

State of Delaware
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "SOMERSET LAKE SERVICE CORPORATION", FILED IN THIS OFFICE ON THE EIGHTEENTH DAY OF AUGUST, A.D. 1994, AT 9 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.



A handwritten signature in cursive script, reading "Edward J. Freel".

Edward J. Freel, Secretary of State

2428027 8100

944155347

AUTHENTICATION:

DATE: 7216644

08-19-94

**CERTIFICATE OF INCORPORATION
OF
SOMERSET LAKE SERVICE CORPORATION**

FIRST: The name of the corporation is **SOMERSET LAKE SERVICE CORPORATION**. It is a corporation formed in accordance with the General Corporation Law of the State of Delaware.

SECOND: The address of the registered agent of the corporation in this State 909 Delaware Avenue, City of Wilmington, New Castle County, Delaware 19806. The registered agent at such address shall be the corporation.

THIRD: The object and purposes for which the corporation is organized and operated are to function as a non-profit homeowners association as defined in Section 528(c) of the Internal Revenue Code of 1986, as amended from time to time or the successor to such law, and to provide for the acquisition, construction, management, maintenance and care of property held by the corporation, property commonly held by the members of the corporation, property of the corporation privately held by the members of the corporation, and property owned by a governmental unit and used for the benefit of members of the corporation.

FOURTH: The nature of the business of the corporation is to provide for snow removal, maintenance, repair, replacement and regulation of roads, parklands, streets and entranceways; to maintain and repair as required all stormwater management areas and drainage easements; to mow and maintain Private Open Space and Parish Open Space; to obtain and maintain liability and other insurance; to promulgate and enforce rules and regulations; to accept responsibility (if same is assigned and delegated) to enforce existing restrictive covenants; and to accept and hold title to any private roads, streets, Private Open Space, Parish Open Space, and stormwater management systems at Somerset Lake, New Garden Township, Chester County, Pennsylvania, as shown on Microfilm No. 7687 to 7690, inclusive; 8832 and 10512, Recorder of Deeds Office, Chester County, Pennsylvania, and such additional lands as shall be defined as the Property in the Open Space Declaration for Somerset Lake; all for and in connection with the real estate development or subdivision known as Somerset Lake situate in New Garden Township, Chester County, Pennsylvania; and to levy assessments and take all other actions necessary, desirable or incident to accomplish and exercise the corporation's purposes, powers and duties. Notwithstanding the foregoing, however, any claims, causes of action, rights, powers, authority or interest which the corporation could or might have or be able to exercise, assert, compromise, release or otherwise deal with in the event that any of the Open Spaces are reserved, taken or used by any governmental agency or department for public right-of-way purposes, shall belong to and may be exercised, asserted, compromised, released and dealt with by Somerset Lake Associates, the Delaware general partnership which presently holds title to such Open Spaces.

FIFTH: The said corporation is not a corporation organized for profit and it shall have no capital stock. The members of the corporation shall be the owners of lots in Somerset Lake, but only for so long as they are and remain such owners. The members shall be required to pay such assessments as may from time to time be levied by the corporation for its purposes. Subject to the provisions of Paragraph Sixth hereof, at all the meetings of the members of the corporation, the owners of each lot shall be entitled collectively to cast one vote, or if any member or members own more than one lot then they may collectively cast one vote for each lot owned, which vote may be cast in person or by proxy.

SIXTH: Prior to the first year that Somerset Lake Associates and/or Somerset Builders holds title to not more than twenty-five (25) lots located in Somerset Lake, the Directors appointed in the Certificate of Incorporation (the "Initial Directors") shall act as the Board of Directors of the corporation with the sole power to elect their successors and to fill any vacancies on the Board of Directors. Thereafter, the members shall be entitled to elect the Board of Directors, provided that Somerset Lake Associates shall have the right to designate a member of the Board of Directors of the Corporation until it surrenders such right in writing.

SEVENTH: Prior to the year in which Somerset Lake Associates and/or Somerset Builders holds title to no more than twenty-five (25) lots located in Somerset Lake, the Board of Directors shall establish the annual assessment for the corporation's purposes levied against each lot. At the first annual meeting of members at which such members are entitled to elect the Board of Directors, and at each regular annual meeting thereafter, the members of the corporation shall establish the amount of annual assessment for the coming year, and the Board of Directors shall thereon promptly levy such assessment for the purposes of the corporation upon property owners of each lot or lots. Assessments shall be the same for all lots with detached dwellings regardless of size for which a certificate of occupancy has been granted and in separate equal proportions with respect to each lot with attached dwellings for which a certificate of occupancy has been granted, except that assessments relating to Parish Open Space shall be uniform as to each lot in such Parish, and shall be payable annually in advance or with discounts, if paid before certain dates, as the board of Directors may fix from time to time. To the extent that any such assessment shall remain unpaid after June 1 of the year for which such assessment is made, it shall become a lien on the lot with respect to which the assessment was made, and may be recovered by appropriate execution and sale of said lot or lots by the corporation or its attorney, subject nevertheless to mortgage liens. Notwithstanding the foregoing, however, the Board of Directors may elect to make the annual assessment payable semi-annually, quarterly or monthly.

EIGHTH: To the fullest extent permitted by law, the corporation shall have the power to 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 by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), liability, loss, judgment, 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 reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, upon a plea of nolo contendere or 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 corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Such indemnity shall inure to the benefit of the heirs, executors and administrators of any such person so indemnified pursuant to this Article. The right to indemnification under this Article shall be a contract right and shall include, with respect to directors and officers, the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its disposition; provided however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in advance of the final disposition of a proceeding shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article or otherwise. The corporation may, by action of its board of directors, pay such expenses incurred by employees and agents of the corporation upon such terms as the board of directors deems appropriate. Indemnification of, and advancement of expenses to, such person shall be mandatory to the extent that applicable law provides that the corporation may authorize such indemnification and advancement of expenses. Such indemnification and advancement of expenses shall be in addition to any other rights to which those seeking indemnification and advancement of expenses may be entitled under any law, by-law, agreement, vote of members, or otherwise.

The corporation may, to the fullest extent permitted by applicable law, at any time without further member approval, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under applicable law.

Any repeal or amendment of this Article by the members of the corporation or by changes in applicable law shall, to the extent permitted by applicable law, be prospective only, and shall not adversely affect any right to indemnification or advancement of expenses of a director or officer of the corporation existing at the time of such repeal or amendment. In addition to the foregoing, the right to indemnification and advancement of expenses shall be to the fullest extent permitted by the General Corporation Law of the State of Delaware or any other applicable law and all amendments to such laws as hereafter enacted from time to time.

Nothing herein shall authorize the corporation to make levies or assessments except for a proper corporate purpose as set forth in this Certificate, unless this Certificate has been amended to expand or change such purpose by unanimous vote by all members.

NINTH: The name and mailing address of the incorporator is as follows:

Daniel M. Kristol, Esquire
Prickett, Jones, Elliott, Kristol & Schnee
1310 King Street
P.O. Box 1328
Wilmington, DE 19899

TENTH: The business and affairs of the corporation shall be carried on by a Board of Directors which shall consist of not less than two (2) nor more than three (3) persons elected for such term or terms as may be fixed by the By-Laws, which said By-Laws may be amended as therein provided. Any vacancy occurring in the Board may be filled by a majority of the remaining members of the Board until the next annual meeting of the members. Upon filing of this Certificate of Incorporation, the Board of Directors shall consist of the following persons: Steven D. Cantera and Arthur A. Carota, Jr.

ELEVENTH: This corporation shall have the power to acquire by purchase, devise or donation, or in any other manner, and to dispose of, any property or property rights, real or personal, and to enter into and perform any and all contracts and to mortgage, pledge, restrict the use of, or otherwise encumber any of its property and to draw, make endorse and accept promissory notes and bills of exchange, provided that any such action by the corporation shall be for the purpose of carrying out the objects for which it is incorporated. Without limiting the foregoing, this corporation shall have the right, power and authority to grant utility or other beneficial easements across any of the Open Spaces to which it holds title, except that no easement shall be granted for highway or other public right-of-way purposes without the consent, joinder and approval of Somerset Lake Associates, a Delaware general Partnership.

TWELFTH: Notwithstanding anything to the contrary in this Certificate of Incorporation, the corporation shall not carry on any activity not permitted to be carried on by association exempt from taxation pursuant to Section 528 of the Internal Revenue Code of 1986, as amended from time to time or the successor to such law.

The Board of Directors may elect, as they deem necessary, for the corporation to be treated as an association exempt from taxation pursuant to Section 528 of the Internal Revenue Code of 1986, as amended from time to time or the successor to such law.

**AMENDED CERTIFICATE OF INCORPORATION
OF
SOMERSET LAKE SERVICE CORPORATION**

FIRST: The name of the corporation is SOMERSET LAKE SERVICE CORPORATION. It is a corporation formed in accordance with the General Corporation Law of the State of Delaware and has been qualified under the Laws of the Commonwealth of Pennsylvania.

SECOND: The address of the registered agent of the corporation shall be Club Somerset, Club Somerset Drive, Landenberg, Pennsylvania. The registered agent at such address shall be the corporation.

THIRD: The object and purposes for which the corporation is organized and operated are to function as a non-profit homeowners association as defined in Section 528(c) of the Internal Revenue Code of 1986, as amended from time to time or the successor to such law, and to provide for the management, maintenance and care of property held by the corporation, property commonly held by the members of the corporation, property of the corporation privately held by the members of the corporation, and property owned by a governmental unit and used for the benefit of members of the corporation. In addition, it is an objective of the corporation to maintain the desirability of living in the Somerset Lake community, by helping to maintain property values and enhance the appeal of living in the community. It is also an objective to promote civic mindedness in the community as encouraging the members to participate in running the Maintenance Corporation, the Corporation committees and maintaining the desirability of the community. It is also an object of the corporation to be representative of the community by governing according to the interests of the community majority.

FOURTH: The nature of the business of the corporation is to provide for snow removal, maintenance, repair, replacement and regulation of roads, parklands, streets and entranceways; to maintain and repair as required all stormwater management areas and drainage easements; to mow and maintain Private Open Space and Parish Open Space, to take title to, own, operate and maintain any property owned by the Corporation or commonly owned by the members; to obtain and maintain liability and other insurance; to take title, own, operate and maintain any common recreational buildings and/or facilities such as, by way of illustration and not limitation, Club Somerset; to promulgate and enforce rules and regulations; to accept responsibility (if same is assigned and delegated) to enforce existing covenants; and to accept and hold title to any private roads, streets,

Private Open Space, Parish Open Space, and stormwater management systems at Somerset Lake, New Garden Township, Chester County, Pennsylvania, as shown on Microfilm No. 7687 to 7690, inclusive; 8832, 10512, 12699, 13198, 11967, 12228, 12311, 12355, 11572, 11751, 11754 and 13298, Recorder of Deeds Office, Chester County, Pennsylvania, and such additional lands as shall be defined as the Property in the Open Space Declaration for Somerset Lake; all for and in connection with the real estate development or subdivision known as Somerset Lake situate in New Garden Township, Chester County, Pennsylvania; and to levy assessments and take all other actions necessary, desirable or incident to accomplish and exercise the corporation's purposes, powers and duties including the power of the corporation to assess members of the corporation for the maintenance, repair and operation of any property owned by the Corporation or commonly owned by the members.

FIFTH: The said corporation is not a corporation organized for profit and it shall have no capital stock. The members of the corporation shall be the owners of lots in Somerset Lake, but only for so long as they are and remain such owners. The members shall be required to pay such assessments as may from time to time be levied by the corporation for its purposes. Subject to the provisions of Paragraph Sixth hereof, at all the meetings of the members of the corporation, the owners of each lot shall be entitled collectively to cast one vote, or if any member or members own more than one lot then they may collectively cast one vote for each lot owned, which vote may be cast in person or by proxy.

