

APPROVED THIS ... 31. ST.
DAY OF ... JULY 19.98...
FRANKLIN TOWNSHIP ASSESSOR
Ruth Ann White ... DRAFTSMAN



DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
CARRIAGE COURTS

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THIS DECLARATION (hereinafter called "the Declaration" or "this Declaration") made this 10th day of March, 1998 by Crossmann Communities Partnership, an Indiana general partnership (hereinafter called "Declarant"),

WITNESSETH:

WHEREAS, Declarant is the owner of the real estate in Marion County, Indiana, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (hereinafter referred to as the "Original Real Estate"); and

WHEREAS, Declarant may in the future own or have an interest in other real estate adjacent to the Original Real Estate which Declarant may desire to subject to the terms of this Declaration as hereinafter provided (which adjacent real estate is hereinafter referred to as the "Supplemental Real Estate"); and

WHEREAS, Declarant intends to create on the Original Real Estate (and may in the future desire to create on such portions (or all) of the Supplemental Real Estate as may be made subject to the terms of this Declaration, as hereinafter provided) a residential community with private streets and public streets, to be known as Carriage Courts; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the values and amenities in such community and the common facilities therein contained, and to this end, Declarant desires to subject the Original Real Estate (together with such portions (or all) of the Supplemental Real Estate as many hereafter be made subject to the terms of this Declaration, as hereinafter provided) to certain rights, privileges, covenants, restrictions, easements, assessments, charges and liens, each and all to the extent herein provided, for the benefit of the Original Real Estate [and any portions (or all) of the Supplemental Real Estate as may be hereafter made subject to the terms of this Declaration, as hereinafter provided] and each owner of all or part thereof; and

WHEREAS, Declarant deems it desirable, for the efficient preservation of the values and amenities in said community, to create an agency to which shall be delegated and assigned the powers of owning, maintaining and administering any common facilities located on the Property (hereinafter defined), administering and enforcing the covenants and restrictions contained in this Declaration, collecting and disbursing the assessments and charges imposed and created hereby and hereunder, and promoting the health, safety and welfare of the owners of the Property; and all parts thereof; and

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WHEREAS, Declarant has caused, or will cause, to be incorporated under the laws of the State of Indiana a not-for-profit corporation under the name "Carriage Court Homeowners Association, Inc.", or a similar name, as such agency for the purpose of exercising such functions;

NOW, THEREFORE, Declarant hereby declares that the Property is and shall be held, transferred, sold, conveyed, hypothecated, encumbered, leased, rented, used, improved and occupied subject to the provisions, agreements, conditions, covenants, restrictions, easements, assessments, charges and liens hereinafter set forth, all of which are declared to be in furtherance of a plan for preservation and enhancement of the Property, and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property as a whole and of each of the Lots situated therein, and which shall run with the Property and be binding upon all parties having any right, title or interest in the Property, their heirs, successors and assigns.

ARTICLE I
DEFINITIONS

Section 1. The following words when used in this Declaration, or any supplemental declaration (unless the context shall prohibit) shall have the following meanings:

- A. "Association" shall mean Carriage Courts Homeowners Association, Inc., an Indiana nonprofit corporation which Declarant has caused, or will cause, to be incorporated under said name or a similar name, its successors and assigns.

- B. "Common Area" shall mean (i) all portions of the Property shown upon any final Plat of the Property, or any part thereof, which are not Lots, other than portions thereof (such as streets) which are dedicated to the public, whether such Plat is heretofore or hereafter recorded, including all improvements and structures constructed or to be constructed thereon, (ii) to the extent hereinafter established, such portions of the Property as are herein declared to be Common Area even though located on or constituting part of one or more Lots, and (iii) to the extent hereinafter established, such improvements located, installed or established in, to, on, under, across or through the Property as are herein declared to be Common Area whether located, installed or established entirely or partially on Lots, or portions of the Property which are not Lots, or on any combination of the foregoing.

- C. "Declarant" shall mean Crossmann Communities Partnership, an Indiana general partnership, and any successors and assigns of it whom it designates in one or more written recorded instruments to have the rights of Declarant hereunder, including, but not limited to, any mortgagee acquiring title to any portion of the Property pursuant to the exercise of rights under, or foreclosure of, a mortgage executed by Declarant.

- D. "Limited Common Area" shall mean such portions of the Common Area designated on a Plat (i) the use of which hereby is declared and established to be limited or restricted, to the Owners of one or more but less than all of the Lots, such as and specifically including patios, porches, fences, driveways, sidewalks, landscaping and parking spaces, (ii) which are clearly designed and intended for use by the owners of one or more but less than all of the Lots, and (iii) which are appurtenant to one or more but less than all of the Lots and which are not necessary for the beneficial use and enjoyment of all of the Lots.
- E. "Living Unit" shall mean a residential housing unit consisting of a group of rooms and hallways which are designed or intended for use as living quarters for one family. For the purpose of determining membership in the Association, each Living Unit as constructed by Declarant on a Lot shall be considered as a separate and individual unit.
- F. "Lot" shall mean and refer to any plot of land shown upon any final Plat of the Property, or any part thereof, with the exception of Common Area, assigned and intended for use as a building site for, or developed and improved for use as, a Living Unit; provided, however, that where a Living Unit (i) is separated from an adjacent Living Unit by a Party Wall, or (ii) shares a Party Wall with an adjacent Living Unit, the center line of such Party Wall and its vertical extensions shall constitute the common boundary line (lot line) between such adjacent Lots, and the closure of the boundary lines of such adjacent Lots shall be accomplished by extending perpendicular lines from the horizontal extremities of such Party Wall to the closest boundary line or lines for such Lots as shown on any Plat of the Property or any part thereof; provided, further, that where any exterior wall of a Living Unit is not a Party Wall but extends outside the boundary lines (lot lines) of the Lot (as shown on any such Plat) upon which such Living Unit is primarily located, the boundary lines of such Lot shall be deemed extended to include all of the ground area occupied by such Living Unit. It is the intent hereof that, in any and all events, this Declaration and any Plat of the Property or any part thereof shall be interpreted and construed so that all ground area underlying and lying beneath a Living Unit shall be and constitute part of the Lot upon which such Living Unit is primarily located to the end that all of such ground area shall be subject to fee simple ownership by the Owner of such Living Unit; to the extent necessary to accomplish and implement such intention, interpretation and construction, the boundary lines of the Lots shall be determined in accordance with the foregoing definitional provisions and boundary lines as so determined shall supercede the boundary lines for Lots shown on any recorded final Plat of the Property or any part thereof.
- G. "Member" shall mean any person or entity holding membership in the Association as provided in Article III hereof.

- H. "Mortgage" shall mean any mortgage or other security instrument by which a Lot or any part thereof or any structure thereon is encumbered.
- I. "Mortgagee" shall mean any person or entity named as the Mortgagee under any such Mortgage or any successors or assigns to the interest of such person or entity under such Mortgage.
- J. "Original Real Estate" shall mean the parcel of real estate in Hamilton County, Indiana described in Exhibit "A" attached to and incorporated in this Declaration.
- K. "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
- L. "Person", whether appearing in upper case or lower case form, shall mean an individual, firm, corporation, partnership, association, trust, or other legal entity, or any combination thereof.
- M. "Plat" shall mean that certain subdivision Plat or Plats of the Property as from time to time recorded in the office of the Recorder of Marion County, Indiana and all amendments and modifications thereto. It is anticipated that the Declarant may first record a "conditional final plat" and may thereafter, following the construction of any building or buildings containing Living Units, record a "final plat". In the event that, with respect to the Property or any part thereof, there is recorded with the Recorder of Marion County, Indiana, both a "conditional final plat" and, subsequently, a "final plat", then the "final plat" shall supersede and control, and the term Plat as used throughout the Declaration shall mean and refer to such subsequently recorded "final plat".
- N. "Property" shall mean and refer to the Original Real Estate together with such portions of the Supplemental Real Estate as have, from time to time, been subjected to, and are, at any time, subject to this Declaration.
- O. "Swimming Pool" means the Swimming Pool and related facilities, if any, located upon any Common Area.

Section 2. Other Terms - Other terms and words defined elsewhere in this Declaration shall have the meanings herein attributed to them.

ARTICLE II.

