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DECLARATION OF HORIZONTAL PROPERTY OWNERSHIP
REAL SILK LOFTS

HORIZONTAL PROPERTY REGIME

THIS DECLARATION of the Real Silk Lofts Horizontal Property Regime ("Declaration") made this 9th day of December, 1988, by Real Silk Associates, an Indiana General Partnership (the "Declarant").

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WITNESSETH:

WHEREAS, Declarant is the sole owner of the fee simple title to certain real estate and improvements thereon, located in Marion County, Indiana, more particularly described in Exhibit "A" hereto (hereinafter called the "Real Estate"); and

WHEREAS, Declarant anticipates that Declarant will become the sole owner of the fee simple title to other real estate adjacent to the Real Estate, more particularly described in Exhibit "B" hereto (hereinafter called "Adjacent Real Estate"), all or part of which Declarant anticipates may be added to the Real Estate by portions to be designated by Declarant from time to time (the Real Estate and Adjacent Real Estate being hereinafter referred to together as the "Tract"); and

WHEREAS, Declarant, by execution of this Declaration, hereby creates a Horizontal Property Regime (the "Regime") upon the Real Estate, subject to the provisions of the Horizontal Property Law of the State of Indiana (the "Act") and the terms and conditions of this Declaration

WHEREAS, Declarant intends that as portions of the adjacent Real Estate are from time to time acquired and developed, they will be added to the Regime by amendment to this Declaration, so that the Regime created hereby is to be "expandable", as that term is defined in the Act.

NOW, THEREFORE, Declarant hereby makes this Declaration, and declares that the Real Estate shall be a "Horizontal Property Regime" as provided in the Act, and that said Regime shall be expandable to include all or any part of the Adjacent Real Estate, as the same may be annexed from time to time, subject to and in accordance with the following terms and conditions:

Section 1. Definitions. The following terms, used in this Declaration, unless the context clearly otherwise, shall mean the following:

- a) "Act" means the Horizontal Property Law of the State of Indiana, Acts 1963, Chapter 349, Sections 1-11

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through 31, as amended. The Act is incorporated herein by reference.

b) "Association" means Real Silk Lofts Co-Owners Association, Inc., an Indiana not-for-profit corporation, being the association of Co-Owners of Real Silk Lofts, more particularly described in Section 13 hereof.

c) "Board of Managers" means the governing body of the Association, being the initial Board of Managers referred to in the By-Laws or subsequent Board of Managers elected by the Co-Owners in accordance with the By-Laws. The term "Board of Managers," as used herein and in the By-Laws, shall be synonymous with the term "Board of Directors" as used in the Act.

d) "Building" means any structure on the Real Estate or any Additional Section, after annexation, in which Common Areas, limited Common Areas or one or more Condominium Units are located. The Buildings are more particularly described and identified on the Plans and in Section 2 of this Declaration.

e) "By-Laws" means the Code of By-Laws of Real Silk Lofts Co-Owners Association, Inc. providing for the administration and management of the Association as required by and in conformity with the provisions of the Act. A true copy of the By-Laws is attached to this Declaration and incorporated herein by reference.

f) "Common Areas" means the common areas, limited common areas and facilities as defined in Section 5 of this Declaration.

g) "Common Expenses" means expenses of administration of the Association, expenses for the upkeep, maintenance, repair and replacement of the Common Areas and all other costs and expenses incurred by the Association for the benefit of the Common Areas or for the common benefit of all Owners; provided, however, that Common Expenses shall not include any costs of initial construction or initial renovation of any Building or other Property or improvements on any portion of the Tract, nor any costs of repairs covered by any Warranty of Declarant as builder of the Condominium Units, nor to any costs or repairs arising out of construction, renovation or other activities on any portion of the Adjacent Real Estate prior to its annexation to the Regime.

h) "Condominium Unit" means any one of the living units constituting Real Silk Lofts, each individual living unit being more particularly described and identified on the Plans and in Sections 3 and 4 of this Declaration. "Condominium Unit" includes the undivided interest in the Common Areas and Limited Areas appertaining to such unit.

i) "Co-Owners, means all of the Owners of all of the Condominium Units in the Regime.

j) "Declarant" shall mean and refer to Real Silk Associates, an Indiana General Partnership and any successors and assigns of Real Silk Associates 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.

k) "Mortgagee" means the holder, insurer or guarantor of a first mortgage loan on a Condominium Unit.

l) "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns the fee simple title to a Condominium Unit; provided, however, that persons or entities owning a single Condominium Unit as tenants in common, joint tenants, tenants by the entirety, or any form of joint or divided ownership, shall be deemed one Owner for purposes of this Declaration. Persons or entities owning more than one Condominium Unit shall have the status of an Owner for each Condominium Unit owned.

m) "Percentage Interest" means that percentage of the total undivided interest accruing to all of the Condominium Units which is appurtenant to each particular Condominium Unit and accrues to the Owner thereof. The Percentage Interest to which each Owner shall be entitled on any matter upon which the Co-Owners are entitled to vote shall be the same percentage as the Percentage Interest appurtenant to such Owner's Condominium Unit.

n) "Plans" means the floor and building plans of the Buildings and Condominium Units prepared and certified by Todd R. Mozingo, a licensed architect, dated December 5, 1988, and the site plans, surveys, and elevation plans of the Real Estate and Buildings prepared by Mid-States Engineering, a licensed engineer under date of December 5,

1988, all of which are incorporated herein by reference, and any amendments which pertain to portions of the Adjacent Real Estate annexed to, and made a part of, the Regime by such amendments.

o) "Property" means the Real Estate and appurtenant easements, the Condominium Units, the Buildings, improvements, and property of every kind and nature whatsoever, real, personal or mixed, located upon the Real Estate or any Additional Sections after annexation to the Regime and used in connection with the operation, use and enjoyment of Real Silk Lofts, but does not include the personal property of the Owners.

p) "Real Silk Lofts" means the name by which the Horizontal Property Regime shall be known.

q) "Special Limited Areas" means the special limited areas and facilities as defined in Section 7 of this Declaration.

r) "Tract" means the Real Estate and the Adjacent Real Estate, as herein defined.

Section 2. Description of Buildings. There are Buildings containing Condominium Units on the Real Estate as shown on the Plans. Construction is completed on the Buildings, but is not completed on all Condominium Units. A description of the Buildings and the Condominium Units contained or to be contained therein is set forth in Exhibit "A" attached hereto and hereby made a part hereof by this reference.

Section 3. Legal Description and Percentage Interest. Each Condominium Unit is identified on the Plans by a number. The legal description for each Condominium Unit shall consist of the identifying number for such Condominium Units as shown on the Plans, and shall be stated as "Condominium Unit (with identifying number) in Real Silk Lofts Horizontal Property Regime." The Percentage Interest of each Owner in the Common Areas and Limited Areas as hereinafter defined shall be the same percentage of interest as each Condominium Unit has set forth on Exhibit "C" attached hereto and hereby made a part hereof.

Section 4. Description of Condominium Units.

a) Appurtenances. Each Condominium Unit shall consist of all space within the boundaries thereof, as hereinafter defined, and all portions of the Building situated within such boundaries, including but not limited to all fixtures, facilities, utilities, equipment, appliances, and structural components designed and intended solely and exclusively for the enjoyment, use and benefit of the Condominium Unit wherein the same are located, or to which they are attached, but excluding therefrom that designed or intended for the use, benefit, support, safety or enjoyment of any other Condominium Unit or which may be necessary for the safety, support, maintenance, use, and operation of any of the Buildings or which are normally designed for common use; provided, however, that all fixtures, equipment and appliances designed or intended for the exclusive enjoyment, use and benefit of a Condominium Unit shall constitute a part of such Condominium Unit, whether or not the same are located within or partly within the boundaries of such Condominium Unit. Also, the interior sides and surfaces of all doors and interior and exterior sides and frames of all windows in the perimeter walls of a Condominium Unit, whether or not located within or partly within the boundaries of a Condominium Unit, and all interior walls and all of the floors and ceilings within the boundaries of a Condominium Unit, are considered part of the Condominium Unit.

b) Boundaries. The boundaries of each Condominium Unit shall be as shown on the Plans without regard to the existing construction and shall be measured between the interior unfinished surface of the floors, ceilings and perimeter walls of each Condominium Unit. In the event any horizontal or vertical or other boundary line as shown on the Plans does not coincide with the actual location of the respective wall, floor or ceiling surface of the Condominium Unit because of inexactness of construction, settling after construction, or for any other reasons, the boundary lines of each Condominium Unit shall be deemed to be and treated for purposes of ownership, occupancy, possession, maintenance, decoration, use and enjoyment, as in accordance with the actual existing construction. In such case, permanent appurtenant easements for exclusive use shall exist in favor of the Owner of each Condominium Unit in and to such space lying outside of the actual boundary lines of the Condominium Unit, but within the appropriate wall, floor or ceiling surfaces of the Condominium Unit.

Section 5. Common Areas and Facilities. "Common Areas" shall include the following, except to the extent otherwise specifically designated in this Declaration as being within a Condominium Unit or as a Limited Area:

- a) the Real Estate, excluding the Condominium Units;
- b) the foundations, columns, girders, beams, elevators, elevator shafts, supports and exterior surfaces of roofs of the Buildings;
- c) the yards, sidewalks, interior and exterior driveways, unenclosed parking areas, basement areas (including laundry areas, storage areas, and bathrooms), health club facilities, swimming pool, attics, stairways, lobbies, entrances, exits and corridors, except to the extent the same are otherwise classified and defined herein as part of the Condominium Units or Limited Areas;
- d) central electricity, gas, water, air conditioning and sanitary sewer mains serving the Buildings, excluding those separately metered to a particular Condominium Unit;
- ~~e) exterior lighting fixtures and electrical service~~ lighting the exterior of the buildings unless separately metered to a particular Condominium Unit; and
- e) pipes, ducts, electrical wiring and conduits and public floors, roofs and exterior perimeter walls of the Buildings, except to the extent the same are otherwise classified and defined herein as Limited Areas or as part of a Condominium Unit.

