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PLAT COVENANTS AND RESTRICTIONS

GRANDVIEW

SECTIONS 1 and 2

The undersigned, Grandview Associates, L.P., an Indiana limited partnership (the "Developer"), is the Owner of the real estate more specifically described in Exhibit "A" attached hereto (the "Real Estate"). The Developer is concurrently platting and subdividing the Real Estate as shown on the plat for Grandview Planned Unit Development, Sections 1 and 2, which is filed of record \_\_\_\_\_, 1994, in the office of the Recorder of Morgan County, Indiana (the "Plat") and desires in the Plat to subject the Real Estate to the provisions of these Plat Covenants and Restrictions. The subdivision created by the Plat (the "Subdivision") is to be known and designated as "Grandview". In addition to the covenants and restrictions shown on the Plat and hereinafter set forth, the Real Estate is also subject to those covenants, conditions and restrictions contained in the Declaration of Covenants, Conditions and Restrictions of Grandview, dated \_\_\_\_\_, 1994 and recorded on \_\_\_\_\_, 1994 as Instrument No. \_\_\_\_\_, in the office of the Recorder of Morgan County, Indiana, as the same may be amended or supplemented from time to time as therein provided (the "Declaration"), and to the rights, powers, duties and obligations of the Grandview Community Association, Inc. (the "Association"), set forth in the Declaration. If there is any irreconcilable conflict between any of the covenants and restrictions contained herein and any of the covenants and restrictions contained in the Declaration, the covenants and restrictions contained in the Declaration shall govern and control, but only to the extent of the irreconcilable conflict, it being the intent hereof that all covenants and restrictions contained herein shall be applicable to the Real Estate to the fullest extent possible. Capitalized terms used herein shall have the same meaning as given in the Declaration.

In order to provide adequate protection to all present and future Owners of Lots or Residence Units in the Subdivision, the following covenants and restrictions, in addition to those set forth in the Declaration, are hereby imposed upon the Real Estate:

1. **PUBLIC RIGHT OF WAY.** The rights-of-way of the streets as shown on the Plat, if not heretofore dedicated to the public, are hereby dedicated to the public for use as a public right-of-way.
2. **DRAINAGE AND UTILITY EASEMENTS.** There are areas of ground on the Plat marked "Drainage Easements" or "Utility Easements", either separately or in combination. The Utility Easements are hereby created and reserved for (i) the use of Department of Public Works of the Town of Mooresville and Developer during the Development Period for access to and installation, repair, removal, replacement or maintenance of an underground sanitary sewer system

and (ii) the use of all public utility companies (not including transportation companies), governmental agencies and the Association for access to and installation, maintenance, repair or removal of poles, mains, ducts, drains, lines, wires, cables and other equipment and facilities for the furnishing of utility services, including cable television services. The Drainage Easements are hereby created and reserved for (i) the use of Developer during the Development Period for access to and installation, repair or removal of a drainage system, either by surface drainage or appropriate underground installations, for the Real Estate and adjoining property and (ii) the use of the Association and the Department of Public Works of the Town of Mooresville for access to and maintenance, repair and replacement of such drainage system. The Owner of any Lot in the Subdivision subject to a Drainage Easement, including any builder, shall be required to keep the portion of said Drainage Easement on his Lot free from obstructions so that the storm water drainage will be unimpeded and will not be changed or altered without a permit from the Department of Public Works and prior written approval of the Developer. The delineation of the Drainage and Utility Easement areas on the Plat shall not be deemed a limitation on the rights of any entity for whose use any such easement is created and reserved to go on any part of any Lot subject to such easement temporarily to the extent reasonably necessary for the exercise of the rights granted to it by this Paragraph 2. Except as installed by Developer or installed as provided above, no structures or improvements, including without limitation decks, fences, patios, or walkways, shall be erected or maintained upon said easements.

3. LANDSCAPE EASEMENTS. There are areas of ground on the Plat marked "Landscape Easements" which are hereby created and reserved: (i) for the use of the Developer during the Development Period for access to and the installation, maintenance and replacement of fencing, entrance walls, irrigation and lighting systems, signs, foliage, landscaping, screening materials and other improvements and (ii) for the use of the Association for access to and the maintenance and replacement of such improvements or landscaping. Except as installed by Developer or installed and maintained by the Association or with the prior written consent of the Architectural Review Committee, no structure or improvements shall be erected or maintained in or upon said Landscape Easements.

4. BUILDING LOCATION - FRONT, BACK AND SIDE YARD REQUIREMENTS. Building lines and building setback lines are established on the Plat. No building shall be erected or maintained between said setback lines and the front, rear or side lot line (as the case may be) of a Lot. The minimum front yard and rear yard set back shall be thirty (30) feet. The minimum side yard set back shall be six (6) feet.

5. RESIDENTIAL UNIT SIZE AND OTHER REQUIREMENTS. No residence constructed on a Lot shall have less than one thousand

one hundred (1100) square feet of living area, exclusive of garages, carports and open porches. The maximum height of any residential dwelling constructed on a Lot shall be forty (40) feet. The maximum height of any residential accessory building shall be twenty (20) feet. No more than twenty percent (20%) of the homes in any one phase of construction may be less than one thousand three hundred (1300) square feet in size. At least twenty percent (20%) of all homes in each phase of construction shall be at least one thousand six hundred fifty (1650) square feet in size. All homes used as model home sales centers shall be one thousand six hundred fifty (1650) square feet or larger.

6. RESIDENTIAL UNIT USE. All Lots in the Subdivision shall be used solely for residential purposes. No business building shall be erected on any Lot, and no business may be conducted on any part thereof. No building shall be erected, placed or permitted to remain on any Lot other than one detached single-family residence not to exceed two stories in height and approved residential accessory buildings. Any garage, tool shed, storage building or any other building erected or used as an accessory building to a residence shall conform to the general architecture and appearance of such residence and shall be approved by the Architectural Review Committee.

7. ACCESSORY AND TEMPORARY BUILDINGS. Except as used by Developer or its designees pursuant to Paragraph 13.3 of the Declaration, no trailers, shacks, outhouses or unenclosed accessory buildings of any kind shall be erected or situated on any Lot in the Subdivision.

8. TEMPORARY RESIDENCE. No trailer, camper, motor home, truck, van, shack, tent, boat, bus, recreational vehicle or garage may be used at any time as a residence, temporary or permanent; nor may any structure of a temporary character be used as a residence.

9. NUISANCES. No domestic animals raised for commercial purposes and no farm animals or fowl shall be kept or permitted on any Lot. No noxious, unlawful or otherwise offensive activity shall be carried out on any Lot, nor shall anything be done thereon which may be or may become a serious annoyance or nuisance to the neighborhood.

10. VEHICLE PARKING. No camper, motor home, bus, truck, trailer, boat, snowmobile or other recreational vehicle of any kind may be stored on any Lot in open public view. No vehicles of any kind may be put up on blocks or jacks to accommodate car repair on a Lot unless such repairs are done in the garage. Disabled vehicles shall not be allowed to remain in open public view.

11. SIGNS. No sign of any kind shall be displayed to the public view on any Lot, except that one sign of not more than six (6) square feet may be displayed at any time for the purpose of

advertising a property for sale, and except that Developer and its affiliates and designees, including the builders, may use larger signs during the sale and development of the Subdivision.

12. MAILBOXES. All mailboxes and replacement mailboxes shall be uniform and shall conform to the standards set forth by the Architectural Review Committee.

13. GARBAGE AND REFUSE DISPOSAL. Trash and refuse disposal will be on an individual basis, lot by lot. The community shall not contain dumpsters or other forms of general or common trash accumulation except to facilitate development and house construction. No Lot shall be used or maintained as a dumping ground for trash. Rubbish, garbage and other waste shall be kept in sanitary containers. All equipment for storage or disposal of such materials shall be kept clean and shall not be stored on any Lot in open public view. No rubbish, garbage or other waste shall be allowed to accumulate on any Lot. No homeowner or occupant of a Lot shall burn or bury any garbage or refuse.

14. STORAGE TANKS. No gas, oil or other storage tanks shall be installed on any Lot.

15. WATER SUPPLY AND SEWAGE SYSTEMS. No private or semi-private water supply or sewage disposal system may be located upon any Lot. No septic tank, absorption field or similar method of sewage disposal shall be located or constructed on any Lot.

16. DITCHES AND SWALES. All owners, including builders, shall keep unobstructed and in good maintenance and repair all open storm water drainage ditches and swales which may be located on their respective Lots.

