



Patriots Ridge CONDOMINIUM ASSOCIATION

The Issue:

In order to protect the value of our investments for resident owners and investment owners alike the Board of Directors is seeking to add an Amendment to keep the balance of ownership in Patriots Ridge. They are proposing an amendment to the Declaration to limit the total number of Units which may be leased or rented.

DO YOU KNOW?

The risks involved when the percentage of rentals becomes too high?

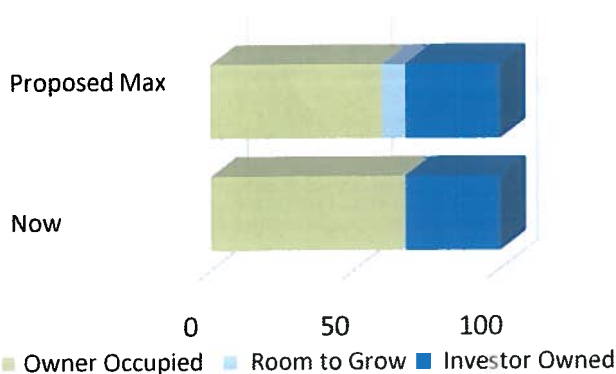
The values of our homes could decrease when the percentage of rentals becomes too high?

What happens to FHA loans when a single investor owns too many properties?

Insurance premiums increase when the percentage of rentals becomes too high?

What are the Benefits of Voting Yes as an Owner Occupied Residence?

- Ensure that all members of the Association enjoy the full privileges of residing at Patriots Ridge
- Increase the number of Units that are owner-occupied resulting in a more stable and enjoyable living environment
- Reinforce the ability of potential homeowners to secure mortgage financing, including FHA loans
- Assure availability of affordable liability and property insurance coverage



What are the Benefits of Voting Yes as an Investor?

- Ensure that all members of the Association enjoy the full privileges of residing at Patriots Ridge
- Increase the number of Units that are owner-occupied resulting in a more stable and enjoyable living environment
- Reinforce the ability of potential homeowners to secure mortgage financing, including FHA loans
- Assure availability of affordable liability and property insurance coverage
- Investment properties will be grandfathered
- Value of your rental has potential to increase
- Investment properties can be sold as a rental unit
- Families can inherit the unit as a rental
- We are currently only at 32.5% and there is room to grow

If you can't decide and would like to discuss in more detail, the Board of Directors Nominated a Special Committee to be available. If you would like Rosemary or Linda to reach out, please email your property manager at w.king@cpm975.com with your name, address and best way to contact you.

What Do You Need to Do?

In order to achieve these goals, the Board of Directors has proposed the attached Amendment to the Declaration, which among other rules and restrictions, implements a maximum percentage of rental Units of forty percent (40%).

Also enclosed is a proxy, printed on green paper, which we ask that everyone complete and return upon receipt. Please remember to return your proxy as we need to receive 67% affirmative votes to pass.

*Thank you for attention to this important issue.
Patriots Ridge Board of Directors*

PREPARED BY: Clemons Richter & Reiss, P.C.
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Doylestown, PA 18901
(215) 348-1776

CPN # see attached

**AMENDMENT TO DECLARATION OF CONDOMINIUM FOR PATRIOTS
RIDGE CONDOMINIUM ASSOCIATION**

BACKGROUND

WHEREAS, Patriots Ridge Condominium Association ("Patriots Ridge") is formed pursuant to Declaration of Condominium ("Declaration"), and Bylaws adopted pursuant thereto, to administer, maintain, repair, and replace certain units and common areas in a development situated in Plumstead Township, Bucks County, Pennsylvania, known as "Patriots Ridge". The Declaration of Condominium was recorded in the Office of the Recorder of Deeds for Bucks County in Deed Book 0957 at page 1899 et seq.

WHEREAS, Patriots Ridge is a condominium as defined at Section 3103 of the Pennsylvania Uniform Condominium Act, (68 Pa.C.S.A Section 3101 et seq) ("Act").

WHEREAS, Patriots Ridge is a condominium development consisting of three hundred and sixty-six (366) residential Units.

WHEREAS, Patriots Ridge has become a desirable location to investors who acquire condominium units as rental/lease properties.

WHEREAS, the percentage of rental/lease Units within the Association is currently approximately thirty-four (34%) percent (124 of 366 Units).