Section 6. Limited Areas and Facilities. Limited Areas and those Condominium Units to which use thereof is limited are as follows:

- a) The halls, corridors, lobbies, stairways, entrances and exits of each Building, if any, except: (i) those designated Common Areas on the Plans and (ii) those located within the interior of Condominium Units or designated part of the Condominium Units shall be limited to the use of the Condominium Units of such Building.
- b) The balconies and all exterior sides and surfaces of doors and frames surrounding the same in the perimeter walls in each Condominium Unit shall be limited to the exclusive use of the Condominium Unit to which they appertain.

c) Any other areas designated and shown on the Plans as Limited Areas shall be limited to the Condominium Unit or Condominium Units to which they appertain as shown on the Plans.

Section 7. Special Limited Areas. The Special Limited Areas shall consist of all interior parking spaces designated on the Plans as Special Limited Areas, and shall be limited in use to those Condominium Unit Owners who have purchased an interest in the Special Limited Areas from Declarant or its successor in interest, in whole or in part. An interest in the Special Limited Areas shall be contractually transferable separately from the Owner's interest in a Condominium Unit, but such transferability shall be limited to Owners of Condominium Units in the Project.

Section 8. Ownership of Common Areas and Percentage Interest. Each Owner shall have an undivided interest in the Common Areas and Limited Areas, as tenants in common with all other Owners, equal to his Condominium Unit's Percentage Interest. The Percentage Interest in the Common Areas applicable to each Condominium Unit shall be determined in accordance with the Formula set forth in Section 17(b) hereof. ~~The Percentage Interest in the Common Areas and Limited Areas~~ presently appertaining to each Condominium Unit specified in Exhibit "B" hereto. If any Additional Sections are annexed, as permitted under Section 17(a), then upon execution and recordation of the applicable Amendment to this Declaration, the Percentage of each Condominium Unit which is part of the Regime prior to such annexation shall be recomputed in accordance with the Formula. Such recomputation will have the effect of reducing the Percentage Interest in those Common Areas which are a part of the Regime prior to such annexation, so as to allocate Percentage Interests therein to the Condominium Units added to the Regime by the Amendment. At the same time, such recomputation shall create Percentage Interests in favor of all of the Condominium Units in the Regime immediately following such annexation in the Common Areas created as a result of such annexation. The overall resulting Percentage Interests shall be determined according to the Formula and designated in the Amendment. In any computation of Percentage Interests, the figure obtained shall be rounded to the nearest one-thousandth of a percent, and shall be so presented for all purposes of conveyance and for all purposes contemplated under this Declaration.

The Percentage Interest appertaining to each Condominium Unit shall also be the Percentage Vote allocable to the Owner

thereof in all matters with respect to Real Silk Lofts and the Association upon which the Co-Owners are entitled to vote.

Section 9. Encroachments, Easements for Common Areas and Ingress and Egress Easements. If, by reason of the location, construction, settling or shifting of a Building, any Common Area or Limited Area now encroaches or shall hereafter encroach upon any Condominium Unit, then in such event an easement shall be deemed to exist and run to the Co-Owners and the Association for the maintenance, use and enjoyment of such Common Area or Limited Area. Each Owner shall have an easement in common with each other Owner to use all pipes, wires, ducts, cables, conduits, utility lines and other common facilities located in any of the other Condominium Units and serving his Condominium Unit. Each Owner shall have an easement over the Common Areas for the purposes of ingress and egress from his Condominium Unit, and to use all Common Areas wherever located, and such easement shall be perpetual and appurtenant to the Condominium Unit.

Section 10. Real Estate Taxes. Real estate taxes are to be separately assessed and taxed to each Condominium Unit as provided in the Act. In the event that for any year real estate taxes are not separately assessed and taxed to each Condominium Unit, but are assessed and taxed on the Property as a whole, then each Owner shall pay his proportionate share of such taxes to the extent attributable to the Property in accordance with his respective Percentage Interest.

Section 11. Reciprocal Easements to and from Additional Sections. So long as all or any part of the Adjacent Real Estate is not annexed, and commencing at such time as Declarant acquires fee simple title to the Adjacent Real Estate, the Declarant shall reserve unto itself, its successors and assigns, for the use and benefit of that portion of the Adjacent Real Estate not annexed, an easement to enter upon the Common Areas to gain access, ingress and egress to the Adjacent Real Estate not annexed, and to permit renovation or construction of Buildings or other improvements upon such Adjacent Real Estate, and an easement for access to any and all necessary utility lines, mains, and other utility services within the Real Estate for the benefit of the Buildings or improvements upon the Adjacent Real Estate, whether or not such Buildings or improvements are to be added to the Regime. Declarant, or its successors or assigns, shall be responsible for repairing any damage to any Property arising out of the exercise of this easement. The easements reserved shall permit free and unrestricted use and access to the roadways and

sidewalks by Declarant and any other owners or residents of the Adjacent Real Estate not annexed, their guests, invitees and all public and quasi-public vehicles.

Declarant specifically intends that the easements granted and reserved pursuant to this Section 10 not merge because the fee simple interests in the Real Estate and the Adjacent Real Estate may hereafter be vested solely in the Declarant. The easements granted and reserved pursuant to this Section 10 shall be easements and covenants running with the land and accruing to the benefit of the Real Estate and the Adjacent Real Estate.

Section 12. Utilities. Each Owner shall pay for those utilities which are separately metered to his Condominium Unit. Utilities which are not separately metered shall be treated as and paid as a part of the Common Expenses, unless otherwise agreed by a majority of the Percentage Interest.

Section 13. Association of Owners. Subject to the rights of Declarant reserved in Section 25 hereof, the maintenance, repair, upkeep, replacement, administration, management and operation of the Property shall be by Real Silk Lofbe Co-Owners Association, Inc. (the "Association"), a not-for-profit corporation organized under the laws of the State of Indiana. Each Owner of a Condominium Unit shall, automatically upon becoming an owner of a Condominium Unit, be and become a member of the Association and shall remain a member until such time as his ownership ceases, but membership shall terminate when such person ceases to be an Owner, and will be transferred to the new Owner.

The Association shall elect a Board of Managers annually (except for an Initial Board of Managers defined in the By-Laws) in accordance with and as prescribed by the By-Laws. Each Owner shall be entitled to cast a vote equal to his Percentage Interest for the election of the Board of Managers, except for such Initial Board of Managers who shall serve on the Initial Board of Managers, whether as an original member thereof or as a member thereof appointed by Declarant to fill a vacancy, shall be deemed a member of the Association and an Owner solely for the purpose of qualifying to act as a member of the Board of Managers and for no other purpose. A person serving on the Initial Board of Managers shall not be deemed or considered a member of the Association nor an Owner of a Condominium Unit for any other purpose unless he is actually an Owner of a Condominium Unit and thereby a member of the Association.

The Board of Managers shall be the governing body of the Association, representing all of the Owners in providing for the management, administration, operation, maintenance, repair, replacement and upkeep of the Property exclusive of the Condominium Units.

The Association and any aggrieved Condominium Unit Owner shall have a right of action against any Condominium Unit Owner for failure to comply with the provisions of the Declaration, By-Laws or decisions of the Association which are made pursuant to authority granted the Association in such documents. Condominium Unit Owners shall have a similar right of action against the Association.

Section 14. Use of Common Areas. The Board of Managers shall adopt rules and regulations concerning maintenance, repairs, use and enjoyment of the Common Areas and Limited Areas as it deems appropriate, and may amend and modify the same from time to time as it deems advisable, necessary or appropriate. The Board of Managers is specifically empowered to grant rights to the use of the Regime health club facilities to owners of property adjacent to the Property, at such fee and upon such terms as the Board deems appropriate.

The Board of Managers or their designated agent shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency in which case no notice shall be required), to enter into each individual Condominium Unit for the purpose of inspection of the Common Areas and Limited Area appurtenant thereto and replacement, repair and maintenance of such Common Areas and Limited Areas.

Section 15. Maintenance, Decoration, Repairs and Replacements.

a) Common Areas. The Association will be responsible for the maintenance, repair, decoration, restoration, and replacement of the Common Areas. Maintenance, decoration, repairs, and replacements of the Common Areas shall be furnished by the Association and the cost thereof shall be part of the Common Expenses. The Association may elect to delegate such duties to a Managing Agent and may enter into a management contract for such purpose, provided that such agent and the terms of such contract are approved by a majority of the vote present or represented at any meeting of the Association. Declarant or an entity affiliated with Declarant may serve as the Managing Agent for the Regime so long as Declarant retains control of the Association, and may perform all property

management functions on behalf of the Association. Any management contract made or which is deemed to arise between the Association and Declarant (or any affiliate) shall be terminable by the Association without cause and without penalty upon thirty (30) days' written notice at any time after Declarant relinquishes control of the Association. The Board of Directors has the right to adopt such rules and regulations concerning the maintenance, repairs, use and enjoyment of the Common Areas as it deems appropriate, including the appointment of committees to oversee the same. The Board of Directors shall have the exclusive right to determine the outside decor of each Building, including without limitation the color and type of paint and all other decor appurtenant to the exterior of each Building.

b) Condominium Units. Each Owner shall control and have the right to determine the interior decor of his Condominium Unit, but this shall not include the right to make structural changes to the Unit, nor the right to use interior decor which in the discretion of the Board of Directors adversely affects the external appearance of the Condominium Unit, as more particularly set forth in the By Laws of the Association. No act or omission which constitutes waste shall be committed or suffered in or upon any Condominium Unit, the Common Areas, or Limited Areas. Each Owner shall maintain and repair at his sole cost and expense all fixtures, appliances, equipment, and other improvements constituting a part of his Condominium Unit under Section 4 hereof, and each Owner shall promptly repair any condition or defect existing or occurring in his Condominium Unit which, if not repaired, might adversely affect any Condominium Unit, Common Area or Limited Area. The Board of Managers and the Managing Agent shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency in which case no notice shall be required) to enter into the Condominium Units and the Common Areas adjacent to each Condominium Unit to replace, repair, and maintain such Common Areas. In the event that any Owner fails or is unable to maintain or repair any condition or defect for which he is responsible and the Board of Managers or the Managing Agent have a reasonable basis for believing that such condition or defect has caused or threatens to cause immediate and substantial harm to any person or to any property outside such Owner's Condominium, the Board of Managers and the Managing Agent shall each have the right to enter such Owner's Condominium Unit to remedy or repair such condition or defect, and any costs or expenses incurred in connection therewith

(including attorneys' fees) shall be payable by such Owner upon demand by the Board of Managers or the Managing Agent. Nothing herein contained shall be construed to represent a contractual liability to any Owner on the part of the Declarant, the Association, or the Board of Managers for maintenance, repair, or replacement of any Condominium Unit, Common Areas, or Limited Areas, and the liability of the Association, the Board of Managers, and the Managing Agent in this regard shall be limited to damages resulting from gross negligence, recklessness, or intentional misconduct, unless otherwise provided in the management contract in the case of the Managing Agent.