PROPERTY SUBJECT TO THIS DECLARATION:

Section 1. Declaration. Declarant hereby expressly declares that the Property shall be held, transferred, sold, conveyed and occupied subject to all the terms, covenants, conditions, restrictions and provisions of this Declaration. The Owner of any Lot subject to this Declaration, by (i) acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent Owner of such Lot, or (ii) by the act of occupancy of any Lot, shall accept such deed, execute such contract and undertake such occupancy subject to all of the terms, covenants, conditions, restrictions and provisions of this Declaration. By acceptance of such deed, execution of such contract or undertaking such occupancy, each Owner acknowledges the rights and powers of Declarant and of the Association with respect to or under this Declaration, and, for himself, his heirs, personal representatives, successors and assigns, covenants, agrees and consents to and with Declarant, the Association, and the Owners and subsequent Owners of each of the Lots affected by this Declaration, to keep, observe, perform and comply with this Declaration.

Section 2. Declarant's Right of Expansion. Declarant shall have, and hereby reserves, the right, at any time, and from time to time, on or before the "Applicable Date" (hereinafter defined) to add to the Property and subject to this Declaration all or any part of any Supplemental Real Estate. Any portion of the Supplemental Real Estate shall be added to the Property, and therefore and thereby becomes a part of the Property and subject in all respects to this Declaration, when Declarant places of record in Marion County, Indiana an instrument so declaring the same to be a part of the Property, which declaration may be made as part of the subdivision Plat of any portion of the Supplemental Real Estate, or by an amendment or supplement to this Declaration, or otherwise. Upon the recording of any such instrument on or before the Applicable Date, the real estate described therein shall, for all purposes, thereafter be deemed a part of the Property and the Owners of any Lots within such real estate shall be deemed for all purposes to have and be subject to all the rights, duties, privileges and obligations of Owners of Lots within the Property. No single exercise of Declarant's right and option to add to and expand the Property, as described in this Section 2, as to any part or parts of the Supplemental Real Estate shall preclude Declarant from thereafter from time to time further expanding and adding to the Property to include other portions of the Supplemental Real Estate, such right and option of expansion may be exercised by Declarant from time to time as to all or any portions of any Supplemental Real Estate so long as such expansion is accomplished on or before the Applicable Date. Such expansion of the Property is entirely at the discretion of Declarant and nothing contained in this Declaration or otherwise shall require Declarant to expand the Property beyond the Original Real Estate, or any other portions of the Supplemental Real Estate which Declarant may voluntarily and in its sole discretion from time to time subject to this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

Section 1. Membership. Every Owner of a Lot subject to assessment, except as herein provided to the contrary, shall be entitled and required to be a member of the Association. If title to a Lot is held by more than one person, each of such persons shall be a member. An Owner of more than one Lot shall be entitled to, and there shall be required, one membership for each such Lot. Each such membership shall be appurtenant to the Lot upon which it is based and shall transfer automatically by voluntary or involuntary conveyance of the title of that Lot. Except as herein otherwise expressly provided, no person or entity other than an Owner or Declarant may be a member of the Association, and a membership in the Association may not be transferred except in connection with the transfer of title to that Lot.

Section 2. Transfer. A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of the record title of a Lot and then only to such transferee, by assignment, intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. It shall be the responsibility of each Owner, upon becoming entitled to membership, to so notify the Association in writing, and until so notified, the Association may continue to carry the name of the former Owner as a member, in its sole discretion. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the transferee of title of such Lot, the Association shall have the right to record the transfer upon the books of the Association and issue a new membership to the transferee, and thereupon the old membership outstanding in the name of the transferor shall be null and void as though the same had been surrendered.

Section 3. Voting. The Association shall have two (2) classes of voting membership, as follows:

- A. Class A. Class A members shall be all Owners of Lots, with the exception of the Declarant prior to termination of Class B membership; and shall be entitled to one (1) vote for each Lot owned with respect to each matter submitted to a vote of members upon which the Class A members are entitled to vote. When more than one person holds title to any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one Lot. There can be no split vote. Prior to or at the time of any meeting at which a vote is to be taken, each co-Owner or other person entitled to a vote at such meeting shall file with the Secretary of the Association the name of the voting co-Owner or other person entitled to a vote at such meeting, unless such co-Owner or other persons have filed a general voting authority with the Secretary applicable to all votes until rescinded.

B. Class B. Class B members shall be the Declarant and all successors and assigns of Declarant designated by Declarant as Class B members in a written notice mailed or delivered to the resident agent of the Association. Each Class B member shall be entitled, on all matters requiring a vote of the membership of the Association, to three (3) votes for each Lot owned by it. The Class B member shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Lot owned. For purposes of this calculation, it shall be assumed that Declarant owns all Lots, which number shall be reduced as Lots are conveyed by the Declarant to an Owner. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) when the total number of votes outstanding in the Class A membership is equal to the total number of votes outstanding in the Class B membership; or, (b) December 31, 2005. Declarant shall be entitled to Class A memberships for all Lots of which it is the Owner on or after the termination of Class B membership.

Section 4. Suspension of Voting Rights. In the event any Owner shall be in arrears in the payment of any amount due under any of the provisions of this Declaration for a period of thirty (30) days, or shall be in default in the performance of any of the terms of this Declaration for a period of thirty (30) days, such Owner's right to vote as a member of the Association shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

Section 5. Board of Directors. The Owners shall elect a Board of Directors (hereafter "Board") of the Association as prescribed by the Association's Articles of Incorporation (hereafter "Articles") and By Laws (hereafter "By Laws"). The Board shall manage the affairs of the Association. Directors need not be Members.

ARTICLE IV

PROPERTY RIGHTS

Section 1. General Provisions. All easements described in this Declaration are permanent easements appurtenant, running with the land. They shall at all times inure to the benefit of and be binding on the Owner and the Mortgagee from time to time of any Lots and the owner and mortgagee, if any, from time to time of the Common Area, and their respective heirs, successors, personal representatives or assigns.

Section 2. Right of Enjoyment. Every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area (except for such portions thereof as are Limited Common Area), which right and easement shall include, but not be limited to, easements for ingress and egress to his Lot for himself and his invitees, for lateral support, utility, water and sewer easements, vehicular parking, pedestrian ingress and egress, and use and enjoyment of open spaces and all other parts of the Common Area. Such right and easement shall be appurtenant to and shall pass with the

title to every Lot, subject to the following provisions:

- A. The right of the Association to pass reasonable rules, with respect to the Common Area, for the health, comfort, safety and welfare of persons using same (including, but not limited to, rules restricting or limiting parking of vehicles to designated portions of the Common Area);
- B. The right of the Association to suspend the voting rights and right to the use of recreational facilities, if any, situated upon the Common Area (but not rights of access to Lots) by an Owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations;
- C. The right of the Association to levy assessments as provided in this Declaration.
- D. The right of Owners to the use of parking spaces as provided in this Article;
- E. The right of the Owner of each Lot to an exclusive easement on the Common Area for entrances to a Living Unit or to areas occupied by fireplaces, roof overhangs, balconies, air conditioning compressors, flower boxes, patios, and other appurtenances which are part of the original construction of any Living Unit, or which are added pursuant to the provisions of Article VI hereof; and to a reciprocal easement for access where necessary over adjoining Lots for the maintenance and upkeep of the walls, fences or other improvements; and
- F. The rights of the Association and Declarant reserved under Sections 4 and 5 of this Article IV or elsewhere in this Declaration.

Section 3. Delegation of Enjoyment. Any Owner may delegate, in accordance with the By-Laws of the Association, his right of enjoyment to the Common Areas to residents of his Lot, including the members of his family, his tenants, or contract purchasers.

Section 4. Association's Rights.

- A. The Association shall have the right to manage, build, reconstruct, repair, maintain, improve and operate the Common Area.
- B. The Association shall have the right to mortgage all or any portion of the Common Area for the purpose of securing a loan of money to be used for any of the purposes specified in subsection 4.A. next hereinabove, provided that the rights of such mortgagee in the Common Area shall be subordinate to the rights of the Owners under this Declaration, and provided, further, that the mortgage shall have received

the prior written approval specified in Article XI hereinbelow.

