certified by the Secretary of the Association as approved by two thirds (2/3) of the votes of the members of the Association present at a meeting called for the purpose of amending these By-Laws.

Section 2. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVII

Declarant Control

Section 1. The Declarant shall control the Association until the first annual meeting of the Association as described in Article V hereof. In no event shall Declarant's control of the Association exceed the period of time set forth in Section 3303 of said Act.

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VERA M. LOHR  
RECORDER

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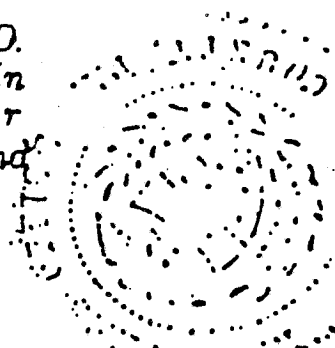
ENTERED FOR RECORD  
SOMERSET COUNTY

AND TAX PAID 7/9

State of Pennsylvania } SS  
Somerset County.

RECORDED on this 23 day of January A. D. 1984 in the Recorder's Office of said County, in Deed Book Vol. 913 Page 806 Given under my hand and the seal of said office, the day and year aforesaid

Vera M. Lohr Recorder



THE HIGHLANDS CONDOMINIUM AT HIDDEN VALLEY

Covenants and Restrictions

(The following provisions will be incorporated in the deed of conveyance by Kettler Brothers, Inc., trading and doing business as Hidden Valley Farm Inn)

The premises conveyed shall be under and subject, nevertheless, to the following terms, covenants, conditions and restrictions to which the premises hereby conveyed shall be and remain subject:

1. No portion of the premises and no portion of the Common Elements shall be erected as or for or used or occupied as or for a public garage, manufacturing or commercial establishment or any offensive or malodorous occupation or purpose, or be used for any purposes other than that of a single, private residence.
2. No commercial or business building and/or commercial or business use shall be made of the premises, or any part thereof, directly or indirectly, or in any manner whatsoever.
3. There shall be no drying or airing of any clothing or bedding or any other material outdoors or in any portion of the Common Elements.
4. No animals, livestock or poultry of any kind shall be kept or maintained on the premises, except that dogs, cats or other customary household pets may be kept or maintained provided they are not kept or maintained for commercial purposes.
5. No commercial vehicles, no private trucks or trailers, no unlicensed motor vehicles of any type and no boats of any type shall be permitted to remain overnight on the premises or any of the Common Elements, except for vehicles used by Grantor, its successors or assigns or agents thereof, in conjunction with the building operation, construction or maintenance.
6. No extensive work, such as dismantling and repairing of motor vehicles, boats or machinery, of any type shall be permitted outdoors on the premises or upon any of the Common Elements.

7. No noxious or offensive activities shall be conducted on the premises or any of the Common Elements, nor shall anything be permitted to be done thereon which may be or may become an annoyance or nuisance to other Unit owners.

8. If any portion of the premises shall include a deck or patio as a limited Common Element, such terrace shall not be used for the storage of any personal property or material of any kind whatsoever.

9. If the premises include a terrace as a limited Common Element, such terrace shall not be used for cooking of any kind or type whatsoever.

10. There shall be no cooking of any kind or type whatsoever outdoors or in any portion of the Common Elements.

11. There shall be no television or other type of antennae erected or constructed outdoors or in or on any portion of the Common Elements.

12. A window covering for all windows on the premises which has an exterior appearance satisfactory to the Highlands Condominium Owners Association, Inc., shall be maintained on all windows.

13. If the premises include a fireplace, there shall be no outside storage of firewood and all firewood shall be stored only in areas provided for such purpose by the Highlands Condominium Owners Association, Inc., and all firewood shall be obtained solely through the Association.

14. All trash and garbage shall be disposed of at central trash collection locations provided by the Highlands Condominium Owners Association, Inc., and no other trash or garbage disposal may be used.

15. Mail delivery shall be solely to a common location provided by the Highlands Condominium Owners Association, Inc., and no individual mail boxes or other receptacles shall be installed, constructed or used on the premises.

16. If the premises include a terrace as a limited Common Element, there shall be no changes, adjustments or alterations to said terrace without the prior written consent of the Highlands Condominium Owners Association, Inc.