Section 16. Alterations, Additions and Improvements. No Owner shall make any alterations or additions to, or which would affect, the Common Areas or Limited Areas without the prior written approval of the Board of Managers, nor shall any Owner make any alteration in or to his respective Condominium Unit and within the boundaries thereof which would affect the safety or structural integrity of the Building in which the Condominium Unit is located. Declarant reserves the right to change the interior design and arrangement of all Condominium Units and alter the boundaries between Condominium Units for so long as Declarant owns the Condominium Units so altered. No such change shall increase the number of Condominium Units or change the Percentage Interest applicable to such Condominium Unit. If Declarant shall make any changes in the Condominium Units so authorized, such changes shall be reflected by a supplement to the Plans and such supplement to the Plans need not be approved by the Association or any other Owners.

Section 17. Subdivision and Expansion. The provisions of this paragraph shall govern the expansion of the Regime and the allocation and reallocation of Percentage Interests.

a) Expansion by Sections. Declarant anticipates that it may construct from time to time additional Condominium Units on various portions of the Adjacent Real Estate, for addition to the Regime in the manner hereinafter set forth. The additional development within the Tract shall be consistent with the density, plan of development, and exterior architectural style of the Condominium Units to be contained upon the Real Estate. The maximum number of Condominium Units to be contained in the Tract is one hundred eighty three (183). Additional Sections shall not be added by Declarant at any time after the expiration of ten (10) years from the date of this Declaration, nor shall Declarant add any further sections if more than five (5) years have elapsed since the most

recent prior section was added to the Regime. At any time, and from time to time, prior to the expiration of said ten (10) year period, Declarant, at its option, may cause all or any part of the Adjacent Real Estate to be added to the Regime, subject to the following conditions:

1) An Additional Section may not be annexed unless the Condominium Units to be constructed or renovated in such Additional Section have been substantially completed, and unless the Plans therefor are completed, certified by a licensed professional engineer or registered architect as fully and accurately depicting the layout, location, and dimensions of the Condominium Units, and recorded along with an Amendment conforming to the requirements of Subsection (c) of this Section 17; and

2) The Condominium Units on any Additional Sections shall be constructed with labor and material of comparable quality to the Condominium Units previously constructed, although not necessarily of similar design, either as to interior floor plan or structural design. Declarant reserves the right to determine all developmental standards of each Additional Section other than those standards particularly set forth in this Section 17.

Declarant expressly reserves the right not to annex all or any of the Adjacent Real Estate. Upon annexation of each Additional Section to the Regime, each Owner shall acquire a Percentage Interest, as recomputed in accordance with this Section 17, in the Common Areas in such Additional Section, at which time each Owner thenceforth shall also incur and pay his Percentage Interest share of the Common Expenses attendant with such Additional Section, along with the Common Expenses attendant with the Real Estate and all Additional Sections previously added to the Regime. In no event shall the Regime be merged with any other horizontal property regime, but the Association may cooperate with other co-owners associations in obtaining joint management, maintenance, or repair services in order to increase the cost efficiency of obtaining such services.

b) Percentage Interest. The Owner of each Condominium Unit shall have a Percentage Interest appurtenant to his Condominium Unit based upon the size in square footage of his Condominium Unit divided by the total square footage of all of the Condominium Units in the Regime at that time in accordance with Section 7(a)(1) of

the Act (hereinafter called the "Formula"). In order to determine the Percentage Interests in accordance with the Formula, the square footage figures shall be taken from the Plans, which are filed herewith, as such Plans may be amended from time to time. The total Percentage Interests shall at all times equal one hundred percent (100%), or as close to one hundred percent (100%) as is mathematically possible, after taking into account the rounding thereof as required by Section 8 hereof.

c) Procedures for Amendment. As each Additional Section is developed, Declarant may record an Amendment annexing and adding such Additional Section to this Declaration and making it a part of the Regime. Declarant reserves the right to annex Additional Sections in any manner or order it may choose. Such Amendment shall contain the following:

1) A description of the portion of the Adjacent Real Estate to be annexed;

2) A description of the Condominium Units described in a manner consistent with this Declaration and the

3) The Percentage Interest of each of the Condominium Units in the Regime after such annexation, computed in accordance with the Formula.

d) Rights of Owners Affected by Expansion. Each Owner, by acceptance of a deed to a Condominium Unit, acknowledges, consents, and agrees that the following rights and conditions shall be applicable upon the recording of each Amendment:

1) The Condominium Units created from the Additional Section described in each Amendment shall be governed in all applicable respects by the provisions of this Declaration.

2) The Percentage Interest applicable to each Condominium Unit shall be automatically reallocated in accordance with the figure set forth in such Amendment, which reallocation shall be in accordance with the Formula. On recording of each Amendment, the amount by which the Percentage Interest of a Condominium Unit Owner is reduced shall thereupon divest from such Condominium Unit Owner and revert to the Declarant, its successors and assigns.

3) Each deed, mortgage, or other instrument affecting a Condominium Unit shall be deemed to be subject to the limitation that the Percentage Interest appurtenant to each Condominium Unit shall be, upon the recording of each Amendment, altered in accordance with each Amendment and the Formula.

4) The Percentage Interest in the Common Areas shall be deemed to include any additional Common Areas annexed hereto by such Amendment. Each Amendment shall grant and convey to the Owners the appropriate Percentage Interest in the Common Areas added by such Amendment, and each deed, mortgage, or other instrument affecting a Condominium Unit shall be deemed to include and attach to such additional Common Areas.

5) The recording of an Amendment shall not alter the amount of the lien for Common Expenses previously assessed to a Condominium Unit which was already a part of the Regime prior to such recording. The lien for the share of Common Expenses from and after such recording shall be assessed and paid based upon the recomputed Percentage Interest.

6) Each Owner agrees to execute and deliver such documents as are necessary or desirable to accomplish the annexation of the Additional Sections in the Tract in accordance with the provisions of this Section 16.

e) Removal from Tract. In the event Declarant elects not to annex all or part of the Adjacent Real Estate, as permitted by this Section 17, Declarant shall file an Amendment which shall permanently remove that portion of the Adjacent Real Estate which Declarant elects not to annex, and said portion thereafter shall not be subject to any possibility of becoming a part of the Regime. In addition, any portion of the Adjacent Real Estate for which an Amendment has not been filed within ten (10) years of the date hereof shall automatically be removed from the possibility of becoming a part of the Regime. When, because of the annexation of all of the Adjacent Real Estate, the passage of time, or the filing of an amendment under this Subsection (e), the Regime is no longer subject to expansion, the Percentage Interests then in effect shall not be altered except in accordance with Section 19 of this Declaration.

Section 18. Insurance.

a) The Co-Owners through the Association, shall purchase a master casualty insurance policy issued in the name of the Association for the use and benefit of the Owners affording fire and extended coverage insurance insuring the Property in an amount consonant with the full replacement value of the Property and improvements including the individual Condominium Units, the Common Areas and Limited Areas and facilities, and further including fixtures, building service equipment and common personal property and supplies belonging to the Association. For all Condominium Units which are subject to a first mortgage, the insurance must cover fixtures, equipment and other personal property inside individual Condominium Units if they are secured by the first mortgage. Certificates of Insurance shall be issued to each Condominium Unit Owner and each Mortgagee upon request and no such policy shall be cancelled or substantially modified without at least thirty (30) days prior written notice to the Association and to each Mortgagee listed as Mortgagee in the policies. The insurance policy must contain the standard mortgage clause and must name the Mortgagee or the servicer of the Mortgage. If a servicer is named as Mortgagee, its name should be followed by the phrase "its successors and assigns." The Board of Managers shall obtain an inflation guard endorsement if available. The Board of Managers shall also obtain "all risk" coverage if available. The Board of Managers shall be responsible for reviewing at least annually the amount and type of such insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. If deemed advisable by the Board of Managers, the Board of Managers may cause such full replacement value to be determined by a qualified appraiser. The cost of any such appraisal shall be a Common Expense. Such insurance coverage shall be for the benefit of each Owner, and, if applicable, the Mortgagee of each Owner upon the following terms and conditions:

(i) All proceeds payable as a result of casualty losses sustained which are covered by insurance purchased by the Association as hereinabove set forth shall be paid to it or to the Board of Managers, who shall act as the insurance trustees and hold such proceeds for the benefit of the insured parties. In the event that the Board of Managers has not posted surety bonds for the faithful performance of its duties as such managers or if such bonds do not exceed

the funds which will come into its hands, and there is a damage to a part or all of the Property resulting in a loss, the Board of Managers shall obtain and post a bond for the faithful performance of its duties as insurance trustee in an amount to be determined by a majority of the Owners but not to exceed 125% of the loss, before the Board of Managers shall be entitled to receive the proceeds of the insurance payable as a result of such loss. The sole duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose elsewhere stated herein, and for the benefit of the Owners and their respective Mortgagees. The proceeds shall be used or disbursed by the Association or Board of Managers, as appropriate, only in accordance with the provisions of this Declaration.