- C. The Association shall have the right to dedicate or transfer all or any part of the Common Area to any governmental subdivision or public agency or utility, and to grant permits, licenses, and easements over the Common Area for utilities, roads, and other purposes necessary or useful for the proper maintenance or operation of the project, subject to any prior written approval required by Article XI hereinbelow.
- D. The Property shall be subject to easements of record on the date hereof and any easements in the Common Area which may hereafter be granted by Declarant or the Association (subject to the approval referred to in the preceding paragraph) to any public or private utilities or governmental bodies for the installation and maintenance of electrical and telephone conduit and lines, gas pipes, sewers or water pipes, coaxial cable, or any other utility services serving any Lots or the Common Area. Lots shall also be subject to easements for the maintenance of unintentional encroachments of the Common Area improvements thereon.
- E. Anything herein apparently to the contrary notwithstanding, no abandonment, partition, subdivision, encumbrance, sale or transfer of the Common Area or other common property or any part thereof shall be effective unless it shall have received the prior written approval specified in Article XI hereinbelow.

Section 5. Declarant's Rights. Declarant shall have the same rights as any other Owner as to Lots owned by it from time to time, except as otherwise specified herein. In addition, until the last Lot is conveyed to an owner other than Declarant, or until the Applicable Date (whichever event shall first occur), Declarant shall have the right and easement over the Common Area for the completion of improvements and making repairs to improvements (whether on the Common Area, or upon unsold Lots, or upon other portions of any Supplemental Real Estate) and the right to maintain and use facilities (including, but not limited to model Living Units) and signs upon the Common Area or any Lots for the purpose of marketing units, and to invite and escort the public thereon for such purpose.

Section 6. Non-Dedication to Public Uses. Nothing contained in this Declaration shall be construed or be deemed to constitute a dedication, express or implied, of any part of the Common Area to the public or to or for any public use or purpose whatsoever, all of such Common Areas being reserved to the Owners and the Association as provided in this Declaration, but subject, however, to the rights of the Association and the Declarant to thereafter dedicate portions of such Common Area to the public or to or for public uses or purposes but only to the extent, and upon all of the conditions, set forth in this Declaration.

Section 7. Easement for Unintentional Encroachment. Notwithstanding any other provisions contained herein, in the event that any Living Unit or any structure containing one or more Living Units or any improvements to any Living Unit or any garage or Garage Space encroaches upon any

part of the Common Area, as a result of construction, reconstruction, repair, shifting, settlement or movement of any part of the Property, then a perpetual easement appurtenant to such encroaching Lot shall exist for the continuance of any such encroachment on the Common Area.

Section 8. Parking Rights. Each Lot contains parking areas (including garages) for the use of its Owner. The Association may maintain additional parking spaces on the Common Area for the use of Owners, guests and invitees, subject to reasonable regulation by rule of the Association. In addition, Declarant may, and hereby expressly reserves the right, power and authority to, designate by any Plat, or any part thereof, portions of the Property for the purpose of construction thereon of a garage or garages for the parking or storage of vehicles (each part so designated by Declarant for a garage shall be designated as, and is hereinafter referred to as, a "Garage Space"). Garage Spaces may have garages for the parking or storage of vehicles constructed thereon by Declarant and Declarant may convey Garage Spaces by deed (or grant exclusive easements for the use of the same) to Owners of Lots as appurtenances to the Lot owned by an Owner. After the conveyance by Declarant of the last Lot included in the Property on the Applicable Date to an Owner other than Declarant, Declarant's right to convey (or grant easements to use) Garage Spaces shall terminate and any Garage Spaces then existing which have not been so conveyed by Declarant by deed or easement shall thereafter be under the control of the Association which may either (A) convey the same (or grant easement for the use thereof) to the Owner of any Lot, or (B) retain the same for use as general Common Area, or (C) lease or license the use of the same to the Owner of any Lot.

Section 9. Ownership of Common Area. Declarant shall transfer title to the Common Area to the Association as the Property is developed.

ARTICLE V

ASSESSMENTS

Section 1. Personal Obligations. Declarant, for each Lot owned by it within the Property hereby covenants, and each Owner of a Lot by acceptance of a deed, or other conveyance therefor, whether or not it shall be so expressed therein, shall be and is deemed to covenant and hereby agrees to pay to the Association: (a) annual assessments or charges, which shall be payable in regular installments, for the payment or provision of all expenses of administration of the Association, expenses for the upkeep, maintenance, repair and replacement of the Common Area together with any Swimming Pool and related facilities located within any Common Area, and all other expenses incurred or to be incurred by the Association for or in connection with the performance by the Association of its duties, obligations and responsibilities under this Declaration, which expenses shall include, but not be limited to, the expenses and costs of hazard and liability insurance for Common Areas and any other common property, exterior maintenance of Living Units and garages, snow removal, trash removal, sewer and water charges (if payable by the Association), outside lighting, and an adequate reserve fund for the periodic maintenance, repair and replacement of those improvements and elements of the Common Area and any other common property that must be replaced on a periodic basis and which the Association may be obligated to maintain, and (b) special

assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any assessments authorized herein, together with interest, costs and reasonable attorneys' fees, shall be a continuing lien from the first day of January (for annual assessments) and from the date the first installment is payable (for special assessments) against the Lot assessed. Such annual assessments shall be due and payable in twelve (12) equal monthly installments on the first day of each and every month commencing on the first day of July of each year. Each assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot on the date said assessment became due and payable. Said personal obligation of an Owner shall not pass to his successors in title or interest unless expressly assumed by them or unless, prior to such transfer, a written notice of the lien for such assessments shall have been recorded in the office of the Recorder of Hamilton County, Indiana. No Owner shall escape liability for the assessments which fell due while he was the Owner by reason of non-use of the Common Area or non-use, transfer or abandonment of his Lot or Living Unit.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and residents of the Property, to purchase and maintain the insurance specified in this Declaration and to construct, manage, improve, maintain, repair and administer the Common Area and all pipes, wires, or other conduits of matter or energy located upon the Common Area and for the exterior maintenance of Living Units and garages. An adequate reserve fund shall be maintained for working capital and for the periodic maintenance, repair and replacement of those improvements and elements of the Common Areas and any other common property that must be replaced on a periodic basis and those portions of the exterior of Living Units and garages which the Association is required to maintain. Such fund shall be maintained out of the regular assessments.

Section 3. Annual Assessments. Until December 31, 1999, the maximum annual assessment shall be at the monthly rate of Ninety-five Dollars (\$95.00) per Lot for each Lot upon which Declarant constructs a Living Unit.

- A. From and after December 31, 1999, the maximum annual assessments may be increased each year not more than 10% above the maximum assessments for the previous year without a vote of the membership.
- B. From and after December 31, 1999, the maximum annual assessments may be increased above 10% by a vote of two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy, at a meeting called for this purpose.
- C. The Board may fix the annual assessments at an amount not in excess of the maximum permitted hereby.

Section 4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for

the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, and for the exterior maintenance of Living Units and garages, provided that any such assessment shall have the assent of not less than two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum. Written notice of any meeting of Members called for the purpose of taking any action authorized under Article V, Sections 3 or 4, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the total number of votes entitled to be cast (Class A and Class B votes combined) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Rate of Assessment. Annual and Special assessments must be fixed at a uniform rate for all Lots. Annual assessments shall be collected on a monthly basis and special assessments shall be collected as the Board determines. The provisions of this Section 6 are subject to the provisions of Section 13 of this Article V as to all Lots owned by Declarant.

Section 7. Commencement of Initial Annual Assessments. The annual assessments provided for herein shall commence as to all Lots subjected to this Declaration on the first day of the month following the month of recording of the instrument by which such Lots became a part of the Property. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year.

Section 8. Commencement of Annual Assessments. By May 31 of each year the Board shall fix the amount of annual assessments against each Lot for the following fiscal year (i.e., July 1 to June 30 following) and shall send written notice thereof to each Owner. The due date for payment of annual assessments shall be as set by the Board. At the time the Board fixes the amount of annual assessments it shall adopt a budget for the following fiscal year and cause a copy of such budget in reasonable detail to be furnished to each Owner.