SIXTH: Prior to the first year that Somerset Lake Associates and/or Somerset Builders holds title to not more than twenty-five (25) lots located in Somerset Lake, the Directors appointed in the Certificate of Incorporation (the "Initial Directors") shall act as the Board of Directors of the corporation with the sole power to elect their successors and to fill any vacancies on the Board of Directors. Thereafter, the members shall be entitled to elect the Board of Directors, provided that Somerset Lake Associates shall have the right to designate a member of the Board of Directors of the Corporation only if the community is unable to fill a minimum of three (3) director positions within three (3) months of vacancy.

SEVENTH: Prior to the year in which Somerset Lake Associates and/or Somerset Builders holds title to no more than twenty-five (25) lots located in Somerset Lake, the Board of Directors shall establish the annual assessment for the corporation's purposes levied against each lot. At the first annual meeting of members at which such members are entitled to elect the Board of Directors, and at each regular annual meeting thereafter, the members of the Board of Directors shall establish the amount of annual assessment for the coming year, and the Board of Directors shall thereon promptly levy such assessment for the purposes of the corporation upon property owners of each lot or lots

notwithstanding anything to the contrary elsewhere. Assessments shall be the same for all lots with detached dwellings regardless of size for which a certificate of occupancy has been granted and in separate equal proportions with respect to each lot with attached dwellings for which a certificate of occupancy has been granted, except that assessments relating to Parish Open Space shall be uniform as to each lot in such Parish, and shall be payable annually in advance or with discounts, if paid before certain dates, as the Board of Directors may fix from time to time. To the extent that any such assessment shall remain unpaid after June 1 of the year of which such assessment is made, it shall become a lien on the lot with respect to which the assessment was made, and may be recovered by appropriate execution and sale of said lot or lots by the corporation or its attorney, subject nevertheless to mortgage liens. Notwithstanding the foregoing, however, the Board of Directors may elect to make the annual assessment payable semi-annually, quarterly or monthly.

EIGHTH: To the fullest extent permitted by law, the corporation shall have the power to 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 by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprises, against expenses (including attorney's fees), liability, loss, judgment, 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 reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, upon a plea of nolo contendere or 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 corporation, and with respect of any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Such indemnity shall inure to the benefit of the heirs, executors and administrators of any such person so indemnified pursuant to this Article. The right to indemnification under this Article shall be a contract right and shall include, with respect to directors and officers, the right to be paid by the corporation the expenses incurred in defending any such proceedings in advance of its disposition; provided however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in advance of the final disposition of a proceeding shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such

director or officer is not entitled to be indemnified under this Article or otherwise. The corporation may, by action of its board of directors, pay such expenses incurred by employees and agents of the corporation upon such terms as the Board of Directors deems appropriate. Indemnification of, and advancement of expenses to, such person shall be mandatory to the extent that applicable law provides that the corporation may authorize such indemnification and advancement of expenses. Such indemnification and advancement of expenses shall be in addition to any other rights to which those seeking indemnification and advancement of expenses may be entitled under any law, by-law, agreement, vote of members, or otherwise.

The corporation may, to the fullest extent permitted by applicable law, at any time without further member approval, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under applicable law.

Any repeal or amendment of this Article by the members of the corporation or by changes in applicable law shall, to the extent permitted by applicable law, be prospective only, and shall not adversely affect any right to indemnification or advancement of expenses of a director or officer of the corporation existing at the time of such repeal or amendment. In addition to the foregoing, the right to indemnification and advancement of expenses shall be to the fullest extent permitted by the General Corporation Law of the State of Delaware or any other applicable law and all amendments to such laws as hereafter enacted from time to time.

Nothing herein shall authorize the corporation to make levies or assessments except for a proper corporate purpose as set forth in this Certificate, unless this Certificate has been amended to expand or change such purpose by unanimous vote by all members.

NINTH: The name and mailing address of the incorporator is as follows:

Steven C. Cantera
Bellevue Holding Company
P. O. Box 1909
Wilmington, DE 19899

TENTH: The business and affairs of the corporation shall be carried on by a Board of Directors which shall consist of not less than three (3) nor more than five (5) persons elected for such term or terms as may be fixed by the By-Laws, which said By-Laws may be amended as therein provided. Any vacancy occurring in the Board may be filled by a majority of the remaining members of the Board until the next annual meeting of the members. Upon filing of this Certificate of Incorporation, the Board of Directors shall consist of the following persons: Steven D. Cantera and Arthur A. Carota, Jr.

ELEVENTH: This corporation shall have the power to acquire by purchase, devise or donation, or in any other manner, and to dispose of, any property or property rights, real or personal, and to enter into and perform any and all contracts and to mortgage, pledge, restrict the use of, or otherwise encumber any of its property and to draw, make endorse and accept promissory notes and bills of exchange, provided that any such action by the corporation shall be for the purpose of carrying out the objects for which it is incorporated.

TWELFTH: Notwithstanding anything to the contrary in this Certificate of Incorporation, the corporation shall not carry on any activity not permitted to be carried on by an association exempt from taxation pursuant to Section 528 of the Internal Revenue Code of 1986, as amended from time to time or the successor to such law.

The Board of Directors may elect, as they deem necessary, for the corporation to be treated as an association exempt from taxation pursuant to Section 528 of the Internal Revenue Code of 1986, as amended from time to time or the successor to such law.

The undersigned, being the Incorporator for the purposes of forming a corporation pursuant to Chapter 1, Title 8, of the Delaware Code, entitled "General Law", and the acts amendatory thereof and supplemental thereof, if any, makes and files this Certificate of Incorporation, hereby declaring and certifying that said instrument is his act and deed and that the facts stated herein are true and accordingly has set his hand and seal the _____ day of _____, 1999.

(SEAL)

STEVEN C. CANTERA

**BY-LAWS OF
SOMERSET LAKE SERVICE CORPORATION**

1. OFFICES.

The principal office of the Corporation shall be at the residence of the current President of the Corporation in Somerset Lake in New Garden Township, Chester County, Pennsylvania, or at the administration building at Somerset Lake if the President so elects.

The Corporation may also have an office or offices at such other places as the Board of Directors may from time to time designate.

2. CORPORATE SEAL.

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its incorporation, and the words "Corporate Seal Delaware."

3. MEETING OF MEMBERS.

(a) The annual meeting of members shall be held on the first Sunday in April of each year or, if that day is a legal holiday, on the next succeeding Sunday if not a legal holiday, at 4:00 o'clock in the afternoon at which time nominations will be made to the Board of Directors and the nominated will have the opportunity to present their position on various issues to the members of the Association. Ballots will be made available and/or mailed to the members, within two (2) business days of the annual meeting. The voting process for Director shall adhere to the following qualified election process:

Qualified election process is by mail ballot to each lot address. The ballot includes:

- 1) Name and platform for each candidate.
- 2) Instructions for making a selection by vote,
- 3) Instructions and address where to mail or deposit ballot.
- 4) Address of the lot to which this ballot counts.

Only one ballot may be counted per lot, plural ballots received may be disqualified. Directors will make reasonable attempts to clarify occurrences in which plural, contradictory ballots are received for the same lot. Ballots are to remain secret except for the purpose of checking one ballot per lot.

There is a one month period after the mailing of ballots to collect all ballots at the collection address before ballots are counted and the election results are announced. Members who do not return their ballots to the specified address by the specified one-month deadline lose their vote. Ballots of at least 25% of the lots must be received and qualified. Elected candidates resolved by ranking by count of received and qualified ballots. In the event of a tie, a run-off election may be called.

(b) Special meetings of the members may be called at any time by the President and shall be called by the President or Secretary on the request in writing or by vote of a majority of the Directors. After annual meetings of members have commenced, special meetings shall also be called at the request in writing of a majority of members in the Corporation.

(c) All meetings of the members for the election of Directors shall be held in New Garden Township, Chester County, Pennsylvania, at the administration building of Somerset Lake, or at such other place in Chester County, Pennsylvania, as the President may reasonably specify by at least ten (10) days advance written notice to the members. All other meetings of the members shall be held at such place or places, within or without the Commonwealth of Pennsylvania, as may from time to time be fixed by the Board of Directors or as shall be specified and fixed in the respective notices or waiver of notice thereof.

(d) No change in the time or place of a meeting for the election of Directors, as fixed by these By-Laws, shall be made within ten (10) days next before the day on which such election is to be held. In case of any change in such time or place for such election of Directors, notice thereof shall be given to each member entitled to vote in person, or mailed to his or her last known post office address, at least ten (10) days before the election is held.

(e) A complete list of members entitled to vote, arranged in alphabetical order, shall be prepared by the Secretary and shall be open to examination by any member at the place of election, for ten (10) days prior thereto, and during the whole term of the election.

(f) Each member entitled to vote shall, at every meeting of the members, be entitled to one (1) vote in person or by proxy, signed by him, but no proxy shall be voted on after one (1) year from its date, unless it provides for a longer period. Such right to vote other than for Director shall be subject to the right of the Board of Directors to close the transfer books or to fix a record date for voting members as hereinafter provided. Only one (1) vote shall be cast with respect to each lot in Somerset Lake. In the event that members who hold joint title to any lot attempt to cast the vote for such lot in conflicting ways, they shall be regarded as having waived their right to vote on the matter as to which such attempt was made.

(g) Notice of all meetings shall be mailed or hand delivered by the Secretary or the Secretary's assistant to each member of record entitled to vote, at his or her last known post office address, for annual meetings fourteen (14) days and for special meetings five (5) days prior thereto.

(h) Twenty-five percent (25%) of the members entitled to vote shall constitute a quorum (counting one (1) member for each lot regardless of the number of persons holding title to such lot), but any smaller number of members may adjourn from time to time without further notice until a quorum is secured.

4. DIRECTORS.

(a) The property and business of the Corporation shall be managed and controlled by its Board of Directors, consisting of three (3) or more Directors, not to exceed five (5). Directors must be members of the Corporation. Once Directors are elected, they vote among themselves to elect officers. Officers must be members of the Corporation, but need not be Directors.

(b) The Board of Directors shall initially be appointed by the Incorporator of the Corporation and shall serve until their successors are duly appointed or elected in accordance with the Certificate of Incorporation. Vacancies in the Board of Directors after election are filled by majority vote of existing Directors until next election for the term filled. A Director may be impeached by majority vote of other Directors and removed from office for not attending in person or by written proxy three (3) consecutive "non-emergency" meetings as defined herein.

(c) Notwithstanding anything to the contrary herein contained, any elected transition Director will serve for a term of at least one (1) year but no more than two (2) years from the date of transition as determined by the resignation of two (2) of the three (3) existing Directors. The Director appointed to serve at the unexpired balance of the Somerset Lake Associates Director's term shall expire at the next successive general election following appointment.

5. POWER OF DIRECTORS.

The Board of Directors shall have such general and specific powers as are conferred upon corporations by the General Corporation Law of the State of Delaware, as amended from time to time, subject only to the provisions of the statutes, Certificate of Incorporation and these By-Laws, which may restrict or deny such powers. In the event of an emergency, such as situations which require immediate action to prevent or mitigate an immediate threat of property damage, harm to individuals or wildlife, emergency actions or measures may be taken by the President without Board approval.

6. MEETING OF DIRECTORS.

(a) After each annual election of Directors, the newly elected Directors may meet for the purpose of organization, the election of officers, and the transaction of other business, at such place and time as shall be fixed by the Directors and, if a majority of the Directors be present at such place and time, no prior notice of such meeting shall be required to be given to the Directors. The place and time of such meeting may also be fixed by written consent of the Directors.