(ii) The interest of each damaged Owner in the trust fund of insurance proceeds shall be the ratio of the direct damage of each damaged Owner to the damages of all Owners directly damaged by any event insured under the said master casualty insurance policy.

b) Such master casualty insurance policy, and all "risk" coverage if obtained, shall (to the extent the same are obtainable) contain provisions that the insurer (i) waives its right to subrogation as to any claim against the Association, the Board of Managers, its agents and employees, Owners, their respective agents and guests, and (ii) waives any defense based on invalidity arising from the acts or omissions of the individual Condominium Unit Owners that are not under the control of the Association, and providing further, (x) that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual Owners as hereinafter permitted and (y) that notwithstanding any provision thereof giving the insurer an election to restore damage in lieu of a cash settlement, such option shall not be exercisable in the event the Owners do not elect to restore pursuant to Section 19 of this Declaration.

c) The Co-Owners, through the Association, shall also purchase a master comprehensive public liability insurance policy in such amount or amounts as the Board of Managers shall deem appropriate from time to time; however, such coverage shall be for at least Two Million Dollars (\$2,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Such comprehensive public liability insurance

policy shall cover the Association, the Board of Managers, any committee or organ of the Association or Board of Managers, any managing agent appointed or employed by the Association, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to Real Silk Lofts, all Owners of Condominium Units and all other portions of Real Silk Lofts. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas and Limited Areas, and, if available, legal liability arising out of lawsuits related to employment contracts of the Association. Such policy shall also provide that it may not be cancelled or substantially modified by any party without at least thirty (30) days prior written notice to the Association and to each holder of a first mortgage on any Condominium Unit in the Property which is listed as a scheduled holder of a first mortgage in the insurance policy.

d) The Co-Owners, through the Association, shall also obtain any other insurance required by law to be maintained, including but not limited to worker's compensation insurance, and such other insurance as the Board of Managers shall from time to time deem necessary, advisable or appropriate, including but not limited to, comprehensive liability insurance on vehicles owned by the Association, officers' and directors' liability policies, contractual and all-written contract insurance, and employer's liability insurance. Such insurance coverage shall also provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of each Owner, the Association, the Board of Managers and any managing agent acting on behalf of the Association.

e) Each Owner shall deem to have appointed the Board of Managers to represent each Owner in any proceedings, negotiations, settlements or agreements with the insurance companies to adjust all losses under policies purchased by the Board of Managers.

f) The premiums for all such insurance hereinabove described shall be paid by the Association as part of the Common Expenses. When any such policy of insurance hereinabove described has been obtained by or on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Owner or

Mortgagee whose interest may be affected thereby, which notice shall be furnished by the officer of the Association who is required to send notices of meetings of the Association.

g) In no event shall any distribution of proceeds be made by the Board of Managers directly to an Owner where there is a mortgage endorsement on the certificates of insurance. In such event any remittance shall be to such Owner and Mortgagee jointly.

h) Each Owner shall be solely responsible for, and may obtain, such additional insurance as the Owner deems necessary or desirable at the Owner's own expense affording coverage upon his personal property, the contents of the Owner's Condominium Unit (including, but not limited to, all floor, ceiling and wall coverings and fixtures, betterments and improvements installed by the Owner) and the Owner's personal property stored elsewhere on the Property, and for the Owner's personal liability, but all such insurance shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions of the master casualty insurance policy to be obtained by the Association. Each Owner may obtain casualty insurance at the Owner's own expense upon the Owner's Condominium Unit but such insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by the Association pursuant to this paragraph, due to proration of insurance purchased by an Owner under this paragraph the Owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Association to be distributed as herein provided. 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, an authorized representative, including any trustee with whom the Association may enter into an insurance trust agreement or any successor to such trustee who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. Each Condominium Unit Owner hereby appoints the Association as attorney-in-fact for the purpose of purchasing and maintaining such insurance, and the following additional purposes: the collection and appropriate disposition of

the proceeds thereof; the negotiation of losses and execution of releases of liability related thereto; the execution of all documents necessary in connection therewith; and the performance of all other acts necessary to accomplish such purposes.

Section 19. Casualty and Restoration; Condemnation; Termination.

a) Except as hereinafter provided, damage to or destruction of any Building due to fire or any other casualty or disaster shall be promptly repaired and reconstructed by the Association and the proceeds of insurance, if any, shall be applied for that purpose; provided, however, that repair and reconstruction shall not be compulsory in the event of "complete destruction of all of the Buildings" (hereinafter defined) and shall only be done in accordance with the provisions hereinafter set forth. As used herein, the term "complete destruction of all of the Buildings" means a determination, made by a vote of two-thirds (2/3) of all Co-Owners at a special meeting of the Association called for the purpose of making such determination, that total destruction of all of the Buildings has occurred. A special meeting of the Association shall be called and held within ninety (90) days after any fire or any other casualty or disaster damaging or destroying any of the Buildings. If such a special meeting is not called and held within such ninety (90) day period, or if the determination of whether or not there has been a complete destruction of all the Buildings has not been made within such ninety (90) day period, then it shall be conclusively presumed that the Co-Owners determined that there was not a complete destruction of all of the Buildings, and the Association shall proceed with repair and reconstruction as herein provided.

b) If the insurance proceeds, if any, received by the Association as a result of any such fire or any other casualty or disaster are not adequate to cover the cost of repair and reconstruction, or in the event there are no insurance proceeds, and if the Property is not to be removed from the Horizontal Property Regime, the cost for restoring the damage and repairing and reconstructing the Building or Buildings so damaged or destroyed (or the costs thereof in excess of insurance proceeds received, if any) shall be paid by all of the Owners of Condominium Units in proportion to the ratio that the Percentage Interest of each Condominium Unit bears to the total Percentage

Interest of all Condominium Units. Any such amounts payable by the Co-Owners shall be assessed as part of the Common Expenses and shall constitute a lien from the time of assessment as provided herein and in the Act.

c) For purposes of subsections (a) and (b) above, repair, reconstruction and restoration shall mean construction or rebuilding of the Condominium Units to as near as possible the same condition as they existed immediately prior to the damage or destruction and with the same type of architecture.

d) If, under subsection (a) above, it is determined by the Co-Owners at the special meeting of the Association referred to therein that there has been a complete destruction of the Buildings, the Co-Owners shall, at said same special meeting, vote to determine whether or not such complete destruction of the Buildings shall be repaired and reconstructed. The Buildings shall not be reconstructed or repaired if it is the determination of the Co-Owners at said special meeting that there has been a complete destruction of all of the Buildings, unless by a vote of two-thirds (2/3) of all of the Co-Owners a decision is made to rebuild, reconstruct and repair the Buildings. If two-thirds (2/3) of all of the Co-Owners vote and decide that the Buildings are to be rebuilt, reconstructed and repaired, the insurance proceeds, if any, received by the Association shall be applied and any excess of construction costs over insurance proceeds, if any, received by the Association shall be contributed and paid as hereinabove provided in subsection (a) and (b).

e) If, in the case of the complete destruction of all of the Buildings, less than two-thirds (2/3) of all of the Co-Owners vote in favor of the rebuilding, reconstruction and repair of the Buildings, the Buildings shall not be rebuilt, reconstructed or repaired, and, in such event, the Property shall be deemed and considered as to be removed from the provisions of the Act under Section 28 of the Act and, in accordance with Section 21 of the Act:

(i) the Property shall be deemed to be owned in common by the Condominium Unit Owners;

(ii) the undivided interest in the Property owned in common which shall appertain to each Condominium Unit Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Areas;

(iii) any liens affecting any of the Condominium Units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the Condominium Unit Owner in the Property; and

(iv) the Property shall be subject to an action for partition at the suit of any Condominium Unit Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Property, if any, shall be considered as one (1) fund and shall be divided among all the Condominium Unit Owners in a percentage equal to the percentage of undivided interest owned by each Owner in the Property, after first paying out of the respective shares of the Condominium Unit Owners, to the extent sufficient for the purpose, all liens on the undivided interest in the Property owned by each Condominium Unit Owner.

f) Immediately after a fire or other casualty or disaster causing damage to any property for which the Board of Managers or Association has the responsibility of maintenance and repair, the Board of Managers shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Managers desires.

g) The proceeds of insurance collected on account of any such casualty, and the sums received by the Board of Managers from collections of assessments against Owners on account of such casualty, shall constitute a construction fund which shall be disbursed, if the Building to be reconstructed and repaired, in payment of the costs of reconstruction and repair in the following manner:

(i) If the amount of the estimated cost of reconstruction and repair is less than Five Thousand Dollars (\$5,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Managers; provided, however, that upon request of a Mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided in the following subsection (ii).

(ii) If the estimated cost of reconstruction and repair of the Building or other improvement is more than Five Thousand Dollars (\$5,000.00), the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Indiana and employed by the Board of Managers to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in connection with the work, (1) that the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and material furnished; (2) that there is no other outstanding indebtedness known to the architect for the services and materials described; and (3) that the costs estimated by the architect for the work remaining to be done subsequent to the date of such certificate, do not exceed the amount of the construction fund remaining after payment of the sum ~~so requested~~.

h) Encroachments upon or in favor of Condominium Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis of a proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was either substantially in accordance with the plans and specifications or as the Building was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the Building stands.

i) In the event that there is any surplus of monies in the construction fund after the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Board of Managers as a reserve or may be used in the maintenance and operation of the Common Areas, or, in the discretion of the Board of Managers, it may be distributed to the Owners in the Buildings affected and their Mortgagees who are the beneficial owners of the fund. The action of the Board of Managers in proceeding to repair or reconstruction damage shall not constitute a waiver of any rights against an Owner for committing willful or malicious damage.

j) In the event of the condemnation of all or any part of the Common Areas or of all or any part of any Building(s), Condominium Unit(s) or Lot(s), the Board of Managers is hereby authorized to negotiate with the condemning authority and/or to contest an award made for the appropriation of such Common Areas, Buildings or Condominium Units. For the purpose of such negotiation and/or contest of such award to the Board of Managers as to Buildings and Condominium Units and Lots, the Board of Managers is hereby declared to be the agent and attorney-in-fact of any Owner affected by the condemnation. This appointment of the Board of Managers shall be deemed coupled with an interest and shall be irrevocable. Nothing contained herein, however, shall preclude any Owner from asserting any rights or claims to compensation which cannot be legally asserted by the Board of Managers.