Section 9. Proof of Payment. Upon written demand of an Owner or Mortgagee, at any time and for a reasonable charge, the Association shall furnish a written certificate signed by an officer of the Association setting forth whether there are any then unpaid annual or special assessments levied against such Owner's or Mortgagee's Lot. Such certificate shall be conclusive evidence of payment of any annual or special assessments not stated therein as unpaid.

Section 10. Nonpayment of Assessments. Any assessments which are not paid when due shall be deemed delinquent. If an assessment is not paid within thirty (30) days after the delinquency date, it shall bear interest from the delinquency date at the rate of eight percent (8%) per annum and

shall become a continuing lien in favor of the Association on the Lot against which assessed and the improvements thereon and the Association (or any Owner acting in the name and for the benefit of the Association) may bring an action at law or in equity against the person personally obligated to pay the same, including interest, costs and reasonable attorneys' fees for any such action, which shall be added to the amount of such assessment and included in any judgment rendered in such action, and the Association may also enforce and foreclose any lien it has or which may exist for its benefit.

Section 11. Recording and Enforcement of Liens. To evidence a lien for sums assessed pursuant to this Article, the Association may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot, the name of the person personally obligated to pay the same and a description of the Lot. Such a notice shall be signed by an officer of the Association and it or a notice of lien or adverse claim thereof may be recorded in the office of the Recorder of Marion County, Indiana. No notice of lien shall be recorded until there is a delinquency in payment of the assessment for thirty (30) days. Upon such a delinquency for thirty (30) days, the Association shall proceed promptly to enforce the lien or, in its discretion, to sue the person personally liable to pay the lien for the delinquency. Such lien shall be enforced by action in the same manner in which mortgages on real property may be foreclosed in Indiana. In any such foreclosure, the person personally obligated to pay the lien shall be required to pay all costs of foreclosure including reasonable attorneys' fees. All such costs and expenses shall be secured by the lien being foreclosed. The person personally obligated to pay the lien shall also be required to pay to the Association any assessments against the Lot which shall become due during the period of foreclosure. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the foreclosed interest in the Lot as the Owner thereof. The Association shall upon written request report to any encumbrancer of a Lot any assessments remaining unpaid for longer than thirty (30) days after the same shall have become due, provided, however, that such encumbrance first shall have furnished to the Association written notice of such encumbrance

Section 12. Subordination of Lien. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage ("First Mortgagee") and to tax liens and liens for special assessments in favor of any taxing and assessing unit of government. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or remedies provided in the mortgage of a First Mortgagee, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to charges which accrued prior to such sale or transfer. No such sale or transfer shall relieve a Lot from liability for any assessments thereafter becoming due or from the lien thereof or shall relieve the person personally obligated to pay the same from personal liability for assessments due prior to such sale or transfer or acquisition. Any delinquent assessments the lien for which is extinguished by reason of this provision may be reallocated and assessed to all Lots as a common expense.

Section 13. Limitations on Assessments Owed by Declarant. Notwithstanding anything to the contrary contained herein, Declarant shall be obligated to pay, as to any and all Lots owned by it from time to time, only twenty-five percent (25%) of the assessments (whether regular annual

assessments or special assessments) payable hereunder by Owners (other than Declarant) of Lots, and all such Lots owned by Declarant shall be subject to a lien hereunder only for amounts determined under this Section 13.

Section 14. Reserve Fund. The Board of Directors shall establish and maintain a reserve fund by allocation and payment to such reserve fund of an amount determined annually by the Board of Directors to be sufficient to meet the periodic costs of fulfilling the obligations, specified in Article VII, Section 1 above, to maintain and repair the exterior of the Living Units. In determining the amount the Board of Directors shall take into consideration the expected useful life of what is required to be maintained and repaired, projected increases in the cost of materials and labor, interest to be earned by such fund, and the advice of Declarant and such consultants as the Board of Directors may employ. The reserve fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. Such fund shall hereafter be referenced to as the "Reserve Fund".

ARTICLE VI

ARCHITECTURAL CONTROLS

Section 1. Architectural Control Committee Authority. No exterior additions, removals or alterations (including changes in color or appearance) to any building on the Property, additional fences, or changes in existing fences, hedges, walls, walkways and other structures shall be commenced, erected or maintained except such as are installed or approved by the Declarant in connection with the initial construction of the buildings on the Property, until the written plans and specifications showing in reasonable detail the nature, kind, shape, height, materials (including color), location and approximate cost of same shall have been submitted to and approved in writing as to harmony of the external design and location in relation to surrounding buildings in the Property by an Architectural Committee composed of the Board of the Association or three (3) or more representatives appointed by the Board. In the event said Board, or its designated Committee, fails to approve or disapprove such design and location within thirty (30) days after said written plans and specifications have been submitted to it, such approval will be deemed to have been denied. If no such submission has been made to the Architectural Committee or their representatives, suit to enjoin or force the removal of such additions, alterations or changes may be instituted at any time by the Association or any Owner. During the time which the Association has a Class B member, the decisions of the Architectural Committee must have the written approval of the Declarant.

Section 2. Restoration In Accordance with Original Plans. Any restoration or repair of the Common Area or exterior of Living Units and garages, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by First Mortgagees on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to First Mortgagees.

ARTICLE VII

OTHER RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. The Common Area and Exteriors. Subject to the terms and conditions of this Declaration, the Declarant shall convey the Common Area to the Association. The Association, subject to the rights and obligations of the Owners as set forth in this Declaration, shall be responsible for, and be vested with, the exclusive management and control of the Common Area and all improvements and landscaping thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair. Such responsibility (to the extent the same is not otherwise herein declared or stated to be the obligation or responsibility of Owners of Lots) shall include, but not be limited to, the following: the maintenance and repair of the Common Area improvements, such as the recreational facilities, if any, driveways, parking areas, walkways, exterior ornamental lighting, landscaping and lawns and all other improvements or material located within or used in connection with the Common Area. Without limiting the generality of the foregoing, if a lake or other water retention facility is installed as part of the storm and surface water drainage system of the Property, such lake or other water retention facility shall be a part of the Common Area to be operated, managed, controlled, repaired and maintained by the Association. Under no circumstances shall any obligation for the maintenance or repair of any such lake or water retention facility be imposed upon, or implied as an obligation of, any governmental agency, unless such obligation is specifically and expressly assumed or accepted by any such governmental agency. As part of its management and control of the Common Area, the Association shall snow plow the driveways, parking areas and walkways on the Common Area. In order to preserve the uniform and high standard of the Property, the Association shall also be responsible for the maintenance and repair of the exterior of all Living Units, which responsibility shall include, but not be limited to the following: the maintenance and repair of exterior surfaces of all buildings on the Property, including, without limitation, the painting of the same as often as necessary, the replacement of trim and caulking, the maintenance and repair of roofs, gutters, downspouts and overhangs, the maintenance and repair of exterior windows and doors, necessary painting, staining and repair of patio structures on a Lot as originally built but not of additions thereto made by an Owner. The Association shall mow, trim, water and otherwise care for grass, trees, or other plants located on a Lot. The Association shall also provide for snow removal from streets, sidewalks, and driveways on a Lot. All maintenance and repair of the individual Living Units and garages shall be the sole obligation of and shall be performed at the sole cost and expense of the individual Owner, except to the extent the exterior maintenance and repair is provided by the Association. In the event that the need for maintenance or repair is caused through the willful or negligent act of an Owner, his family, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

Section 2. Lawn and Planting Maintenance. To the extent the Association undertakes to water plantings established by individual Owners, it will not be responsible for any damage to such gardens and plantings due to overwatering, underwatering or improper watering. In lieu of maintaining separate water lines for the Common Area, the Association may draw water for such

Mortgagees of Living Units establishing entitlement to such-reimbursement.

ARTICLE VIII

OWNERS' MAINTENANCE

Section 1. Upkeep and Maintenance. Each Owner shall be responsible for the upkeep and maintenance of his Living Unit, garage (whether on his Lot or Garage Spaces), patio and all other areas, features or parts of his Lot and Limited Common Areas appurtenant thereto to the extent not otherwise specifically required under this Declaration to be maintained by the Association. The maintenance, upkeep and repair which each Owner shall furnish and be responsible for, at his or her own expense shall include but shall not be limited to (i) all the maintenance, repairs, decorating and replacements within his or her Living Unit including, but not limited to, all internal installation of such Living Unit such as refrigerators, ranges and other appliances, lighting fixtures and plumbing, and any other portion of any other utility services located within the Living Unit or upon the Lot and (ii) maintenance, upkeep, repair and replacement of any partitions, interior walls, ceiling, floor surfaces, windows, frames and doors. An Owner shall do no act nor any work that will impair the structural soundness or integrity of building or an adjoining Living Unit or garage, or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Living Units, garages or their Owners.

