

DECLARATION OF CONDOMINIUM

BLUE COURSE, A CONDOMINIUM

Centre County

Commonwealth of Pennsylvania

THIS DECLARATION is made this day of 1990,
by Ann S. Bartges and Dabro Construction, Inc., as the owners in
fee simple of the real estate herein described.

W I T N E S S E T H:

ARTICLE I

SUBMISSION

1.1 Name; County; Description: Ann S. Bartges and Dabro Construction, Inc. (The "Declarants") owners in fee simple of the Real Estate described in Exhibit "A" attached hereto, located in State College, Centre County, Pennsylvania, hereby submits the Real Estate, together with the Buildings and improvements thereon erected and the easements, rights, and appurtenances thereto belonging (collectively, the "Property") to the provisions of the Pennsylvania Uniform Condominium Act, 68 Pa. C.S. §3101 et. seq. (the "Act"), and hereby creates with respect to the Property a condominium, to be known as Blue Course, a Condominium (the "Condominium").

1.2 Easements and Licenses: The Property is so submitted:

a. Subject to any rights granted to Electric Company and Telephone Company Utilities pursuant to Agreements recorded or to be recorded in the Office for the Recorder of Deeds in Centre County.

b. TOGETHER WITH all easements presently visible upon the premises or as are recorded in the Office for the Recording of Deeds in and for Centre County, Pennsylvania.

ARTICLE II
DEFINITIONS

2.1 Terms Defined or Used in the Act: Capitalized terms used herein and in the Plats and Plans shall have the meanings specified or used for such terms in §3103 or elsewhere in the Act, unless otherwise defined herein.

2.2 More Specific Meanings: The following terms are used or defined in general terms in the Act and shall have specific meanings hereunder as follows:

- a. "Buildings" means any buildings on the real estate.
- b. "Limited Common Elements" means the Limited Common Elements defined in the Act and any of the delineated parking spaces and/or storage bins, if any, or such other Limited Common Elements, all as shown on the Plats and Plans.
- c. "Limited Expenses" means the Common Expenses described as such in §3314 (c) of the Act as modified by Section 3.4 of this Declaration.

2.3 Non-Statutory Terms Defined: The following terms when used herein or in the Plats and Plans shall have the meanings set forth below:

- a. "Finished Surface" means the full thickness of all wallboard, ceilingboard, plaster, finished flooring and the full thickness including the surface facing a Common Element of doors, and frames, windows and frames, sashes and sills, all on a boundary of a Unit.

b. "General Common Expenses" means Common Expenses excluding limited expenses.

c. "Percentage Interest" means each Unit Owner's undivided ownership interest in the Common Elements, share of all votes of Unit Owners and share of Common Expense liability appurtenant to each Unit as set forth in Exhibit "B" attached, as the same may be amended from time to time.

d. "Permitted Mortgage" means a first mortgage to (1) the Declarant; (2) the seller of a unit; (3) a bank, trust company, savings bank, savings and loan association, mortgage service company, insurance company, credit union, pension fund, or like institutional investor or lender; and (4) any other mortgagee approved by the Executive Board. A holder of a Permitted Mortgage is referred to herein as a "Permitted Mortgagee".

e. "Reserved Common Elements" means portions of the Common Elements which the Executive Board may designate as such from time to time pursuant hereto.

ARTICLE III

BUILDINGS; UNITS; BOUNDARIES; TYPES

3.1 Plats and Plans; Units/Common Elements: The location and dimensions of the Buildings and the other structures and improvements comprising the Property are shown on the Plats attached hereto and the location of Units, Common Elements, and Limited Common Elements of the Condominium are shown on the Plans attached hereto.

3.2 Unit Title Line: The title lines or boundaries of each Unit are intended to include all interior portions of any Units so that Unit Owners shall be responsible for the maintenance and repair of the interior of their Unit and the Association shall be responsible for the maintenance and repair of the exterior of the Unit and all Common Elements as are situated as shown on the Plans and described as follows:

a. Upper and Lower (Horizontal) Boundaries: The upper and lower boundaries of the Unit shall be the following boundaries extended to intersections with the vertical boundaries:

(i) Upper Boundary: The horizontal plane of the Unit-side surface of the interior ceiling or attic ceiling or other finished surface of the highest interior ceiling on the inside top story of the Unit.

(ii) Lower Boundary: The horizontal plane of the Unit-side surface of the unfinished concrete floor slab, bottom floor, or basement floor of the Unit.

b. Vertical Boundaries: Vertical boundaries of the Unit shall be the vertical planes extended to intersections with each other and with the Upper and Lower boundaries, of the full thickness excluding the outside surface of the exterior walls which do not separate the Unit from any other Unit; and of one-half the thickness of the Unit side of the party walls which separate the Unit from other Units.