Awards for the taking of all or part of a Building, Condominium Unit or Lot shall be collected by the Board of Managers and distributed to the affected Owner(s). To the extent possible, negotiated awards or awards resulting from a contest shall specify the allocation of the award among the Owner(s) affected. In the event that an Owner does not agree with the distribution of an award, said Owner shall be entitled to have the dispute settled by arbitration. The protesting Owner shall appoint one arbitrator, the Board of Managers acting as agent for all other affected Owners shall appoint one arbitrator and the two appointed arbitrators shall appoint a third arbitrator. A majority decision of the arbitrators shall be binding on all Owners and shall be enforceable in a court of competent jurisdiction.

Section 20. Covenants and Restrictions. The covenants and restrictions applicable to the use and enjoyment of the Condominium Units and the Common Areas and Limited Areas are set forth in the By-Laws, including the limitation that each of the Condominium Units shall be limited to residential use. These covenants and restrictions are for the mutual benefit and protection of the present and future Owner or Owners. Present or future Owners or the Association shall be entitled to injunctive relief against any violation or attempted violation of these provisions and shall be entitled to damages for any injuries resulting from any violations thereof, but there shall be no right of reversion or forfeiture of title resulting from such violation.

Notwithstanding anything to the contrary contained herein or in the By-Laws, including but not limited to any covenants and restrictions set forth in the By-Laws, Declarant shall have, until the Applicable Date as defined in Article III of the By-Laws, the right to use and maintain any Condominium Units owned by Declarant, such other portions of the Property (other than individual Condominium Units owned by persons other than Declarant) and any portions of the Additional Real Estate not then part of the Regime, all of such number and size and at such locations as Declarant in its sole discretion may determine, as Declarant may deem advisable or necessary in its sole discretion to aid in the construction, reconstruction or rehabilitation of Condominium Units and sale of Condominium Units or for the conducting of any business or activity attendant thereto, including, but not limited to, model sales offices, management offices and business offices. Declarant shall further have the right to lease Condominium Units owned by Declarant to tenants with a minimum initial term of thirty (30) days. Declarant shall have the right to relocate any or all of the same from time to time as it desires. At no time shall any facilities so used or maintained by Declarant be or become part of the Common Areas, unless so designated by Declarant, and Declarant shall have the right to remove the same from the Property at any time.

Section 21. Sale, Lease or Other Transfer of Condominium Unit by Owner. For the purpose of maintaining the congenial and residential character of Real Silk Lofts, and for the protection of the Owners with regard to insuring having financially responsible residents, the lease of any Condominium Unit by any Owner other than Declarant shall be subject to the following conditions and restrictions:

a.) Lease. No Owner shall lease his Condominium Unit or enter into any other rental or letting arrangement for his Condominium Unit for a term of less than ninety (90) days. In any event, the Owner shall use the lease form which has been approved by the Board of Managers, and a copy of such lease shall be provided by the Owner to the Board of Managers promptly after execution thereof.

b) Sale. The Association shall have no right of first refusal to purchase any Condominium Unit which an Owner wishes to sell and an Owner may sell his Condominium Unit free of any such restriction.

Section 22. Amendment of Declaration. Except as otherwise provided in this Declaration, amendments to this Declaration shall be proposed and adopted in the following manner:

a) Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which the proposed amendment is considered, including any annual meetings.

b) Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Managers or Owners having in the aggregate at least a majority of the Percentage Interest.

c) Meeting. The resolution concerning a proposed amendment must be adopted by the designated vote at a meeting duly called and held in accordance with the provisions of the By-Laws.

d) Adoption. Any proposed Material Amendment (as hereinafter defined) to this Declaration must be approved by a vote of not less than two thirds (2/3) of the Percentage Interest. In the event any Condominium Unit is subject to a first mortgage, the Mortgagee (hereinafter referred to as "Eligible Mortgagee") shall be notified of the meeting and the proposed Material Amendment in the same manner as an Owner if the Eligible Mortgagee has given prior notice of its mortgage interest to the Board of Managers in accordance with the By-Laws, and any proposed Material Amendment must be approved by a vote of not less than a majority of Eligible Mortgagees. An Eligible Mortgagee who receives a written request to approve amendments and does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

A change to any of the following shall be deemed to be a Material Amendment:

- (i) voting rights;
- (ii) assessments, assessment liens, or subordination of assessment liens;
- (iii) reserves for maintenance, repair and replacement of Common Areas;
- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the Common Areas or Limited Areas, or rights to their use;
- (vi) boundaries of any Unit;

(vii) convertibility of Units into Common Areas or vice versa;

(viii) expansion or contraction of the project, or the addition, annexation or withdrawal of Property to or from the project;

(ix) insurance or fidelity bonds;

(x) leasing of Condominium Units;

(xi) imposition of any restrictions on a Condominium Unit Owner's right to sell or transfer his or her Condominium Unit;

(xii) a decision by the Association to establish self-management when professional management had been required previously by an Eligible Mortgage holder;

(xiii) restoration or repair of the property (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;

(xiv) any action to terminate the legal status of the Property after substantial destruction or condemnation occurs; or

(xv) any provision that expressly benefit Mortgage holders, insurers or guarantors.

e) Recording. Each amendment to the Declaration shall be executed by the President and Secretary of the Association, or the Declarant, if required, and shall be recorded in the Office of the Recorder of Marion County, Indiana, and such amendment shall not become effective until so recorded.

f) Amendments by Declarant Only. Notwithstanding the foregoing or anything elsewhere contained herein, the Declarant shall have the right acting alone and without the consent or approval of the Co-Owners, the Association, the Board of Managers, any Mortgagees or any other person, to amend or supplement this Declaration, the By-Laws or other documents from time to time if (i) such amendment or supplement is necessary to conform this Declaration to the Act, as amended from time to time, (ii) such amendment or supplement is made to comply with 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 any other public, quasi public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (iii) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages, or, (iv) if such amendment or supplement is made to correct clerical or typographical errors. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor of, make, or consent to any amendments described in this Section 22 on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, or other instrument affecting a Condominium Unit and acceptance thereof shall be deemed to be grant and acknowledgment of, and a consent to the reservation of, the power of the Declarant to vote in favor of, make, execute and record any such amendments. The right of the Declarant to act pursuant to rights reserved or granted under this Section 22 shall terminate at such time as the Declarant no longer holds or controls title to any part or portion of the Real Estate.

g) Additional Restrictions on Amendments.

1) The consent of Owners of Condominium Units to which at least Sixty-Six and two-thirds percent (66 2/3%) of the votes in the Association are allocated and the approval of the eligible holders of first mortgages on Condominium Units to which at least Sixty-Six and two-thirds percent (66 2/3%) of the votes of Condominium Units subject to a mortgage appertain shall be required to terminate the Condominium Regime for reasons other than substantial destruction or condemnation of the property.

2) As used in this Section, the term "eligible holder" shall mean a holder, insurer or guarantor of a first mortgage on a Condominium Unit who has requested notice in accordance with the provisions of Section 8.03(a) of the By-Laws.

Section 23. Acceptance and Ratification. All present and future Owners, Mortgagees, tenants and occupants of the Condominium Units shall be subject to and shall comply with the provisions of this Declaration, the Act, the By-Laws appended hereto, and the rules and regulations as adopted by the Board of Managers as each may be amended or supplemented from time to

time. The acceptance of a deed of conveyance or the act of occupancy of any Condominium Unit shall constitute an agreement that the provisions of this Declaration, the Act, the By-Laws and rules and regulations as each may be amended or supplemented from time to time are accepted and ratified by each such Owner, tenant or occupant, and all such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in a Condominium Unit or the Property as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof. All persons, corporations, partnerships, trusts, associations, or other legal entities who may occupy, use, enjoy or control a Condominium Unit or Condominium Units or any part of the Property in any manner shall be subject to the Declaration, the Act, the By-Laws, and the rules and regulations applicable thereto as each may be amended or supplemented from time to time.

Section 24. Negligence. Each Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by the Owner's own negligence or by that of any member of the Owner's family, their guests, employees, agents or lessees, to the extent that such expense is not covered by the proceeds of insurance carried by the Association. An Owner shall pay the amount of any increase in insurance premiums occasioned by such Owner's use, misuse, occupancy or abandonment of the Owner's Condominium Unit or its appurtenance or of the Common Areas of Limited Areas.

Section 25. Granting of Easements. The Board of Managers of the Association is granted the authority to grant easements to utility companies (excluding transportation companies) upon such terms and conditions and for such consideration as it deems appropriate.

Section 26. Reservation of Rights to Use the Common Areas. Declarant shall have, and hereby reserves, an easement over, across, upon, along, in, through and under the Common Areas and, to the extent necessary, the Limited Areas, for the purposes of installing, maintaining, repairing, replacing, relocating and otherwise servicing utility equipment, facilities and installations to serve the Real Estate, to provide access to and ingress and egress to and from the Real Estate, to make improvements to and within the Real Estate, and to provide for the rendering of public and quasi public services to the Real Estate. The foregoing easement shall be a transferable easement and Declarant may at any time and from time to time grant similar easements, rights or privileges to

other persons and parties for the same purposes. By way of example, but not in limitation of the generality of the foregoing, Declarant, and others to whom Declarant may grant such similar easement, rights or privileges, may so use the Common Areas and, to the extent necessary, the Limited Areas, to supply utility services to the Real Estate and any portions of the Regime which are not part of the Real Estate and to permit public and quasi public vehicles, including but not limited to police, fire and other emergency vehicles, trash and garbage collection, post office vehicles and privately owned delivery vehicles, and their personnel to enter upon and use the streets, the Common Areas and to the extent necessary, the Limited Areas of Real Silk Lofts in the performance of their duties.