17. DRIVEWAYS. Each driveway in the Subdivision shall be of concrete or asphalt material.

18. ANTENNA AND SATELLITE DISHES. No outside antennas or satellite dishes shall be permitted in the Subdivision without the approval of the Architectural Review Committee.

19. AWNINGS. No metal, fiberglass, canvas or similar type material awnings shall be permitted in the Subdivision, except that a builder may utilize a canvas or similar type material awning on its model home sales center in the Subdivision.

20. FENCING. No fence shall be erected on or along any Lot line, nor on any Lot, the purposes or result of which will be to obstruct reasonable vision, light or air. All fences shall be kept in good repair and erected so as to enclose the property and decorate the same without unreasonable hindrance or obstruction to any other property. Any fencing permitted to be used in the Subdivision (unless installed by Developer) must be wooden or black

or green vinyl coated chain link and shall not be higher than six (6) feet. Uncoated chain link fencing is prohibited. No fencing shall extend forward of the furthest back front corner of the residence. All fencing style, color, location and height shall be subject to prior written approval of the Architectural Review Committee.

21. SWIMMING POOLS AND SPORTS COURTS. No above-ground swimming pools shall be permitted in the Subdivision. No hard surfaced sports courts of any kind shall be permitted on any Lot except as approved by the Architectural Review Committee.

22. SOLAR PANELS. No solar heat panels shall be permitted on roofs of any structures in the Subdivision. All such panels shall be enclosed within fenced areas and shall be concealed from the view of neighboring Lots, common areas and the streets.

23. OUTSIDE LIGHTING. Except as otherwise approved by the Developer in connection with a builder's model home sales center, all outside lighting contained in or with respect to the Subdivision shall be of an ornamental nature compatible with the architecture of the project and shall provide for projection of light so as not to create a glare, distraction or nuisance to other property owners in the vicinity of the project.

24. SITE OBSTRUCTIONS. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the street shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting points twenty-five (25) feet from the intersection of said street lines, or in the case of a rounded property corner, from the intersection of the street lines extended. The same sight-line limitations shall apply to any Lot within ten (10) feet from the intersection of a street line with the edge of a driveway pavement line. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at a sufficient height to prevent obstruction of such sight lines.

25. VIOLATION. Violation or threatened violation of these covenants and restrictions shall be grounds for an action by the Developer, the Association or any person or entity having any right, title or interest in the Real Estate, and all persons or entities claiming under them, against the person or entity violating or threatening to violate any such covenants or restrictions. Available relief in any such action shall include recovery of damages for such violation, injunctive relief against any such violation or threatened violation, declaratory relief and the recovery of costs and attorneys reasonable fees incurred by any party successfully enforcing these covenants and restrictions; provided, however, that neither the Developer nor the Association shall be liable for damages of any kind to any Owner for failing to

enforce such covenants or restrictions.

26. AMENDMENT. These covenants and restrictions may be amended at any time by the then owners of at least sixty-seven percent (67%) of the Lots in the Subdivision which are now or hereafter made subject to and annexed to the Declaration; provided, however, that until all of the Lots in the Subdivision have been sold by Developer, any such amendment shall also require the prior written approval of Developer. Each such amendment shall be evidenced by a written instrument which shall set forth facts sufficient to indicate compliance with this paragraph and shall be recorded in the office of the Recorder of Morgan County, Indiana. No amendment which adversely affects the rights of a public utility shall be effective with respect to such public utility without its written consent thereto.

27. TERM. The foregoing plat covenants and restrictions, as the same may be amended from time to time, shall run with the land and shall be binding upon all persons or entities from time to time having any right, title or interest in the Real Estate and on all persons or entities claiming under them, until December 31, 2014, and thereafter they shall continue automatically in effect unless terminated by a vote of a majority of the then Owners of the Lots in the Subdivision; provided, however, that no termination of these covenants and restrictions shall affect any easement hereby created and reserved unless all persons entitled to the beneficial use of such easement shall have consented thereto in writing.

28. SEVERABILITY. Invalidation of any of the foregoing covenants or restrictions by judgment or court order shall in no way affect any of the other covenants and restrictions, which shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Developer, as the owner of the Real Estate, has hereunto caused its name to be subscribed this 26th day of October, 1994.

Grandview Associates, L.P.,

By: Davis Development, L.P.,

By: Davis Development, Inc.,  
general partner

By:   
C. Richard Davis  
President

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

GRANDVIEW

THIS DECLARATION is made this 26th day of October, 1994 by Grandview Associates, L.P., an Indiana limited partnership (the "Developer").

Recitals

1. Developer is the owner of the real estate which is described in Exhibit "A" attached hereto and made a part hereof (the "Initial Real Estate").

2. Developer intends to subdivide the Initial Real Estate into residential lots.

3. Before subdividing the Initial Real Estate, Developer desires to subject the Initial Real Estate to certain rights, privileges, covenants, conditions, restrictions, easements, assessments, charges and liens for the purpose of preserving and protecting the value and desirability of the Initial Real Estate for the benefit of each owner of any part thereof.

4. Developer further desires to create an organization to which shall be delegated and assigned the powers of maintaining and administering the common areas and certain other areas of the Initial Real Estate and of administering and enforcing the covenants and restrictions contained in this Declaration and the subdivision plats of the Initial Real Estate as hereafter recorded in the office of the Recorder of Morgan County, Indiana and of collecting and disbursing assessments and charges as herein provided.

5. Developer may from time to time subject additional real estate located within the tracts adjacent to the Initial Real Estate to the provisions of this Declaration (the Initial Real Estate, together with any such additions, as and when the same become subject to the provisions of this Declaration as herein provided, is hereinafter referred to as the "Real Estate").

NOW, THEREFORE, Developer hereby declares that the Real Estate is and shall be acquired, held, transferred, sold, hypothecated, leased, rented, improved, used and occupied subject to the following provisions, agreements, covenants, conditions, restrictions, easements, assessments, charges and liens, each of which shall run with the land and be binding upon, and inure to the benefit of, Developer and any other person or entity hereafter acquiring or having any right, title or interest in or to the Real Estate or any part thereof.

## ARTICLE I

DEFINITIONS

The following terms, when used in this Declaration with initial capital letters, shall have the following respective meanings:

1.1 "Association" means the Grandview Community Association, Inc., an Indiana not-for-profit corporation, which Developer has caused or will cause to be incorporated, and its successors and assigns.

1.2 "Architectural Review Committee" means the architectural review committee established pursuant to Article VI, paragraph 6.1, of this Declaration.

1.3 "Common Areas" means (i) any portions of the Real Estate

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shown on any Plat of a part of the Real Estate as a 'Common Area' or which are otherwise not located on Lots and are not dedicated to the public and (ii) all facilities, structures, buildings, improvements and personal property owned or leased by the Association from time to time.

1.4 "Common Expenses" means (i) expenses of and in connection with the maintenance, repair or replacement of the Common Areas and the performance of the responsibilities and duties of the Association, including (without limitation) expenses for the improvement, maintenance or repair of the improvements, lawn, foliage and landscaping not located on a Lot (unless located on a Drainage, Utility or Sewer Easement or unless located on a Landscape Easement to the extent the Association deems it necessary to maintain such easement), (ii) expenses of and in connection with the maintenance, repair or continuation of the drainage facilities located within and upon the Drainage, Utility or Sewer Easements, (iii) all judgments, liens and valid claims against the Association, (iv) all expenses incurred to procure liability, hazard and any other insurance with respect to the Common Areas or Landscape Easements and (v) all expenses incurred in the administration of the Association.

1.5 "Developer" means Grandview Associates, L.P., an Indiana limited partnership, and any successors and assigns whom it designates in one or more written recorded instruments to have the rights of Developer hereunder.

1.6 "Development Period" means the period of time commencing with the date of recordation of this Declaration and ending on the date Developer or its affiliates no longer own any Residence Unit or Lot within or upon the Real Estate, but in no event shall the Development Period extend beyond the date ten (10) years after the date this Declaration is recorded.

1.7 "Landscape Easements" means any areas of ground so designated on a Plat of any part of the Real Estate.

1.8 "Lot" means any parcel of land shown and identified as a lot on a Plat of any part of the Real Estate.

1.9 "Mortgagee" means the holder of a recorded first mortgage lien on any Lot or Residence Unit.

1.10 "Owner" means the record owner, whether one or more persons or entities, of fee-simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation unless specifically indicated to the contrary.

1.11 "Plat" means a duly approved final plat of any part of the Real Estate as hereafter recorded in the office of the Recorder of Morgan County, Indiana.