3.3 Types of Units: Types of Units are generally described in Exhibit "B" attached hereto and are more particularly shown on the Plats and Plans, attached hereto and made a part hereof.

3.4 Maintenance Responsibilities: Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the foregoing boundary descriptions, the Units and Common Elements shall be maintained and repaired by each Unit Owner and by the Association in accordance with the provisions of §3307 of the Act, except as expressly set forth to the contrary herein. All common expenses associated with the maintenance, repair and replacement of a Limited Common Element shall be assessed as Limited Expenses against the Units to which such Limited Common Element was assigned at the time the expense was incurred.

3.5 Relocation of Unit Boundaries; Subdivision and Conversion of Units: Relocation of boundaries between Units and subdivision or conversion of Units shall not be permitted.

3.6 Heat; Electrical; Water and Sewer: Each Unit is heated by means of an individual heating system. The electricity supplied to each Unit is separately metered and is not a Common Expense. Water and sanitary sewer service supplied to each building is separately metered and is not a Common Expense.

ARTICLE IV

IDENTIFICATION OF UNITS, VOTES, ALLOCATION OF COMMON ELEMENT INTERESTS AND COMMON EXPENSE LIABILITIES

4.1 Allocation of Common Element Interest, Votes and Common Expense Liability: Attached as Exhibit "B" hereto is a list of all Units, their identifying numbers, location (all as shown more fully on the Plats and Plans), type and the percentage interest appurtenant to each Unit. The Condominium consists of residential Units only. Each Unit shall have one vote equal to all other Units in all matters of the Association. The percentage interest appurtenant to each Unit has been calculated by dividing the total number of square feet in the Condominium into the square feet contained in each Unit.

ARTICLE V

DESCRIPTION, ALLOCATION AND RESTRICTION OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

5.1 Limited Common Elements: Portions of the Common Elements are marked on the Plans as "Common Elements which may be assigned as Limited Common Elements" or simply as "Limited Common Elements." These portions of the Common Elements are the storage bins, yard areas, if any, and parking spaces. The Declarant may assign such a Common Element as a Limited Common Element pursuant to the provisions of §3209 of the Act by making such an assignment in a written instrument of assignment or in the deed to the Unit to which such Limited Common Element shall be

appurtenant or by recording an appropriate amendment to this Declaration. Limited Common Elements designated in the Plans or later assigned hereunder may not be severed from the Condominium Unit to which they become appurtenant. After the Declarant no longer owns any Unit, the aforesaid rights of assignment and allocation shall vest in the Executive board.

5.2 Surface Parking Area: There are surface automobile parking spaces situated in the private parking lot of the Condominium. Such surface parking spaces have been allocated as Limited Common Elements of the Units as shown on Exhibit "B" attached hereto.

5.3 Designation of Reserved Common Elements: "Reserved Common Elements" are those parts of the Common Elements which may be used by less than all of the Unit Owners or by non-owners of any Units for specified periods of time. The Executive Board shall have the discretionary power to designate the Common Elements which shall be Reserved Common Elements, rent reserved rights to any or less than all of the Unit Owners or to others, and to establish reasonable charges and conditions for the use and maintenance.

ARTICLE VI

EASEMENTS

6.1 Additional Easements: In addition to and in supplementation of the easements provided for by §§3216, 3217 and 3218 and the other provisions of the Act, the following easements are hereby created:

a. Declarant shall have the right to maintain models, management offices and sales offices on the Property and to relocate such models, management offices and sales offices from time to time anywhere within the Property. The models, management offices and sales offices constituting a portion of the Common Elements shall be subject to the following requirements:

(1) The models maintained by the Declarant shall be in Units owned by the Declarant and not within the Common Elements. Such model Units shall not exceed one model for each type of Unit. The size of each such model shall be the size of the Unit which is the model.

(2) In addition to the models maintained by the Declarant, Declarant shall have the right to maintain within the Common Elements and/or any Units owned by the Declarant not more than two offices for sales and/or management purposes. Each such sales or management office may not exceed the size of the largest Unit in the Condominium.

b. Declarant shall have the right to maintain on the Property such advertising signs as Declarant in its sole discretion may deem appropriate, provided that such signs comply with applicable governmental requirements. Declarant may from time to time relocate such advertising signs.

6.2 Utility Easements: The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant, appropriate utility and service companies and

governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the property. The easements created in this Section 6.2 shall include, without limitation, rights of Declarant, or the providing utility or service company or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, including meters and shut-off valves, telephone wires and equipment, television equipment and facilities, electrical wires, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 6.2, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant, or so as not to materially interfere with the use or occupancy of the Unit by its occupants.