Section 27. Initial Management. As set forth in the By-Laws, the Initial Board of Managers consist and will consist of persons selected by Declarant. Prior to the Applicable Date, as defined in Article III of the By-Laws, all contracts or leases, including any management agreement, entered into by the Board of Managers shall provide a right of termination without cause or penalty, at any time after the Applicable Date upon ninety (90) days notice to the other party. The Board of Managers has entered or will hereafter enter into a management agreement with Van Rooy Properties (the "Managing Agent") for a term which will expire not later than December 31, 1989, unless earlier terminated or extended by agreement of the parties, under which the Managing Agent will provide supervision, fiscal and general management and maintenance of the Common Areas, and, to the extent the same is not otherwise the responsibility of Owners of individual Condominium Units, the Limited Areas, and, in general, perform all the duties and obligations of the Association. Such management agreement is or will be subject to termination by Declarant at any time prior to the expiration of its term, in which event the Association shall thereupon and thereafter resume performance of all of its duties and obligations and functions. Notwithstanding anything to the contrary contained herein, so long as such management agreement remains in effect, Declarant shall have, and Declarant hereby reserves to itself, the exclusive right to manage the Property and to perform all the functions of the Association.

Section 28. Costs and Attorneys' Fees. In any proceeding arising because of failure of an Owner to make any payments required by this Declaration, the By-Laws or the Act, or to comply with any provision of the Declaration, the Act, the By-Laws, or the rules and regulations adopted pursuant

thereto as each may be amended from time to time, the Association shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with such default or failure.

Section 29. Failure of Owner to Pay Assessments.

a.) No Owner may become exempt from liability for contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or Limited Areas or by Abandonment of the Owner's Condominium Unit. Each Owner shall be personally liable for the payment of all assessments by the Association.

b.) Upon failure by any Owner to make any payment of assessment on the date when due, the lien against the Owner's Unit may be foreclosed against as provided for by Section 5.05 of the By-Laws and applicable law. Any lien for assessments becoming payable after the recordation of a first mortgage on Owner's Unit shall be subordinate to the first mortgage on the Owner's Unit as more fully set forth in Section 5.05(b) of the By-Laws.

~~Section 30. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provision of this Declaration or the By-Laws filed herewith shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration or the attached By-Laws.~~

Section 31. Pronouns. Any reference to the masculine, feminine or neuter gender herein shall, unless the context clearly requires the contrary, be deemed to refer to and include the masculine, feminine and neuter genders. Words in the singular shall include and refer to the plural, and vice versa, as appropriate.

Section 32. Floor Plans. The Plans setting forth the layout, location, identification numbers, and dimensions of the Condominium Units and the Property are incorporated into this Declaration by reference, and have been filed in the office of the Recorder of Marion County, Indiana, in Horizontal Property Plan file _____ as of December 13, 1988, as Instrument No. 88-12639b.

IN WITNESS WHEREOF, the undersigned has caused this Declaration to be executed the day and year first above written.

REAL SILK ASSOCIATES,
An Indiana General Partnership

By: John T. Watson
John T. Watson, General Partner

(-31-)

880126397

STATE OF INDIANA)

) SS:

COUNTY OF MARION)

Before me, the undersigned Notary Public, personally appeared John T. Watson, to me personally known and known to me to be a General Partner of Real Silk Associates, who acknowledged the execution of the above and foregoing Declaration of Horizontal Property Ownership for and on behalf of said Partnership.

Witness my hand and Notarial Seal this 9th day of December, 1988.

Bernardian Davis
Printed: Bernardian Davis
Notary Public, Marion County

My Commission Expires:

May 16, 1989

This instrument prepared by Brian D. Williams, Attorney at Law,
COONS SAINT & BISHOP, 440 North East Street, Indianapolis,
Indiana 46204, (317) 639-1000.
5047C

81-65-17 26

EXHIBIT "A"

Lots 1 through 6 in Good's Subdivision of Lots 13 and 14 of Goldsberry's Subdivision of Outlot 46, as per plat thereof recorded in Plat Book 1, pages 230-231 except therefrom the Southerly 45 feet by parallel lines from said Lots 1 through 6.

Lots 15, 16, 17 and 18 in Goldsberry's Subdivision of said Outlot 46, as per plat thereof recorded in Probate Order Book 6, page 116, together with vacated streets and alleys abutting same, and described as follows:

The first alley North of North Street, from the East line of Park Avenue to the West line of vacated Cincinnati Street, said alley having been vacated on September 6, 1929.

ALSO, the second alley North of North Street, from the East line of Park Avenue to the West line of vacated Cincinnati Street, said alley having been vacated per town Lot Record 767, page 223.

ALSO, Cincinnati Street, from the South line of Walnut Street to a line 50 feet North of the north line of North Street, said Street having been vacated on March 19, 1929 and September 6, 1929.

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EXHIBIT "B"

121-0363
12/9/88 JL

REAL SILK LOFTS EXPANDABLE AREA

Part of Outlot 46 in the City of Indianapolis, Marion County, Indiana more particularly described as follows:

Lots 7 through 12 of Goldsberry's Subdivision of Outlot 46 as per plat thereof recorded in Probate Order Book 6, page 116, together with the vacated alleys lying between lots 8 and 9 and lots 10 and 11 bounded on the East by the West Right-of-Way of College Avenue and bounded on the West by the East Right-of-Way of Cincinnati Street. Containing 1.40 acres, more or less; subject to highways, rights-of-way and easements.

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Exhibit 107

121-0363
11/22/88 JL
HPR

REAL SILK LOFTS

Unit Area

1st Floor		2nd Floor		3rd Floor		4th Floor		5th Floor	
Unit	Sq. Ft.	Unit	Sq. Ft.	Unit	Sq. Ft.	Unit	Sq. Ft.	Unit	Sq. Ft.
101	1076	201	1086	301	1086	401	1085	501	1070
102	1190	202	1693	302	1693	402	1712	502	1717
103	1214	203	1224	303	1216	403	1221	503	1231
104	1231	204	1219	304	1221	404	1221	504	1230
105	1215	205	1215	305	1217	405	1220	505	1227
106	1223	206	1224	306	1230	406	1225	506	1232
107	1214	207	1215	307	1215	407	1224	507	1224
108	1222	208	1223	308	1221	408	1226	508	1231
109	1215	209	1222	309	1217	409	1219	509	1223
110	1223	210	1225	310	1222	410	1224	510	1236
111	1232	211	1238	311	1235	411	1236	511	1412
112	976	212	985	312	1008	412	974	512	1363
114	705	214	705	314	688	414	691	514	---
116	714	216	715	316	713	416	711	516	1082
117	1820								

TOTAL ALL UNITS 82,500 FT.

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CODE OF BY-LAWS
OF
REAL SILK LOFTS
HORIZONTAL PROPERTY REGIME
AND OF
REAL SILK LOFTS CO-OWNERS ASSOCIATION, INC.

ARTICLE I

Identification and Applicability

Section 1.01 Identification and Adoption. These By-Laws are adopted simultaneously with the execution of a certain Declaration creating Real Silk Lofts Horizontal Property Regime (hereinafter sometimes referred to as "Real Silk Lofts") to which these By-Laws are attached and made a part thereof. The Declaration is incorporated herein by reference, and all of the covenants, rights, restrictions and liabilities therein contained shall apply to and govern the interpretation of these By-Laws. The definitions and terms as defined and used in the Declaration shall have the same meaning in these By-Laws. The provisions of these By-Laws shall apply to the Property and the administration and conduct of the affairs of the Association. These By-Laws shall also constitute the By-Laws of the Association.

Section 1.02 Individual Application. All of the Owners, future Owners, tenants, future tenants, or their guests and invitees or any other person who might use or occupy a Condominium Unit or any part of the Property, shall be subject to the restrictions, terms and conditions set forth in the Declaration, these By-Laws and the Act, and to any rules and regulations adopted by the Board of Managers as herein provided.

ARTICLE II

Meetings of the Association

Section 2.01 Purpose of Meetings. At least annually, and at such other times as may be necessary, a meeting of the Co-Owners shall be held for the purpose of electing the Board of Managers (subject to the provisions of Section 3.02 hereof), approving the annual budget, providing for the collection of Common Expenses and for such other purposes as may be required by the Declaration, these By-Laws or the Act.

Section 2.02 Annual Meetings. The annual meeting of the members of the Association shall be held on Monday of the first full week of October in each calendar year or on such other date as established by the Board of Managers. At the

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annual meeting the Owners shall (subject to the provisions of Section 3.02 hereof) elect the Board of Managers of the Association in accordance with the provisions of these By-Laws and transact such other business as may properly come before the meeting.

Section 2.03 Special Meetings. A special meeting of the members of the Association may be called by resolution of the Board of Managers or upon a written petition of Owners who have not less than a majority of the Percentage Interest. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose or purposes for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.04 Notice and Place of Meetings. All meetings of the members of the Association shall be held at any suitable place in Marion County, Indiana, as may be designated by the Board of Managers. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each member entitled to vote thereat not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the Owners at their designated addresses. A copy of each such written notice shall also be delivered or mailed simultaneously by the Secretary of the Association; and to each Mortgagee (a) which requests in writing that such notices be delivered to it, and (b) which has furnished the Association with its name and address in accordance with Section 8.01 of these By-Laws.

Section 2.05 Waiver of Notice. A member, either before or after a meeting of the members of the Association, may waive notice of the meeting, and his waiver shall be deemed the equivalent of giving notice. Attendance at a meeting of the members, either in person or by proxy, of a person entitled to notice shall constitute a waiver of notice of the meeting unless he attends expressly for the purpose of objecting to the transaction of business on the ground that the meeting was not lawfully called.

Section 2.06 Voting.

(a) Number of Votes. Each Owner shall be entitled to cast one vote for each Condominium Unit he owns on each matter coming before the meeting as to which he is entitled to vote.

(b) Multiple Owner. Where the Owner of a Condominium Unit constitutes or consists of more than one person, or is a partnership, there shall be only one voting representative entitled to all of the Percentage Interest allocable to that Condominium Unit. At the time of acquisition of title to a Condominium Unit by a multiple Owner or a partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Association an irrevocable proxy appointing one of such persons or partners as the voting representative for such Condominium Unit, which shall remain in effect until all of such parties constituting such multiple Owner or the partners in such partnership designate another voting representative in writing, or such appointed representative relinquishes such appointment in writing, becomes incompetent, dies or such appointment is otherwise rescinded by order of a court of competent jurisdiction or the Owner no longer owns such Condominium Unit. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.06, which shall not constitute a permanent relinquishment of his right to act as voting representative for the Condominium Unit.