AMENDMENT OF BY-LAWS ✓  
OF  
HIGHLANDS CONDOMINIUM ASSOCIATION, INC.

WHEREAS, the By-Laws of the Highlands Condominium Association, Inc. are recorded in Somerset County Deed Book Volume 913, page 806 and, Jefferson Township

WHEREAS, said By-Laws provide for amendment under Article XVI, Section 1, whereby the By-Laws may be amended by recordation of an instrument in the Recorder of Deeds office of Somerset, County, Pennsylvania, certified by the Secretary of the Association as approved by two-thirds (2/3's) of the votes of the members of the Association present at a meeting called for the purpose of amending these By-Laws.

WHEREAS, the unit owners have determined to amend certain provisions of said By-Laws at a meeting held on

NOW, THEREFORE, and intending to be legally bound hereby, the members of the Highlands Condominium Association, Inc. hereby amend the By-Laws of the Highlands Condominium Association, Inc. as follows:

1. **ARTICLE XII, Finances, Section 1, Fiscal Year**, is hereby amended to read as follows:

"The fiscal year of the Condominium shall consist of the 12 month period commencing July 1 of each year and terminating on June 30 of the following year."

2. **ARTICLE V, Meeting of Members, Section 5, Proxy**, is hereby amended to read as follows:

"The votes of any unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner or, in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No proxy shall be revocable except by actual notice of revocation from the Unit Owner to the person presiding over the meeting where the proxy is to be exercised. The proxy of any person shall be void if it is not signed by a person authorized at the execution of the proxy to legally bind any and all Unit Owners. Any proxy shall become void automatically upon the adjournment of any meeting held on or after the date of execution of the proxy. The proxy shall be on the form set forth hereinafter.

3. **ARTICLE V, Meeting of Members, Section 1, Annual Meetings**, is hereby amended to read as follows:

The regular annual meeting of the members shall be held on the last Saturday in June or on some other date set by the Board of Directors, but no later than October 31 of each year.

In all other respects, the By-Laws of the Highlands Condominium Association, Inc. recorded in the Recorder of Deeds Office of Somerset County, Pennsylvania in Deed Book Volume 913, Page 806 be and are hereby confirmed save as amended herein.

February 26, 1997

CERTIFICATION OF AMENDMENT OF BY-LAWS OF HIGHLANDS CONDOMINIUM ASSOCIATION, INC.

The Undersigned, being the Secretary of the Highlands Condominium Association, Inc. hereby certifies that two-thirds (2/3's) of the votes of members of the association present at a meeting called for the purpose of amending these By-Laws having voted in favor of amendments to the By-Laws of the Highlands Condominium Association, Inc. such By-Laws are amended upon recording of the attached executed instruments.

The undersigned hereby further certifies that said meeting was held on June 23, 1993, at which a quorum was established based upon the attendance of seventy (70) members of the Highlands Condominium Association, Inc. either in person or by proxy, and that said amendments were passed by unanimous consent.

HIGHLANDS CONDOMINIUM ASSOCIATION, INC.

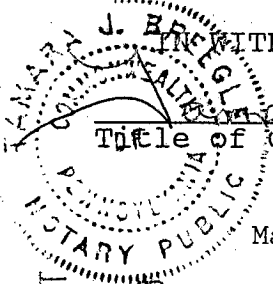
By Roberta L. Black Secretary

SEAL

STATE OF Pennsylvania : ss. COUNTY OF Somerset :

ON THIS, the 3rd day of March 1997, before me, the undersigned officer, personally appeared ROBERTA BLACK, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed same for the purpose therein contained.

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



Title of Officer [Signature]

Notarial Seal Tamara J. Breegle, Notary Public Rockwood Boro, Somerset County My Commission Expires Dec. 16, 2000

Member, Pennsylvania Association of Notaries State of Pennsylvania

Somerset County, { SS

RECORDED on this 13th day of March A.D. 19 97 in the Recorder's Office of said County, in Record Book, Vol 1350 Page 815 Given under my hand and the seal of said office, the day and year aforesaid

Patricia A. Brant Recorder



015403

PATRICIA A. BRANT RECORDER

97 MAR 13 AM 8:58

SOMERSET COUNTY

Mail: Hidden Valley P. O. Box 4180 Hidden Valley, PA 15502

FEES AND TAX PAID 13.50