6.3 Declarant's Easement to Correct Drainage: Declarant reserves an easement on, over and under those portions of the Common Elements not located within a building for the purpose of maintaining and correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easements created by this Section 6.3 expressly includes the right to cut any trees, bushes, or shrubbery, to grade the soil,

or to take any other action reasonably necessary to achieve this purpose, following which the Declarant shall restore the affected Property as closely to its original condition as practicable.

ARTICLE VII

AMENDMENT OF DECLARATION

7.1 Amendment Generally: This Declaration may be amended only in accordance with the procedures specified in §3219 of the Act, the other sections of the Act referred to in §3219 thereof and the express provisions of this Declaration.

7.2 Rights of Permitted Mortgagees: Subject to the limitations imposed by §3221 of the Act, no amendment of this Declaration may be made without the prior written approval of all Permitted Mortgagees if and to the extent that such amendment is material, or if and to the extent that such amendment would have the effect of terminating or abandoning the Condominium premises (except for termination or abandonment as a result of a taking of all the Units by eminent domain or a casualty resulting in termination), or abandoning, encumbering, selling or transferring the Common Elements. Any amendment having the effect of partitioning or subdividing any Unit or the Common Elements, or changing the percentage interests of the Unit Owners shall require the written approval of all holders of Permitted Mortgagees on the Units affected thereby. The granting of the easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed to be a transfer within the meaning of this Section.

7.3 Rights of Declarant: No change, modification or amendment which affects the rights, privileges and obligations of the Declarant shall be effective without the prior written consent of the Declarant.

7.4 Other Amendments: If any amendment is necessary in the judgment of the Executive Board to cure any ambiguity or to correct or supplement any provision of this Declaration or the Plats and Plans which is defective or inconsistent with any other provision hereof or thereof or with the Act, or to change, correct or supplement anything appearing or failing to appear in the Plats and Plans which is incorrect, ineffective or similarly inconsistent, or if such amendment is necessary to conform to the then current requirements of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with respect to condominium projects, the Executive Board may, at any time and from time to time effect such amendment without the approval of the Unit Owners or Permitted Mortgagees, upon receipt by the Executive Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence, together with a like opinion from an independent registered architect or licensed professional engineer in the case of any such amendment to the Plats and Plans. Each such amendment shall be effective upon the recording of an appropriate instrument setting forth the amendment and its due adoption, execution and acknowledgment by one or more officers of the Executive Board.

ARTICLE VIII

USE RESTRICTIONS

8.1 Use and Occupancy of Units and Common Elements: The Units and Common Elements shall be occupied and used as follows (subject to further restrictions that may be set forth in the Bylaws or the Rules and Regulations as referred to in the Bylaws):

a. No part of the Property shall be used for other than housing and the related common purposes for which the Property was designed. Each Unit or any two or more adjoining Units used together shall be used as a residence for a single family or such other use as permitted by this Declaration and for no other purposes. If zoning regulations permit professional activities to be conducted within the Units, application may be made by a Unit owner to the Executive Board for approval to commence such newly permitted use of his Unit. Each such application shall be considered by the Executive Board on an individual basis. Once the Executive Board has given its approval to a particular use of a Unit, it may not revoke such approvals so long as the nature and scope of the approved use remains unchanged. No Unit Owner shall permit his Unit to be used or occupied for any prohibited purpose.

b. Except as set forth in subparagraph (a) above, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for

profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Property. Except for a single small, non-illuminated name sign on the door of a Unit, no signs, advertising or other displays shall be maintained or permitted on any part of the Property except at such location and in such form as shall be determined by the Executive Board. The right is reserved by the Declarant or agent or agents, to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units, and on any part of the Common Elements, and the right is hereby given to any Permitted Mortgagee, who may become the owner of a Unit, to place such signs on any Unit owned by such Permitted Mortgagee.

c. There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements without the prior consent of the Executive Board except as herein expressly provided. The use and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the building, shall be subject to the Rules and Regulations of the Executive Board.

d. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Property, or contents thereof, applicable for residential use, without the prior written consent of the Executive Board, which consent may be conditioned upon the Unit Owner of such Unit being required to bear the full amount of such increase. No Unit Owner shall permit anything to be done or kept in his Unit or in the

Common Elements which will violate any law, statute, ordinance or regulation of any governmental body or which will result in the cancellation of any insurance maintained by the Executive Board. No waste shall be committed in the Common Elements.

e. The Unit Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of the building or on the Property and no sign, awning, canopy, shutter, radio or television antenna (except as permitted by subparagraph b hereof, or except as installed as of the date this Declaration is recorded or as thereafter installed by the Declarant or Executive Board) shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Executive Board.