(b) Meetings of the Directors may be called by the President on five (5) days notice in writing or on two (2) days notice by telephone to each Director and shall be called by the President in like manner on the written request of two (2) Directors. A majority of the Directors (more than one (1)) shall constitute a quorum, but a smaller number may adjourn from time to time, without further notice, until a quorum is secured. Emergency meetings may be called without compliance with the aforesaid notice requirements.

7. COMMITTEES.

(a) The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate one (1) or more committees, on each of which at least one (1) of the Directors of the Corporation shall serve.

(b) All such other committees shall meet at stated times or on notice to all by any of their own members. They shall fix their own rules or procedures. A majority shall constitute a quorum, but the affirmative vote of a majority of the whole committee shall be necessary in every case.

8. OFFICERS OF THE CORPORATION.

(a) The officers of the Corporation shall be a President, one (1) or more Vice Presidents, Secretary, Treasurer and such other officers as may from time to time be chosen by the Board of Directors.

(b) Each year one (1) of the newly elected Directors shall be elected as the first Vice President. He shall thereby become the President-Elect and shall serve as such during the second year of his directorship unless the other Directors decline, for cause, to confirm him as President at the end of his term as Vice President.

(c) The officers of the Corporation shall hold office until their successors are chosen and qualify in their stead. Any officer chosen or appointed by the Board of Directors may be removed either with or without cause at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole Board of Directors.

9. DUTIES OF THE PRESIDENT.

(a) The President shall be the chief executive officer of the Corporation. It shall be his/her duty to preside at all meetings of the members and Directors, to have general and active management of the business of the Corporation, to see that all orders and resolutions of the Board of Directors are carried into effect, to execute all contracts, agreements and other instruments in the name of the Corporation and to affix the corporate seal thereto when authorized by the Board of Directors or the executive committee.

(b) The President shall have the general supervision and direction of the other officers of the Corporation and shall see that their duties are properly performed.

(c) The President shall submit a report of the operations of the Corporation for the year to the Directors at their meeting next preceding the annual meeting of the members and to the members at their annual meeting.

(d) The President shall be ex-officio a member of all standing committees and shall have the general duties and powers of supervision and management usually vested in the office of the President of a Corporation.

10. VICE PRESIDENT.

The Vice President or Vice Presidents, in the order designated by the Board of Directors, shall be vested with all powers and required to perform all the duties of the President in his/her absence or disability and shall perform such other duties as may be prescribed by the Board of Directors.

11. PRESIDENT PRO TEM.

In the absence or disability of the President and the Vice President, the Board may appoint from their own number a President pro tem.

12. SECRETARY.

The Secretary shall attend all meetings of the Corporation, the Board of Directors, the executive committee and standing committees. He/she shall act as clerk thereof and shall record all of the proceedings of such meeting in a book kept for that purpose. He/she shall give proper notice of meetings of members and Directors and shall perform such other duties as shall be assigned to him/her by the President or the Board of Directors.

13. TREASURER.

(a) The Treasurer shall have custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

(b) The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, executive committee, or President, taking proper vouchers for such disbursements and shall render to the President and Directors, whenever they may require it, an account of all his/her transactions as Treasurer, and of the financial conditions of the Corporation, and at the regular meeting of the Board next preceding the annual members meeting, a like report for the preceding year.

(c) The Treasurer shall keep an account of the members of record in such manner and subject to such regulations as the Board of Directors may prescribe.

(d) The Treasurer shall give the Corporation a bond, if required by the Board of Directors, in such sum and in form and with security satisfactory to the Board of Directors for the faithful performance of the duties of his/her office and the restoration to the Corporation, in case of his/her death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his/her possession belonging to the Corporation. Such bond and security shall, if required, be provided at the Corporation's expense. He/she shall perform such other duties as the Board of Directors or executive committee may from time to time prescribe or require.

14. DUTIES OF OFFICERS MAY BE DELEGATED.

In case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board, the Board of Directors may delegate his/her powers or duties to any other officer or to any Director for the time being.

15. CLOSING OF TRANSFER BOOKS.

The Board of Directors shall have the power to close the membership transfer books of the Corporation for a period not exceeding thirty (30) days preceding the date of any meeting of members.

16. MEMBERS OF RECORDS.

The Corporation shall be entitled to treat the holder of record of any lot or lots in Somerset Lake as members in fact of the Corporation, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such lots or memberships on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the Commonwealth of Pennsylvania.

17. FISCAL YEAR.

The fiscal year of the Corporation shall end on the last day of December of each year.

18. ASSESSMENTS.

All snow removal, maintenance, repair, replacement, reserve studies, mowing, insurance, legal fees, utility, any expenses related to the maintenance and operation of any property commonly held by members of the corporation, any property owned by the Corporation and other proper assessments, if any, shall be established annually for the calendar year by the Board of Directors of the Corporation. An equal assessment shall be made with respect to each lot improved with a detached dwelling, regardless of size, for which a certificate of occupancy has been granted and in separate equal proportions with respect to each lot improved with attached dwellings for which a certificate of occupancy has been granted, except that assessments relating to Parish Open Space shall be uniform as to each lot in such Parish. The Board of Directors may authorize the Treasurer to grant discounts of a specified and uniform amount on assessments paid prior to the due date therefor. All assessment shall be due on or before April 1 of each year for the year then in process. To the extent that the assessment levied and collected exceed expenses for the year as to which the assessments were made, the excess shall be held by the Corporation in trust for the Corporation's members, for the purpose of maintaining, repairing and replacing the roads, private open spaces and drainage systems in Somerset Lake. No such funds shall belong to or be regarded as the property of the Corporation, but it shall be empowered to expend and disburse the trust fund for capital improvements to private open spaces, the improvements thereof, and drainage systems in Somerset Lake for the benefit of its members. No member shall be entitled to withdraw any trust funds, whether on demand, or upon ceasing to own a lot in Somerset Lake or otherwise, unless the Corporation is directed to dissolve the trust by unanimous vote of all members.

19. CHECKS FOR MONEY.

All checks, drafts or orders for the payment of money shall be signed by the Treasurer or by such other officer or officers as the Board of Directors may from time to time designate except that two (2) members of the Board of Directors are required to sign checks in excess of Five Hundred Dollars (\$500.00). No checks shall be signed in blank.

20. BOOKS AND RECORDS.

The books, records and accounts of the Corporation, except as otherwise required by the laws of the State of Delaware, may be kept within or without the State of Delaware, at such place or places as may from time to time be designated by the By-Laws or by resolution of the Directors.

21. NOTICES.

Notice required to be given under the provisions of these By-Laws to any Director, officer or member shall not be construed to mean personal notice, but may be given in writing by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such member, officer or director at such address as appears on the books of the Corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed. Any member, officer or director may waive, in writing, any notice required to be given under these By-Laws, whether before or after the time started therein.

22. AMENDMENT.

These By-Laws may be amended, altered, repealed or added to at a regular or special meeting of the members, provided there is a quorum of the meeting of the members as defined elsewhere in these Bylaws and provided further that any change in the Bylaws shall require at least an affirmative vote of no less than seventy-five percent (75%) of those attending the meeting either personally or by proxy that constitutes a quorum.

23. ACTION BY UNANIMOUS RESOLUTION.

Notwithstanding any provision herein to the contrary, the written unanimous resolution of the Board of Directors, dated and signed, shall constitute the effective act of the Corporation as of such date without the necessity of prior notice or formal meeting, and such resolution shall in itself constitute a duly executed waiver of prior notice for a meeting to consider the matter thereby decided. No action in writing may be taken by less than all of the members of the Corporation, but the members must duly convene to take any action by less than unanimous vote or action, and no action may be taken in writing prior to the time when the first annual meeting of members has been held, unless requested by the Board of Directors.

24. DEED RESTRICTION VIOLATION PROCEDURE.

(a) Any violation is to be reported by the Property Management Firm or Member of the Corporation to the Board.

(b) Deed restriction violation form will be filled out by the Property Management staff describing the problem and potential solutions and submitted to the Board.

(c) A copy of the report is provided to the resident specifying a time for compliance.

(d) A certified letter is sent to the resident explaining in more detail what the problem is and why it requires correction. If possible, the letter should cite specific passages from deed restrictions. This letter gives another deadline for action.

(e) If these steps have not resulted in compliance, legal action is pursued.

I, the undersigned, Secretary of the Corporation, do hereby certify that the foregoing is a true, complete, and accurate copy of the By-laws of Somerset Lake Service Corporation duly adopted by unanimous written consent of the Board of Directors and I do further certify that these By-Laws have not since been altered, amended, repealed, or rescinded, and are now in full force and effect.

25. RESERVATION OF RIGHTS. In consideration of Somerset Lake Service Corporation's right to receive the Property and the operations of the Club pursuant hereto, Somerset Lake Associates reserves and retains unto itself, its successors and assigns, the right to provide membership rights for use of the Club and all facilities related thereto or used in connection therewith to homeowners of lots or units next developed by Somerset Lake Associates or its affiliates and located adjacent to the Property or the development commonly known as "Somerset Lake" located in New Garden Township, Chester County, Pennsylvania. Any such membership rights by such additional homeowners shall be governed by the Declarations and any rules promulgated by the Club with respect to use by all members thereof, as the same may thereafter be amended. The foregoing provisions shall run with the land and may, at the option of Somerset Lake Associates, be included in the deed to the Property to be delivered by Somerset Lake Associates, to Somerset Lake Service Corporation in accordance with the terms of this Agreement.

Secretary

UNANIMOUS CONSENT OF
THE BOARD OF DIRECTORS

OF

SOMERSET LAKE SERVICE CORPORATION

AND

UNANIMOUS CONSENT OF THE
SHAREHOLDERS

OF

SOMERSET LAKE SERVICE CORPORATION

WHEREAS, the undersigned, constitute all of the Directors of the above named corporation; and

WHEREAS, the undersigned, constitute all of the Shareholders of the above named corporation;

WHEREAS, on _____, the Shareholders and Directors of Somerset Lake Service Corporation directed that the Certificate of Incorporation be amended and the Bylaws be changed as attached.

In all respects, the Officers and Directors of the Corporation are empowered to take whatever steps are reasonably necessary to accomplish the resolutions as expressed herein.

DECLARATION

[OPEN SPACE]

THIS DECLARATION made this 12th day of November A.D. 1987, by SOMERSET LAKE ASSOCIATES, a Delaware partnership, hereinafter referred to as "Declarant".

WHEREAS, Declarant became seized of a certain parcel of land (the "Property") situate in New Garden Township, Chester County and Commonwealth of Pennsylvania, known as Somerset Lake, as set forth on the Plan of Somerset Lake, prepared by Curtis, Cox & Kennedy, dated 7/27/87, last revised 10/26/87, and of record in the Office of the Recorder of Deeds in and for Chester County, at West Chester, in Microfilm No. 7688 ("Plan"); and

WHEREAS, Declarant reserves the right to subject other lands in New Garden Township contiguous to the lands subject to this Declaration, as the same may be amended, to the terms and conditions of this Declaration; and

WHEREAS, Declarant, in connection with the final approval of the Plan by New Garden Township desires to impose deed restrictions relative to the maintenance of the storm water management system, Somerset Lake, private open spaces and streets as shown on said Plan.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That the Declarant does covenant and declare that it shall hold and stand seized of the lands described on said Plan under and subject to the following restrictions, covenants and agreements, which shall be covenants running with the land, and which shall be binding upon Declarant, its successors and assigns, for the benefit of each lot or parcel of land as set forth on the record Plan approved by New Garden Township and for the benefit of New Garden Township, a political subdivision of the Commonwealth of Pennsylvania, its successors or assigns:

1. DEFINITIONS.

Declaration, Declarant, Property and Plan shall have the meanings given them above. In addition, the following words when used in this Declaration or in any supplement hereto shall have the following meanings:

(a) "Board" shall mean and refer to the Board of Directors of the Maintenance Corporation.