(c) Voting by Corporation or Trust. Where a corporation or trust is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of a trust and the agent or other representative of a corporation duly empowered by the board of directors of such corporation may cast the vote to which the corporation is entitled. The secretary of the corporation or trustee of the trust so entitled to vote shall deliver or cause to be delivered, prior to the commencement of the meeting, a certificate signed by such person to the Secretary of the Association stating who is authorized to vote on behalf of said corporation or trust.

(d) Proxy. An Owner may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the owner shall duly designate his attorney-in-fact in writing, which writing shall be delivered to the Secretary of the Association prior to the commencement of any meeting at which such proxy shall be effective.

(e) Special Limited Area Voting. All Owners having an interest in the Special Limited Areas shall be entitled to one (1) vote for each such interest held by the Owner on matter affecting only the Special Limited Areas, and not directly affecting the Common Area or the Condominium Units.

Section 2.07 Quorum. Except where otherwise expressly provided in the Declaration, these By-Laws, the Act or the Indiana Not-For-Profit Corporation Act of 1971 (hereinafter referred to as the "Statute"), the Owners representing a majority of the Percentage Interest shall constitute a quorum at all meetings. The term "majority of Owners" or "majority of Percentage Interest", as used in these By-Laws, shall mean the Owners entitled to more than fifty percent (50%) of the Percentage Interest in accordance with the applicable percentage set forth in the Declaration, as such may be amended from time to time.

Section 2.08 Conduct of Annual Meeting. The President of the Association shall act as the Chair of all annual meetings of the Association if he or she is present. At all annual meetings, the Chair shall call the meeting to order at the duly designated time and business will be conducted in the following order:

(a) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto, unless such reading is waived by a majority of the Percentage Interest.

(b) Treasurer's Report. The Treasurer shall report to the Owners concerning the financial condition of the Association and answer relevant questions of the Owners concerning the Common Expenses and financial report for the prior year and the proposed budget for the current year.

(c) Budget. The proposed budget for the current fiscal year shall be presented to the Owners for approval or amendment.

(d) Election of Board of Managers. Nominations for the Board of Managers may be made by any Owner from those persons eligible to serve. Such nominations must be in writing and presented to the Secretary of the Association at least seven (7) days prior to the date of the annual meeting. Voting for the Board of Managers will be by paper ballot. The ballot shall contain the name of each person nominated to serve as a Board member. Each Owner may cast

the total number of votes to which he is entitled for as many nominees as are to be elected; however, Owners shall not be entitled to cumulate their votes. Those persons receiving the highest number of votes shall be elected. Each voting Owner shall sign his ballot. The foregoing provisions are subject to the provisions of Section 3.02 hereof.

(e) Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least seven (7) days prior to the date of the meeting; provided, however, that such written request may be waived at the meeting if agreed by a majority of the Percentage Interest.

(f) Adjournment. Any meeting of the Association may be adjourned. Notice of the adjourned meeting, or the business to be transacted there, other than by announcement at the meeting at which the adjournment is taken, shall not be necessary. At an adjourned meeting at which a quorum is present or represented, any business may be transacted which could have been transacted at the meeting originally called.

Section 2.09 Conduct of Special Meetings. The President of the Association shall act as Chair of any special meetings of the Association if he or she is present. The Chair shall call the meeting to order at the duly designated time and the only business to be considered at such meeting shall be consideration of the matters for which such meeting was called, as set forth in the notice of such special meeting.

Section 2.10 Power of Attorney. Each Owner, by acceptance of a deed to a Condominium Unit, or by acquisition of any interest in a Condominium Unit by any type of juridic act inter vivos or causa mortis, or otherwise, shall be deemed to have appointed Declarant as such Owner's agent, attorney-in-fact and proxy, which shall be deemed coupled with an interest and irrevocable until the Applicable Date determined as provided above, to exercise all of said Owner's right to vote, and to vote as Declarant determines on all matters as to which members are entitled to vote under the Declaration, these By-Laws, the Act, the Statute or otherwise. This appointment of Declarant as such Owner's agent, attorney-in-fact and proxy shall not be affected by the subsequent incompetence of the Owner granting the same.

ARTICLE III

The Board of Managers

Section 3.01 Management. The affairs of the Association of Real Silk Lofts shall be governed and managed by a Board of Managers (herein collectively called "Board" or "Managers" and individually called "Manager"). The Board of Managers shall be composed of three (3) persons. No person shall be eligible to serve as a Manager unless he is, or is deemed in accordance with the Declaration to be, an Owner, including a person appointed by Declarant as provided in Section 3.02 hereof.

Section 3.02 Initial Board of Managers. The members of the Initial Board of Managers (herein after referred to as the "Initial Board"), have been or shall be appointed by Declarant. Notwithstanding anything to the contrary contained in, or any other provisions of, these By-Laws, the Declaration, the Act or the Statute (a) the Initial Board shall hold office until the earliest of (1) December 31, 1989, or (2) one hundred twenty (120) days after the date by which seventy five percent (75%) of the Condominium Units (not including any Condominium Units located in any Additional Sections) have been conveyed to Owners (the applicable date being herein referred to as the "Applicable Date"), and (b) in the event of any vacancy or vacancies occurring in the Initial Board for any reason or cause whatsoever, prior to the Applicable Date determined as provided above, every such vacancy shall be filled by a person appointed by Declarant, who shall thereafter be deemed a member of the Initial Board.

Section 3.03 Additional Qualification. Where an Owner consists of more than one person, or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner, or a partner, officer or trustee (as applicable) shall be eligible to serve on the Board of Managers, except that no single Condominium Unit may be represented on the Board of Managers by more than one person at a time.

Section 3.04 Term of Office and Vacancy. Subject to the provisions of Section 3.02 hereof, one (1) member of the Board of Managers shall be elected at each annual meeting of the Association. The Initial Board shall be deemed to be elected and re-elected as the board of Managers at each annual meeting until the Applicable Date provided in Section 3.02 hereof. After the Applicable Date, each member of the Board of Managers shall be elected for a term of three (3) years, except

that at the first election after the Applicable Date, one member of the Board of Managers shall be elected for a three (3) year term, one for a two (2) year term, and one for a one (1) year term, so that the terms of one-third (1/3) of the Managers shall expire annually. There shall be separate nominations for the office of each Manager to be elected at such first election after the Applicable Date. Each Manager shall hold office throughout the term of his election and until his successor is elected and qualified. Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Managers, or by vote of the Owners if a Manager is removed in accordance with Section 3.05 of this Article III. The Manager so filling a vacancy shall serve until the next annual meeting of the members and until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Manager shall be elected for the balance of the term of the Manager so removed or in respect to whom there has otherwise been a vacancy.

Section 3.05 Removal of Managers. A Manager or Managers, except the members of the Initial Board, may be removed with or without cause by vote of a majority of the ~~Percentage Interest at a special meeting of the Owners duly called and constituted for such purpose.~~ In such case, his successor shall be elected at the same meeting from eligible Owners nominated at the meeting. A Manager so elected shall serve until the next annual meeting of the Owners and until his successor is duly elected and qualified.

Section 3.06 Duties of the Board of Managers. The Board of Managers shall provide for the administration of Real Silk Lofts Horizontal Property Regime, the maintenance, upkeep and replacement of the Common Areas, Special Limited Areas and Limited Areas (unless the same are otherwise the responsibility or duty of Owners of Condominium Units), and the collection and disbursement of the Common Expenses. The Board shall, on behalf of the Association, be entitled to employ a reputable and recognized professional property management agent (herein called the "Managing Agent") upon such terms as the Board shall find, in its discretion, reasonable and customary. The Managing Agent, if employed, shall assist the Board in carrying out its duties, which include, but are not limited to:

(a) protection, surveillance and replacement of the Common Areas, Special Limited Areas and Limited Areas, unless the same are otherwise the responsibility or duty of Owners of Condominium Units; provided, however, that this duty shall not include or be deemed or interpreted as a

requirement that the Association, the Board or any Managing Agent provide any on-site or roving guards, security service or security system for protection or surveillance, and the same need not be furnished;

(b) procuring of utilities used in connection with Real Silk Lofts, removal of garbage and waste, and snow removal from the Common Areas and Special Limited Areas;

(c) landscaping, painting, decorating, furnishing, maintenance and upkeep of the Common Areas, Special Limited Areas and, where applicable, the Limited Areas;

(d) surfacing, paving and maintaining private streets, parking areas and sidewalks to the extent the same are not included in a Condominium Unit or constitute Limited Areas;

(e) assessment and collection from each Owner of the Owner's share of the Common Expenses as well as collection, from those Owners who are permitted to utilize parking spaces in the Special Limited Areas, an additional assessment equal to that Owner's share of the expenses attributable to the Special Limited Areas;

(f) preparation of the proposed annual budget, a copy of which will be mailed or delivered to each Owner at the same time as the notice of annual meeting is mailed or delivered;

(g) preparing and delivering annually to the Owners a full accounting of all receipts and expenses incurred in the prior year; such accounting shall be delivered to each Owner simultaneously with delivery of the proposed annual budget for the current year;

(h) keeping a current, accurate and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses and Special Limited Area expenses; all records and vouchers shall be available for examination by an Owner at any time during normal business hours; payment vouchers for all expenditures shall, prior to payment, be approved by a member of the Board or such other person (which may include the Managing Agent) as the Board may delegate;

(i) procuring and maintaining for the benefit of the Owners, the Association and the Board all insurance coverage required under the Declaration and such other insurance coverage as the Board, in its sole discretion, may deem necessary or advisable; and

(j) making available to Owners and Mortgagees current copies of the Declaration, By-Laws and other rules governing the Regime and any other books, records and financial statements of the Association. The Association shall also make available to prospective purchasers current copies of the Declaration, By-Laws, other rules governing the Regime, and the most recent annual audited financial statement, if such statement has been prepared. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. Upon written request by the United States Department of Housing and Urban Development, the Veterans Administration or Federal National Mortgage Association, the Association shall also prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year.