f. No animals, livestock, fowl or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Elements, except household pets of the kind and variety as may be permitted by the Executive Board, may be kept in Units, subject to Rules and Regulations adopted by the Executive Board, which Rules or Regulations may exclude any kind of pet by type or category, provided that permitted household pets are not kept, bred, or maintained for any commercial purpose; and provided further that any such authorized pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon three (3) days written notice from the Executive Board. A determination of nuisance or reasonable disturbance shall not require a Court Order and said

determination shall be within the sole discretion of the Executive Board to so make. All pets shall be registered with the Executive Board.

g. No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

h. No clothes, sheets, blankets, laundry or other articles of any kind shall be hung out or exposed on any porch, balcony or any part of the Common Elements except in designated areas of such as may be determined by the Unit Owners. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

i. No benches, chairs or other personal property shall be left on, nor shall any playing, lounging, parking of baby carriages, playpens, bicycles, wagons, toys or vehicles be permitted on, any part of the Common Elements without the prior consent of, and subject to any Regulations of the Executive Board.

j. No Unit Owner shall overload the electric wiring in the building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Executive Board, an unreasonable disturbance to others. Nor shall any Unit Owner connect any machine, appliance, accessory or equipment to the heating system or plumbing system without the

prior written consent of the Executive Board. Installation, removal, reconstruction or repair of any electrical lighting and power circuit or electrical outlet box or terminal device included in such outlet box, or any item of heating or air conditioning equipment, any of which is located within an interior partition of the Unit, may be undertaken by the Unit Owner of such Unit only after application has been made to and written approval has been received from the Executive Board. Such approval shall be granted only if the work performed shall be of similar and superior quality to that present throughout the building and shall be performed by qualified personnel. The cost of such installation, removal, reconstruction or repair whether undertaken by a Unit Owner or by the Executive Board (under the same procedures utilized for Common Elements) shall be borne by the Unit Owner of the Unit benefited thereby.

k. No Unit Owner shall place or store anything on the patio or balcony appurtenant to his Unit, nor shall such balcony or patio be decorated, painted or otherwise altered, if, in the opinion of the Executive Board, such placement, storage, decorating, painting or alteration would create an unsightly condition.

1. This Article VIII shall not be construed to prevent or prohibit a Unit Owner from maintaining his personal professional library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls or conferring on an occasional

basis with business or professional associates, clients or customers in his Unit.

m. Reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property, may be promulgated from time to time by the Executive Board, subject to the right of the Association to change such Rules and Regulations. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Executive Board promptly after the adoption of such Rules and Regulations or any amendments thereto.

ARTICLE IX

RIGHTS OF PERMITTED MORTGAGEES

9.1 Reports and Notices: Upon the specific written request of a Permitted Mortgagee or its servicer to the Executive Board, the Permitted Mortgagee shall receive some or all of the following as designated in the request:

a. Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Executive Board to the owner of the Unit covered by the Permitted Mortgage;

b. Any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Unit Owners;

c. Copies of notices of meetings of the Unit Owners and the right to be represented at any such meetings by a designated representative;

d. Notice of the decision of the Unit Owners to make any material amendment to this Declaration;

e. Notice of substantial damage to or destruction of any Unit (the repair for which would cost in excess of \$1,000.00) or any part of the Common Elements (the repair of which would cost in excess of \$10,000.00);

f. Notice of the commencement of any condemnation of eminent domain proceedings with respect to any part of the Property;

g. Notice of any default by the owner of the Unit which is subject to the Permitted Mortgage, where such default is not cured by the Unit Owner within thirty (30) days after the giving of notice by the Association to the Unit Owner of the existence of the default;

h. The right to examine the books and records of the Executive Board at any reasonable time; or

i. Notice of any decision by the Executive Board to terminate professional management and assume self-management of the Property.

The request of a Permitted Mortgagee or its servicer shall specify which of the above items it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Executive Board. The Executive Board need not

inquire into the validity of any request made a Permitted Mortgagee hereunder.

Failure to comply with the requirements set forth above shall in no way invalidate otherwise proper actions of the Association and the Executive Board.

ARTICLE X

REAL ESTATE TAXES

10.1 Real Estate Taxes: It is understood that real estate taxes are to be separately assessed and taxed to each Unit Owner for his Unit and its corresponding percentage interest in the Common Elements, as provided in the Act. For the year in which this Declaration is first recorded, real estate taxes shall be apportioned between Declarant and each Unit Owner on a calendar year basis. In the event that real estate taxes for any year are not separately assessed against each Unit owner, but rather are assessed against the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective percentage interest in the Common Elements, and, in said event, said taxes shall be a Common Expense. The Executive Board shall have authority to advance the Association funds in payment of all or a portion of such taxes pending receipt from the respective Unit Owners of their proportionate share thereof.