(b) "By-laws" shall mean the by-laws of the Maintenance Corporation.

(c) "Lot" shall mean and refer to any single family residential plot of land for an attached dwelling or detached dwelling shown on the Plan or upon any recorded subdivision plan of the Property or upon any other subdivision plan for land made subject to the terms and conditions of this Declaration.

(d) "Maintenance Corporation" shall mean and refer to the Somerset Lake Service Corporation, a non-profit corporation formed under the laws of the State of Delaware and qualified to do business in the Commonwealth of Pennsylvania.

(e) "Member" shall mean and refer to every person or entity who holds Membership in the Maintenance Corporation as set forth in Paragraph 3(a).

(f) "Membership" shall mean and refer to possession of the rights and obligations of a Member.

(g) "Mortgage" shall mean and refer to each mortgage of record granted by an Owner as a lien upon a Lot.

(h) "Mortgagee" shall mean and refer to each holder of record of a Mortgage.

(i) "Owner" shall mean and refer to the then record owner, whether one or more persons or entities, of the fee simple title to any Lot.

(j) "Parish" shall mean and refer to those areas of the Property designated as such on the Plan, including the Lots and Parish Open Space contained within such Parish. Each Parish shall have a separate Parish name.

(k) "Parish Open Space" shall mean and refer to such private open space as shall be situate within a Parish as shown on the Plan and so designated thereon.

(l) "Private Open Space" shall mean and refer to those areas of the Property shown on the Plan which are so designated.

(m) "Somerset Lake" shall mean and refer to that body of water, situate within the Private Open Space, designated as such on the Plan.

(n) "System" shall mean and refer to the storm water management system and any other system for management of storm water drainage shown on the Plan including the spill ways, if any, shown thereon.

(o) "Township" shall mean and refer to New Garden Township.

2. EASEMENTS.

(a) Grant of Easements.

Declarant hereby grants, creates and declares, subject to the Declaration and the right of the Maintenance Corporation to promulgate and enforce rules and regulations governing the use and enjoyment of the Private Open Space, Parish Open Space and Somerset Lake, the following common, free and uninterrupted uses, rights, liberties, easements and privileges in, upon, through, over, under and across the Private Open Space, Parish Open Space and Somerset lake for the benefit of Declarant, its successors and assigns, and the Maintenance Corporation, its successors and assigns: all present and future owners, tenants and occupants of the Lots and their guests, invitees, servants and employees (and, except as provided herein, no person shall have the right to the use or enjoyment of any easement created herein, and none of the rights, privileges or easements created herein are for the benefit of the public at large and the use and benefit of the Parish Open Space is intended for the benefit of owners of Lots in such Parish):

(1) access to and ingress and egress to and from all portions of the Private Open Space including Somerset Lake; and

(2) right and enjoyment in and to the Private Open Space and Somerset Lake (subject to the rules and regulations promulgated by the Maintenance Corporation); and

(3) use and enjoyment of all footways, paths, bridal paths, sidewalks, driveways and roadways located on the Private Open Space and entrances and exits to streets and roads which are now or hereafter may be located within the Property; and

(4) the use of any and all recreational and community facilities which are now existing or to be constructed or erected on the Private Open Space, subject nevertheless to the rules, regulations and fees applicable thereto.

(b) Declarant Reservation of Easements.

(1) Declarant reserves unto itself, its successors and assigns, a perpetual easement and right of way on, over, through, across and under the Private Open Space and the Parish Open Space for the erection, construction and maintenance of wires and conduits, and necessary and proper attachments in connection therewith, for the transmission of electricity, television, telecommunications, telephone and other purposes; for the construction and maintenance of driveways; for the construction and maintenance of storm water drains, land drains, spillways, public and private sewers, pipelines for supplying gas, water and heat, and for any other public or quasi-public utility or function conducted, maintained, furnished or performed, by or in any method, above or beneath the surface of the ground, including cable television, and said Declarant shall have the right to enter upon the Private Open Space or Parish Open Space for any purposes for which said easements and rights of way are reserved, including the right to trim and keep trim, in a workmanlike manner, all trees and growing things within said easements and rights of way, so as to provide proper clearance for the safety of operation and maintenance of the aforesaid facilities.

(2) Declarant further reserves unto itself, its successors and assigns, the right and easement over, under, through and across the Private Open Space and the Parish Open Space for the purpose of constructing buildings, structures or improvements upon the Property.

(3) Declarant further reserves unto itself, its successors and assigns, including Shangri-la Sewer Co., the right and easement to maintain and operate a spray irrigation system on, over, or upon, such portion of the Private Open Space as is specified for such purposes on the Plan.

(4) Declarant further reserves unto itself, its successors and its assigns, easements along the rights of way of all roads on the Property for the purpose of constructing and maintaining pipes for transportation of water from wells situate on the Property to the outside boundary lines of the Property and to all publicly maintained roads, including but not limited to, Sunny Dell Road, Newark Road, Buttonwood Road, Broadrun Road and Southwood Road.

(5) The easements and rights of way reserved by Declarant herein expressly include the right to cut any trees, bushes or shrubbery, to make any changes in grading of the soil, to make excavations, or to take any similar action as may be

reasonably necessary in Declarant's sole opinion to construct any building or other improvement and to maintain reasonable standards of health, safety and appearance. This right also includes actions necessary for proper forestry management for those portions of the Private Open Space and the Parish Open Space in wooded areas and actions necessary for proper cultivation and harvest of lands within the Private Open Space and the Parish Open Space which are used for growing crops as may be permitted by Declarant. However, nothing contained in this reservation of easement shall be considered to create an obligation of Declarant to provide or maintain any utility or service.

(c) **Utility Easements.**

Declarant does hereby grant and convey unto New Garden Township, as may be applicable, those certain utility easements, if any, for public improvements as shown on the Plan and as the Plan may be expanded over time, as well as a blanket easement over and upon the Private Open Space and the Parish Open Space for the sole limited purpose of providing access to said utility easements for the purpose of construction and maintenance of the improvements therein.

(d) **Duration of Easements.**

The easements and rights granted and reserved herein are and shall be deemed as running with the land and shall be perpetual and shall continue in force and effect until modified or terminated pursuant to the provisions of this Declaration.

3. MAINTENANCE CORPORATION AND ASSESSMENTS.

In order that the storm water management system (the "System") and the Private Open Space (including Parish Open Space and Somerset Lake) as set forth on said Plan shall be maintained, there has been organized a maintenance corporation (the "Maintenance Corporation") known as the SOMERSET LAKE SERVICE CORPORATION, whose members shall be record owners of the Lots shown on said Plan.

(a) **Members.** The purchaser of any Lot by the acceptance of a deed to said land, obligates and binds himself, his heirs and assigns, to become a member of the Maintenance Corporation and to be bound by all of its rules and regulations and to be subject to all of the duties and obligations imposed by membership in the Maintenance Corporation, but no Owner shall have more than one Membership for each Lot so owned.

Declarant reserves the right to subject to this Declaration other lands contiguous to the lands subject to this Declaration, and thereby expand the right to Membership in the Maintenance Corporation.

(b) **Payment.** Each Owner of any Lot, by acceptance of a deed therefor, is deemed to covenant and agree to pay to the Maintenance Corporation (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided, provided that all assessments must be fixed at a uniform rate for all Lots for detached dwellings and at a separate uniform rate for all Lots for attached dwellings, and (3) with respect to a Lot in any Parish, any assessment relating to Parish Open Space within such Parish, any such assessment to be uniform as to each Lot Owner in such Parish. Each such assessment, together with interest, costs and reasonable attorney's fees shall be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation shall not pass to any

successors in title unless expressly assumed by them. The assessments levied by the Maintenance Corporation shall be used exclusively for the purpose of the improvement and maintenance of the said Somerset Lake, roadways, the System, Private Open Space, Parish Open Space, cutting and maintenance of unpaved roadway shoulders, snow plowing and snow removal, payment of real estate taxes and insurance premiums and costs of operating the Maintenance Corporation (including legal and accounting fees.) Said assessments shall be in sufficient amount to pay the cost of keeping the aforesaid in good usable condition, to pay all operating expenses of the Maintenance Corporation and to offset any uncollected prior assessments.

(c) Amount. The amount of such assessments shall be fixed annually for the calendar year by the Board of Directors of the Maintenance Corporation, and shall be charged or assessed in equal proportions against each Lot for detached dwellings regardless of size and in separate equal proportions against each Lot for attached dwellings, except that assessments relating to Parish Open Space shall be uniform as to each Lot Owner in such Parish.

(d) Delinquency. Any assessments which are not paid when due shall be delinquent and shall bear interest from the date of delinquency at the rate of ten (10%) per centum per annum, and the Maintenance Corporation may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise avoid liability for the assessments provided for herein by non-use of the Private Open Space or abandonment of his Lot.

(e) Lien. It is expressly agreed that the assessments referred to above shall be a lien or encumbrance on the Lot in respect to which said assessments are made and it is expressly stated that by acceptance of title to any Lot, the Owner (not including Mortgagee) from the time of acquiring title thereto shall be held to have covenanted and agreed to pay said assessments to the Maintenance Corporation.

(f) Suits. By acceptance of title, each Owner shall be held to vest in the Maintenance Corporation the right and power, in its own name, to take and prosecute all actions or suits, legal, equitable, or otherwise, which may be, in the opinion of the Maintenance Corporation, necessary or advisable for the collection of such assessments.

(g) Subordination. Said assessments shall be subordinate in lien to the lien of any Mortgage or Mortgages on any property which is subject to such charges regardless of when said Mortgage or Mortgages were created or when such charges accrued; provided that such subordination shall apply only to charges that shall have become payable prior to the passing of title under foreclosure of such Mortgage or Mortgages, and the transferee shall not be liable for payment of any assessment accruing prior to said foreclosure, but nothing herein shall be held to affect the rights herein given to enforce the collection of such charges accruing after sale under foreclosure of such Mortgage or Mortgages; and provided, further, that such charges accruing after sale shall also be subordinate in lien to the lien of any further Mortgage or Mortgages which are placed on property subject to such charges, with the intent that no such charges shall at any time be prior in lien to any Mortgage or Mortgages whatsoever on such property.

(h) Management. The Maintenance Corporation shall be managed by the Board which may employ such personnel and consultants as it deems necessary, including engagement of a firm as professional manager. The Maintenance Corporation shall have the right to contract with affiliates of Declarant to perform management services,

provided the fees and charges for such services do not exceed the prevailing rates for such services. The Board shall consist of at least three but not more than seven directors. The Board shall, on behalf of the Maintenance Corporation, promulgate rules and regulations governing the use of the Private Open Space and the Parish Open Space. The rules and regulations shall be sent to all Members.

The Board shall be appointed by Declarant until such date as (i) Declarant shall have filed of record subdivision plans for all sections of the Property and (ii) no more than twenty-five (25) Lots are owned of record by Declarant. At such time, the Members, including Declarant, shall elect the Board except that Declarant shall have the right to designate a Member of the Board until Declarant surrenders such right in writing.

4. DUTIES OF MAINTENANCE CORPORATION.

Declarant has incorporated under the laws of the State of Delaware a non-profit corporation known as the SOMERSET LAKE SERVICE CORPORATION for the benefit of all Owners of Lots which corporation is charged with the duty of acquiring, managing, constructing, maintaining or caring for said Private Open Space, Parish Open Space, the System, and Somerset Lake in a good and usable condition. The Maintenance Corporation is also charged with maintaining any dams on the Property and causing such dams to be inspected in accordance with applicable law. The Maintenance Corporation has qualified to do business in Pennsylvania. The Maintenance Corporation shall pay all real estate taxes and other governmental assessments imposed on any property to which it has title. The Maintenance Corporation shall also obtain and pay for reasonable public liability insurance and fire insurance.

