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RECODER OF DEEDS D
CHESTER CO., PA.

CODE OF REGULATIONS

of

CAINE'S CREEK CONDOMINIUM
PHASE II

Pursuant to the provisions of
the Pennsylvania Unit Property
Act, Act of July 3, 1963, P.L. 196

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CODE OF REGULATIONS
OF
CAINE'S CREEK CONDOMINIUM COMMUNITY

PHASE II

1. IDENTIFICATION OF PROPERTY. Certain property situate on Pothouse Road, in the Borough of Phoenixville, Chester County, Pennsylvania has been submitted to the provisions of the Pennsylvania Unit Property Act, Act of July 3, 1963, P.L. 196, by the recording with the Recorder of Deeds of Chester County contemporaneously with the like recording hereof, of a Declaration of Condominium (the "Declaration") in which reference is made to this Code of Regulations (the "Code"), and of the Declaration Plan referred to therein (the "Declaration Plan").

2. PLACE AND METHOD OF CALLING MEETINGS OF UNIT OWNERS
OR COUNCIL.

A. Unit Owners.

(i) An annual meeting of the Unit Owners shall be held on the 1st Friday in February of each year if a business day and if not, then on the next succeeding business day, except that the first such annual meeting shall be postponed to the first such date next following the date on which title to Units having Proportionate Interests in excess of Ninety (90%) Percent shall have been conveyed by Declarant to the first Unit Owners, other than Declarant. At such meetings, the Unit Owner shall elect by ballot the members of Council, subject to the limitations hereinafter set forth, and transact such other business as may properly come before the meeting. The Council Treasurer shall present at each annual meeting an audit (prepared and certified by an independent certified public accountant) of the Common Expenses as herein defined, itemizing receipts and expenditures, the allocation thereof to each Unit Owner and any charges expected for the present fiscal year.

(ii) Provided the first annual meeting of Unit Owners has been held in accordance with the foregoing Subsection, special meetings of the Unit Owners shall be called by the President when so directed by a resolution of the Council or by petition signed by the Unit Owners having Proportionate Interests aggregating Forty (40%) Percent or more, specifying in each case the purpose thereof. No business shall be transacted at the meeting other than as specified in the notice thereof.

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(iii) The Secretary shall give notice of each annual and each special meeting of the Unit Owners to the Unit Owners and mortgagees in accordance with the further provisions hereof, at least five (5) and not more than thirty (30) days prior to the meeting date specifying therein the time and place of the meeting and, in the case of a special meeting, the purpose thereof.

(iv) Meetings of the Unit Owners shall be held at the property or at such other suitable place convenient to the Unit Owners as may be specified by the Council in the notice thereof.

B. Council.

(i) The organization meeting of a newly elected Council shall be held within ten (10) days of his election by Unit Owners in the manner specified in Section 4B hereof in such place and time as shall be fixed by the said Council, members at the meeting at which they were elected and no notice thereof shall be required.

(ii) Regular meetings of the Council may be held, without call or notice, at such times and places as the Council may from time to time determine provided however, that (i) in any event such Council meetings shall be held at least once every two (2) months; and (ii) there shall be a meeting of the Council during the second full calendar week of December at which the Council shall adopt the operating budget of the Unit Owners for the forthcoming fiscal year.

(iii) Special meetings of the Council may be called at any reasonable time and from time to time by the President or by two (2) or more members thereof and held on notice by letter or telegram mailed or delivered for transmission not later than three (3) days prior to the date of the meeting specifying the time, place and purpose thereof. No business may be transacted at the special meeting other than as specified in the notice thereof, except that any notice of the meeting may be waived by any member in writing prior to, at, or subsequent to the meeting and such a waiver shall be deemed equivalent to the giving of notice.

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3. VOTING RIGHTS OF UNIT OWNERS; QUORUM; VOTE
NECESSARY; ACTION BY CONSENT IN WRITING.

A. For all purposes under the provisions of this paragraph and of this Code, the voting rights of Unit Owners shall be computed on the basis of each Unit Owner's Proportionate Interest. The number of votes to which each Unit shall be computed hereunder shall be determined by assigning to each of the Units one vote for each One (.01%) Percent of such Unit's Proportionate Interest, with an aggregate of 10,000 votes for all Unit Owners.