ARTICLE XI

ASSOCIATION UNIT(S)

11.1 Conveyance: The Declarant reserves the right to convey not more than one Unit to the Association or its nominee, each subject to (1) this Declaration, the Bylaws, the Act, covenants, conditions, easements and restrictions of record, and, in general, all matters which Buyers of Units from the Declarant take title subject to as set forth in real estate purchase contracts between Declarant and Buyers of Units and (2) a mortgage securing a Note in an amount not to exceed 80% of the resident discount price of the Unit as initially established by the Declarant, for use as an engineer's or manager's apartment or apartments or such other lawful use as the Executive Board deems proper. From and after such conveyance, the Executive Board shall perform, on behalf of all Unit Owners, all of the obligations appurtenant to such Unit or Units. All costs incurred by the Executive Board with respect to such Unit or Units (including, without limitation, payments or principal and interest due on the Note secured by the mortgages hereinabove described, real estate taxes, repairs, maintenance, decorating, utility charges, and similar expenses; shall be deemed to be and shall be included as Common Expenses assessed pursuant to this Declaration in the same manner as would have been required had such Unit or Units been established as part of the Common Elements rather than as a Unit or Units, for as long as such Unit or Units are owned by the Association.

ARTICLE XII

POWERS OF THE EXECUTIVE BOARD

12.1 In addition to the powers set forth in the Act, the Executive Board shall have the following additional powers:

(a) To appoint committees of the Board (which need consist of only one board member) and to delegate to such committees the Executive Board's authority to carry out certain duties of the Board, subject to the approval and control of the Board.

(b) To engage the services of a manager or managing agent, who may be any person, firm or corporation, upon such terms and compensation as the Executive Board deems fit, and to remove such manager or managing agent at any time, provided any agreement with such manager or managing agent shall extend for no more than three (3) years and must be terminable by either party to such agreement without cause and without payment of a termination fee or acceleration of fees due under the agreement, upon thirty (30) days or less prior written notice.

(c) To engage the services of any persons (including, but not limited to accountants and attorneys) deemed necessary by the Executive Board at such compensation as is deemed reasonable by the Executive Board, in the operation, repair, maintenance and management of the property, or in connection with any duty, responsibility or right of the Executive Board and to remove, at any time, any such personnel.

(d) To pay any amount necessary to discharge any Mechanic's Lien or other encumbrance levied against the property or any part thereof which may in the opinion of the Executive Board constitute a lien against the property or against the common elements, rather than merely against the interest therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Executive Board by reason of said lien or liens shall be specially assessed to said Unit Owners.

(e) To expend funds for the maintenance and repair of any Unit or any other portion of the property which a Unit Owner is obligated to maintain or repair under the terms hereof, if such maintenance or repair is necessary, in the discretion of the Executive Board, to protect the common elements, or any other portion of the property, and the owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Executive Board to said Unit Owner; provided that the Executive Board shall levy a special assessment against such Unit for the cost of said maintenance or repair.

(f) To establish user charges with respect to the use of the parking spaces, or passive or active recreational amenities. Such charges shall be billed to the Unit Owner who, or whose guests, makes use of such facilities. Nothing herein contained shall require the establishment of user charges with

respect to all or any one or more of such amenities. Use of all such amenities shall be subject to the Rules and Regulations of the Executive Board.

(g) In the event more than one Unit share a common utility meter or if a portion of the Common Elements and one or more Units share a common utility meter, to determine the proper allocation of the cost of the utility service between or among the recipients of such utility service which determination shall be conclusive and binding.

ARTICLE XIII

MORTGAGES

13.1 Permitted Mortgages: A Unit Owner other than the Declarant or the Executive Board may not voluntarily encumber or subject his or its Unit to any lien, other than the lien of a Permitted Mortgage. All such Permitted Mortgages and the obligation secured thereby shall be deemed to provide, generally, that the Permitted Mortgage and the rights and the obligations of the parties thereto shall be subject to the terms and conditions of the Act, this Declaration and the Bylaws, and shall be deemed to provide specifically, but without limitation, that the Permitted Mortgagee shall have the right to participate in the adjustment of losses with insurers and in the decision as to whether or not or how to repair or restore damage to or destruction of the property, but shall have no right (a) to receive or apply the proceeds of insurance to the reduction of