5. PRIVATE OPEN SPACE AND STORM WATER MANAGEMENT SYSTEM.

A. Expenses. The Private Open Space shall be maintained for the recreational and communal use of the Members of the Maintenance Corporation and the Parish Open Space shall be maintained for the recreational and communal use of Lot Owners within such Parish, subject to this Declaration and to the rules and regulations of the Maintenance Corporation attached hereto as Exhibit "A" or otherwise adopted. Any reasonable expenses incurred by Declarant with respect to such maintenance, including maintenance of the System, shall be billed to and paid by the Maintenance Corporation. In the event the Board recommends and approves conveyance of any Private Open Space, the Maintenance Corporation shall have the right to convey such Private Open Space (other than by dedication pursuant to Paragraph 8 hereof) upon approval of eighty percent (80%) of the voting interests of the Members of the Maintenance Corporation and the consent of a majority of the Board of Supervisors of New Garden Township.

B. Obligations of Declarant. The Declarant shall, at Declarant's cost and expense, design, lay out and construct, and obtain all the necessary approvals for, the System to serve the Property.

C. Obligation of Maintenance Corporation. Upon conveyance of the Private Open Space (including Parish Open Space) to the Maintenance Corporation, the Maintenance Corporation shall assume the continued maintenance, repair and lawful operation of the System at the Maintenance Corporation's cost and expense. The obligation so to do shall exist in perpetuity. Interim operation by the Township shall not relieve the Maintenance Corporation of the responsibility and liability for costs and expenses in the operation and maintenance of the System incurred by the Township or its agents.

D. Assessment of Costs and Operation and Maintenance. All costs of operation and maintenance of the System including, but not limited to, repair or erosion, removal of sediment, repair or replacement of materials and structures as and when the same may be necessary and the repair of any and all of the various spillways as set forth in the approved Plan for Somerset Lake, and also including, but not limited to, appropriate reserves for repairs, replacements, operation and maintenance shall be assessed ratably among the Members as herein provided.

E. Operational or Maintenance Default. In the event that the Declarant or the Maintenance Corporation fails to maintain and operate the said System or Private Open Space (including Parish Open Space), the Township may, but shall not be obligated, either by its agents, or by its servants, employees or contractors, to operate and maintain the said System or Private Open Space at the cost and expense of the Members so long as the Township in its sole discretion deems it necessary in order to assure the performance of the Declarant's and Maintenance Corporation's obligation. The costs of operation and maintenance shall continue to be the obligation and liability of the Members and the assessments for such operation and maintenance may be made directly by the Township against the respective Members and their Lots. The Township may exercise the rights herein granted, including the question of existence of default, at any time and from time to time as the Township Board of Supervisors in their discretion shall deem appropriate. Further, if the Township elects to exercise the powers herein granted, it shall be acting as agent of the Declarant and the Maintenance Corporation only and shall not be liable for any act of omission or commission in the operation of the said System or Private Open Space and the Maintenance Corporation agrees to indemnify and save the Township harmless of and from any liability it might have to third parties with respect to the operation and maintenance of the System under the provisions of this Paragraph. It is further provided that any costs or expense incurred by the Township in the operation and maintenance of the System or Private Open Space under this Paragraph may be recovered by the Township from the Maintenance Corporation and Lots of the Members thereof by the filing of municipal liens. The Township shall be deemed a third party beneficiary for purposes of enforcement of the terms of this Agreement.

F. Parish Open Space. Each Parish as shown on the Plan has Private Open Space allocated to such Parish which is designated "Parish Open Space." The Maintenance Corporation shall maintain all Parish Open Space. Real estate taxes on Parish Open Space and all costs of maintaining Parish Open Space shall be shared equally by all Lot Owners within such Parish.

The cost of maintenance of Parish Open Space includes but it is not limited to grass cutting, landscaping and tree maintenance and replacement and other Parish Open Space maintenance limited in its benefit to Lot Owners within such Parish.

Lot Owners within a Parish may by majority vote direct the Maintenance Corporation to perform maintenance services to Parish Open Space within such Parish. Such expenses shall be shared equally by all Lot Owners with such Parish.

Each private driveway to a Lot within a Parish shall be by easement to a private Parish road to a public road and the Parish Open Space shall be subject to such easements. The Owner of a Lot in a Parish served by such easement shall maintain the same and common easements shall be maintained equally by the common users thereof.

Parish Open Space may be subject to permanent easements to permit the maintenance of decks, patios, terraces, open porches and the like for the benefit of Lots in such Parish contiguous to such Parish Open Space and Declarant does hereby reserve the right to such easements.

6. VOTE.

All of the record Owners of Lots shall be entitled to one (1) vote for each Lot (whether for attached dwelling or detached dwelling) in which they hold the interest of a record fee. The vote for such Lot shall be exercised as they may among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Declarant shall be entitled to one (1) vote for each Lot to which it or its designee continues to hold title.

7. STREETS.

The Maintenance Corporation shall at no time close or obstruct the streets except insofar as the same shall be temporarily necessary for maintenance or snow plowing.

8. DEDICATION.

Declarant intends to cause the streets and portions of the System to be dedicated to public use. Nothing herein contained shall prevent such dedication, nor shall anything herein prevent dedication of the Private Open Space or Somerset Lake to any appropriate governmental body or authority having jurisdiction thereover which agrees to maintain and improve said Private Open Space or Somerset Lake upon written approval of members of the Maintenance Corporation having two-thirds (2/3) of the vote thereof and, to the extent required by law, New Garden Township.

9. RUNNING WITH THE LAND.

These covenants and restrictions shall be taken to be real covenants running with the land and binding thereon perpetually or until such time as the streets, Somerset Lake, the System, and the Private Open Space are dedicated or conveyed to any appropriate governmental body.

10. ADMINISTRATION BUILDING LEASE.

The Maintenance Corporation shall lease unto Declarant so long as this Declaration is in effect the administration building and storage area (collectively the "Building") situate upon the Private Open Space, together with land contiguous to the Building constituting not more than three percent (3%) of the Property, for \$1.00 per year on a net/net/net basis. Declarant, its assigns or sublessees, shall bear the entire expense of maintaining and operating the Building and land appurtenant thereto, including reasonable insurance with respect thereto.

11. RIGHTS OF NEW GARDEN TOWNSHIP.

It is the intent of these Declarations that said Maintenance Corporation will be an active corporation of the State of Delaware authorized to do business in Pennsylvania and in the event that either the Declarant or the Maintenance Corporation fail or decline to maintain said System, Private Open Space or Parish Open Space, Declarant hereby grants unto New Garden Township, its successors or assigns, the right, privilege and authority to enter upon the Property and maintain said System or Private Open Space (including Parish Open Space) at the expense of the Owners of the Lots as provided in this Declaration.

12. SOMERSET LAKE.

A. The use and enjoyment of Somerset Lake shall be subject to this Declaration and rules and regulations adopted by the Maintenance Corporation.

B. Only Owners of Lots in Somerset Lake, their families or tenants residing in a dwelling on the Lot, and (to the extent disclosed in writing to Declarant and/or the Maintenance Corporation at least three (3) days prior to such use) their invitees, shall have the right to the use and enjoyment of Somerset Lake.

C. Declarant, for itself and the Maintenance Corporation, reserves the right, and shall have the right, to remove any person from Somerset Lake and its shore at any time and for any reason so long as either of them in their reasonable judgment believes such removal to be in the best interests of the other persons having a right to enjoy the use of Somerset Lake.

D. Use of Somerset Lake may be denied to any Member of the Maintenance Corporation who is delinquent in payment of assessments or other charges of the Maintenance Corporation.

E. No motor powered boat shall be permitted on Somerset Lake unless the motor power is exclusively by electric motor.

F. No boat in excess of 20 feet in length shall be permitted on Somerset Lake.

G. No trash or waste shall be disposed of in Somerset Lake.

H. Continual or repeated violations of the rules and regulations respecting Somerset Lake or intentional disregard of such rules and regulations shall be a basis for permanently barring any person from the use and enjoyment of Somerset Lake.

I. The Declarant or the Maintenance Corporation shall have the right to temporarily close Somerset Lake for dredging, repair, prevention of injury or disease or for any other reason in their sole discretion.

J. No public access to or right to the use and enjoyment of Somerset Lake is intended by this Declaration.

13. MODIFICATION. Notwithstanding anything herein contained to the contrary, Declarant hereby expressly reserves the right at any time and from time to time to change or modify any of the terms or conditions hereof, (including expansion of the lands included as Property), provided that Article 5, Sections B, C, D and E and this Article shall not be amended without the consent of a majority of the Board of Supervisors of New Garden Township. Declarant's herein reserved right to modify this Declaration shall terminate when Declarant's right to appoint the Board terminates pursuant to Subsection 3(h) hereof and thereafter the Maintenance Corporation shall succeed to and have such right to modify this Declaration upon the approval of seventy-five per centum (75%) of the Members to such change.

14. EFFECTIVE DATE.

The foregoing covenants shall be effective only in the event that subdivision of the Property is finally approved by The Township Supervisors of New Garden Township

by resolution, and the Plan recorded in the Office of the Recorder of Deeds in and for Chester County, Pennsylvania.

IN WITNESS WHEREOF, the said SOMERSET LAKE ASSOCIATES, a Delaware partnership, has caused its name, by a general partner, to be hereunto set and sealed the day and year aforesaid.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a horizontal line.

SOMERSET LAKE ASSOCIATES

By Longview Associates, Inc., a
general partner



A handwritten signature in black ink, appearing to be 'L. J. ...', positioned above a horizontal line. To the right of the signature, the word '(SEALING)' is written in parentheses.

Attest 

A handwritten signature in black ink, appearing to be 'J. ...', positioned above a horizontal line.

STATE OF DELAWARE :
: SS.
NEW CASTLE COUNTY :

BE IT REMEMBERED that on this 12 day of Nov A.D. 1987, personally came before me, the subscriber, a Notary Public for the State of Delaware, Steven A. Cantora Vice President of LONGVIEW ASSOCIATES, INC., a corporation existing under the laws of the State of Delaware, general partner of SOMERSET LAKE ASSOCIATES party to this Declaration, known to me personally to be such, and acknowledged this Declaration to be his act and deed and the act and deed of said corporation as general partner, that the signature of the President thereto is in his own proper handwriting and the seal affixed is the common and corporate seal of said corporation, and that his act of sealing, executing, acknowledging and deliver said Declaration was duly authorized by a resolution of the Board of Directors of said corporation.

GIVEN under my Hand and Seal of office the day and year aforesaid.

Ruth B. Fawcett
NOTARY PUBLIC

My Commission Expires: 6/8/87

MAINTENANCE CORPORATION
RULES AND REGULATIONS

A. Lot owners and occupants shall not undertake Private Open Space maintenance without the Maintenance Corporation's written approval.

B. Signs, woodpiles, structures, or other objects shall not be erected or placed upon the Private Open Space except pursuant to the Maintenance Corporation's prior written permission.

C. Lawn chairs, tables, barbecues, game equipment, toys and other such items should be placed upon the Private Open Space only at such times and places as the Maintenance Corporation may from time to time prescribe; and shall be removed from the Private Open Space when not in use.

D. No fires shall be caused or permitted upon the Private Open Space, except pursuant to the Maintenance Corporation's prior written permission.

E. No refuse whatsoever, including leaves and cuttings, should be dumped upon the Private Open Space.

F. ELEANOR M. REYNOLDS, as former owner of the Property, and her children shall have the right during their lives to use and enjoy without charge the recreational facilities, if any, provided upon the Property, including membership rights without charge in any club or clubhouse established thereon.