1.12 "Residence Unit" means any single family home in the subdivision designed for residential occupancy.

1.13 "Utility and Drainage Easements" means any areas of ground so designated on a Plat of any part of the Real Estate.

ARTICLE II

APPLICABILITY

All Owners, their tenants, guests, invitees and mortgagees, and any other person using or occupying a Lot or any other part of the Real Estate shall be subject to and shall observe and comply with the covenants, conditions, restrictions, terms and provisions set forth in this Declaration and any rules and regulations adopted



by the Association as herein provided, as the same may be amended from time to time.

The Owner of any Residence Unit (i) by acceptance of a deed conveying title thereto or the execution of a contract for the purchase thereof, whether from the Developer or its affiliates or any builder or any subsequent Owner of the Residence Unit, or (ii) by the act of occupancy of the Residence Unit, shall conclusively be deemed to have accepted such deed, executed such contract or undertaken such occupancy subject to the covenants, conditions, restrictions, terms and provisions of this Declaration. By acceptance of a deed, execution of a contract or undertaking of such occupancy, each Owner covenants for himself, his heirs, personal representatives, successors and assigns, with Developer and the other Owners from time to time, to keep, observe, comply with and perform the covenants, conditions, restrictions, terms and provisions of this Declaration.

#### ARTICLE III

##### PROPERTY RIGHTS

3.1 Owners' Easement of Enjoyment of Common Areas. Developer hereby declares, creates and grants a non-exclusive easement in favor of each Owner for the use and enjoyment of the Common Areas and any Landscape Easement areas. Such easement shall run with and be appurtenant to each Residence Unit, subject to the following provisions:

(i) the right of the Association to charge reasonable admission and other fees for the use of the recreational facilities, if any, situated upon the Common Areas;

(ii) the right of the Association to fine any Owner or make a special assessment against any Residence Unit or Lot in the event a person permitted to use the Common Areas or Landscape Easement areas by the Owner of the Residence Unit violates any rules or regulations of the Association as long as such rules and regulations are applied on a reasonable and nondiscriminatory basis;

(iii) the right of the Association to make reasonable regular assessments for use of the Common Areas;

(iv) the right of the Association to dedicate or transfer all or any part of the Common Areas or to grant easements to any public agency, authority or utility for such purposes and subject to such conditions as may be set forth in the instrument of dedication or transfer;

(v) the right of the Association to enforce collection of any fines or regular or special assessments through the imposition of a lien pursuant to paragraph 7.7;

(vi) the rights of Developer as provided in this Declaration and in any Plat of any part of the Real Estate;

(vii) the terms and provisions of this Declaration;

(viii) the easements reserved elsewhere in this Declaration and in any Plat of any part of the Real Estate; and

(ix) the right of the Association to limit the use of Common Areas and Landscape Easement Areas in a reasonable nondiscriminatory manner for the common good.

3.2 Permissive Use. Any Owner may permit his or her family members, guests, tenants or contract purchasers who reside in the Residence Unit to use his or her right of use and enjoyment of the

Common Areas. Such permissive use shall be subject to the By-Laws of the Association and any reasonable nondiscriminatory rules and regulations promulgated by the Association from time to time.

3.3 Conveyance of Common Areas. At any time, Developer may convey all of its right, title and interest in and to any of the Common Areas to the Association by quitclaim deed, and such Common Areas so conveyed shall then be the property of the Association.

ARTICLE IV

USE RESTRICTIONS

4.1 Lakes. There shall be no swimming, skating, boating or fishing in or on any lake, pond, creek or stream on the Real Estate. The Association shall promulgate rules and regulations with respect to the permitted uses, if any, of the lakes or other bodies of water on the Real Estate.

4.2 Initial Sale of Units. All initial sales of Residence Units by the Developer or any builder or any affiliate of Developer or any builder shall be to owner-occupants; provided, however, this provision shall not apply to a mortgagee or its successor who acquires the development or a portion thereof through foreclosure or sale in lieu thereof. If any owner-occupant desires to lease his unit, such rental shall be pursuant to a written lease with a minimum term of one year and such lease shall expressly provide that the leasee shall be subject to all rules and regulations of the Association.

4.3 Use of Common Areas. The Common Areas shall not be used for commercial purposes.

4.4 Lot Access. All Lots shall be accessed from the interior streets of the subdivision. No direct access is permitted to any Lot from Johnson Road or Hadley Road.

4.5 Other Use Restrictions Contained in Plat Covenants and Restrictions. The Plat Covenants and Restrictions relating to the Real Estate contain additional restrictions on the use of the Lots in the Subdivision, including without limitation prohibitions against commercial use, accessory buildings and nuisances; restrictions relating to the use of Landscape Easements and Utility, Drainage and Sewer Easements; and restrictions relating to temporary structures, vehicle parking, signs, mailboxes, garbage and refuse disposal, storage tanks, water supply and sewage systems, ditches and swales, driveways, antenna and satellite dishes, awnings, fencing, swimming pools, solar panels and outside lighting. Such prohibitions and restrictions contained in the Plat Covenants and Restrictions are hereby incorporated by reference as though fully set forth herein.

ARTICLE V

ASSOCIATION

5.1 Membership. Each Owner, automatically upon becoming an Owner, shall be and become a member of the Association and shall remain a member of the Association so long as he or she owns the Lot.

5.2 Classes of Membership and Vote. The Association shall have two (2) classes of membership, as follows:

(i) Class A Members. Class A members shall be all Owners other than Developer unless Class B membership has been converted to Class A membership as provided in the following subparagraph (ii), in which event Developer shall then be a Class A member. Each Class A member shall be entitled to one (1) vote.

(ii) Class B Member. The Class B member shall be entitled to three (3) votes for each Lot owned by Developer. The Class B membership shall be converted to Class A membership upon the "Applicable Date" (as such term is hereinafter defined in paragraph 5.3).

5.3 Applicable Date. As used herein, the term "Applicable Date" shall mean the earlier of (i) date when the total votes outstanding in the Class A membership is equal to the total votes outstanding in the Class B membership, and (ii) the expiration of the Development Period.

5.4 Multiple or Entity Owners. Where more than one person or entity constitutes the Owner of a Lot, all such persons or entities shall be members of the Association, but the single vote in respect of such Lot shall be exercised as the persons or entities holding an interest in such Lot determine among themselves. In no event shall more than one person exercise a Lot's vote under paragraph 5.2. No Lot's vote shall be split.

5.5 Board of Directors. The members of the Association shall elect a Board of Directors of the Association as prescribed by the Association's Articles of Incorporation and By-Laws. The Board of Directors of the Association shall manage the affairs of the Association.

5.6 Professional Management. No contract or agreement for professional management of the Association, nor any contract between Developer and the Association, shall be for a term in excess of three (3) years. Any such agreement or contract shall provide for termination by either party with or without cause, without any termination penalty, on written notice of ninety (90) days or less.

5.7 Responsibilities of the Association. The responsibilities of the Association include, but shall not be limited to:

(i) Maintenance of the Common Areas and the Landscape Easement area located at the south entrance to the Real Estate including any and all improvements thereon in good repair as the Association deems necessary or appropriate.

(ii) Installation and replacement of any and all improvements, signs, lawn, foliage, landscaping, etc. in and upon the Common Areas or Landscape Easements as the Association deems necessary or appropriate.

(iii) Maintenance, repair and replacement of any private street signs.

(iv) Replacement of the drainage system in and upon the Common Areas as the Association deems necessary or appropriate and the maintenance of any drainage system installed in or upon the Common Areas by Developer or the Association. Nothing herein shall relieve or replace the obligation of the Owner, including any builder, of a Lot subject to a Drainage Easement to keep the portion of the drainage system and Drainage Easement on his Lot free from obstructions so that the storm water drainage will be unimpeded.

(v) Maintenance of lake water levels so as not to create stagnant or polluted waters affecting the health and welfare of the community through recirculation of accumulated water or chemical treatment.

(vi) Procuring and maintaining for the benefit of the Association, its officers and Board of Directors and the Owners, the insurance coverage required under this Declaration and such other insurance as the Board of Directors deems necessary or advisable.

(vii) Payment of taxes, if any, assessed against and payable with respect to the Common Areas and the Landscape Easement area located at the south entrance to the Real Estate.

(viii) Assessment and collection from the Owners of the Common Expenses.

(ix) Contracting for such services as management, snow removal, Common Area maintenance, security control, trash removal or other services as the Association deems necessary or advisable.