WHEREAS, in light of interest in Patriots Ridge as an investment condominium, it is anticipated that the percentage of rental/lease Units will continue to rise.

WHEREAS, FHA (Federal Housing Administration), FNMA (Fannie Mae), FHLMC (Freddie Mac), and HUD (Housing and Urban Development), each impose mortgage approval criteria specific to condominium developments in the

form of minimum owner-occupancy percentages ("Owner-Occupancy Ratio") and single entity ownership limits.

WHEREAS, Patriots Ridge is currently FHA mortgage financing approved; FHA requires that at least fifty percent (50%) of all Units are Owner occupied, and that no individual or entity own more than ten percent (10%) of the total number of Units.

WHEREAS, in the event the Owner-Occupancy Ratio reaches below the determined percentage, FHA, FNMA, FHLMC and HUD may deem Units "investment" properties, and thus either refuse to extend financing, or only extend financing at higher commercial interest rates with higher down payment requirements.

WHEREAS, in order to assure the ability of current Unit Owners and potential purchasers to obtain FHA, FNMA, FHLM and HUD residential mortgage financing, the Board, acting in the best interest of the Association, desires to institute a cap on the maximum number of Units which may be rented (implementing a minimum Owner-Occupancy Ratio) and by restricting the number of Units a single entity may own.

WHEREAS, in addition, in order to prevent the unregulated leasing of Units from having a negative impact on the Association, and acting in the best interest of the Association, the Board intends to:

- Ensure that all members of the Association enjoy the full privileges of residing at Patriots Ridge;
- increase the number of Units that are owner-occupied resulting in a more stable and enjoyable living environment;
- inform all lessees residing within the Association of the restrictions, conditions and Rules and Regulations of the Association;
- reinforce the ability of potential homeowners to secure mortgage financing;
- reduce the negative effect rental housing may have upon the enforcement powers of the Board; and
- assure availability of affordable liability and property insurance coverage.

WHEREAS, implementation of leasing restrictions requires an amendment as set forth in Article X of the Declaration, by a vote of at least 67% of the Unit Owners.

NOW THEREFORE, by a vote of at least 67% of the Unit Owners, the Declaration of Condominium for Patriots Ridge Condominium Association is hereby amended as follows:

1. Article XVI of the Declaration is hereby deleted in its entirety and replaced with the following:

ARTICLE XVI
LEASING

- 16.1 Restrictions. The leasing of Unit shall be subject to the restrictions set forth in this Article XVI. No transient tenants or lessees may be accommodated in any Unit, and no lease shall be for less than a whole Unit, nor for an initial term of less than one (1) year. Each lease shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Act, this Declaration, the Bylaws and the Rules and Regulations of the Association, as the same may be amended from time to time, and that the failure by the lessee or Unit Owner to comply with the terms of such documents shall be an event of default under the lease. The Association shall be a third party beneficiary of such covenants in any lease and shall have the right to enforce them.
- 16.2 The total number of Units in the Association which may be leased or rented out at any given time shall not exceed forty (40%) percent of the total number of Units in the Association (no more than 146 Units). The Association shall maintain a minimum owner-occupancy ratio of sixty (60%) percent (220 Units). The Board shall retain the power to grant waivers from the Owner-Occupancy Ratio for extraordinary circumstances, so long as current minimum FHA Owner-Occupancy requirements are met.
- 16.3 Current Rentals Grandfathered. All Units rented at the time this Amendment is recorded shall be permitted to continue as rental Units regardless of the Owner-Occupancy Ratio, for so long as those Units are owned, occupied and transferred as rental Units. To qualify, the Unit Owner of a rented Unit must have provided to the Association a copy of

the written Lease Agreement, lessee name and contact information, and be otherwise in compliance with the Declaration, Bylaws and Rules and Regulations, in effect prior to the recordation of this Amendment. Non-conforming Units must make application within sixty (60) days of the date this Amendment is recorded.