Section 2. Heating of Living Units. For the purpose of preventing damage to and breakage of water, sewer and other utility lines and pipes in a Living Unit which might result in damage to that or other Living Units, all Owners, shall maintain the temperature in their Living Units, at all times, at least 55 degrees Fahrenheit, subject, however, to the inability to maintain such temperature due to causes beyond the Owner's reasonable control. Any damage resulting from the refusal or failure of an Owner to so maintain such minimum temperature may be repaired by the Association and (unless due to causes beyond the Owner's reasonable control) the cost thereof assessed against the Lot of the refusing or failing Owner. However, if the failure to maintain such minimum temperature is due to causes beyond the Owner's reasonable control the cost of such repair shall be a common expense.

ARTICLE IX

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of any Living Unit upon the Property and which connects two (2) or more Living Units or forms part of walls in two (2) or more Living Units shall constitute a party wall (any such wall being herein referred to as a "Party Wall") and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to

negligent or intentional or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of such Party Wall, proportionately.

Section 3. Destruction by Fire or Other Casualty. If any Party Wall is destroyed or damaged by fire or other casualty, then, to the extent that such damage is not covered by insurance maintained by any of the Owners who make use of such Party Wall or by the Association, and repaired out of the proceeds of same, any Owner who has used the Party Wall may restore it, and if the other Owners thereafter make use of the Party Wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent, intentional or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner for contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a Party Wall, or under the provisions of this Article, each party shall choose one arbitrator, and the decision shall be by a majority of all the arbitrators. (Should any party refuse to appoint an arbitrator within ten days after written request therefor from another party, the Board of Directors of the Association shall select an arbitrator for the refusing party.)

ARTICLE X

GENERAL RESTRICTIONS, OBLIGATIONS AND RIGHTS APPLICABLE TO PROPERTY

Section 1. Living Unit and Lot Restrictions. No more than one Living Unit shall be erected or maintained on each Lot. No Living Unit shall be used for purposes other than as a single family residence, nor shall any trade or business of any kind be carried on within a Living Unit or upon a Lot, nor shall any Lot or any part thereof be leased, sublet, assigned or suffered to be used for hotel or transient occupancy, provided that none of the following activities shall be considered a violation of this covenant:

- A. The maintenance of model Living Units and business and sales offices by Declarant during the construction and sale periods.
- B. The maintenance of offices by the Association or its designated manager for purposes of management of the Property.
- C. Lease, rental or use of a Living Unit for purposes consistent with this Section.
- D. The use of a Lot by an Owner for incidental office purposes to the extent permitted by applicable zoning ordinances.

Section 2. Common Area Restrictions. No industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted on any part of the Common Area, nor shall any "for sale" or "for rent" signs or any window display advertising be maintained or permitted on any part thereof, except that Declarant reserves the right for itself or its agents to maintain model Living Units, business and sales offices, storage areas and construction offices on the Common Area during the construction and sales period until the last Lot existing as part of the Property on the Applicable Date is conveyed, and to place "for sale", "for rent" or any other signs on any part of the Common Area and to use any part of the Common Area for sale or display purposes during such period. No Living Unit or garage shall be constructed on the Common Area, other than garages constructed on Garage Spaces.

Section 3. Obstructions. There shall be no obstruction of the Common Area, nor shall anything be kept or stored on any part of the Common Area without the prior written consent of the Association except construction materials and equipment during the construction period or except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from the Common Area except upon the prior written consent of the Association.

Section 4. Prohibition of Damage and Certain Activities. Nothing shall be done or kept on any Lot or in any Living Unit or on or in any Common Area or any part thereof which would increase the rate of insurance on the Property or any part thereof over what the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept on any Lot or in any Living Unit or on or in any Common Area or any part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Area or any part thereof or of the exterior of the Property and buildings thereon shall be committed by any Owner or any invitee or tenant of any Owner and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him or his invites or tenants, to the Association and other Owners. No noxious, destructive or offensive activity shall be allowed on any Lots or in the Common Area or any part thereof, nor shall anything be done thereon which may be or may become a nuisance to any other Owner or to any other person at any time lawfully residing on the Property; provided, however, that no act, conduct, activity or operation which Declarant is authorized or permitted to do hereunder shall ever be deemed to be

noxious, destructive, offensive nor a nuisance for purposes of this Section 4.

Section 5. Fences, Walls and Patios. No Owner shall relocate, heighten, lower or otherwise move or change any fence, wall or patio upon the Property except as provided in Article VI hereinabove.

Section 6. No Unightly Uses. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out on any portion of the Common Area, or on a Lot so as to be visible from outside the Lot. The Common Area shall be kept free and clear of all rubbish, debris and other unsightly materials.

Section 7. Animals. No animals, rabbits, livestock, fowl or poultry of any kind shall be raised, bred or kept in or on any Lot or on the Common Area or any part thereof, except that household pets of mature size of not more than 18 inches in height may be kept on Lots, subject to rules and regulations adopted by the Board provided that they are not kept, bred, or maintained for any commercial purposes; provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property subject to these restrictions upon three days written notice from the Board, and provided further, that upon written request of 25% of the voting power of the Association, the Board of Directors shall have the authority to, and shall order the removal of, any pet.

Section 8. Prohibited Structures. No structure of a temporary character, trailer, boat, camper-bus, basketball hoops, basement, tent, or shack shall be maintained on any Lot nor shall any garage or other building except a permanent residence, be used on any Lot at any time as a residence or sleeping quarters, either temporarily or permanently.

Section 9. Storage. Outside storage of any items, including but without limiting the generality of the foregoing, sporting equipment, toys, outdoor cooking equipment, yard and garden tools and equipment and trash and garbage containers, shall not be allowed unless screened from view by enclosures so as to be effectively screened from view outside the Lot. The design of such screened enclosure must be approved by the Association in accordance with the architectural control provisions hereof. The storage or collection of rubbish of any character whatsoever, any material that emits foul or obnoxious odors, the growing of any noxious or illegal weed or other natural substance, and the harboring of the source of any noise or activity which disturbs the peace, comfort or serenity of residents is prohibited. Usual household trash and garbage shall be regularly collected and may be kept outside only if in sanitary containers which are so screened. Notwithstanding the foregoing, no boats, snowmobiles, recreational vehicles, trailers, camping vehicles, buses, mobile homes, tractor/trailers, trucks, motorcycles, mini bikes, mopeds, unlicensed or inoperable vehicles, or any other vehicles of any description other than normal passenger automobiles shall at any time be stored or parked on any Lot outside of-a garage, or on any part of the Common Area, either permanently or temporarily, other than (A) within an enclosed garage constructed on a Garage Space, or (B) such portions, if any, of the Common Area as may be designated by the Association for such purposes.

Section 10. Signs. No sign of any kind (other than designations, in such styles and materials as the Association shall by rule or regulation approve, of street addresses and names of occupants) shall be displayed to the public view on any Lot, except that a "For Sale" sign may be displayed on the Property itself that it is in such form as the Board may require, and except that (i) the Declarant shall be permitted to erect and maintain upon the Property such signs as it deems appropriate to advertise and/or identify the development during the construction and sale periods and (ii) the Declarant shall be permitted to install and the Association shall thereafter maintain a permanent monument sign or signs identifying Carriage Courts.

Section 11. Antennae. Except with prior written approval and the authorization of the Board, no exterior television or radio antennae of any sort shall be placed, allowed or maintained upon any portion of the improvements or structures to be located upon the Property.

Section 12. Rental. Any lease between an Owner and a lessee shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing. No Living Unit, garage, Lot or Garage Space may be leased for a period of less than 30 days. A Garage Space may only be leased with and as an appurtenance to a Living Unit. Other than the foregoing, there shall be no restrictions on the right of any Owner to lease his Living Unit.