B. To constitute a quorum there shall be required to be present at a meeting of Unit Owners, in person or by proxy entitled parties having Proportionate Interests aggregating Sixty (60%) Percent and at a meeting of Council, three (3) of its members, and "Entitled Party" shall be deemed to mean the Owners of record of each Unit (including the Declarant) as of the close of business on the business day next preceding the meeting date subject to the following limitations.

(i) If the purchaser of a Unit exhibits to the Secretary a fully executed agreement of sale in which the right to vote pending settlement is placed in purchaser in which event the Entitled Party shall be the purchaser;

(ii) If a Unit is owned by more than one person or by a partnership or corporation, in which event the Entitled Party shall be the person designated by certificate duly signed or executed by the Unit Owner and filed with the Secretary, unless and until such designation shall be canceled or superseded by such Unit Owners; or

(iii) If a Unit is held in a fiduciary capacity in which event the Entitled Party shall be such fiduciary rather than the beneficiary.

If less than a quorum is present at any meeting, a majority of such persons or entities present in person or by proxy may adjourn the meeting from time to time and at any adjourned meeting at which a quorum is present any business may be transacted which could have been transacted at the meeting originally called, without further notice.

C. To authorize actions binding upon all Unit Owners, there shall be required an affirmative vote of a majority of the Entitled Parties at a meeting at which a quorum shall be present, except where a higher percentage is required under the Act, the Declaration or this Code. The voting list shall be kept at the Council Office and may be inspected during normal business hours by a Unit Owner or purchaser of a Unit and the voting list shall be produced and be opened for inspection during all meetings.

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of the Unit Owners.

D. Action shall be taken by Council only upon affirmative vote of three (3) of its members.

E. Any action which might be taken at a meeting of Unit Owners or Council may be taken without a meeting if a consent in writing to such action is signed by all of the Unit Owners or members of Council, as the case may be.

4. COUNCIL; NUMBER OF MEMBERS; TERM; VACANCIES.

A. The Council shall be composed of Five (5) members who shall be residents of Pennsylvania but need not be Unit Owners and who shall not be compensated for acting as members of Council. The first members of Council, as named in the Declaration are:

JOHN B. LEO ELLIOTT D. GOLDBERG, ESQUIRE

MARY M. LEO A. A. GRADEL

PETER H. GIANNOPoulos, M. D.

B. The first members of Council who are named aforesaid and in the Declaration, or their respective successors, if any, from time to time designated by Declarant shall hold office until the first annual meeting of the Unit Owners. At the aforesaid annual meeting and at each annual meeting thereafter, part of the members of Council shall be elected to serve. The members of the Council other than those serving on the initial Council, shall be elected to two (2) year terms, except that two (2) of the Council members elected at the first annual meeting shall serve for only one (1) year provided, however, that the Declarant shall have the right to designate one (1) of these members until the earlier of either the date on which title to all the Units shall have been conveyed by Declarant to the first Unit Owners other than the Declarant, in each case, or the date of the 1976 annual meeting of the Unit Owners, at which time the term of such member, or successors from time to time designated by Declarant shall expire. Until that date, the number of members of Council shall not be changed, only part of the members of the Council shall be elected by the Unit Owners at each annual meeting and the Units held by Declarant shall not be entitled to vote in each such election of said Council members.

C. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of votes cast, determined as hereinbefore provided, each Entitled Party being authorized to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

D. Any member of Council may resign from the Council at any time by written notice to the Council. Anything herein contained to the contrary notwithstanding, if a member of the Council who is also a Unit Owner shall cease being a Unit Owner, such member may be removed from the Council by the unanimous vote of the other Council members, which vote shall be held, if at all, at the first meeting of the Council following the Council's receipt of notice of cessation of Unit ownership.

E. Vacancies in the Council (other than vacancies

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in the term of the member to be designated by Declarant under Section 4B hereof, which shall be filled by Declarant) shall be filled by a vote of the majority of the remaining members of the Council, even though less than a quorum, promptly after the occurrence thereof, and each person so elected shall be a member of the Council for the remainder of the term so filled.