(x) Enforcing the rules and regulations of the Association and the requirements of this Declaration and the zoning covenants and commitments.

5.8 Powers of the Association. The Association may adopt, amend, or rescind reasonable rules and regulations (not inconsistent with the provisions of this Declaration) governing the use and enjoyment of the Common Areas and the management and administration of the Association as the Association deems necessary or advisable. The rules and regulations promulgated by the Association may provide for reasonable interest and late charges on past due installments of any regular or special assessments or other charges against any Lot. The Association shall furnish or make copies available of its rules and regulations to the Owners prior to the time when the rules and regulations become effective.

5.9 Compensation. No director or officer of the Association shall receive compensation for his or her services as such director or officer except to the extent expressly authorized by a majority vote of the Owners present at a duly constituted meeting of the Association members.

5.10 Non-Liability of Directors and Officers. The directors and officers of the Association shall not be liable to the Owners or any other persons for any error or mistake of judgment in carrying out their duties and responsibilities as directors or officers of the Association, except for their own individual willful misconduct or gross negligence. It is intended that the directors and officers of the Association shall have no personal liability with respect to any contract made by them on behalf of the Association except in their capacity as Owners.

5.11 Indemnity of Directors and Officers. The Association shall indemnify, hold harmless and defend any person, his or her heirs, assigns, affiliates and legal representatives (collectively, the "Indemnitee") made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a director or officer of the Association, against all costs and expenses, including attorneys fees, actually and reasonably incurred by the Indemnitee in connection with the defense of such action, suit or proceeding, or in connection with any appeal thereof, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Indemnitee is guilty of gross negligence or willful misconduct in the performance of his or her duties. The Association shall also reimburse any such Indemnitee for the reasonable costs of settlement of or for any judgment rendered in any action, suit or proceeding, unless it shall be adjudged in such action, suit or proceeding that such Indemnitee was guilty of gross negligence or willful misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against an Indemnitee, no director or officer shall be considered or deemed to be guilty of or liable for gross negligence or willful misconduct in the performance of his or her duties where, acting in good faith, such director or officer relied on the books and records of the Association or statements or advice made by or prepared by any managing agent of the Association or any other director or officer of the Association, or any accountant, attorney or other person or firm employed or

retained by the Association to render advice or service, unless such director or officer had actual knowledge of the falsity or incorrectness thereof; nor shall a director be deemed guilty of gross negligence or willful misconduct by virtue of the fact that he or she failed or neglected to attend a meeting or meetings of the Board of Directors of the Association or any committee thereof. The costs and expenses incurred by any Indemnitee in defending any action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Indemnitee to repay the amount paid by the Association if it shall ultimately be determined that the Indemnitee is not entitled to indemnification or reimbursement as provided in this paragraph 5.11.

5.12 Bond. The Board of Directors of the Association may provide surety bonds and may require the managing agent of the Association (if any), the treasurer of the Association and such other officers as the Board of Directors deems necessary, to provide surety bonds, indemnifying the Association against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication and other acts of theft, fraud or dishonesty in such sums and with such sureties as may be approved by the Board of Directors, and any such bond may specifically include protection for any insurance proceeds received for any reason by the Board of Directors. The expense of any such bonds shall be a Common Expense.

#### ARTICLE VI

##### ARCHITECTURAL REVIEW COMMITTEE

6.1 Creation. There shall be, and hereby are, created and established an Architectural Review Committee to perform the functions provided for herein. At all times during the Development Period, unless earlier specified by the Developer, the Architectural Review Committee shall consist of three (3) members appointed, from time to time, by Developer and who shall be subject to removal by Developer at any time with or without cause. After the end of the Development Period, the Architectural Review Committee shall be a standing committee of the Association, consisting of three (3) persons appointed, from time to time, by the Board of Directors of the Association. The Board of Directors may at any time after the end of the Development Period remove any member of any Architectural Review Committee at any time upon a majority vote of the members of the Board of Directors.

6.2 Purposes and Powers of Architectural Review Committee. The Architectural Review Committee shall review and approve the design, appearance and location of all residences, buildings, structures or any other improvements placed by any person, including any builder, on any Lot and the installation and removal of any living trees, bushes, shrubbery and other landscaping on any Lot in such a manner as to preserve and enhance the value and desirability of the Real Estate and to preserve the harmonious relationship among structures and the natural vegetation and topography.

(i) In General. No residence, building, structure antenna, walkway, fence, deck, wall, patio or other improvement of any type or kind shall be erected, constructed, placed or altered on any Lot and no change shall be made in the exterior material or color of any Residence Unit or accessory building located on any Lot without the prior written approval of the Architectural Review Committee. Such approval shall be obtained only after written application has been made to the Architectural Review Committee by the Owner of the Lot requesting authorization from the Architectural Review Committee. Such written application shall be in the manner and form prescribed from time to time by the Architectural Review Committee and, in the case of construction or

placement of any improvement, shall be accompanied by two (2) complete sets of plans and specifications for any such proposed construction or improvement. Such plans shall include plot plans showing the location of all improvements existing upon the Lot and the location of the improvement proposed to be constructed or placed upon the Lot, each properly and clearly designated. Such plans and specifications shall set forth the color and composition of all exterior materials proposed to be used and any proposed landscaping, together with any other material or information which the Architectural Review Committee may reasonably require. Unless otherwise specified by the Architectural Review Committee, plot plans shall be prepared by either a registered land surveyor, engineer or architect. It is contemplated that the Architectural Review Committee will review and grant general approval of the floorplans and exterior styles of the homes expected to be offered and sold in Grandview by the builders and that such review and approval will occur prior to the builders selling any homes in the community. Unless otherwise directed in writing by the Architectural Review Committee, once a builder has received written approval of a particular floorplan and exterior style, it shall not be necessary to reapply to the Architectural Review Committee in order for such builder to build the same floorplan and exterior style on other Lots.

(ii) Power of Disapproval. The Architectural Review Committee may refuse to approve any application made to it as required under paragraph 6.2 (i) above (a "Requested Change") when:

(a) The plans, specifications, drawings or other materials submitted are inadequate or incomplete, or show the Requested Change to be in violation of any restrictions in this Declaration or in a Plat of any part of the Real Estate;

(b) The design or color scheme of a Requested Change is not in harmony with the general surroundings of the Lot or with the adjacent buildings or structures; or

(c) The Requested Change, or any part thereof, in the opinion of the Architectural Review Committee, would not preserve or enhance the value and desirability of the Real Estate or would otherwise be contrary to the interests, welfare or rights of the Developer or any other Owner.

If the Architectural Review Committee does not approve a Requested Change within sixty (60) days after all required information on the Requested Change shall have been submitted to it, then such Requested Change shall be deemed approved.

(iii) Rules and Regulations. The Architectural Review Committee, from time to time, may promulgate, amend or modify additional rules and regulations as it may deem necessary or desirable to guide Owners as to the requirements of the Architectural Review Committee for the submission and approval of items to it. Such rules and regulations may set forth additional requirements to those set forth in this Declaration or a Plat of any part of the Real Estate, as long as the same are not inconsistent with this Declaration or such Plat(s).

6.3 Liability of the Architectural Review Committee. Neither the Architectural Review Committee, the Association nor any agent of any of the foregoing, shall be responsible in any way for any defects in any plans, specifications or other materials submitted to it, nor for any defects in any work done according thereto or for any decision made by it unless made in bad faith or by willful misconduct.

6.4 Inspection. The Architectural Review Committee or its representative may, but shall not be required to, inspect work being performed to assure compliance with this Declaration and the materials submitted to it pursuant to this Article VI and may require any work not consistent with the approved Requested Change, or not approved, to be stopped and removed.

#### ARTICLE VII

##### ASSESSMENTS

7.1 Purpose of Assessments. The purpose of Regular and Special Assessments is to provide funds to maintain and improve the Common Areas and related facilities for the benefit of the Owners, and the same shall be levied for the following purposes: (i) to promote the health, safety and welfare of the residents occupying the Real Estate, (ii) for the performance of the responsibilities and duties and satisfaction of the obligations of the Association and (iii) for such other purposes as are reasonably necessary or specifically provided herein. A portion of the Regular Assessment may be set aside or otherwise allocated in a reserve fund for the purpose of providing repair and replacement of any capital improvements which the Association is required to maintain. The Regular and Special Assessments levied by the Association shall be uniform for all Lots within the subdivision.