48

RETURN TO ROBINSON & GRAYSON
4001 KENNETT PINE, SUITE 300
P.O. BOX 2028
WILMINGTON, DE 19807
Tax Parcel #60-6-027

48/44

AMENDMENT TO DECLARATION

OPEN SPACE

THIS AMENDED DECLARATION made this 4th day of November, A.D., 1993, by Somerset Lake Associates, a Delaware partnership, (hereinafter referred to as "Declarant").

WHEREAS, Declarant became seized of a certain parcel of land (the "Property") situate in New Garden Township, Chester County and Commonwealth of Pennsylvania, known as Somerset Lake, as set forth on the plan of Somerset Lake, prepared by Curtis, Cox & Kennedy, dated 7/27/87, last revised 10/26/87, and of record in the Office of the Recorder of Deeds in and for Chester County, at West Chester, in Microfilm No. 7688 ("Plan"); and

WHEREAS, on the 12th day of November A.D., 1987, Declarant, in connection with the final approval of the plan by New Garden Township, implemented certain restrictive covenants relative to the maintenance of the Stormwater Management System, Somerset Lake, Private Open Spaces and Streets as shown on said Plan all as more particularly contained and set forth in the DECLARATION [OPEN SPACE] by Somerset Lake Associates, a Delaware partnership, dated November 12, 1987 and recorded in the Office of the Recorder of Deeds for Chester County, in Deed Book 1246, Page 157 (the "Original Declaration"); and

WHEREAS, pursuant to Article 13 of the Original Declaration, Declarant expressly reserved the right at any time, and from time to time, to change or modify any of the terms or conditions of the

Original Declaration (including expansion of the lands included as Property) provided that Article 5, Section B, C, D and E and the said Article 13 could not be amended without the consent of the majority of the Board of Supervisors of New Garden Township; and

WHEREAS, pursuant to Article 13 of the Original Declaration, Declarant desires to change and modify the terms and conditions of Article 5, Section A, of the Original Declaration.

NOW, THEREFORE, know all men by these presents, that Declarant intending to be legally bound does hereby state and declare that Article 5, Section A of the Original Declaration shall be stricken in its entirety and restated as follows:

"PRIVATE OPEN SPACE AND STORMWATER MANAGEMENT SYSTEM.

A. **EXPENSES.** The Private Open Space shall be maintained for the recreational and communal use of the Members of the Maintenance Corporation and the Parish Open Space shall be maintained for the recreational and communal use of Lot Owners within such Parish, subject to this Declaration as amended and to the rules and regulations of the Maintenance Corporation attached to the Original Declaration as Exhibit "A" or otherwise adopted. Any reasonable expenses incurred by Declarant with respect to such maintenance, including maintenance of the System, shall be billed to and paid by the Maintenance Corporation. In the event the Board recommends and approves the subdivision and conveyance of any Private Open Space, the Maintenance Corporation shall have the right to subdivide and convey such Private Open Space (other than by dedication pursuant to Paragraph 8 hereof) upon consent to the subdivision plan by the Board of Supervisors of New Garden Township.

Notwithstanding anything herein contained to the contrary, Declarant and the Maintenance

Corporation expressly reserve unto themselves, the right to grant and convey in fee, and free of the Grant of Easements set forth in Article 2, Section A hereof, that portion of Private Open Space #1 as more particularly identified and described on the Minor Subdivision Plan Somerset Lake - Phase I Queens Court, New Garden Township, Chester County, Pennsylvania, and recorded in the Office of the Recorder of Deeds in and for Chester County, at West Chester, in Microfilm No. ___ under such terms and conditions as are acceptable to Declarant and the Maintenance Corporation. Provided, however, that the terms and conditions of said conveyance shall provide that the grantee shall be solely responsible for constructing, managing, maintaining and caring for a pond which shall serve to improve the quality of the water serving the Property and shall be further responsible for landscaping, managing, maintaining and caring for the entire parcel so conveyed to the reasonable satisfaction of the Maintenance Corporation. Said requirements shall be covenants running with the land and shall be binding upon the grantee(s), their heirs, successors and assigns."

The remainder of the Original Declaration shall remain unchanged.

IN WITNESS WHEREOF, the said Somerset Lake Associates, a Delaware partnership, has caused its name, by a general partner, to be hereunto signed and sealed the day and year aforesaid.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

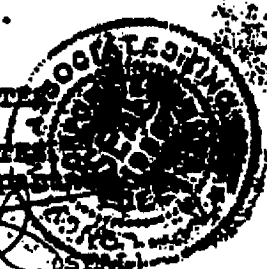
Darnell Smith

SOMERSET LAKE ASSOCIATES

By: LONGVIEW ASSOCIATES
INC. a general partner

By: *[Signature]*

Attest: *[Signature]*



ROBINSON & GRAYSON
STATE OF DELAWARE)
COUNTY OF NEW CASTLE)

SS.

BE IT REMEMBERED that on this 4th day of November, A.D., 1993, personally came before me, the Subscriber, a Notary Public for the State of Delaware, Steven C. Cantera, Vice President of Longview Associates, Inc., a corporation existing under the laws of the State of Delaware, General Partner of Somerset Lake Associates, party to this Amended Declaration, known to me personally to be such, and acknowledge this Amended Declaration to be his act and deed and the act and deed of the said corporation as general partner, that the signature of the Vice President thereto is in his own proper handwriting and the seal affixed is the common corporate seal of the said corporation and that this act of sealing, executing, acknowledging and delivering said Amended Declaration was duly authorized by a resolution of the Board of Directors of said corporation.

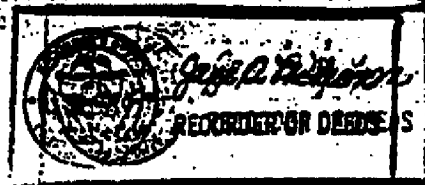
GIVEN under my hand and seal of office the day and year aforesaid.

Steven C. Cantera
NOTARY PUBLIC

My commission expires: 3-3-98



ROBINSON & GRAYSON
4001 KENNETT PCK, SUITE 200
P.O. BOX 200
WILMINGTON, DE 19807



DATE: 03/28/1994 TIME: 11:12A INT. NO.: 23416

CHESTER COUNTY, PA
OFFICE OF THE RECORDER OF DEEDS

RECEIPT NO :	030075	TYPE DOC :	HYDC
REC FEE	:		13.00
LOC RTT	:		0.00
ST RTT	:		0.00
UNIT TAX	:		0.50

BK 3729 PG 663

**SECOND AMENDMENT TO
DECLARATION OPEN SPACE**

THIS SECOND AMENDED DECLARATION made this day
of , A.D. 1999, by **SOMERSET LAKE ASSOCIATES**, a
Delaware Partnership, (hereinafter referred to as "Declarant").

WHEREAS, Declarant became seized of a certain parcel of land (the
"Property") situate in New Garden Township, Chester County and Commonwealth of
Pennsylvania, known as Somerset Lake, as set forth on the Plan of Somerset Lake,
prepared by Curtis, Cox & Kennedy, dated 7/27/87, last revised 10/26/87, and of record
in the Office of the Recorder of Deeds in and for Chester County, at West Chester, in
Microfilm No. 7688 ("Plan"); and

WHEREAS, on the 12th day of November A.D., 1987, Declarant, in
connection with the final approval of the Plan by new Garden Township, implemented
certain restrictive covenants relative to the maintenance of the Stormwater Management
System, Somerset Lake, Private Open Spaces and Streets as shown on said Plan all as
more particularly contained and set forth in the DECLARATION [OPEN SPACE] by
Somerset Lake Associates, a Delaware Partnership, dated November 12, 1987 and
recorded in the Office of the Recorder of Deeds for Chester County, in Deed Book 1246,
page 157 (the "Original Declaration"); and

WHEREAS, pursuant to Article 13 of the Original Declaration, Declarant expressly reserved the right at any time, and from time to time, to change or modify any of the terms or conditions of the Original Declaration (including expansion of the lands included as Property) provided that Article 5, Section B, C, D and E and the said Article 13 could not be amended without the consent of the majority of the Board of Supervisors of New Garden Township; and

WHEREAS, pursuant to Article 13 of the Original Declaration, Declarant desires to change and modify the terms and conditions of Article 3, Section (b) and Article 13 in its entirety, of the Original Declaration.

NOW, THEREFORE, know all men by these presents, that Declarant intending to be legally bound hereby state and declare that:

Article 3, Section (b) of the Original Declaration shall be stricken in its entirety and restated as follows:

"3. MAINTENANCE CORPORATION AND ASSESSMENTS.

(b) Payment. Each Owner of any Lot, by acceptance of a deed therefor, is deemed to covenant and agree to pay to the Maintenance Corporation (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided, provided that all assessments must be fixed at a uniform rate for all Lots for detached dwellings and at a separate uniform rate for all Lots for attached dwellings, and

(3) with respect to a Lot in any Parish, any assessment relating to Parish Open Space within such Parish, any such assessment to be uniform as to each Lot Owner in such Parish. Each such assessment, together with interest, costs and reasonable attorney's fees shall be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation shall not pass to any successors in title unless expressly assumed by them. The assessments levied by the Maintenance Corporation shall be used exclusively for the purpose of the improvement and maintenance of the said Somerset Lake, roadways, the System, Private Open Space, Parish Open Space, cutting and maintenance of unpaved roadway shoulders, snow plowing and snow removal, expenses for the operation and maintenance of all properties owned in common by all members of the Corporation or owned by the Corporation, payment of real estate taxes and insurance premiums and costs of operating the Maintenance Corporation (including legal and accounting fees). Said assessments shall be in sufficient amount to pay the cost of keeping the aforesaid in good usable condition, to pay all operating expenses of the Maintenance Corporation and to offset any uncollected prior assessments."

Article 13, of the Original Declaration shall be stricken in its entirety and restated as follows:

"13. MODIFICATION. Notwithstanding anything to the contrary herein contained, this Declaration of Open Space may only be modified as follows:

(a) The meeting of the members would require at least a quorum of twenty-five percent (25%) of the members either personally present or present by proxy.

(b) Any modification of this Declaration of Open Space will require a seventy-five percent (75%) majority agreement of the voting membership. The ballot shall include as follows:

(1) A description of the Resolution to be voted on and the reasons for the Resolution.

(2) Instructions for making a selection by vote.

(3) Address to where to mail or deposit the ballot.

(4) The address of the lot that creates the right of voting.

Only one (1) ballot may be counted per lot. If more than one (1) ballot is received for the same lot, then the excess ballots shall be disqualified. Ballots shall be considered confidential. Directors will make reasonable attempts to clarify whether or not more than one (1) vote has been received for a lot. After the vote has been announced, there will be a one (1) month period to collect all the ballots at the collection address before the ballots are counted and the resolution results are announced. Any members who do not vote to the above specified address within the one (1) month deadline lose their right to vote. In the event of a tie, a second runoff election may be called by the Directors in their sole discretion.

(c) Notwithstanding anything to the contrary contained herein, modifications of this Declaration of Open Space affecting Declarant's rights under Section 3 (a) of the Original Declaration shall be made without the written consent of Declarant. Somerset Lake Associates reserves and retains unto itself, its successors and assigns, the right to provide membership rights for use of the Club and all facilities related thereto or used in connection therewith to homeowners of lots or units next developed by Somerset Lake Associates or its affiliates and located adjacent to the Property or the development commonly known as "Somerset Lake" located in New Garden Township, Chester County, Pennsylvania. Any such membership rights by such additional homeowners shall be governed by the Declarations and any rules promulgated by the Club with respect to use by all members thereof, as the same may thereafter be amended. The foregoing provisions shall run with the land and may, at the option of Somerset Lake Associates, be included in the deed to the Property to be delivered by Somerset Lake Associates, to Somerset Lake Service Corporation in accordance with the terms of this Agreement.