5. OFFICERS; ELECTION AND TERM; COMPENSATION.

A. There shall be a President, Secretary and Treasurer of Council who shall be elected from its members within thirty (30) days of the filing of the Declaration, in the case of the first members of Council and at the organization meeting, in the case of any newly elected Council. The Officers initially elected and their respective successors in office shall annually be deemed to have been reelected and continue to hold office until the respective successor shall be elected by Council from the then members thereof.

B. From time to time, Council may create other offices, prescribe the duties pertaining thereto and elect the holders thereof from among its members who may hold more than one (1) office.

C. No officer shall be compensated for acting as such.

6. DUTIES OF OFFICERS; REMOVAL; VACANCIES.

A. The following officers shall have the duties set forth below:

(i) The President shall preside at all meetings of Council;

(ii) The Secretary shall be responsible for giving any requisite notice and for keeping the minutes of all meetings of Council and Unit Owners and have custody of all correspondence, papers and records, other than financial records;

(iii) The Treasurer shall cause to be maintained full and accurate records and books of all receipts and disbursement of funds by Council or at its direction shall be available to Unit Owners during regular business hours, receive and receipt for funds assessed or collected by Council and deposit the same in such depository as may be selected by Council, and rendered to Council, on request, an accounting of all his transactions as Treasurer and of the financial conditions of the property.

No agreement, check, contract, deed, lease, mortgages or other written instrument or document shall be binding upon the Unit Owners unless entered into on their behalf by Council and signed by two (2) officers of Council, except as such power may be

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delegated to the Manager as provided in Section 8 hereof. Council shall have the right to require that any or all of the officers shall be covered by fidelity bonds of a corporate surety and the premium costs thereof shall be Common Expenses hereunder.

B. Any officer may be removed at any time with or without cause by the Council. Any Council member who resigns or is removed as a Council member shall also be deemed to have resigned or been removed from any Council office he may have held. Any vacancy in any office by reason of death, resignation, removal or otherwise shall be promptly filled by the Council, the successor to serve the balance of the term so filled.

C. The members of the Council and/or the officers acting in such capacity (i) shall not be liable for the failure of any service to be obtained and paid for by Council hereunder or for injury or damages to persons or property caused by the elements or by another Unit Owner or person on the property, or resulting from electricity, water, rain, custo or sand which may leak or flow from the outside of any parts of the Building or Buildings or from any of its pipes, drains, conduits, appliances or equipment or from any other places, unless caused by their own willful misconduct or bad faith; (ii) shall not be liable to the Unit Owners as a result of the performance of their duties for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (iii) shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Council or Unit Owners in the performance of their duties; (iv) shall have no personal liability in tort to a Unit Owner or any other person or entity direct or imputed, by virtue of acts performed by or for them, except for their own willful misconduct or bad faith, in the performance of their duty; (v) shall not be liable to a Unit Owner for loss or damage caused by theft of or damage to personal property left by such Unit Owner or his tenants or guests in a Unit or in the Common Elements, except for their own willful misconduct or bad faith; and (vi) shall have no personal liability arising out of the use, misuse or condition of the property, or which might in any way be assessed against or imputed to them as a result or by virtue of their performance of their duties, except for their own willful misconduct or gross negligence.

D. The Unit Owners shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses including counsel fees, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative instituted by any one or more Unit Owners or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Council or an officer, other than to the extent, if any, that such liability or expense shall be attributable to his willful misconduct or bad faith, in the performance of his duties, provided, in the case of any settlement, that the Council shall have approved the settlement, which approval shall not be unreasonably withheld. Such right of indemnification shall not be deemed exclusive.