7.2 Regular Assessments. The Board of Directors of the Association shall have the right, power and authority, without any vote of the members of the Association, to fix from time to time the Regular Assessment against each Residence Unit at any amount not in excess of the Maximum Regular Assessment as follows:

(i) Until December 31 of the year immediately following the conveyance of the first Lot to an Owner, the Maximum Regular Assessment on any Residence Unit for any calendar year shall not exceed Two Hundred Forty and 00/100 Dollars (\$240.00).

(ii) From and after the date referred to in subparagraph (i) above, the Maximum Regular Assessment on any Residence Unit for any calendar year may be increased by not more than five percent (5%) above the Regular Assessment for the previous calendar year without a vote of the members of the Association as provided in the following subparagraph (iii).

(iii) From and after the date referred to in subparagraph (i) above, the Board of Directors of the Association may fix the Regular Assessment at an amount in excess of the maximum amount specified in subparagraph (ii) above only with the approval of at least two-thirds (2/3) of those members of each class of members of the Association who cast votes in person or by proxy at a meeting of the members of the Association duly called for such purpose.

(iv) Each Residence Unit shall be assessed an equal amount for any Regular Assessment, excepting any proration for ownership during only a portion of the assessment period.

7.3 Special Assessments. In addition to Regular Assessments, the Board of Directors of the Association may make Special Assessments against each Residence Unit, for the purpose of defraying, in whole or in part, the cost of constructing, reconstructing, repairing or replacing any capital improvement which the Association is required to maintain or the cost of special maintenance and repairs or to recover any deficits (whether from operations or any other loss) which the Association may from time incur, but only with the assent of two-thirds (2/3) of the members of each class of members of the Association who cast votes in person or by proxy at a duly constituted meeting of

the members of the Association called for such purpose.

7.4 No Assessment against Developer During the Development Period. Neither the Developer nor any affiliate or related entity shall be assessed any portion of any Regular or Special Assessment during the Development Period.

7.5 Date of Commencement of Regular or Special Assessments; Due Dates. The Regular Assessment or Special Assessment, if any, shall commence as to each Residence Unit on the first day of the first calendar month following the first conveyance of the related Lot to an Owner, provided that in the case of the conveyance by Developer of a Lot to any unrelated builder, such commencement shall occur on the first day of the sixth calendar month following the first conveyance of the Lot to the builder.

The Board of Directors of the Association shall fix the amount of the Regular Assessment at least thirty (30) days in advance of each annual assessment period. Written notice of the Regular Assessment, any Special Assessments and such other assessment notices as the Board of Directors shall deem appropriate shall be sent to each Owner subject thereto. The due dates for all assessments shall be established by the Board of Directors. The Board of Directors may provide for reasonable interest (not in excess of six percent (6%) per annum) and late charges on past due installments of assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of its issuance.

7.6 Failure of Owner to Pay Assessments.

(i) No Owner may exempt himself from paying Regular Assessments and Special Assessments due to such Owner's nonuse of the Common Areas or abandonment of the Residence Unit or Lot belonging to such Owner. If any Owner shall fail, refuse or neglect to make any payment of any assessment (or periodic installment of an assessment, if applicable) when due, the lien for such assessment (as described in paragraph 7.7 below) may be foreclosed by the Board of Directors of the Association for and on behalf of the Association as a mortgage on real property or as otherwise provided by law. In any action to foreclose the lien for any assessment, the Owner and any occupant of the Residence Unit shall be jointly and severally liable for the payment to the Association of reasonable rental for such Residence Unit, and the Board of Directors shall be entitled to the appointment of a receiver for the purpose of preserving the Residence Unit or Lot, and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid assessments. The Board of Directors of the Association, at its option, may in the alternative bring suit to recover a money judgment for any unpaid assessment without foreclosing or waiving the lien securing the same. In any action to recover an assessment, whether by foreclosure or otherwise, the Board of Directors of the Association, for and on behalf of the Association, shall be entitled to recover from the Owner of the respective Residence Unit or Lot, costs and expenses of such action incurred (including but not limited to attorneys reasonable fees) and interest from the date such assessments were due until paid.

(ii) Notwithstanding anything contained in this paragraph 7.6 or elsewhere in this Declaration, any sale or transfer of a Residence Unit or Lot to a Mortgagee pursuant to a foreclosure of its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid assessments (or periodic installments, if applica-



ble) which became due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien shall not relieve the prior Owner from personal liability therefor. No such sale, transfer or conveyance shall relieve the Residence Unit, or the purchaser thereof, at such foreclosure sale, or the grantee in the event of conveyance in lieu thereof, from liability for any assessments (or periodic installments of such assessments, if applicable) thereafter becoming due or from the lien therefor.

7.7 Creation of Lien and Personal Obligation. Each Owner (other than the Developer during the Development Period) of a Residence Unit or Lot by acceptance for itself and related entities of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association for his obligation for (i) regular assessments for Common Expenses ("Regular Assessments") and (ii) special assessments for capital improvements and operating deficits and for special maintenance and repairs ("Special Assessments"). Such assessments shall be established, shall commence upon such dates and shall be collected as herein provided. All such assessments, together with interest, costs of collection and attorneys reasonable fees, shall be a continuing lien upon the Residence Unit or Lot against which such assessment is made prior to all other liens except only (i) tax liens on any Residence Unit or Lot in favor of any unit of government or special taxing district and (ii) the lien of any first mortgage of record. Each such assessment, together with interest, costs of collection and attorneys' reasonable fees, shall also be the personal obligation of the Owner of the Residence Unit at the time such assessment became due and payable. Where the Owner constitutes more than one person, the liability of such persons shall be joint and several. The personal obligation for delinquent assessments (as distinguished from the lien upon the Residence Unit) shall not pass to such Owner's successors in title unless expressly assumed by them. The Association, upon request of a proposed Mortgagee or proposed purchaser having a contractual right to purchase a Residence Unit, shall furnish to such Mortgagee or purchaser a statement setting forth the amount of any unpaid Regular or Special Assessments or other charges against the Residence Unit or Lot. Such statement shall be binding upon the Association as of the date of such statement.

7.8 Expense Incurred to Clear Drainage or Utility Easement Deemed a Special Assessment. As provided in the Plat covenants relating to the Real Estate, the Owner of any Lot subject to a Utility or Drainage Easement, including any builder, shall be required to keep the portion of said Easement on his Lot free from obstructions so that the storm water drainage will not be impeded and will not be changed or altered without the prior written approval of the Developer. Also, no structures or improvements, including without limitation decks, patios, fences, walkways or landscaping of any kind, shall be erected or maintained upon said easements, and any such structure or improvement so erected shall, at Developer's written request, be removed by the Owner at the Owner's sole cost and expense. If, within thirty (30) days after the date of Developer's written request, such Owner shall not have commenced and diligently and continuously effected the removal of any obstruction of storm water drainage or any prohibited structure or improvement, Developer may, on behalf of the Association, enter upon the Lot and cause such obstruction, structure or improvement to be removed so that the Utility or Drainage Easement is returned to its original designed condition. In such event, Developer, on behalf of the Association, shall be entitled to recover the full cost of such work from the offending Owner and such amount shall be deemed a Special Assessment against the Lot owned by such Owner which, if unpaid, shall constitute a lien against such Lot and may be collected by the Association pursuant to this Article 7 in the same manner as any other Regular Assessment or Special As-

essment may be collected.

ARTICLE VIII

INSURANCE

8.1 Casualty Insurance. The Association shall purchase and maintain fire and extended coverage insurance in an amount equal to the full insurable replacement cost of any improvements owned by the Association. If the Association can obtain such coverage for a reasonable amount, it shall also obtain "all risk coverage". The Association shall also insure any other property, whether real or personal, owned by the Association against loss or damage by fire and such other hazards as the Association may deem desirable. Such insurance policy shall name the Association as the insured. The insurance policy or policies shall, if possible, contain provisions that the insurer (i) waives its rights to subrogation as to any claim against the Association, its Board of Directors, officers, agents and employees, any committee of the Association or of the Board of Directors and all Owners and their respective agents and guests and (ii) waives any defense to payment based on invalidity arising from the acts of the insured. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried.

8.2 Liability Insurance. The Association shall also purchase and maintain a master comprehensive public liability insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time, but in any event with a minimum combined limit of One Million Dollars (\$1,000,000) per occurrence. Such comprehensive public liability insurance shall cover all of the Common Areas and shall inure to the benefit of the Association, its Board of Directors, officers, agents and employees, any committee of the Association or of the Board of Directors, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to the Real Estate and the Developer.