The remainder of the Original Declaration shall remain unchanged including, without limitation, Declarant's right to subject to the Original Declaration, as amended hereby, other lands contiguous to the lands subject to the Original Declaration, and thereby expand the right to Membership in the Maintenance Corporation and the club and other facilities associated therewith.

IN WITNESS WHEREOF, the said Somerset Lake Associates, a Delaware Partnership, has caused its name, by a General Partner, to be hereunto signed and sealed the day and year aforesaid.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

**SOMERSET LAKE ASSOCIATES
BY: LONGVIEW ASSOCIATES,
INC.**

a General Partner

By: _____

Attest: _____

DECLARATION OF RESTRICTIONS[Lots]

THIS DECLARATION made this 12th day of NOVEMBER A.D., 1987, by SOMERSET LAKE ASSOCIATES, a Delaware partnership, hereinafter referred to as "Declarant,"

WITNESSETH THAT:

WHEREAS, Declarant holds title to a certain parcel of land (the "Property") situate in New Garden Township, Chester County, Commonwealth of Pennsylvania, as set forth on a Plan of Somerset Lake (the "Plan"), prepared by Curtis, Cox, & Kennedy, Civil Engineers and Surveyors, dated 7/27/87, last revised 10/26/87, recorded in the Office of the Recorder of Deeds in and for Chester County in Microfilm Record 7688; and

WHEREAS, Declarant desires to declare and set forth certain restrictive covenants which shall run with the land and be binding upon the Property, and shall inure to the benefit of and be enforceable against all parties who now or hereafter hold title to, or have an interest in, or who go upon such lands;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that Declarant hereby covenants and declares that it shall and does hold and stand seized of the Property, under and subject to the following restrictions, covenants, and agreements which shall be covenants running with the land and which shall be binding upon Declarant, its successors and assigns, for the benefit of, and as a burden upon, each lot or parcel of land described herein:

1. These covenants, agreements and restrictions are to run with the land described herein and shall be binding upon the Declarant, its successors and assigns, and all persons claiming under them, until January 1, 2018, at which time said covenants, agreements and restrictions shall be automatically extended for an additional period of ten (10) years, and shall at the end thereof further automatically be extended for successive periods of ten (10) years unless and until the majority of the then record owners of lots which form the lands described herein agree in writing, duly recorded prior to the next such automatic extension, to change said restrictions or terminate them in whole or in part.

2. Easements and rights of way are expressly reserved by Declarant in and over the private open space and ten (10) feet on each side of each lot line on the Plan. Such easements and rights of way shall be used for the following purposes:

For the erection, construction and maintenance of wires and conduits, and the necessary or proper attachments in connection therewith for the transmission of electricity, television, telecommunications, telephone and other purposes; for the construction and maintenance of storm water drains, land drains, public and private sewers, pipelines for supplying gas, water and heat, and for any other public or quasi public utility or function conducted, maintained, furnished or performed, by or in any method above or beneath the surface of the ground, including cable television, and the said Declarant shall have the right to enter upon such reserved strips of land for any purposes for which said easements and rights of way are reserved, including the right to

trim and keep trim in a workmanlike manner, all trees and growing things, within said easements and rights of way, so as to provide proper clearance for the safety of operation and maintenance of the aforesaid facilities.

3. The lots, except as shown on the Plan of Somerset Lake or as hereinafter provided, shall be used for private residential purposes only, and no buildings of any kind shall be erected or maintained thereon except single family private dwelling houses and such outbuildings as are customarily appurtenant to residences, together with a private garage for the exclusive use of the respective owner or occupant of the lot upon which such garage is erected. No swimming pool shall be permitted unless expressly authorized in writing by Declarant. No above ground swimming pools shall be permitted; all swimming pools shall be enclosed with post and rail fence with wire mesh no higher than five feet above the ground. Construction of all improvements shall be approved pursuant to Paragraph 18 hereof.

4. The placement on any residential lot of travel trailers, mobile homes, motor homes, camper, snowmobile, boats, vans, trucks, dune buggies, special recreational or commercial vehicles, and other unattractive storage, except for the purpose of loading or unloading, is prohibited. None of the foregoing shall be stored on any lot or on any street except in a garage or other covered area so that the same is not visible. Each lot owner shall provide space for parking at least three (3) automobiles off the street at the time of the occupancy of any dwelling constructed on said lot. No unlicensed motor vehicle shall be operated or used on any area of the Property.

5. No signs, notices or advertising matter of any description shall be erected or permitted upon any lot shown on the Plan other than small signs indicating the street number and/or owner of such lot unless the written consent of the Declarant has first been obtained.

6. No mobile dwelling unit (as defined by the Zoning Code of New Garden Township) shall at any time be used as a residence, nor shall any foul, swine, goats, cattle, or other livestock be kept upon any individual dwelling lot, nor shall any nuisance or noxious, offensive, or dangerous activity or thing, be created, permitted, or conducted on or about the Property, including without being limited to unusual quantities of explosives, open or smoking fires, unfenced swimming pools, fresh manure and uncovered refuse or derelict vehicles. All garbage, trash and other refuse shall be kept in tight, closed containers with lids in an area of the lot approved for such purpose by Declarant and shall be removed from the lot at reasonably frequent intervals.

7. (a) Except for dogs and cats kept as domestic pets, not to exceed two of each such pet kept on any lot, and except for other common small pets always kept indoors, there shall be no animals permitted or kept on any lot or portion thereof, whether mammal, bird or reptile, without the Declarant's prior written consent, which consent if given may at any time thereafter be withdrawn upon thirty (30) days written notice to the owner or occupant keeping such pet on such lot. No pet house, pen, cage, run or other improvement made for any pet shall be constructed, placed or maintained on any lot or street without the prior written consent of all lot owners whose lots are contiguous with or have a common corner with the lot on which the same is proposed to be located; except no such consent shall be required for any fence otherwise permitted under this Declaration. In no event shall livestock, poultry or horses be kept on any lot or parcel thereof, nor shall Declarant permit the same.

(b) All dogs, cats and other permissible pets shall be confined inside if they otherwise make noise reasonably annoying to neighboring residents. Pets shall run

only upon their owner's lots or upon private open spaces where specifically designated by the Declarant, and only if leashed or under their owner's firm control. Residents shall promptly clean up any solid wastes from their pets.

8. Septic fields shall not be permitted unless authorized in writing by Declarant. Any lot owner, by improving or accepting improvements to his lot, shall be deemed to have agreed to connect with the Shangri-la Sewer Co. sewer system and pay the fees for such service authorized by the Pennsylvania Utility Commission or other governmental regulatory bodies.

9. No water wells shall be drilled or used without the express written consent of Declarant. Any lot owner by improving or accepting improvements to his lot shall be deemed to have agreed to connect with the Shangri-la Water Co. water system and shall pay the user or consumption charges authorized by The Pennsylvania Utility Commission or other governmental regulatory body.

10. No living tree or trees whatsoever shall be pruned, cut or otherwise harmed or removed without the prior written approval of Declarant, which approval may be withheld or granted in its sole and absolute discretion.

11. Lots shall be maintained in a neat and trim condition and mowed, except for those areas approved by Declarant as a horticultural area. In order to implement effective care of lots as shown on the Plan, Declarant is hereby given the right, after ten (10) days prior written notice to the owner of any lot, to enter upon any lot for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth which in the opinion of the Declarant detracts from the overall beauty, setting and safety of the area, such entry to be made by personnel with tractors, trucks or other suitable devices. Entry upon any lot for the purpose of mowing, cutting, clearing or pruning shall not be nor deem to be a trespass. The Declarant and its agents may likewise enter upon any such lot to remove any trash without such entrance or removal being or being deemed to be a trespass. The provisions of this Paragraph shall not be construed as an obligation on the part of the Declarant to mow, clear, cut or prune any lot not to provide garbage or trash removal services. Any work done or service rendered to any lot pursuant hereto shall be assessed against the owner of the lot.

12. All lot owners shall permit the Declarant the right to enter upon any building lot to complete the grading or landscaping thereof as required by the approved site plans for a period of one year following the issuance of a certificate of occupancy for a completed dwelling on such lot. No entry upon any lot by Declarant or its representatives for the purpose of correcting violation of the restrictions or covenants set forth in this Declaration shall be or be deemed to be a trespass.

13. Grading, seeding, care and maintenance of the ground between a paved street or road and the property line of an owner of a lot shall be the responsibility of the owner of such abutting lot. The owner of such abutting lot shall also be responsible for the maintenance and care of any trees in such area.

14. No fences, hedges or other bulk landscaping or landscaping screens (in contract with isolated trees or shrubbery) shall be planted forward of the building setback line for any lot.

15. (a) No owner or occupant of any lot shall permit any rug, laundry, aerial, fan, air conditioner, satellite dish, wire or other object to hang from or upon any lot or protrude from any window or door in any structure on any lot. No fuel tank shall be

buried underground or placed outside of the main residence structure, even if not exposed to view.

(b) No exterior aerial or satellite dish shall be placed on any lot outside the main residence structure, even if not exposed to view.

(c) All screens, screening and storm windows visible from the streets are subject to the Declarant's prior written approval as to appearance, design, materials, and manner of installation.

(d) No exterior shades, awnings, or window guards visible from the street should be used except with the Declarant's written approval.

(e) Shutters and window grids (muntions and mullions) shall not be removed for extended periods from any window that is visible from the street.

(f) All draperies, curtains and blinds visible from the streets should be lined or of such material as to present a white or off-white appearance from the outside.

(g) Rugs shall not be beaten on patios, decks, balconies, or outdoor living areas, nor shall dust, rubbish, or litter be shaken, swept or thrown from any window, door, patio, balcony, or outdoor living area.

(h) Bicycles, toys, garbage cans, tires, tools, ladders, barbecues and other items shall not be stored or left outside of any dwelling in a manner which can be viewed from the streets or any neighbor's home.

(i) Garage doors shall remain closed except when opened for immediate ingress and egress.

(j) Television, radio and other electrical devices subject to volume control shall not be played above moderate levels if any home owner or occupant objects. However, this does not prohibit occasional large parties or celebrations planned and conducted in accordance with written procedures (if any) established and circulated from time to time by the Declarant, which may include an advance notice or registration requirement.

(k) All lawns, shrubs and trees shall be regularly mowed, raked and trimmed so as to maintain a neat and cared for appearance.

(l) No clothes line or other line for outdoor drying of laundry shall be erected or maintained on any lot.

16. Declarant shall have the right, in its sole and absolute discretion, to establish the exact site, angle, and height of each and every structure placed upon the Property.

17. Buildings to be used for storage, recreational, security, or maintenance purposes may be erected and maintained in the locations within the "private open space" shown on the Plan, provided the design and locations of such buildings are approved by Declarant, its successors or assigns.

18. No building, wall, fence, pool, porch, swimming pool, outbuilding (including temporary structures such as a garden shed) or other appurtenant structure, driveway,

paved area or patio shall be erected, placed, or constructed on any portion of the Property, unless and until the building plans, specifications and plot plan showing the location of such buildings or improvements to be erected on such lands and showing final grade lines, shape, height, floor plans, materials and color scheme, shall first have been submitted to and approved in writing by Declarant or its designated agent or assigns as to conformity and harmony of external design with existing structures and environs and as to location of the building with respect to topography and finished ground elevation. Said plans and specifications shall be mailed to Declarant or its designated agent or assigns by certified or registered mail, return receipt requested. In the event Declarant or its designated agent or assigns shall fail to approve or disapprove such plans and specifications within thirty (30) days after said plans and specifications have been received by them, such approval shall be deemed granted and this covenant shall be deemed to have been fully complied with. In the event said plans or specifications are disapproved by Declarant or its designated agent or assigns, it shall deliver to the lot owner submitting such plans and specifications all written objections thereto accompanied by a complete statement of the reasons therefor within thirty (30) days after their receipt of such plans and specifications. In passing upon such plans and specifications, Declarant or its designated agent or assigns shall consider the value and qualities of the building or item to be constructed in relation to the quality and value of existing improvements on other lots in the Property and the harmony or lack thereof of the item to be constructed to and with the lot on which it is proposed to be located and with adjoining lots.