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of any other rights to which such Council member and/or officer may be entitled as a matter of law or agreement or vote of Unit Owners or of the Council, or otherwise. The indemnification by the Unit Owners set forth in this Section 6D shall be paid by the Council on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Complaints brought against all of the Unit Owners, or the Council, or the officers, employees or agents thereof, in their respective capacities as to the Council, which shall promptly give written notice thereof to the Unit Owners and the holders of any Permitted Mortgages (as defined in Section 21B of Declaration), and shall be defended by the Council, and the Unit Owners and such holders shall have no right to participate other than through the Council in such defense. Complaints brought against one or more but less than all Unit Owners or Units for an asserted liability arising out of their own misconduct or arising out of the ownership, occupancy, use, misuse or condition of such Unit, shall be defended by such Unit Owners who shall promptly give a written notice thereof to the Council and to the holders of any Permitted Mortgages affecting such Units.

7. POWERS AND DUTIES OF COUNCIL, AND RESTRICTIONS
ON THE EXERCISE THEREOF. Council shall have charge of the following:

A. The operation, maintenance, repair and replacement of the Common Elements. In connection therewith, Council:

(i) is authorized to contract on behalf of all Unit Owners for water, sewer, electrical and other utility services provided to any of the Common Elements and, to the extent not separately metered and/or charged, to the Units and for management, custodial, security guard, master television antenna, extermination, snow removal, painting repairs and such other services as well as such equipment, materials and supplies deemed necessary to desirable by Council for the proper performance of its duties hereunder;

(ii) shall have an easement of access for itself or its agents, to any Unit for the purpose of accomplishing the foregoing; and

(iii) shall charge the cost of such operation, maintenance, repair and/or replacement to all Unit Owners as a Common Expense.

Other than in the normal course of repairing and replacing existing improvements, there shall be no addition, alteration or further improvement made to the Common Elements without the prior approval in writing of the Unit Owners having Proportionate Interests, aggregating Seventy-five (75%) Percent.

B. The placement and purchase of, and payment of premium for, a policy or policies of insurance providing

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coverage of the following types and amounts for the Council and each member thereof, the officers and all of the Unit Owners, and the holder of each Permitted Mortgage, as hereinafter defined; (i) insurance against loss or damage by fire and such other risks as may be covered by extended coverage insurance covering the entire Property in an amount representing the full insurable replacement value thereof without deduction for depreciation ("Fire Insurance Policy"); and (ii) insurance against liability for injury or death to persons or damage or loss of property with such limits as shall be established, from time to time, by Council, covering occurrences and accidents in or about the Property with coverage of the cross-liability claims of any one or more or group of insureds against any other one or more or group of insureds, but excluding coverage for the liability of any Unit Owner for acts occurring solely within his Unit or away from the Property ("Liability Insurance Policy");

(1) The Fire Insurance Policy shall contain mortgage endorsements in favor of the holder of each Permitted Mortgage modified, however, to make the loss payable provisions in favor of such holder subject and subordinate to the loss payment provisions in favor of INDUSTRIAL VALLEY BANK, or, in the alternative,

or any successor trustee appointed by the Council, as Trustee ("Insurance Trustee") under an appropriate agreement which shall provide that it shall hold and disburse all payments received on account of loss or damage covered by such policy for repairs and restoration, all as directed by Council, unless seventy-five (75%) percent of the Unit Owners directly affected thereby shall resolve not to proceed with the work of repairs and restoration as provided in Section 802 of the Act. Such Policy shall contain waivers of subrogation and waivers of any defense based on co-insurance or invalidity, arising from any acts of those whose interests are covered thereby. The Council shall utilize the best information available to it and allocate that portion of each premium which in its best judgment, is the cost of insuring the Common Elements and is to be charged and assessed as a Common Expense and the portions thereof representing the cost of insuring the remainder of the Property and the separate charges and assessments therefor to be made against each Unit Owner; and

(2) The Liability Insurance Policy shall name Council as the party insured and the net proceeds thereof shall be paid to Council, which shall distribute the same to those whose interests are covered thereby, as their respective interests shall appear. The entire

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premiums for such policy shall be charged as a Common Expense.

(3) The Insurance Trustee aforementioned shall carry out the duties assigned to it under this Code. The Insurance Trustee shall be a National or State bank, or Trustee Company, or Bank and Trust Company, having trust powers, which does business in the County of Chester and has and while so acting, maintained capital and surplus aggregating not less than Twenty-five Million (\$25,000,000.00) Dollars.

shall by the Insurance Trustee until its appointment as such is terminated by the Council, or it shall resign its appointment, and, in either case, a successor meeting the foregoing qualifications is appointed by Council and has accepted such appointment, and so on in the case of subsequent terminations by or resignations of one (1) or more successor Insurance Trustees.