8.3 Other Insurance. The Association shall also purchase and maintain any other insurance required by law to be maintained and such other insurance as the Board of Directors shall from time to time deem necessary, advisable or appropriate.

8.4 Miscellaneous. The premiums for the insurance described above shall be paid by the Association as part of the Common Expenses.

ARTICLE IX

MAINTENANCE

9.1 Maintenance of Lots and Improvements. Except to the extent such maintenance shall be the responsibility of the Association under any of the foregoing provisions of this Declaration, it shall be the duty of the Owner of each Lot, including any builder during the building process, to keep the grass on the Lot properly cut and keep the Lot, including any Utility or Drainage Easements or Landscape Easements located on the Lot, free of weeds, trash or construction debris and otherwise neat and attractive in appearance, including, without limitation, the proper maintenance of the exterior of any structures on such Lot. If the Owner of any Lot fails to do so in a manner satisfactory to the Association, the Association, after approval by a majority vote of the Board of Directors, shall have the right (but not the obligation), through its agents, employees and contractors, to enter upon said Lot and to clean, repair, maintain or restore the Lot, as the case may be, and the exterior of the improvements erected thereon. The cost of any such work

shall be and constitute a Special Assessment against such Lot and the owner thereof, whether or not a builder, and may be collected and enforced in the manner provided in this Declaration for the collection and enforcement of assessments in general. Neither the Association nor any of its agents, employees or contractors shall be liable for any damage which may result from any maintenance work performed hereunder.

9.2 Damage to Common Areas. In the event of damage to or destruction of any part of the Common Areas or any improvements which the Association is required to maintain hereunder, the Association shall repair or replace the same from the insurance to the extent of the availability of such insurance proceeds. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Special Assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds. Notwithstanding any obligation or duty of the Association hereunder to repair or maintain the Common Areas if, due to the willful, intentional or negligent acts or omissions of any Owner (including any builder) or of a member of his family or of a guest, tenant, invitee or other occupant or visitor of such Owner, damage shall be caused to the Common Areas, or if maintenance, repairs or replacements shall be required thereby which would otherwise be a Common Expense, then the Association shall cause such repairs to be made and such Owner shall pay for such damage and such maintenance, repairs and replacements. If not paid by such Owner upon demand by the Association, the cost of repairing such damage shall be added to and constitute a Special Assessment against such Owner, whether or not a builder, and its Residence Unit and Lot, to be collected and enforced in the manner provided in this Declaration for the collection and enforcement of assessments in general.

#### ARTICLE X

##### MORTGAGES

10.1 Notice to Mortgagees. The Association, upon request, shall provide to any Mortgagee a written certificate or notice specifying unpaid assessments and other defaults, if any, of the Owner of a Residence Unit or Lot in the performance of the Owner's obligations under this Declaration or any other applicable documents.

10.2 Notice to Association. Any Mortgagee who holds a first mortgage lien on a Lot or Residence Unit may notify the Secretary of the Association of the existence of such mortgage and provide the name and address of the Mortgagee. A record of the Mortgagee and name and address shall be maintained by the Secretary of the Association and any notice required to be given to the Mortgagee pursuant to the terms of this Declaration, the By-Laws of the Association or otherwise shall be deemed effectively given if mailed to the Mortgagee at the address shown in such record in the time provided. Unless notification of a Mortgage and the name and address of the Mortgagee are furnished to the Secretary, as herein provided, no notice to any Mortgagee as may be otherwise required by this Declaration, the By-Laws of the Association or otherwise shall be required, and no Mortgagee shall be entitled to vote on any matter to which it otherwise may be entitled by virtue of this Declaration, the By-Laws of the Association, a proxy granted to such Mortgagee in connection with the mortgage, or otherwise.

10.3 Mortgagees' Rights Upon Default by Association. If the Association fails (i) to pay real estate taxes for the Common Areas, or (ii) to pay on a timely basis any premium on hazard insurance policies on Common Areas or to secure hazard insurance coverage for the Common Areas upon lapse of a policy, then the Mortgagee on any Lot or Residence Unit may make the

payment on behalf of the Association.

ARTICLE XI

AMENDMENTS

11.1 By the Association. Except as otherwise provided in this Declaration, amendments to this Declaration shall be proposed and adopted in the following manner:

(i) Notice. Notice of the subject matter of any proposed amendment shall be included in the notice of the meeting of the members of the Association at which the proposed amendment is to be considered.

(ii) Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Directors or Owners having in the aggregate at least a majority of votes of all Owners.

(iii) Meeting. The resolution concerning a proposed amendment must be adopted by the vote required by paragraph 11.1 (iv) at a meeting of the members of the Association duly called and held in accordance with the provisions of the By-Laws.

(iv) Adoption. Any proposed amendment to this Declaration must be approved by a vote of not less than ninety percent (90%) in the aggregate of all Owners if the proposed amendment is considered and voted on or before twenty (20) years from the date hereof, and not less than seventy-five percent (75%) if the proposed amendment is considered and voted on after twenty (20) years from the date hereof. In any case, provided, however, that any such amendment shall require the prior written approval of Developer so long as Developer or any entity related to Developer owns any Lot within and upon the Real Estate. In the event any Residence Unit is subject to a first mortgage, the Mortgagee shall be notified of the meeting and the proposed amendment in the same manner as an Owner if the Mortgagee has given prior notice of its mortgage interest to the Board of Directors of the Association in accordance with the provisions of the foregoing paragraph 10.2. 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: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

(v) Mortgagees' Vote on Special Amendments. No amendments to this Declaration shall be adopted which changes any provision of this Declaration which would be deemed to be of a material nature by the Federal National Mortgage Association under Section 601.02 of Part V, Chapter 4, of the Fannie Mae Selling Guide, or any similar provision of any subsequent guide lines published in lieu of or in substitution for the Selling Guide, or which would be deemed to require the first mortgagee's consent under the Freddie Mac Sellers' and Servicers' Guide, Vol. 1, Section 2103(d) without the written approval of at least sixty-seven percent (67%) of the Mortgagees who have given prior notice of their mortgage interest to the Board of Directors of the Association in accordance with the provisions of the foregoing paragraph 10.2.

Any Mortgagee which has been duly notified of the nature of any proposed amendment shall be deemed to have approved the same if the Mortgagee or a representative thereof fails to appear at the meeting in which such amendment is to be considered (if proper notice of such meeting was timely given to such Mortgagee) or if the Mortgagee does not send its written objection to the proposed amendment prior to such meeting. In the event that a

proposed amendment is deemed by the Board of Directors of the Association to be one which is not of a material nature, the Board of Directors shall notify all Mortgagees whose interests have been made known to the Board of Directors the nature of such proposed amendment, and such amendment shall be conclusively deemed not material if no Mortgagee so notified objects to such proposed amendment within thirty (30) days of the date such notices are mailed and if such notice advises the Mortgagee of the time limitation contained in this sentence.

11.2 By the Developer. Developer hereby reserves the right, so long as Developer or any entity related to Developer owns any Lot within and upon the Real Estate, to make any amendments to this Declaration, without the approval of any other person or entity, for any purpose reasonably deemed necessary or appropriate by the Developer, including without limitation: to bring Developer or this Declaration into compliance with the requirement of any statute, ordinance, regulation or order of any public agency having jurisdiction thereof; to conform with zoning covenants and conditions; to comply with the requirements of the Federal National Mortgage Association, the Government National Mortgage Association the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Veterans Administration or any other governmental agency or to induce any of such agencies to make, purchase, sell, insure or guarantee first mortgages; or to correct clerical or typographical errors in this Declaration or any amendment or supplement hereto; provided that in no event shall Developer be entitled to make any amendment which has a material adverse effect on the rights of any Mortgagee, or which substantially impairs the rights granted by this Declaration to any Owner or substantially increases the obligations imposed by this Declaration on any Owner.

11.3 Recording. Each amendment to this Declaration shall be executed by Developer only in any case where Developer has the right to amend this Declaration without any further consent or approval, and otherwise by the President or Vice President and Secretary of the Association; provided that any amendment requiring the consent of Developer shall contain Developer's signature consent. All amendments shall be recorded in the office of the Recorder of Morgan County, Indiana, and no amendment shall become effective until so recorded.