- 16.4 Application for Rental Occupancy. Any Unit Owner who desires to rent his/her Unit shall submit an Application for Rental Occupancy to the Association. Approval by the Association is subject to maintaining the minimum Owner Occupancy Ratio. Approval shall be given on a first-come, first-served basis.
- 16.5 The Association shall maintain an up to date written record of rental Units to substantiate the Owner-Occupancy Ratio, and also a waiting list of Owners interested (in order of application) in renting their Unit as necessary.
- 16.6 Each Unit Owner intending to lease his/her Unit, must submit a copy of the proposed lease to the Association, prior to the effective date of the lease, and prior to occupancy of the Unit by a lessee. The following restrictions shall apply:
 - a. In the event a Unit Owner fails to submit a lease for approval to the Association prior to the occupancy of the Unit by the lessee, the Unit Owner and the lessee shall be subject to fines as may be determined by the Board, for each day the Unit is occupied by the lessee without Association approval. In addition, if the leasing of the unapproved Unit brings the Owner-Occupancy Ratio below 60%, the Association shall have the right to evict the lessee in accordance with the procedures set forth in paragraph c hereof.
 - b. In the event a lessee is in violation of the Declaration, the Bylaws or the Rules and Regulations, as any of the same may be amended from time to time, then the lessee and the Unit Owner shall be jointly and severally liable for any fines, late charges, attorneys fees and court costs assessed and incurred by the Association in enforcement of the Declaration, Bylaws and Rules and Regulations against the lessee and the Unit Owner.

- c. In addition to the right to institute violation procedures against the lessee and the Unit Owner for violations of the Declaration, the Bylaws and the Rules and Regulations, the Association, in its sole discretion, in addition to any and all other remedies, legal or equitable, may file an eviction action on behalf of the Unit Owner against the lessee, for a violation of this Article XVI. Prior to the filing of an eviction action, the Association shall make demand on the Unit Owner to evict the lessee. If the lessee is not evicted by the Unit Owner within sixty (60) days from the date of the Association's demand on the Unit Owner, the Association shall be entitled to file such eviction action in the name of the Unit Owner.
- d. In the event a Unit Owner shall fail to pay any charge or Assessment levied by the Board against a leased Unit, and this failure to pay continues for sixty (60) days, the Board shall have their right, after first giving the Unit Owner written notice, sent by certified mail, return receipt requested, that the Board intends to so proceed, to notify the lessee of the Unit in writing of the amount(s) due and within fifteen (15) days after the date of the notice, the lessee shall pay to the Board the amount(s) of all unpaid charges or Assessments. In no event shall the lessee be responsible to the Board for any amount of unpaid charges or Assessments during any one month in excess of one monthly rental installment. In no event shall the delivery of such notice from the Board to the lessee or payment by the lessee of the sums due from the Unit Owner to the Association given the lessee any right to default under the lease or otherwise to perform its obligations under the lease. The amounts of unpaid charges or Assessments paid to the Board by the lessee after the nonpayment by the Unit Owner shall be credited against and shall offset the next monthly rental installment due to the Unit Owner following the payment by the lessee of the charges or Assessments to the Board.
- d. All fines, costs and expenses, including attorneys' fees, incurred by the Association in enforcing this Article, including the filing of an eviction action, shall be the joint and several responsibility of the lessee and Unit Owner, and shall constitute a lien on the Unit.

- e. The inclusion of this Article XVI in a form of lease or addendum to a lease for the rental of a Unit shall be a condition precedent to the approval of the form of lease by the Board.

16.7 No person or entity may own, partially or wholly, more than ten percent (10%) of the total number of Units in the Association. For purposes of this section, Units are deemed to be owned by a single entity if the same individual or entity holds a whole or partial ownership interest, either directly, indirectly, or as a partner, shareholder or otherwise.

16.8 The Association may charge a reasonable administrative fee for the receipt, review, and registration of leases, as well as for the maintenance of Owner and Unit lease files, and shall have the power to adopt Rules and Regulations and forms to implement this Article XVI.

16.9 The Board shall retain the power to, but shall not be required to, grant waivers from the foregoing restrictions under extraordinary circumstances or in the event of undue hardship.

2. This Amendment shall be effective upon recording.

3. The Declaration and Bylaws, and any previous amendments, shall remain in full force and effect to the extent not inconsistent with this Amendment.

4. If there is any inconsistency between the Declaration or Bylaws and this Amendment, the terms of this Amendment shall control.

5. In the event a Court of competent jurisdiction shall declare all or any part of this Amendment null and void, it shall have no effect on the validity of all remaining provisions of the Declaration or Bylaws, and all prior amendments thereto.