All policies of insurance carried under this subparagraph shall (i) provide that all adjustments of loss shall be made only the Council with the approval of the Insurance Trustee; (ii) contain waivers by the insurers of all rights by way of subrogation or otherwise to the claims or rights of any one or more named insureds or persons otherwise covered or benefited by such policies against any one or more other named insureds or persons so covered or benefited thereby (including the Council and its agents and employees); (iii) provide that the coverage afforded to any and all other named insureds or persons otherwise covered or benefited by such policies shall not be affected by the acts or omissions of any one or more named insureds or persons otherwise covered or benefited thereby; (iv) provide that they shall not be canceled or modified without at least ten (10) days prior written notice to all whose interests are covered thereby, including without limitation, all holders of Permitted Mortgages in the case of the Fire Insurance Policies; (v) provide that the coverage afforded thereby shall not be affected or diminished or result in contribution by reason of any additional insurance separately carried by any Unit Owner as permitted by the further terms hereof or by any other person or entity; and (vi) provide that the insurer shall not have the option to restore the insured premises in lieu of making a cash payment of the proceeds. Duplicate originals of all such insurance policies and renewals shall be delivered by the insurers (at least ten (10) days prior to the renewal in case of each renewal) to the Council and to the Insurance Trustee, and duplicate originals or certificates or memorandums of insurance shall be issued by the insurers to all others whose interests are covered thereby, including without limitation the Unit Owners and the holders of Permitted Mortgages in the case of the Fire Insurance Policy. No Unit Owner shall do or permit any act which would void or impair the coverage afforded by said policies or would result in an increase in the premium therefor and shall be liable to the Council for the amount of any such increase. The provisions of this subparagraph shall not be

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construed to prohibit any Unit Owner from carrying other, separate insurance for his own benefit, such as, by way of illustration and not of limitation, public liability insurance covering liabilities occurring solely within his Unit or away from the property, which liabilities will not be covered by the insurance to be carried by the Council under the terms hereof, provided that all such policies shall be obtained either from an insurer with which like coverage is at the time of reference being carried pursuant to the foregoing provisions or from another insurer approved by the Council, which approval shall not be unreasonably withheld, and shall contain waivers of subrogation and provide that the insurance carried thereunder shall not affect, alter or diminish the coverage under the policies being so carried. Copies of proposed policies of insurance shall, before being effect, be delivered to the Council for approval pursuant to the terms hereof, which approval shall not be unreasonably withheld, and the policies actually issued following such approval shall provide that they shall not be modified or cancelled without ten (10) days prior written notice to the Council and copies thereof shall be provided to the Council when issued.

C. The preparation of an operating budget covering expenditures in connection with the maintenance, repair and replacement of the Common Elements and Limited Common Elements, costs of insurance and any other Common Expense; the amount and period to be covered of the assessment covering the Common Expenses to be levied against all Unit Owners and the time for its payment. The following requirements are intended to define Council's responsibility hereunder.

(1) The Council shall annually determine, the estimate Common Expenses for the ensuing fiscal year, which determination shall be reflected in an appropriate budget, taking into account the Common Expenses incurred during the period then ended. Such determinations of Common Expenses and budgets shall include, without limitation, such amounts as the Council deems proper for working capital, general operating reserves and reserves for replacements, casualty losses in excess of insurance coverage, litigation, uncollectible assessments, contingencies and the like. The adequate reserve fund for replacement of the Common Elements must be funded by regular monthly payments established by council rather than by special assessments. The Council may also, by resolution duly adopted, make interim determinations between such regular annual determinations, to the extent it from time to time may deem necessary. For the purpose hereof, the fiscal year shall be January 1 through December 31, unless changed by resolution of the Council.