mortgage debt or otherwise, except in the event and to the extent of a distribution thereof to Unit Owners upon the happening of either a termination or of insurance proceeds being received in excess of the cost of repair or restoration, or (b) to accelerate the mortgage debt or to have any other remedies by virtue of waste or alleged waste or other conditions occurring anywhere on the property other than within the affected Unit, and the obligation secured shall be prepayable, without penalty, upon the happening of any termination as aforesaid. No Unit Owner shall deliver any mortgage or any obligation to be secured thereby, unless it has first notified the Executive Board of the name and the address of the proposed Mortgagee and of the amount of the debt proposed to be so secured. When such a Permitted Mortgage is delivered to the Permitted Mortgagee, the Unit Owner shall simultaneously provide executed or conformed copies to the Executive Board. Upon receipt of such copy of a Permitted Mortgage, the secretary of the Executive Board shall instruct the insurer of the property to add the name of the Permitted Mortgagee to the mortgagee loss payable provision of the hazard insurance policy covering the property and to provide such Permitted Mortgagee with a certificate of insurance showing that the Permitted Mortgagee's name has been so added. The lien or any purported mortgage which does not comply with all the requirements of this Article XIII shall not attach to or affect the property or any part thereof or interest therein and shall be of no force and effect as and to the extent that it purports to

relate thereto. The secretary shall maintain a register of such Permitted Mortgages, showing the names and addresses of the Permitted Mortgagees and the amounts secured thereby.

ARTICLE XIV

BUDGETS; COMMON EXPENSES; ASSESSMENTS AND ENFORCEMENT

14.1 Monthly Assessments: All common expense assessments shall be based upon the percentage interest for each Unit as indicated on Exhibit "B" attached hereto and shall be deemed to be adopted and assessed on a monthly basis (not an annual basis, payable in monthly installments) and shall be due and payable in advance, on the first day of each month. Special assessments shall be due and payable in one or more monthly payments, in advance, on the first day of each month, as determined by the Executive Board.

14.2 Subordination of Certain Charges: Any fees, charges, late charges, fines and interest which may be levied by the Executive Board pursuant to Section 3302(a)(10), (11) and (12), of the Act shall be subordinate to the lien of a Permitted Mortgage on a unit.

14.3 Limitation on Expenditures: All expenses, charges and costs of the maintenance, repair or replacement of the Common Elements, and any other expenses, charges or costs which the Executive Board may incur or expend pursuant hereto, shall be approved by the Executive Board, and a written memorandum thereof prepared and signed by the treasurer. There shall be no

structural alterations, capital additions to, or capital improvements on, the Common Elements (other than for purposes of repairing, replacing and restoring portions of the Common Elements) requiring an expenditures in excess of \$5,000.00 without the prior approval of the Unit Owners entitled to cast 66 2/3% of the votes of all Unit Owners.

14.4 Reserve: Each annual budget for monthly assessments of common expenses shall include an amount reasonably considered by the Executive Board to be sufficient as a reserve for replacements and contingencies. To initiate such reserve, the Declarant shall collect from each of its grantees, at time of settlement, an amount equal to 1/6 of the first annual budget allocable to the Unit purchased by such grantee and shall remit such amount to the Executive Board. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserve, as the Executive Board shall determine. In addition, the Executive Board shall have the right to segregate all or any portion of the reserve for any specific replacement or contingency upon such conditions as the Executive Board deems appropriate.

14.5 Accounting: On or before the first day of April of each calendar year commencing 19 , the Executive Board shall supply to all Unit Owners an itemized accounting of the common expenses for the preceding calendar year actually incurred and paid together with a tabulation of the amounts collected pursuant

to the annual budget or monthly assessments and leases and sales of property owned or managed by the Executive Board on behalf of the Association, and showing the net excess or deficit of income over expenditures plus reserves.

14.6 Further Assessments: If any annual budget proves inadequate for any reason, including nonpayment of any Unit Owners monthly assessments, or any nonrecurring common expense or any common expense not set forth in the annual budget as adopted, the Executive Board may at any time levy further monthly assessments according to each Unit Owner's percentage interest in the Common Elements as to general common expenses and according to shares of limited expenses allocated to Units as to limited expenses. Such further monthly assessment shall be payable over such period of time as the Board may determine. The Executive Board shall serve notice of such further assessments on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further monthly assessment shall become effective as determined by the Executive Board.

14.7 Surplus: The budget of the Association shall segregate limited expenses from general common expenses. Any amounts accumulated from assessments for limited expenses and income from the operation of Limited Common Elements to which such limited expenses pertain in excess of the amount required for actual limited expenses and reserves for future limited expenses shall be credited to each Unit Owner paying a share of such limited expenses in proportion to the share of such limited

expenses paid by each such Unit Owner, said credits to be applied to the next monthly assessments of limited expenses due from said Unit Owners, until exhausted. Any amounts accumulated from assessments for general common expenses and income from the operation of the Common Elements to which such general common expenses pertain in excess of the amount required for actual general common expenses and reserves for future general common expenses shall be credited to each Unit Owner in accordance with percentage interests, said credits to be applied to the next monthly assessments of general common expenses due from said Unit Owners, until exhausted.