Section 13. Rules and Regulations. The Board may adopt, and may amend, modify, rescind and cancel, such other rules and regulations from time to time governing the use and enjoyment of the Common Area as the Board in its sole discretion deems appropriate or necessary.

Section 14. Temporary Structures and Outbuildings. No structure of a temporary character, tent, shack, basement, garage, barn or other out-building shall be erected, placed, or altered upon any Lot for use as a residence either temporarily or permanently, or at any time be used for such purpose.

Section 15. Motor Vehicle Repair. The repair of inoperative motor vehicles or material alteration of motor vehicles shall not be permitted on any Lot unless entirely within a garage permitted to be constructed per the terms of the Declaration.

Section 16. Section 6.18 Semi-tractor trucks, trailers, etc. No semi-tractor trucks, semi-trucks, semi-tractor trailers, boats, campers, mobile homes, disabled vehicles, and/or trailers shall be permitted to park on the Property or a Lot unless fully enclosed in a garage, or unless the same is necessary and incident to the Declarant's, builder's or Association's business on the Property.

Section 17. Lakes, Lake Area(s). No one shall do or permit any action or activity which could result in pollution of any lake, diversion of water, elevation of any lake level, earth disturbance resulting in silting or any other conduct which could result in an adverse effect upon water quality, drainage or proper lake management except as provided in the Declaration. A lake may not be used

for swimming, ice skating, boating, or for any other purpose, except for drainage of the Property, unless expressly and specifically approved by the Board in writing and allowed by law. Lakes and lake areas may or may not exist on the Property, and the reference throughout this Declaration to lakes and lake areas is made in order to address lakes and lake areas, if any, which now exist or are later constructed upon the Property. The installation on the Property of any lake or lake area shall be within the sole discretion of the Declarant, and under no circumstances shall the Declarant be required or obligated to install any lake or lake area. Only the Declarant and the Association shall have the right to store items or develop recreational facilities upon any Common Area owned by the Association adjacent to a lake.

ARTICLE XI

RIGHTS FOR THE PROTECTION OF FIRST MORTGAGEES

Section 1. Precedence. The provisions of this Article take precedence over any other conflicting provisions of this Declaration.

Section 2. Notice of Action. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of a First Mortgage on a Lot or Living Unit and the address thereof (a holder of a First Mortgage on a Lot or Living Unit who has so requested such notice shall be referred to herein as an "eligible mortgage holder" and an insurer or governmental guarantor of a First Mortgage on a Lot or Living Unit who has so requested such notice shall be referred to herein as an "eligible insurer or guarantor"), any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

- (A) Any condemnation loss or any casualty loss which affects a material portion of the project or any Lot or Living Unit on which there is a First Mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- (B) Any delinquency in the payment of assessments or charges owed, or any other default in the performance of any obligation under the Declaration, By-Laws or Articles of Incorporation by an Owner of a Lot or Living Unit subject to a First Mortgage held, insured, or guaranteed by such holder or insurer or guarantor, which remains uncured for a period of 60 days;
- (C) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (D) Any proposed action which would require the consent of a specified percentage of mortgage holders as specified in this Article XI;

- (E) Any default in the performance by the Owner of any obligation under the Declaration or By-Laws which is not cured within sixty (60) days.

Section 3. Discontinuance of Professional Management. When professional management has been previously required by any eligible mortgage holder or eligible insurer or guarantor, whether such entity became an eligible mortgage holder or eligible insurer or guarantor at that time or later, any decision to establish self-management by the Association shall require the prior consent of Owners of Lots to which at least 67% of the votes in the Association are allocated and the approval of eligible holders holding first mortgages on Lots or Living Units which have at least 51% of the votes of Lots or Living Units subject to eligible mortgage holders.

Section 4. Termination; Reallocation. Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the project property must have the written approval of eligible holders holding first mortgages on Lots which have at least 51% of the votes of Lots subject to eligible first mortgage holders. No reallocation of interests in the Common Area or the Association resulting from a partial condemnation or partial destruction of the project may be effected without the prior written approval of eligible holders holding first mortgages on all remaining Lots whether existing in whole or in part, and which have at least 51% of the votes of such remaining Lots subject to eligible first mortgage holders.

Section 5. No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his Lot or Living Unit will not be subject to any right of first refusal or any similar restriction in favor of the Association or other Owners.

Section 6. Liability for Unpaid Assessments. Any First Mortgagee who obtains title to or comes into possession of a Lot pursuant to the remedies provided in its First Mortgage or by foreclosure of the First Mortgage or by deed or assignment in lieu of foreclosure, and any purchaser at a foreclosure sale in connection with any such First Mortgage shall not be liable for the unpaid assessments of the Lot which accrue prior to the acquisition of title or possession to such Lot by the First Mortgagee.

Section 7A. Amendment. During the first-twenty (20) years following its recordation, this Declaration may be amended or modified at any time by an instrument recorded in the Office of the Recorder of Marion County, Indiana, approved and signed by at least ninety percent (90%) of the then Owners, and thereafter by an instrument signed by at least seventy-five percent (75%) of the then Owners. Provided, however, that none of the rights or duties of Declarant reserved or set out hereunder may be amended or changed without Declarant's prior written approval. Except as prohibited below, this Declaration may also be amended by Declarant, if it then has any ownership interest in the Property, at any time within four (4) years after the recordation hereof. Any amendment must be recorded. Neither the Association, the Owners or Declarant shall effect any of the following changes without the

prior written approval of two-thirds (2/3) of the Owners of Lots (excluding Declarant or Builder):

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area owned directly or indirectly by the Association for the benefit of the Owners of the Living Units. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Area owned by the Association by the Living Unit Owners is not a transfer in the meaning of this clause;
- (b) Change the method of determining the obligations, assessments, dues or other charges that may be levied per the terms hereof;
- (c) By act or omission change, waive or abandon any scheme of regulations or their enforcement pertaining to the architectural design or the exterior appearance of Dwelling Units, the exterior maintenance of Living Units, the maintenance of the Common Area owned by the Association, party walls, common fences and driveways, and the upkeep of lawns and plantings in the Property;
- (d) Fail to maintain fire and extended coverage on insurable Common Area owned by the Association on a current replacement cost basis in an amount at least 100 percent of the insurable value (based on current replacement costs);
- (e) Use hazard insurance proceeds for losses to any Common Area owned by the Association for other than the repair, replacement, or reconstruction of the Common Area owned by the Association;
- (f) Change the voting rights, assessments, assessment liens or subordination of assessment liens, except as provided for in this Declaration;
- (g) Change the manner in which reserves for maintenance, repair and replacement of Common Areas have been set up and previously maintained by the Association;
- (h) Change the rights to the use of the Common Area owned by the Association, except as provided for in this Declaration;
- (i) Any change concerning convertibility of Living Units into Common Area owned by the Association or vice versa, except as provided for in this Declaration;
- (j) Any change in requirements for insurance or fidelity bonds set forth in this Declaration;
- (k) Any change in the manner in which units may be leased except as set forth in this Declaration;

- (l) Any imposition of any restriction on a Living Unit Owner's right to sell or transfer his or her Living Unit;
- (m) Restoration and repair of the Common Area (after a hazard damage or partial condemnation) in a manner other than specified in the Declaration;
- (n) Any action to terminate the legal status of the development after substantial destruction or condemnation occurs;
- (o) Any provision that expressly benefits mortgage holders, insurers or guarantors; or
- (p) Any termination of legal status of the development for reasons other than substantial destruction or condemnation of the Property.

The covenants, restrictions and all other provisions of this Declaration shall run with the land and shall be binding upon the persons owning any portion of the Property and all parties claiming under them for a period of twenty (20) years from the date of recordation, and thereafter shall automatically extend for successive periods of ten (10) years each unless prior to the expiration of such ten-year period this Declaration is amended or changed in whole or in part as hereinabove provided.