ARTICLE XII

MISCELLANEOUS

12.1 Right of Enforcement. Violation or threatened violation of any of the covenants, conditions or restrictions enumerated in this Declaration or in a Plat of any part of the Real Estate now or hereafter recorded in the office of the Recorder of Morgan County, Indiana, or zoning covenants shall be grounds for an action by Developer, the Association, any Owner and all persons or entities claiming under them, against the person or entity violating or threatening to violate any such covenants, conditions or restrictions. Available relief in any such action shall include recovery of damages or other sums due for such violation, injunctive relief against any such violation or threatened violation, declaratory relief and the recovery of costs and attorneys fees reasonably incurred by any party successfully enforcing such covenants and restrictions; provided, however, that neither Developer, any Owner nor the Association shall be liable for damages of any kind to any person for failing to enforce any such covenants, conditions or restrictions.

12.2 Delay or Failure to Enforce. No delay or failure on the part of any aggrieved party, including without limitation the Developer, to invoke any available remedy with respect to any violation or threatened violation of any covenants, conditions or

restrictions enumerated in this Declaration or in a Plat of any part of the Real Estate shall be held to be a waiver by that party (or an estoppel of that party to assert) any right available to it upon the occurrence, recurrence or continuance of such violation or violations.

12.3 Duration. These covenants, conditions and restrictions and all other provisions of this Declaration (as the same may be amended from time to time as herein provided) shall run with the land and shall be binding on all persons and entities from time to time having any right, title or interest in the Real Estate or any part thereof, and on all persons claiming under them, until December 31, 2014, and thereafter shall continue automatically until terminated or modified by vote in the majority of all Owners at any time thereafter; provided, however, that no termination of this Declaration shall affect any easement hereby created and reserved unless all persons entitled to the beneficial use of such easement shall consent thereto.

12.4 Severability. Invalidation of any of the covenants, restrictions or provisions contained in this Declaration by judgment or court order shall not in any way affect any of the other provisions hereof, which shall remain in full force and effect.

12.5 Titles. The underlined titles preceding the various paragraphs and subparagraphs of this Declaration are for the convenience of reference only, and none of them shall be used as an aid to the construction of any provisions of this Declaration. Wherever and whenever applicable, the singular form of any word shall be taken to mean or apply to the plural, and the masculine form shall be taken to mean or apply to the feminine or to the neuter.

12.6 Applicable Law. This Declaration shall be governed by the laws of the State of Indiana.

12.7 Annexation. Additional land adjacent to the Initial Real Estate may be annexed by Developer to the Initial Real Estate (and from and after such annexation shall be deemed part of the Real Estate for all purposes of this Declaration) by execution and recordation in the office of the Recorder of Morgan County, Indiana, of a supplemental declaration by Developer; and such action shall require no approvals or action of the Owners.

### XIII

#### DEVELOPER'S RIGHTS

13.1 Access Rights. Developer hereby declares, creates and reserves an access license over and across all of the Real Estate for the use of Developer and its representatives, agents, designees, contractors and affiliates during the Development Period. Notwithstanding the foregoing, the area of the access license created by this paragraph 13.1 shall be limited to that part of the Real Estate which is not in, on, under, over, across or through a building or other improvement or the foundation of a building or other improvement properly located on the Real Estate. The parties for whose benefit this access license is herein created and reserved shall exercise such access easement rights only to the extent reasonably necessary and appropriate.

13.2 Signs. Developer and its designees shall have the right to use signs of any size during the Development Period and shall not be subject to the Plat limitations with respect to signs during the Development Period. The Developer and its affiliates shall also have the right to construct or change any building, improvement or landscaping on the Real Estate without obtaining the approval of the Architectural Review Committee at

any time during the Development Period.

13.3 Sales Offices and Models. Notwithstanding anything to the contrary contained in this Declaration or a Plat of any part of the Real Estate now or hereafter recorded in the office of the Recorder of Morgan County, Indiana, Developer, any entity related to Developer and any other person or entity with the prior written consent of Developer, during the Development Period, shall be entitled to construct, install, erect and maintain such facilities upon any portion of the Real Estate owned by Developer, the Association or such person or entity as, in the sole opinion of Developer, may be reasonably required or convenient or incidental to the development of the Real Estate and the sale of Lots and the construction of residences thereon. Such facilities may include, without limitation, storage areas or tanks, parking areas, signs, model residences, construction offices and sales offices or trailers.

IN WITNESS WHEREOF, this Declaration has been executed by Developer as of the date first above written.

Grandview Associates, L.P.,

By: Davis Development, L.P.,

By: Davis Development, Inc.,  
general partner

By: [Signature]  
C. Richard Davis  
President

STATE OF INDIANA )  
                          ) SS:  
COUNTY OF MARION )

Before me, a Notary Public, in and for the State of Indiana, personally appeared C. Richard Davis, President of Davis Development, Inc., an Indiana corporation, who acknowledged the execution of the foregoing Declaration of Covenants, Conditions and Restrictions of Grandview.

WITNESS my hand and Notarial Seal this 26th day of October, 1994.

Li-Ching Wu  
Notary Public

Li-Ching Wu  
Printed

My Commission Expires: 4-21-96

County of Residence: Hamilton



This instrument was prepared by C. Richard Davis, President of Davis Development, Inc., 3755 East 82nd Street, Suite 120, Indianapolis, Indiana 46240, (317) 595-2900.

Exhibit A

DESCRIPTION OF GRANDVIEW SUBDIVISION SECTION I  
CONSISTING OF 29.236 ACRES

Part of the Southeast Quarter of Section 31, Township 14 North,  
Range 2 East, Morgan County, Indiana, described as follows:

Commencing at a stone, found in place per county records, which marks the Southwest corner of the above captioned Southeast Quarter; thence, North 87 degrees 50 minutes 32 seconds East (assumed bearing), with the south line of said quarter section, 333.20 feet to an iron pin in the county road, (for reference, an iron pipe was found North no degrees 21 minutes 06 seconds West, 0.54 feet); thence, North no degrees 21 minutes 06 seconds West, with the county road and the east line of Johnson Road Subdivision per plat thereof recorded in Deed Record 181 Page 244, 1026.13 feet to the POINT OF BEGINNING of the subdivision herein described; thence continuing with said line and the county road North no degrees 21 minutes 06 seconds West 983.45 feet; thence North 89 degrees 30 minutes 54 seconds East 40.00 feet; thence North 89 degrees 36 minutes 40 seconds East 425.19 feet; thence, South no degrees 55 minutes 25 seconds East 225.55 feet; thence, South 89 degrees no minutes 33 seconds East 132.29 feet; thence, South 85 degrees 02 minutes 35 seconds East 192.97 feet; thence, South no degrees 28 minutes 14 seconds East 112.22 feet; thence, North 85 degrees 50 minutes 53 seconds East 293.53 feet; thence, South 69 degrees 54 minutes 45 seconds East 100.00 feet; thence, South 46 degrees 29 minutes 37 seconds West 85.88 feet; thence, South 44 degrees 43 minutes 33 seconds East 120.29 feet; thence, South 14 degrees 37 minutes 03 seconds East 53.16 feet; thence, South 34 degrees 26 minutes 02 seconds East 108.98 feet; thence, North 68 degrees 03 minutes 40 seconds East 107.52 feet; thence, North 85 degrees 50 minutes 53 seconds East 300.49 feet; thence, South 04 degrees 09 minutes 07 seconds East 318.84 feet; thence, South 83 degrees 42 minutes 20 seconds West 170.89 feet; thence, South 87 degrees 43 minutes 56 seconds West 234.09 feet; thence South 62 degrees 37 minutes 33 seconds West 50.00 feet; thence, South 57 degrees 31 minutes 39 seconds West 197.13 feet; thence, South 48 degrees 44 minutes 59 seconds West 221.56 feet; thence, North 41 degrees 15 minutes 01 seconds West 314.12 feet; thence, North 90 degrees no minutes no seconds West 509.52 feet; thence, North 73 degrees 10 minutes 08 seconds West 235.51 feet, to the point of beginning.

Containing 29.236 acres, more or less, including that portion dedicated to the public for road purposes on the west side of the subdivision.