14.8 Acceleration: If a Unit Owner is in default in the payment of the aforesaid charges or monthly assessments for sixty (60) days, the Executive Board may, in addition to all other remedies in the Act or Declaration contained, accelerate all other monthly assessments to become due for the fiscal year in which such default occurs; provided, however, a foreclosing Permitted Mortgagee shall be entitled to automatic subordination of such assessments except as such may be granted limited nondivestiture pursuant to Section 3315(b)(2)(i) of the Act.

14.9 Interest and Charges: All sums assessed by the Executive Board against any Unit Owner as a regular or special assessment shall bear interest thereon at the then maximum legal rate (but not more than fifteen (15%) percent per annum) from the tenth (10th) day following default in payment of any monthly assessment when due. Any delinquent Owner shall also be

obligated to pay (i) all expenses of the Board, including reasonable attorneys' fees, incurred in the collection of the delinquent assessments by legal proceedings or otherwise, and (ii) any amounts paid by the Board for taxes or on account of superior liens or otherwise to protect its liens, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessments and shall be collectible as such, subject to §14.2 above.

ARTICLE XV

LEASING

15.1 Restrictions: A Unit Owner may lease or sublease his Unit (but not less than his entire Unit) at any time and from time to time provided that (except for a lease or sublease made by (i) a Declarant or (ii) a Permitted Mortgagee which is either in possession or is a purchaser at judicial sale): (1) no Unit may be leased or subleased for transient or hotel purposes or for an initial term of less than one (1) year; (2) no Unit may be leased or subleased without a written lease or sublease; (3) a copy of such lease or sublease shall be furnished to the Executive Board within ten (10) days after execution thereof; and (4) the rights of any lessee or sublessee of the Unit shall be subject to, and each such lessee or sublessee shall be bound by, the covenants, conditions and restrictions set forth in the Declaration, Bylaws and Rules and Regulations and a default thereunder shall constitute a default under the lease or

sublease; and said lessee or sublessee shall be jointly and severally liable together with the Unit Owner to pay any Common Expense assessments imposed on that Unit.

ARTICLE XVI

INSURANCE

16.1 Generally: The Executive Board shall acquire and pay for insurance as required by the Act in addition to and subject to the following:

(a) Such insurance as the Executive Board deems advisable in the operation, and for the protection, of the Common Elements and the Units.

(b) The amount of property insurance obtained pursuant to the Act shall be equal to the full insurable replacement value of the insured property, without deduction for depreciation, and in no event shall be less than the aggregate principal amount of all Permitted Mortgages. Such insurance policy(ies) may, at the option of the Board, contain a "deductible" provision in an amount determined by the Board but not to exceed Twenty-Five Thousand (\$25,000.00) Dollars.

(c) Each Unit Owner and the Executive Board hereby waives and releases any and all claims which he or it may have against any other Unit Owner, the Association, the Executive Board and members thereof, the Declarant and their respective employees and agents, for damage to the Common Elements, the Units, or to any personal property located in the Units or Common

Elements, caused by fire or other casualty or any act or omission of any such party to the extent that such damage is covered by fire or other form of hazard insurance.

(d) If the act or omission of a Unit Owner, or of a member of his family, a household pet, guest, occupant or visitor of such Unit Owner, shall cause damage to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Executive Board, to the extent such payment is not waived or released under the provisions of subparagraph (c) above

(e) Any release or waiver referred to in subparagraphs (c) and (d) hereof shall be valid only if such release or waiver does not affect the right of the insured under the applicable insurance policy to recover thereunder. The Unit Owners and the Executive Board, with regard to the insurance carried by each of them, shall use their best efforts to see that their insurance carriers agree that such release or waiver does not affect their rights to recover.

(f) If the Executive Board fails within sixty (60) days of an insured loss to initiate a claim for damages recoverable under the property insurance policy(ies) obtained pursuant to the Act, the holder of any Permitted Mortgage may initiate such a claim on behalf of the Board. At least once

every three(3) years, but more frequently if in the Board's judgment the Property is rapidly appreciating in value, the Board shall cause an appraisal of the Property to be made for the purpose of determining the current full insurable replacement value of the insured property, without considering depreciation, and the Board shall change the amount of property insurance on the Property to the amount of the then current full insurable replacement value of the Property as established by such appraisal, provided that such insurance shall not be decreased below the aggregate principal amount of all Permitted Mortgages.

(g) Each Unit Owner, other than the Declarant, shall notify the Board in writing of any additions, alterations or improvements to his Unit and he shall be responsible for any deficiency in any insurance loss recovery resulting from his failure so to notify the Association. The Board shall use its reasonable efforts to obtain insurance on any such additions, alterations or improvements if such Unit Owner requests it to do so and if such Unit Owner shall make arrangements satisfactory to the Board to reimburse it for any additional premiums attributable thereto; and in the absence of insurance on such additions, alterations or improvements, the Board shall not be obligated to apply any insurance proceeds to restore the affected Unit to a condition better than the condition existing prior to the making of such additions, alterations or improvements.