(2) The Council shall, promptly following each determination of the Common Expenses, by resolution duly adopted, assess against each Unit the share chargeable to that Unit, on the basis of its Proportionate Interest, of the budgeted estimated future Common

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expenses so determined. Such assessments shall be in writing and shall be promptly given to each Unit Owner. The Unit Owner shall be severally and not jointly liable for the payment of such assessments, but with respect to the portion thereof so payable in respect of a given Unit, the Unit Owners and any lessees or sublessees thereof shall be jointly and severally liable therefor. Such assessments shall be payable by the Unit Owners either (i) in equal monthly installments, such installment payments to be made to Council on or before the first day of each month unless another payment date is designated by Council; or (ii) by such other method of payment as the Council may determine from time to time. The Unit Owner's liability for any assessments hereunder shall not be abated due to any interruption in his right of occupancy of his Unit or for any other reason whatsoever, except as otherwise specifically hereinafter set forth. Declarant shall be responsible for the expenses allocable to any Units (i) under construction in proportion to their stages of completion and (ii) completed but unsold to first purchaser shall take title to such Unit, the annual assessment shall be proportioned between Declarant and the new Unit Owners as of the date of settlement for such Unit.

(3) It shall be the obligation of the Council to take prompt action to collect assessments for Common Expenses and for any expenses incurred or advances made by the Council under Section 7D hereof, together with accrued interest, from the date incurred or advanced, as the case may be. Any such delinquent assessment together with such accrued interest may be enforced by suit by the Council acting on behalf of the Unit Owners, including without limitation the delinquent Unit Owner, in an action in assumpsit, which suit when filed shall refer to the Act, to the Unit against which the assessment is made and to the delinquent Unit Owner and shall be indexed by the prothonotary as lis pendens. Any judgment against a Unit Owner shall be enforceable in the same manner as is otherwise provided by law. The delinquent Unit Owner shall be obligated to pay (i) all expenses of the Council, including attorney's fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (ii) any amounts paid by the

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Council for taxes or on account of superior liens or otherwise to protect its lien; which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

(4) Upon the voluntary sale or conveyance of a Unit or any other transfer of a Unit by gift, operation of law or otherwise the grantee or transferee shall be jointly and severally liable with the grantor or transferor for all unpaid assessments for Common Expenses which under the Act and this Code are a charge against the Unit, and for unpaid assessments pursuant to Section 7D hereof, as of the date of the sale, conveyance or transfer, but such joint and several liability shall be without prejudice to the grantee's or transferee's right to recover from the grantor or transferor the amount of such unpaid assessments which the grantee or transferee may pay, and until any such assessments are paid, they shall continue to be a charge against the Unit which may be enforced in the manner set forth in the Act and in this Code. Any person who shall have entered into a written agreement to purchase a Unit shall be entitled to obtain a written statement from the Treasurer setting forth the amount of unpaid assessments charged against the Unit and its owners, and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of an amount in excess of the unpaid assessments shown thereon, provided that the former Unit Owner grantor shall remain so liable. Any such excess which cannot be promptly collected from the former Unit Owner grantor shall be reassessed by the Council as a Common Expense to be collected from all Unit Owners, including without limitation the purchaser of the Unit, his successors and assigns. The new Unit Owner shall be liable and the former Unit Owner shall not be liable for any assessments made after the date of transfer of title to a Unit, even through the Common Expenses or the expenses incurred or the advances made by the Council under Section 7D hereof for which the assessment is made relate in whole or in part to any period prior to that date.

(5) In the event that title to a Unit is transferred at sheriff's sale pursuant to

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execution upon any lien against the Unit, the Council shall give notice in writing to the Sheriff of any unpaid assessments for Common Expenses which are a charge against the Unit, and for any expenses of or advances by the Council pursuant to Section 7D hereof, which have not theretofore been reduced to lien pursuant to the Act and the foregoing provisions, which shall be paid out of the proceeds of the sale as provided by the Act prior to the distribution of any balance to the former Unit Owner against whom the execution issued. The purchaser at such sheriff's sale and the Unit involved shall not be liable for unpaid assessments for Common Expenses and pursuant to Section 7D hereof which became due prior to the sheriff's sale of the Unit. Any such unpaid assessments which cannot be promptly collected from the former Unit Owner shall be reassessed by the Council as a Common Expense to be collected from all of the Unit Owners, including the purchaser who acquired title at the sheriff's sale, his successors and assigns. To protect its right to collect unpaid assessments for Common Expenses which are a charge against a Unit, and for any expenses of and advances by the Council pursuant to Section 7D hereof, the Council may on behalf of all the Unit Owners, purchase the Unit at sheriff's sale, provided such action is authorized by the affirmative vote of a majority of the members of the Council.