DESCRIPTION OF GRANDVIEW SUBDIVISION SECTION II  
CONSISTING OF 33.330 ACRES

Part of the Southeast Quarter of Section 31, Township 14 North,  
Range 2 East, Morgan County, Indiana, described as follows:

Commencing at a stone, found in place per county records, which marks the southwest corner of the above captioned Southeast Quarter; thence, North 87 degrees 50 minutes 32 seconds East (assumed bearing), with the south line of said quarter section, 333.20 feet to an iron pin in the county road and the POINT OF BEGINNING of the subdivision herein described (for reference, an iron pipe was found North no degrees 21 minutes 03 seconds West, 0.54 feet); thence, continuing with said south line, North 87 degrees 50 minutes 32 seconds East 1580.73 feet; thence, North 02 degrees 09 minutes 29 seconds West 175.00 feet; thence, North 87 degrees 50 minutes 31 seconds East 52.42 feet; thence, North 02 degrees 09 minutes 29 seconds West 90.45 feet; thence, North 18 degrees 38 minutes 56 seconds East 78.22 feet; thence, North 23 degrees 47 minutes 07 seconds East 174.65 feet; thence, North 16 degrees 05 minutes 12 seconds West 245.68 feet; thence, South 72 degrees 48 minutes 50 seconds West 156.98 feet; thence, North 21 degrees 28 minutes 32 seconds West 125.00 feet; thence, North 69 degrees no minutes 24 seconds East 16.41 feet; thence, North 20 degrees 30 minutes 40 seconds West 174.00 feet; thence, South 67 degrees 43 minutes 56 seconds West 102.60 feet; thence, South 62 degrees 37 minutes 33 seconds West 50.00 feet; thence, South 57 degrees 31 minutes 39 seconds West 197.13 feet; thence, South 48 degrees 44 minutes 59 seconds West 221.56 feet; thence, North 41 degrees 15 minutes 01 seconds West 314.12 feet; thence, North 90 degrees no minutes no seconds West 509.52 feet; thence, North 73 degrees 10 minutes 08 seconds West 235.51 feet; to a point in the county road, and on the east line of Johnson Road Subdivision per plat thereof recorded in Deed Record 181 Page 244, and in the county road; thence, South no degrees 21 minutes 06 seconds East, with the east line of said subdivision and in the county road, 1026.13 feet to the point of beginning.

Containing 33.330 acres, more or less, including that portion dedicated to the public for road purposes on the west side of the subdivision.

RECEIVED FOR RECORD  
 04 - 31 1994  
 at 3:15 P.M.  
 Jackie Kivett  
 MORGAN COUNTY RECORDER

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Book 143 Page 299

FIRST SUPPLEMENT TO  
DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
OF GRANDVIEW

This First Supplement is made this 18th day of November, 1996, by Grandview Associates, L.P., an Indiana limited partnership (the "Developer").

1. Developer is the owner of certain real estate more particularly described in Exhibit "A" attached hereto (the "Additional Real Estate").

2. Developer executed that certain Declaration of Covenants, Conditions and Restrictions of Grandview, dated October 26, 1994 and recorded the same on October 31, 1994 as Instrument No. 94-13259 in the Office of the Recorder of Morgan County, Indiana (the "Declaration").

*Misc. Record 130 Pa. 193*

3. Developer reserved in said Declaration the right from time to time, acting alone, to subject to the terms and provisions of the Declaration certain additional real estate located within the tracts adjacent to the Initial Real Estate (as defined in the Declaration) by execution and recordation in the Office of the Recorder of Morgan County of a supplemental declaration so annexing all or any part of such real estate.

4. The Additional Real Estate constitutes a part of the tract adjacent to the Initial Real Estate.

NOW, THEREFORE, Declarant, in accordance with the rights reserved in the Declaration, makes this First Supplement as follows:

1. Definitions. All terms used in this First Supplement not otherwise defined in this First Supplement shall have the meanings set forth in the Declaration. Accordingly, the Additional Real Estate shall hereafter for all purposes be included in the definition of Real Estate in the Declaration, as the same may be amended or supplemented from time to time as therein provided.

2. First Supplement to Declaration. Developer hereby expressly declares that the Additional Real Estate, together with all improvements of every kind and nature whatsoever located thereon, shall be annexed to the Real Estate and made subject to the provisions of the Declaration, as the same may be amended or supplemented from time to time as therein provided, and the Real Estate is hereby expanded to include the Additional Real Estate,

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all as if the same had originally been included in the Declaration. The Additional Real Estate shall be hereafter held, transferred, sold, conveyed, hypothecated, encumbered, leased, rented, used, improved and occupied subject to all of the provisions, agreements, covenants, conditions, restrictions, easements, assessments, charges and liens of the Declaration, as the same may be amended or supplemented from time to time as therein provided.

3. Effect of Covenants. All such provisions of the Declaration, as the same may be amended or supplemented from time to time as therein provided, shall be covenants running with the land and shall be binding upon, and inure to the benefit of Developer and any other person or entity having any right, title or interest in the Real Estate or any part thereof.

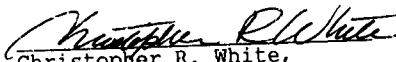
4. Declaration Continuous. Except as expressly supplemented by this First Supplement, the Declaration shall continue unchanged and in full force and effect.

IN WITNESS WHEREOF, this First Supplement has been executed by Developer as of the date first above written.

Grandview Associates, L.P.,  
an Indiana limited partnership,  
by its general partner,

Davis Homes, LLC,  
an Indiana limited liability  
company, by its manager-member,

Davis Holding Corporation,  
an Indiana Corporation,

  
Christopher R. White,  
Vice President

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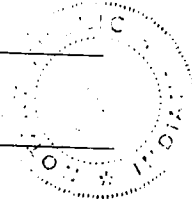
STATE OF INDIANA            )  
                                  )    SS:  
COUNTY OF MARION        )

Before me, a Notary Public in and for the State of Indiana, personally appeared Christopher R. White, Vice President of Davis Holding Corporation, who acknowledged the execution of the foregoing First Supplement to Declaration of Covenants, Conditions and Restrictions of Grandview.

WITNESS my hand and Notarial Seal this 18th day of November, 1996.

Li-Ching Wu  
Notary Public

Li-Ching Wu  
Printed Name



My Commission Expires: 4-21-00

Residing in Hamilton County

This instrument was prepared by Ronald F. Shady, Jr., Vice President of Davis Holding Corporation, 3755 East 82nd Street, Suite 120, Indianapolis, Indiana 46240 (317) 595-2900

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Exhibit "A"

DESCRIPTION OF GRANDVIEW PLANNED UNIT DEVELOPMENT  
SECTION 3

A part of the Southeast Quarter of Section 31, Township 14 North,  
Range 2 East, Morgan County, Indiana, described as follows:

BEGINNING at a stone found per the county records which marks the southeast corner of the Southeast Quarter of Section 31; thence North no degrees 28 minutes 14 seconds West (assumed bearing), with the east line of said quarter, 1241.06 feet; thence South 89 degrees 31 minutes 46 seconds West, 175.00 feet; thence North no degrees 28 minutes 14 seconds West, 66.34 feet; thence along a curve concave southwesterly having a radius of 175.00 feet, a central angle of 23 degrees 17 minutes 08 seconds, a chord bearing North 12 degrees 06 minutes 48 seconds West, 70.63 feet, an arc distance of 71.12 feet; thence South 66 degrees 14 minutes 38 seconds West, 97.51 feet; thence North 78 degrees 53 minutes 49 seconds West, 91.21 feet; thence South 85 degrees 50 minutes 53 seconds West, 304.47 feet; thence South 04 degrees 09 minutes 07 seconds East, 316.84 feet; thence South 83 degrees 42 minutes 20 seconds West, 170.99 feet; thence South 67 degrees 43 minutes 56 seconds West, 131.49 feet to a point marking the northeast corner of Lot No. 63 of Grandview Planned Unit Development, Section 2, as per plat thereof recorded in Deed Record 369 Page 567; thence South 20 degrees 30 minutes 40 seconds East, 174.00 feet; thence South 69 degrees no minutes 24 seconds West, 16.41 feet; thence South 21 degrees 28 minutes 32 seconds East, 125.00 feet; thence North 72 degrees 48 minutes 50 seconds East, 156.98 feet; thence South 16 degrees 05 minutes 12 seconds East, 245.68 feet; thence South 23 degrees 47 minutes 07 seconds West, 174.65 feet; thence South 18 degrees 38 minutes 56 seconds West, 78.22 feet; thence South 02 degrees 09 minutes 29 seconds East, 90.45 feet; thence South 87 degrees 50 minutes 31 seconds West, 52.42 feet; thence South 02 degrees 09 minutes 29 seconds East, 175.00 feet to a point on the south line of said Southeast Quarter; thence with the south line of said Quarter, North 87 degrees 50 minutes 31 seconds East 780.62 feet to the point of beginning.

Containing 22.757 acres, including that portion dedicated to the public for street rights-of-way.

RECEIVED FOR RECORD  
Oct. 19 1926  
2:52 P.  
Thickie Kivett  
MORGAN COUNTY RECORDER

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