19. Privacy fences may be used for small areas upon compliance with the written approval requirements of paragraph 17.

20. Building restrictions, including front, side, and rear minimum set back requirements, shall be governed by and subject to the specifications of the Zoning Code for New Garden Township, Chester County, Pennsylvania. In the event the aforementioned Zoning Code conflicts in any way with the requirements of this Declaration, then the more restrictive covenant shall apply.

21. (a) No person shall operate or leave any operating or non-operating vehicle or vehicles, whether currently registered and licensed and having a valid and unexpired state motor vehicle inspection or not, on or about the Property except upon driveways, parking areas, and other areas designated by the Declarant for vehicles. No repairing of any vehicle shall be permitted upon the Property.

(b) Motorcycles, motor scooters, trail bikes, all terrain vehicles, ATV's, go-karts, snowmobiles and similar recreational vehicles shall not be operated upon the Property; except that licensed motorcycles or motorbikes quietly operated by licensed drivers may be driven to and from a particular dwelling being occupied or visited by the driver.

(c) Vehicles shall travel along the streets at a speed not exceeding twenty-five (25) miles per hour unless otherwise posted. All vehicles operated upon the streets shall be used so as to avoid unnecessary noise and danger to others.

(d) (i) Vehicles shall not park, stop or stand in a way which impedes or prevents ready access to and from any other vehicle or driveways. No inoperable or unlicensed vehicle shall be parked outside of any garage for more than forty-eight (48) hours. Vehicles of owners and occupants shall not regularly be parked on the streets.

(ii) Declarant has the right to cause any vehicle not conforming with these regulations to be moved or towed away, as necessary, at the offending owner's or operator's expense, and without liability for damage caused to the moved or towed vehicle.

22. Declarant shall have the right to assign the powers of Declarant herein reserved to the Somerset Lake Service Corporation or any other corporation or association consisting of owners of building lots as shown on the Plan, which assignment shall be entirely at the election of the Declarant.

23. If Declarant, its successors, assigns, or persons claiming under them, shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person or persons owning any of the lands described herein to prosecute any proceeding at law or in equity against any person or persons violating or attempting to violate any such covenants and either to prevent it, him or them from so doing or to recover damages or other dues for such violation, including attorney's fees and costs.

24. The foregoing shall apply to and bind only the lands referred to herein and in no event shall the same be construed to apply to or in any manner bind or affect any other lands of the Declarant, whether such lands are contiguous thereto or otherwise, unless expressly made a part hereof by amendment to this Declaration.

25. Anything herein contained to the contrary notwithstanding, Declarant hereby expressly reserves the right at any time and from time to time to change or modify any of the restrictions, conditions, covenants, agreements, or provisions contained herein so long as Declarant or any grantee of Declarant shall be the owner of record of twenty-five (25) or more lots upon the Property.

26. Notwithstanding any other provision in this Declaration to the contrary, no restriction, limitation, covenant or other provision in this Declaration or promulgated pursuant hereto, shall be so applied, construed or enforced as to interfere with the construction and sale of homes in Somerset Lake by Declarant and/or Somerset Builders. Without limiting the foregoing, the presence of construction vehicles, materials, equipment, trailers, portable toilets and temporary sheds, the existence of noise, dust, dirt and other inconveniences of construction, the pursuit of construction and sales activities utilizing on-site sales offices and signs, and the showing for sale and/or temporary rental of homes, shall not be deemed violative of this Declaration.

IN WITNESS WHEREOF, Declarant has caused these presents to be executed and its seal to be hereunto affixed the day and year first above written.

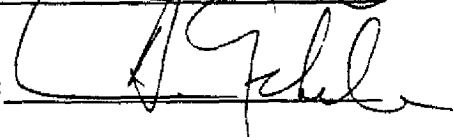
SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:



SOMERSET LAKE ASSOCIATES

By: Longview Associates, Inc.,
General Partner


By: _____ VP

Attest: 

STATE OF DELAWARE :
: SS.
NEW CASTLE COUNTY :

BE IT REMEMBERED that on this 12 day of NOV, 1987, personally came before me, the Subscriber, a Notary Public for the State and County aforesaid, STEVEN C. CANTEGA, Vice President of the general partner of the party to the foregoing Indenture, known to me personally as such, and acknowledged this Indenture to be the act and deed of said Corporation.

GIVEN under my hand and seal of office the day and year aforesaid.

Ruth B. Fawcett
Notary Public

My Commission Expires: 6/8/89

Prepared by/Return to:
Daniel M. Kristol, Esquire
Prickett, Jones, Elliott, Kristol & Schnee
1310 King Street
Wilmington, DE 19801

RECORDED TO

AMENDMENT TO DECLARATION OF RESTRICTIONS

This Amendment to Declaration of Restrictions is made this 8th day of September, 1995, by SOMERSET LAKE ASSOCIATES, a Delaware partnership ("Declarant").

WITNESSETH:

WHEREAS, Declarant executed on November 12, 1987 a Declaration of Restrictions [Lots] (the "Declaration") which was filed of record in the Office of the Recorder of Deeds in and for Chester County, Commonwealth of Pennsylvania, in Deed Book 1246, Page 157;

WHEREAS, in Paragraph 25 thereof, Declarant reserved the right to modify the provisions of the Declaration so long as Declarant was the owner of record of twenty-five (25) or more lots upon the Property as described therein; and

WHEREAS, Declarant is the owner of more than twenty-five (25) lots upon the Property and does hereby intend to modify or change certain of the restrictions, conditions, covenants and agreements or provisions contained in the Declaration.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that Declarant, intending to be legally bound, does hereby amend and modify the restrictions, covenants and agreements contained in the Declaration, which shall be covenants running with the land and shall be binding upon Declarant, its successors and assigns, for the benefit of, and as a burden upon, each lot or parcel of land described therein, as follows:

1. The Property is amended to mean all those certain lands or parcels of land situate in New Garden Township, Chester County, Commonwealth of Pennsylvania, as set forth on the Plan of Somerset Lake (the "Plan"), prepared by Curtis, Cox & Kennedy, Civil Engineers and Surveyors, as recorded in the Office of the Recorder of Deeds in and for Chester County in Microfilm No. 7687 to 7690, 8832 and 10512.

2. Paragraph 1 is amended by denominating the paragraph of Paragraph 1 as subparagraph (b) and adding thereto subsection (a) as follows:

"(a) These covenants, agreements and restrictions are for the purpose of preserving the architectural harmony of the community of Somerset Lake and in recognition of the fact that each purchaser of a lot has made a decision to live in the community knowing of its setting in a rural area where open spaces and vistas are important to all lot owners. It is the purpose of these Restrictions to maintain that setting in the same manner as originally established by Declarant and accepted by each lot owner through purchase of a lot."

3. In Paragraph 3, delete "No swimming pool shall be permitted unless expressly authorized in writing by Declarant. No above ground swimming pool shall be permitted; all swimming pools shall be enclosed with post and rail fence with wire mesh no higher than five feet above the ground", and provide in lieu thereof:

"No above ground swimming pool shall be permitted. All other swimming pools (which shall be permitted only with the prior written authorization of Declarant) and all pool maintenance equipment shall be enclosed with a fence no higher than five feet above the ground."

4. Paragraph 5 shall be deleted in its entirety and in lieu thereof shall provide:

"No signs, notices or advertising matter of any description shall be erected or permitted upon any lot shown on the Plan other than (i) real estate signs limited to no more than two (2) per lot to be removed at closing, (ii) small signs indicating the street number and/or owner of such lot, and (iii) small signs indicating the presence of a security alarm system, unless the written consent of Declarant has first been obtained."

5. Paragraph 7(a) is amended by deleting from the next to the last sentence thereof the phrase ". . . except no such consent shall be required for any fence otherwise permitted under this Declaration."

6. Paragraph 7(b) is deleted in its entirety and in lieu thereof shall provide:

"All dogs, cats and other permissible pets shall be confined inside if they otherwise make noise reasonably annoying to neighboring residents. Pets shall run only upon their owner's lots."

7. Paragraph 10 is deleted in its entirety and in lieu thereof shall provide:
"No living tree or trees whatsoever shall be cut down or otherwise removed without the prior written approval of Declarant."
8. Paragraph 14 is deleted in its entirety and in lieu thereof shall provide:
"No walls, fences, hedges or bulk landscaping or landscaping screens (in contrast with isolated trees or shrubbery) shall be constructed or planted forward of the building setback line for any lot."
9. (a) Paragraph 15(a) is amended by deleting the first sentence thereof and in lieu thereof shall provide:
"No owner or occupant of any lot shall permit any rug, laundry, aerial, fan, air-conditioner (other than the central air-conditioning unit(s) for the residence), satellite dish, wire or other object to hang from or upon any lot or protrude from any window or door in any structure on any lot."
(b) Paragraph 15(c) is amended by adding at the end thereof the following:
"In order to be approved, screen and storm doors shall be of a quality and an appearance consistent with the house exterior and of a complementary color."
(c) Paragraph 15(e) is deleted in its entirety and in lieu thereof shall provide:
"Shutters and window grids (muntons and mullions) shall not be removed for extended periods from any window that is facing the street."
(d) Paragraph 15(f) is deleted in its entirety and in lieu thereof shall provide:
"All draperies, curtains and blinds visible from the streets shall be lined or of such material as to present a complementary appearance from the outside."
(e) Paragraph 15(g) is deleted in its entirety and in lieu thereof shall provide:
"Dust, rubbish or litter shall not be shaken, swept or thrown from any window, door, patio, balcony or outdoor living area."
(f) Paragraph 15(h) is deleted in its entirety and in lieu thereof shall provide:
"Tires, tools, ladders and discarded household or construction materials shall not be stored or left outside of any dwelling in a manner which can be viewed from the streets or any neighbor's home."

(g) Paragraph 15(i) is deleted in its entirety and in lieu thereof shall provide:

"Garage doors shall remain closed except when opened for ingress and egress."

(h) Paragraph 15 is amended by adding thereto the following subparagraphs:

"(m) Any modifications to the exterior of a residence or other structure on a lot shall be complementary with the existing architectural design of that structure and the community. Changes in the color of a residence or other structure shall be to a color already offered by Declarant at Somerset Lake for new home construction."

"(n) All docks, bulkheads and other construction along or into Somerset Lake shall require the prior written approval of Declarant."

"(o) All exterior lighting or other exterior illumination of a lot or residence thereon, other than customary lighting for purposes of security or illumination of entry ways and driveways or seasonal lighting, shall require the prior written approval of Declarant. In considering any requests for such approval, Declarant shall consider any comments or positions submitted to it by lot owners whose lots are contiguous with or have a common corner with the lot on which such exterior lighting is proposed to be located."

10. Paragraph 18 is amended by deleting the parenthetical phrase in the first sentence thereof reading "(or its designated agent or assigns)" and insert in lieu thereof "(or its designated agent or assigns pursuant to Paragraph 22 hereof)". Paragraph 18 is further amended by deleting the second sentence thereof and in lieu thereof shall provide: "Said plans and specifications shall be delivered to Declarant (or its designated agent or assigns pursuant to Paragraph 22 hereof) by certified mail, return receipt requested, or in person." At the end thereof add:

"In reviewing requests for approval respecting fences or walls, Declarant shall consider any comments or positions submitted to it by lot owners whose lots are contiguous with or have a common corner with the lot on which the same is proposed to be located. The plan shall be submitted to Declarant for approval along with a reasonable review fee fixed by Declarant to reimburse Declarant for its review expenses."