(6) Each holder of a first mortgage lien on a Unit who comes into possession of the Unit by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the Unit free of any claims for unpaid assessments and charges against the Unit which accrue prior to the time such holder comes into possession of the Unit, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Condominium Units including the mortgaged Unit.

(7) In all cases where all or part of any assessments for Common Expenses and for any expenses of and advances by the Council pursuant to Section 7D hereof cannot be promptly collected from the persons or entities liable therefor under this Code, the Council shall reassess the same as a Common Expense, without prejudice to its rights of collection against such persons or entities.

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D. The determination of all other costs and expenses due from each Unit Owner other than such Unit Owner's share of the Common Expense; the manner of the assessment therefor; and the time for its payment. The following applications of these provisions are intended to define, but not by way of limitation, the scope of Council's powers hereunder:

(1) Each Unit Owner shall deliver to the Secretary original received bills evidencing the payment of all charges, claims, taxes and assessments against a Unit for which a lien could be filed, including by way of illustration and not limitation, real estate taxes, water and sewer rentals, and assessments for municipal improvements, at least five (5) days prior to the date on which any penalty shall accrue for the non-payment thereof and shall give Council written notice within five (5) days of the receipt by such Unit Owner of notice or of actual knowledge of the attaching of any lien (other than the lien of a Permitted Mortgage) or the filing of any suit or other proceeding against his Unit. Council may, but shall not be obligated to, advance any sums necessary to prevent the attaching of any lien against any Unit (except the lien of a Permitted Mortgage).

(2) In the event of the failure or threatened failure of any Unit Owner to comply with this Code, with the Council Rules as hereinafter defined, or with the covenants, conditions and restrictions set forth in the Declaration or Declaration Plan or in the deed to each Unit, Council may, but shall not be obligated to, advance any funds necessary to correct or prevent any failure or threatened failure to so comply.

(3) The amounts and expenses advanced under the foregoing subsections, together in each case with interest at the rate of 6% per annum, shall be promptly assessed by Council against the Unit Owner and shall be collectible and enforceable in accordance with the provisions of Section 7 hereof.

E. Promulgation, distribution and enforcement of rules governing the details of the use and operation of the Property and the use of the Common Elements and Limited Common Elements by the owners of the Units and their lessees, and the employees and entities of any of them.

(1) The foregoing rules as adopted and/or as amended from time to time by Council ("Rules"), by resolution duly adopted, shall be subject to the right of the Unit Owners having Proportionate

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Interests aggregating more than 50% by resolution duly adopted at any meeting of Unit Owners, to change such Rules.

(2) Council Rules respecting the use and operation of the Units other than the Common Elements therein shall be limited to the interpretation and implementation of the restrictive use standards prescribed in paragraphs 8 and 9 of the Declaration and the terms of this Code.

F. Preparation of a yearly audit by a certified public accountant of all books and records of the Council pertaining to the Property, Common Expenses and expenses of or advances made by Council pursuant to Section 7D hereof. Council shall furnish a copy of said audit to each Unit Owner. The foregoing shall not limit the right of any Unit Owner to inspect the books and records of Council, as aforesaid, during business hours and upon prior written notice to Council.

8. MANAGEMENT. Council is hereby authorized to delegate, as to the extent it deems appropriate and permitted by the Act, the powers and duties conferred upon the Council by the terms of Section 7 hereof, to one or more persons or business entities (the "Manager") subject, at all times, to the control of the Council and the Unit Owners. Council shall have the power to fix the Manager's compensation (such compensation to be assessed as a Common Expense) and to set forth the details of the Manager's powers and duties including by way of illustration and not limitation, the power of the Manager to engage employees and agents, who may or may not be independent contractors and to define and limit the liability of the Manager, if any. The Council shall not be liable for the Manager's wrongful exercise of any power or duty.