(h) Comprehensive public liability and property damage insurance as required by the Act shall be in such limits as the

Board shall deem desirable provided that such limit shall not be less than One Million (\$1,000,000.00) Dollars per occurrence, for personal injury and/or property damage, insuring the Association, the Board members, the managing agent, if any, and their respective agents and employees, and the Unit Owners from any liability to the public or to the Unit Owners, their tenants or invitees, relating in any way to the ownership and/or use of the Property or any part thereof.

(i) The Board may obtain such other forms of insurance as the Board shall elect to effect including Board members and officers liability insurance and such Workmen's Compensation insurance as may be necessary to comply with applicable laws.

(j) The Board shall obtain a fidelity bond or bonds or insurance to protect against dishonest acts on the part of the Board members, officers, agents, employees, volunteers and all others who handle, or are responsible for handling, funds of the Association. Such bond or bonds or insurance shall name the Association as an obligee or insured and shall be in an amount equal to 150% of the then current Common Expense budget or such higher amount as the Board deems appropriate. Such bond or bonds or insurance shall contain a waiver of defense based upon the exclusion of persons who serve without compensation from the definition of "employee" or other appropriate provisions to assure coverage of such persons.

(k) Except as otherwise provided in this Declaration, premiums for all insurance obtained or maintained by the Board,

fees and expenses of the insurance trustee, if any, and the cost of any appraisal which the Board deems advisable in connection with any insurance, shall be Common Expenses.

(1) The Board shall use its best efforts to secure policies providing that the policies cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual Unit Owners or any officer or employee of the Board or managing agent, if any, without a prior demand in writing that the Board or managing agent, as the case may be, cure the defect and without a reasonable period of time thereafter in which to cure the same.

(m) Insurance coverage on the furnishings and other items of personal property belonging to a Unit Owner and insurance for his personal liability to the extent not covered by insurance maintained by the Board shall be the responsibility of each such Unit Owner.

ARTICLE XVII

INDEMNIFICATION

17.1 Generally: The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Board or Association) by reason of the fact that he is or was a Board member or officer, against expenses (including attorneys' fees), judgments, fines

and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Board and Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Board or the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

The Association may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Board to procure a judgment in its favor by reason of the fact that he is or was a Board member or an officer against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Board or the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or

misconduct in the performance of his duty to the Board or the Association.

To the extent that a Board member or officer has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in the foregoing two paragraphs, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Any indemnification under the first two paragraphs of this Article shall be made by the Board on behalf of the Association only as authorized in the specific case, upon a determination that indemnification of the Board member or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in the first two paragraphs of this Article. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of Board members who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Board members so directs, by independent legal counsel in a written opinion, or (3) by a vote of the Association.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Board on behalf of the Association in advance of the final disposition of such action, suit or proceeding, as authorized by the Board in the specific

case, upon receipt of an undertaking by or on behalf of the Board member or officer to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

The sums necessary to discharge the obligations of the Association under this Article shall be Common Expenses.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board, or otherwise, both as to action in his official capacity and to action in other capacities while holding such office, and shall continue as to a person who has ceased to be a Board member or an officer.

ARTICLE XVIII

DECLARANT'S RIGHTS

18.1 Control: (a) Until the 60th day after conveyance of 25% of the Units to Unit Owners other than Declarant, Declarant shall have the right to appoint and remove any and all officers and members of the Executive board. Declarant may not unilaterally remove any members of the Executive board elected by Unit owners other than Declarant.

(b) Not later than 60 days after conveyance of 25% of the Units to Unit Owners other than Declarant, two (40%) of the five members of the Executive Board shall be elected by Unit Owners other than Declarant.

(c) Not later than the earlier of (i) seven years after the date of the recording of this Declaration, or (ii) 180 days after 75% of the Units which may be constructed on the Property have been conveyed to Unit Owners other than Declarant, all members of the Executive Board shall resign, and the Unit Owners (including Declarant to the extent of Units owned by Declarant) shall elect a new five member Executive Board.

IN WITNESS WHEREOF, _____, the Declarant, has executed these presents intending to be legally bound hereby on the day and year first above written.

Ann S. Bartges

Dabro Construction, Inc.

Attest: _____
Secretary

By: _____
President

FRACTIONAL INTEREST CALCULATION
BLUE COURSE, A CONDOMINIUM

<u>Unit No.</u>	<u>Area - Gross Square Feet</u>	<u>Percentage Interest</u>
1801	5,301	.3333
1803	5,301	.3333
1805	5,301	.3333
TOTAL	15,903	1.0000

Fractional Interest is based upon square footage and has been derived by dividing the total square footage into the square footage for each unit.

EXHIBIT "B"