Section 7B. FHA/VA Approval. As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration:

- (A) The annexation to the Property of additional property; provided, however, that such approval is not and shall not be required for annexation to the Property of all or any portion of the Supplemental Real Estate;
- (B) Dedication to the public or to or for any public use or purpose of any part of the Common Area; provided, however, that such approval is not and shall not be required for the granting of easements to utility companies, public or private, for the installation, maintenance, repair, replacement and servicing of equipment and facilities necessary to provide all utility services to the Property; and
- (C) Amendment of this Declaration; provided however, that such approval is not and shall not be required for any amendment or supplement to this Declaration made by Declarant for the purpose of exercising its reserved right to expand the Property with the limits, and in accordance with the procedures, contained in this Declaration.

Section 8. Declarant's Joinder. In addition to the other requirements for amendment of this Declaration and the By-Laws contained herein, the written joinder and consent of the Declarant shall

be required for any amendment of either this Declaration or the By-Laws until the conveyance by Declarant of the last Lot existing as part of the Property on the Applicable Date to an Owner other than Declarant. This right may be waived at any time by recording a written waiver executed and acknowledged by Declarant.

Section 9. Examination of Books and Records. First Mortgagees and holders, insurers and guarantors of First Mortgages shall have the right to examine the books and records of the Association, as set forth more fully in the By-Laws.

Section 10. Payment of Taxes and Insurance. First Mortgagees may jointly or singly pay taxes or other charges which are in default and which may or have become a charge against any Common Area or other common property and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area or other common property, and First mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Section 11. Designation of Representative. Any holder of a First Mortgage on a Lot or Living Unit may designate a representative to attend meetings of members.

Section 12. Distribution of Insurance Proceeds and Condemnation Awards. No provision of this Declaration or the By-Laws shall be construed as giving to the Owner or to any other party priority over any rights of First Mortgagees of Lots pursuant to their First Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Common Area or other common property.

ARTICLE XII

INSURANCE

Section 1. Maintenance of Insurance. Commencing not later than the time of the first conveyance of a Lot to an owner other than Declarant, the Association shall maintain, to the extent reasonably available, the following insurance:

- (A) Master or blanket type policy of fire insurance with extended coverage endorsement (including vandalism, sprinkler leakage (if appropriate), debris removal, cost of demolition, malicious mischief, windstorm and water damage) insuring the Living Units and garages located on each Lot or Garage Space, and the Common Area (including all of the fixtures installed therein as of the date thereof, and specifically including, without limiting the generality of the foregoing, interior walls, interior doors, built-in cabinets and counters and electrical and plumbing conduits, pipes and fixtures initially installed by the Declarant, and any fixtures, equipment or other

property within a Living Unit or garage which are to be financed by a First Mortgagee, and including also common personal property, supplies, building service equipment, but not including carpeting, drapes, wall coverings, fixtures, furniture, furnishings, or other personal property supplied or installed by Owners or tenants and also not including land, foundations, excavation and other items normally excluded from coverage) and covering the interests of the Association, the Board of Directors and all Owners and their mortgagees, as their interests may appear, for full insurable replacement cost, as determined annually by the Board of Directors. If permitted by the insurance company writing the policy, improvements and betterments not part of the Living Unit and garage as originally constructed may, at the direction and sole cost and expense of the Owner of the subject Lot, be issued under a rider to the master policy, that part of the premium allocable to such improvements and betterments being chargeable against the specific Lot to which it applies. Said policy shall afford, as a minimum, protection against the following:

- (1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;
- (2) all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available. The name of the insured under such policies must be set forth therein substantially as follows: "Carriage Courts Homeowners Association, Inc. for the use and benefit of the Individual Owners". The policies may also be issued in the name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's First Mortgagee. Each Owner and each such Owner's First Mortgagee, if any, shall be beneficiaries of the policy with respect to the Common Area equally with each other Lot, and with respect to each Living Unit and garage, in proportion to the insurable value of such Living Unit or garage compared to the aggregate insurable value of all Living Units and garages. Evidence of insurance shall be issued to each Owner and First Mortgagee upon request. Policies must provide for the recognition of any Insurance Trust Agreement.

If reasonably available, such policies shall include:

- (1) Agreed Amount Endorsement (or like endorsement);
- (2) Inflation Guard Endorsement;

- (3) Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement) if the project is subject to a construction code provision which would become operative and require changes to undamaged portions of the improvements, thereby imposing significant costs in the event of partial destruction of the project by an insured peril; and
 - (4) Steam Boiler Coverage (if applicable) for loss or damage resulting from steam boiler equipment accidents in an amount not less than \$50,000 per accident per location.
 - (5) Miscellaneous All such Policies must provide for the following: recognition of any Insurance Trust Agreement; a waiver of the right of subordination against owners individually; that the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and that the policy is primary in the event the Owner has other insurance covering the same loss.
- (B) Workmen's compensation, occupational disease and like insurance (if the Association has eligible employees);
- (C) Comprehensive public liability insurance in such amounts and with such coverage as the Board of Directors shall from time to time determine, but at least:
- (1) covering events occurring anywhere on the Common Area (and public ways, if any) or arising out of or in connection with the use, ownership or maintenance of the Common Area;
 - (2) covering without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Area, and legal liability arising out of lawsuits related to employment contracts of the Association, and such other coverages as are customarily covered with respect to projects similar in construction, location, and use;
 - (3) insuring each officer and member of the Board of Directors, the managing agent and each Owner and with cross liability endorsement to cover liabilities of the Owners as a group to an Owner and with a "Severability of Interest Endorsement" which would preclude the insurer from denying the claim of an Owner for the negligent act of another Owner, occupant or the Association; and

(4) in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use; provided, however, that such coverage shall be for at least \$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence.

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

(E) All such policies must provide that they may not be canceled or substantially modified by any party without at least 10 days' prior written notice to the Association and to each holder of a First Mortgage which is listed as a scheduled holder of a First Mortgage in the insurance policy.

Section 2. Owners' Individual Policies. Each Owner should carry, and shall be responsible for carrying, insurance for his own benefit insuring his personal liability, and his carpeting, wall covering, fixtures, furniture, furnishings, and other personal property, and fixtures and other property supplied or installed by him or a previous Owner or tenant, provided that all such policies must, if obtained, contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Association shall not be affected or diminished by reason of any such additional insurance carried by any Owner.

Section 3. Additional Coverages. In addition and supplement to the foregoing powers, and not in limitation thereof, the Board of Directors shall have the authority at all times without action by the Owners to obtain and maintain all coverages and endorsements required by any First Mortgagee, for the acceptance of mortgages on Living Units, garages of Lots, as such requirements are amended from time to time.

Section 4. Insurance Trustee. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance.

Each Owner, by acceptance of a deed to his, her or its Lot, hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association or any Insurance Trustee is hereby required to receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for Owners and their First Mortgage holders, as their interests may appear, and to apply and administer the same as follows:

- (A) All insurance proceeds paid to Association or Trustee (hereinafter sometimes referred to merely as "Trustee") shall be deposited in escrow with a title insurance company or other depository acceptable to the Trustee and a majority of First Mortgagees of record.
- (B) The Owner of the Living Unit or garage with respect to which the insured loss occurred shall, within thirty (30) days after insurance proceeds are deposited in accordance with paragraph (A) above, enter into a firm contract with a qualified builder providing for the reconstruction or remodeling of the Living Unit or garage, to substantially the same condition as existed immediately prior to the insured loss; provided, however, that no contract shall be entered into by the Owner for an amount in excess of the insurance proceeds then held by the Trustee for said Living Unit or garage, until additional funds are deposited by the Owner sufficient to cover all construction costs as determined by the Trustee and First Mortgagee. Said reconstruction or remodeling shall be commenced and completed with due diligence and in no event shall said work be completed later than 180 days after said insurance proceeds are deposited in escrow as aforesaid. The Association and First Mortgagees of record of the Living Units or garages affected and the Lots underlying the same shall have the right, but not the obligation, to deposit such additional funds in excess of insurance proceeds as may be required to permit construction as herein provided and any such advances shall be a lien upon the Lot or Lots subordinated, however, to the interests of First Mortgagees of record.
- (C) In the event the Owner fails to enter into a contract as provided in subparagraph (B) above, or in the event that reconstruction or remodeling is not commenced or completed as provided above, then the Trustee or the First Mortgagee of record, with the consent of the Trustee, shall have the right, but not the obligation, to enter into those contracts which it deems necessary to complete said reconstruction or remodeling of the Living Unit or garage, and the Trustee or First Mortgagee shall have the right to have said insurance proceeds applied in satisfaction of any obligation incurred pursuant to said contracts, without liability of any kind to the Owner, including, but not limited to, interest on said insurance proceeds. The Trustee may employ any bonded party or parties as its agents in exercising those functions given to it in this Section 4. The Trustee shall be empowered to pay said agent a reasonable fee for the services rendered by said agent and to collect said charge from the Owner or Owners, as the case may be, and in the same manner as that which is provided herein for the collection of an insurance premium paid by the Association.
- (D) Disbursement of funds on deposit pursuant to subparagraph (A) above, for contracts for reconstruction or remodeling entered into under subparagraphs (B) and (C) above, shall be made by a title insurance company or other agent ("Agent") selected by Trustee and the affected First Mortgagees of record, subject to the following:

- (1) Article VI of these covenants entitled "Architectural Controls" shall apply to all said reconstruction or remodeling.
 - (2) Receipt by Agent of such sworn construction statements, lists of subcontractors, lien waivers and receipts as it shall determine to be appropriate. Disbursements may be by periodic or progress payments, and Agent may make such inspections and withhold such payments as it deems necessary to insure completion in compliance with plans and specifications. Agent shall be entitled to a reasonable fee for the services rendered by it, and the Trustee may collect such fee from the Owner or Owners, as the case may be, and in the same manner as that which is provided herein for the collection of insurance premiums paid by the Association.
 - (3) In the event a contract is entered into pursuant to subparagraph (B) hereinabove, the written consent of the Owner to said payment or payments.
- (E) In the event that a remodeling or reconstruction contract is, for any reason, not entered into pursuant to the provisions of subparagraphs (B) and (C) hereinabove, within 180 days after deposit of insurance proceeds in escrow for a damaged or destroyed Living Unit or garage, as herein provided, or in the event there are excess funds after reconstruction or remodeling, the proceeds or excess, as the case may be, shall be disbursed to each Owner and Mortgagee of record of the affected Lot as their interests appear.
- (F) In the event the Owner whose property is damaged fails to make satisfactory arrangements for the repair and reconstruction of the damaged property and, in the event the Trustee decides to repair and reconstruct the damaged property and it is determined by it that the insurance proceeds are not sufficient for all costs and expenses associated therewith, the Association or the First Mortgagee may deposit, arrange for and disburse funds over and above the insurance proceeds to complete the repair and reconstruction and to pay the costs associated and related therewith. Upon completion of the work, the Board of Directors may levy a Special-Charge Assessment against the Owner, which Special-Charge Assessment shall be a lien against the Lot having the effect of a special assessment lien under Article V hereof, but superior to all other annual and special assessments, and which lien may be enforced in the same manner as provided herein for other assessment liens. The Special-Charge Assessment shall be in the amount expended by the Trustee over and above the insurance proceeds received by the Trustee to repair and reconstruct the Owner's premises, including necessary costs, expenses and fees associated with the

work.

- (G) Betterments or improvements made subsequent to the date of initial conveyance of a Lot by Declarant to an Owner other than Declarant by any Owner to his Lot shall be the responsibility of the Owner to insure separately (or by rider as above provided) if he desires the same insured. If the Trustee or First Mortgagee undertakes the reconstruction or remodeling of a Living Unit or garage as above provided, the same need be restored only to substantially the same condition as the Living Unit or garage was as of the completion of original construction thereof.

Section 5. Insurance Premiums. Insurance premiums for any blanket property insurance coverage and the other insurance coverages purchased by the Association, shall be common expenses to be paid by assessments levied by the Association, and such assessments shall be held in a separate escrow account of the Association and used solely for the payment of the blanket property insurance premiums and other insurance premiums as such premiums become due.

ARTICLE XIII

EMINENT DOMAIN

Section 1. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Area, or part thereof, and by acceptance of a deed for his, her or its unit, each Owner appoints the Association as attorney-in-fact for such purposes. In the event of a taking or acquisition of part or all of the Common Area by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or other trustee (such as a bank or title insurance company appointed as such by the Association), for the use and benefit of the Owners and their Mortgagees as their interests may appear.

Section 2. Reconstruction. In the event of a partial taking of the Common Area (or conveyance in lieu thereof) the Association shall promptly cause the remaining portions of the Common Area to be restored functionally and aesthetically to reasonably the same condition as before the taking, using so much of the proceeds of such taking for such purpose as shall be reasonably necessary. In the event of a total taking of the Common Area (or conveyance in lieu thereof), and the project is terminated by the election hereinabove required, the proceeds shall be allocated equally among each Lot, payable jointly to the Owners and mortgage holders thereof.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. Enforcement. Enforcement of these covenants and restrictions and of the provisions contained in the Articles and By-Laws may be by any proceeding at law or in equity instituted by the Association or by any Owner against any person (including the Association) violating or attempting to violate any covenant or restriction, either to restrain violation, to compel compliance, or to recover damages, and against the land, to enforce any lien created by these covenants; and failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Attorneys' fees and costs of any such actions to restrain violation or to recover damages as determined by the Court shall be assessable against and payable by any persons violating the terms contained herein.

Section 2. Mergers. Upon a merger or consolidation of the Association with another corporation as provided in its Articles and By-Laws, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or corporation, or, alternatively, the properties, rights and obligations of another corporation may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated corporation may administer the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or additions to the covenants established by this Declaration within the Property, except as hereinabove provided.

Section 3. Access. For the purpose solely of performing the repairs and maintenance authorized by this Declaration, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner (except in an emergency), to enter upon any Lot and Living Unit.

Section 4. Emergency Access. For the purpose of performing emergency Repairs under this Declaration, or of taking emergency action to seal a Living Unit from weather or otherwise to prevent damage or destruction to any Lot or Living Unit, the Association through its duly authorized agents or employees, shall have the right to enter upon any Lot or Living Unit at any time, without notice, with such persons and material as the Association deems necessary, to accomplish such emergency repairs or to take such emergency action.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by legislation, judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 6. Notices. Any notice required to be sent to any member of the Association under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of such member appearing on the records of the Association at

the time of such mailing.

Section 7. Captions. The Article and Sections headings herein are intended for convenience of reference only and shall not be given any substantive effect.

Section 8. Construction. In the event of an apparent conflict between this Declaration and the By-Laws, the provisions of this Declaration shall govern.

IN WITNESS WHEREOF, CROSSMANN COMMUNITIES PARTNERSHIP, an Indiana general partnership, has caused this Declaration to be executed as of the date first written above.

**CROSSMANN COMMUNITIES PARTNERSHIP
an Indiana general partnership**

By: **DELUXE HOMES, INC.**
General Partner

By: *Richard H. Crosser*
Richard H. Crosser, President

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me the undersigned, a Notary Public in and for said County and State, personally appeared Richard H. Crosser, and having been duly sworn, acknowledged execution of this Declaration of Covenants, Conditions and Restrictions of Carriage Courts as President of Deluxe Homes, Inc., an Indiana corporation, a general partner of Crossmann Communities Partnership, an Indiana general partnership.

Witness my hand and Notarial Seal this 10th day of March, 1998.

My Commission Expires:
May 21, 2001

Residing in Hendricks County



Shirley J. White
Notary Public

Shirley J. White
Printed Name

Prepared by:

James J. Nelson
NELSON & FRANKENBERGER
3021 East 98th Street, Suite 220
Indianapolis IN 46280
(317) 844-0106

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EXHIBIT "A"

Part of the West Half of the Northwest Quarter of Section 2, Township 14 North, Range 4 East in Marion County, Indiana, more particularly described as follows:

Commencing at the Northwest corner of said West Half; thence South 00 degrees 07 minutes 56 seconds East along the West line of said West Half 1324.34 feet to the POINT OF BEGINNING of this description; thence continuing South 00 degrees 07 minutes 56 seconds East along said West line 1061.39 feet to the Southwest corner of said West Half; thence North 88 degrees 56 minutes 05 seconds East along the South Line of said West Half 1341.17 feet; thence North 00 degrees 07 minutes 12 seconds West parallel with the East line of said West Half 1061.39 feet; thence South 88 degrees 56 minutes 05 seconds West parallel with the aforesaid South line 1326.34 feet to the place of beginning, containing 32.310 acres, more or less.