9. RIGHT OF ACCESS TO UNITS: COSTS: INJUNCTION. The Council shall have a right of access to each Unit to (i) inspect the Unit; (ii) remove, correct or abate violations of the Act, the Declaration, this Code, the Rules, or of law, or of any rules, regulations, orders, decrees or requirements of any governmental or quasi-governmental body or agency or board of fire underwriters, or any mortgage affecting another Unit; (iii) make repairs to the Unit if such repairs are reasonably necessary for public safety or to prevent damage to other Units or to the Common Elements and/or Limited Common Elements and (iv) maintain repair or replace the Common Elements and/or Limited Common Elements contained therein, or elsewhere in the Buildings to which access can be had therefrom. Except as set forth in Section 7 hereof with respect to the repair of Common Elements, Limited Common Elements, the costs of removing, correcting or abating any such violation and of making any such repairs to Units shall be paid by the Unit Owner to the Council on demand. Requests for access shall be made in advance, except in cases of emergency when such rights of access shall be immediate; whether the Unit Owner is present or not. The Council's right of remedy shall include any remedy available to it in law or equity including, not by way of limitation, injunctive relief.

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10. **CONDEMNATION.** In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements and/or Limited Common Elements, the award made for such taking shall be payable to the Council, if such award amounts to Fifty Thousand (\$50,000.00) Dollars or less, and to the Insurance Trustee if such award amounts to more than Fifty Thousand (\$50,000) Dollars. If the Unit Owners having Proportionate Interests aggregating Seventy-five (75%) Percent, duly and promptly approve the repair and restoration of such Common Elements and/or Limited Common Elements, the Council shall arrange for the repair and restoration of such Common Elements and/or Limited Common Elements, and the Council or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five (75%) Percent or more of Unit Owners as aforesaid do not duly and promptly approve the repair and restoration of such Common Elements and/or Limited Common Elements, the Council or the Insurance Trustee, as the case may be, shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 802 of the Act, but subject to the provisions of Section 803 of the Act.

11. **NOTICES.** All notices to the Council shall be sent by certified mail to the office of the Council or to such other address as the Council may hereafter designate from time to time. All notices to any Unit Owner shall be sent by certified mail to the Unit or to such other address as may have been designated by the Unit Owner from time to time, in writing, to the Council. All notices to mortgagees of Units, shall be sent by them from time to time, in writing, to the Council. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

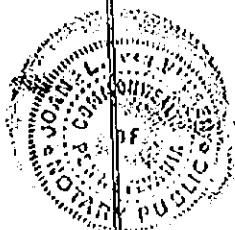
12. **AMENDMENTS TO CODE.** Except as hereinafter provided otherwise, these by-laws may be modified or amended by the Unit Owners having Proportionate Interests aggregating Sixty (60%) Percent at a meeting of Unit Owners duly held for such purposes, but if such modification or amendment would affect in any way the holders of any Permitted Mortgages as defined in the Declaration, such modification or amendment shall also require the written approval of all holders of Permitted Mortgages, and if it affects Declarant's rights hereunder, such modification or amendment shall require the written approval of Declarant.

ESTABLISHED AND ADOPTED by the undersigned, being the first members of the Council named in the Declaration, this 20th day of August, A. D. 1975.

Law Office
WEISS, PHILMAN
& CO., LTD.
1200 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004

On this 20th day of August, A. D. 1975, before me the undersigned officer, personally appeared ELLIOTT D. GOLDBERG, ESQUIRE who acknowledged himself to be one of the members of the Council of Caine's Creed Condominium, and that he as such member being authorized to do so, executed the foregoing Code of Regulations for the purposes therein contained and for the purposes that such document may be recorded with the Recorder of Deeds of Chester County.

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



Joan L. van Vuuren
JOAN L. VAN VUUREN, Notary Public
Phoenixville, Chester County, Pa.
My Commission Expires April 1, 1976

Jean H. Eitel
RECORDER OF DEEDS

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