Section 3.07 Powers of the Board of Managers. The Board of Managers shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the power:

(a) to employ a Managing Agent to assist the Board in performing its duties, provided that after the Applicable Date any employment agreement with the Declarant (or a corporation or other entity affiliated with the Declarant) either as Managing Agent or for any other service shall be subject to termination by either party without cause and without payment of a termination fee, upon ninety (90) days' prior written notice to the other party;

(b) to purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board of Managers;

(c) to employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board of Managers may be necessary or desirable in connection with the business and affairs of Real Silk Lofts;

(d) to employ, designate, discharge and remove such personnel as in the judgment of the Board of Managers may be necessary for the maintenance, upkeep, repair and replacement of the Common Areas, Special Limited Areas and, where applicable, the Limited Areas;

(e) to include the cost of all of the above and foregoing as Common Expenses or Special Limited Area expenses, as appropriate, and to pay all of such costs therefrom;

(f) to open and maintain a bank account or accounts in the name of the Association; and

(g) to adopt, revise, amend and alter from time to time rules and regulations with respect to use, occupancy, operation and enjoyment of the Property.

Section 3.08 Limitation on Board Action. Prior to the Applicable Date all contracts or leases entered into by the Board of Managers shall provide a right of termination without cause or penalty at any time after the Applicable Date upon ninety (90) days written notice to the other party. After the Applicable Date, the authority of the Board of Managers to enter into a contract shall be limited to contracts involving a total expenditure of less than Five Thousand Dollars (\$5,000) without obtaining the prior approval of a majority of the Percentage Interest, except that in the following cases such approval shall not be necessary:

(a) contracts for replacing or restoring portions of the Common Areas or Limited Areas damaged or destroyed by fire or other casualty where cost thereof is payable out of insurance proceeds actually received;

(b) proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Owners at the annual meeting; and

(c) expenditures necessary to deal with emergency conditions in which the Board of Managers reasonably believes there is insufficient time to call a meeting of the Owners.

Section 3.09 Compensation. No Manager shall receive any compensation for his or her services as a Manager, except to such extent as may be expressly authorized by a majority of the Percentage Interest. The Managing Agent, if one is employed, shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 3.10 Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the Managers. The Secretary shall give notice of regular meetings of the Board to each Manager personally or by United States mail at least five (5) days prior to the date of such meeting.

Special meetings of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof

to the Secretary who shall either personally or by mail, and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain a statement of the purpose or purposes for which the meeting is called. Such meeting shall be held at such place and at such time within or without Marion County, Indiana, as shall be designated in the notice.

Section 3.11 Waiver of Notice. Before any meeting of the Board, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Manager at a meeting or his subsequent consent to the actions taken thereat, shall, as to such Manager, constitute a waiver of notice of the time, place and purpose thereof. If all Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.12 Quorum. At all meetings of the Board, a majority of the Managers shall constitute a quorum for the transaction of business and the votes of the majority of the Managers present at a meeting at which a quorum is present shall be the decision of the Board.

Section 3.13 Non-Liability of Managers. The Managers shall not be liable to the Owners or any other persons for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Managers, except for their own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify and hold harmless and defend each of the Managers against any and all liability to any person, firm or corporation arising out of contracts made by the Board on behalf of Real Silk Lofts or the Association, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or By-Laws. It is intended that the Managers shall have no personal liability with respect to any contract made by them on behalf of Real Silk Lofts or the Association and that in all matters the Board is acting for and on behalf of the Owners as their agent. The liability of any Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Managers shall be limited to such percentage of the total liability or obligation thereunder as is equal to his Percentage Interest. Every contract made by the Board of the Managing Agent on behalf of Real Silk Lofts shall provide that the Board of Managers and the Managing Agent, as the case may be, are acting as agent for the Owners and shall have no personal liability thereunder, except in their capacity as Owner (if applicable) and then only to the extent of their Percentage Interest.

Section 3.14 Additional Indemnity of Managers. The Association shall indemnify, hold harmless and defend any person, his heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Manager of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Manager is liable for gross negligence or misconduct in the performance of his or her duties. The Association shall also reimburse to any such Manager the reasonable costs of settlement of or judgment rendered in any action, suit or proceeding, if it shall be found by a majority of the Percentage Interest that such Manager was not guilty of gross negligence or misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against a Manager, no Manager shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of his or her duties where, acting in good faith, such Manager relies on the books and records of the Association or statements or advice made by or prepared by the Managing Agent of Real Silk Lofts or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Association to render advice or service, unless such Manager had actual knowledge of the falsity or incorrectness thereof; nor shall a misconduct by virtue of the fact that he or she failed or neglected to attend a meeting or meetings of the Board of Managers.

Section 3.15 Bond. The Board of Managers shall provide blanket fidelity bonds for all officers, directors, trustees and employees of the Association and shall require the Managing Agent, its officers, employees and agents handling or responsible for funds of or administered on behalf of the Association and such other persons handling or responsible for funds of or administered by the Association, indemnifying the Association against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, and other acts of fraud or dishonesty, in such sums and with such sureties as may be approved by the Board of Managers, and any such bond shall specifically include protection for any insurance proceeds received for any reason by the Board. The premium of any such bonds (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a Common Expense. Such fidelity bonds shall name the Association

as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in custody of the Association or the Managing Agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such fidelity bonds be less than a sum equal to three (3) months' aggregate assessments on all Units plus reserve funds. The bonds shall contain waivers by the issuers of the Bonds of all defenses based upon the definition of "employees", or similar terms or expressions. The bonds shall also provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association, and any insurance trustee and to each holder of a first mortgage, or its mortgage servicer.

ARTICLE IV

Officers

Section 4.01 Officers of the Association. The principal officers of the Association shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Managers may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two or more offices may be held by the same persons, except that the duties of the President and Secretary shall not be performed by the same person.

Section 4.02 Election of Officers. The officers of the Association shall be elected annually by the Board at the initial meeting of each new Board. Upon an affirmative vote of a majority of all members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.03 The President. The President shall be elected from among the Managers and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board, and shall have and discharge all the general powers and duties usually vested in the office of the President or Chief Executive Officer of an association or a stock corporation organized under the laws of Indiana, including but not limited to the power to appoint committees from among the Owners as he or she may deem necessary to assist in the affairs of the Association and to perform such other duties as the Board may from time to time prescribe.

Section 4.04 The Vice President. The Vice President shall be elected from among the Managers and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice President shall also perform such other duties as these By-Laws may prescribe or as shall, from time to time, be imposed upon him or her by the Board or by the President.

Section 4.05 The Secretary. The Secretary shall be elected from among the Managers. The Secretary shall attend all meetings of the Association and of the Board and shall keep or cause to be kept a true and complete record of the proceedings of such meetings, shall perform all other duties incident to the office of the Secretary, and such other duties as from time to time may be prescribed by the Board. The Secretary shall specifically see that all notices of the Association or the Board are duly given, mailed or delivered, in accordance with the provisions of these By-Laws.

Section 4.06 The Treasurer. The Board shall elect from among the Managers a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and who shall ~~perform such other duties incident to the office of Treasurer.~~ The Treasurer shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Association, and shall immediately deposit all funds of the Association coming into his or her hands in a reliable bank or other depository to be designated by the Board and shall keep such bank account or accounts in the name of the Association. The Treasurer may permit the Managing Agent to handle and account for monies and other assets of the Association to the extent appropriate as part of its duties.

Section 4.07 Assistant Officers. The Board of Managers may, from time to time, designate and elect from among the Owners an Assistant Secretary and an Assistant Treasurer who shall have such powers and duties as the officers whom they are elected to assist shall delegate to them and such other powers and duties as these By-Laws or the Board of Managers may prescribe.

ARTICLE V

Assessments and Maintenance and Repairs

Section 5.01 Annual Accounting. Annually, after the close of each fiscal year of the Association and prior to the date of the annual meeting of the Association next following the end of such fiscal year, the Board shall cause to be prepared and furnished to each Owner an unaudited financial statement, which statement shall show all receipts and expenses received, incurred and paid during the preceding fiscal year. Any Mortgagee shall be entitled to have an audited financial statement prepared at its own expense.

Section 5.02 Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Association, the Board of Managers shall cause to be prepared a proposed annual budget for the current fiscal year, estimating the total amount of the Common Expenses for the current fiscal year, and shall furnish a copy of such proposed budget to each Owner at or prior to the time the notice of such annual meeting is mailed or delivered to such Owners. The annual budget shall be submitted to the Owners for adoption at the annual meeting of the Association and, if so adopted, shall be the basis for the Regular Assessments (hereinafter defined) for the current fiscal year. At the annual meeting of the Owners, the budget may be approved in whole or in part or may be amended in whole or in part by a majority of the Percentage Interest; provided, however, that in no event shall the annual meeting of the Owners be adjourned until an annual budget is approved and adopted at such meeting, either the proposed annual budget or the proposed annual budget as amended. The annual budget, the Regular Assessments and all sums assessed by the Association shall be established by using generally accepted accounting principles, applied on a consistent basis. The annual budget and the Regular Assessments shall, in addition, include the establishment and maintenance of a replacement reserve fund for capital expenditures and replacement and repair of the Common Areas, which replacement reserve fund shall be used for those purposes and not for usual and ordinary repair expenses of the Common Areas. Such replacement reserve fund for capital expenditures and replacement and repair of the Common Areas shall be maintained by the Association in a separate interest bearing account or accounts with one or more banks or savings and loan associations authorized to conduct business in Marion County, Indiana, selected from time to time by the Board. The annual budget and the Regular Assessments shall also be established to include an allowance or reserve to meet unforeseen contingencies or expenditures. Any amounts paid

into this fund shall not be considered as advance payment of Regular Assessments. Each Condominium Unit's share of the working capital fund will be collected at the time the sale of the Unit is closed and transferred to the Association for deposit to a segregated fund. The failure or delay of the Board of Managers to prepare a proposed annual budget and to furnish a copy thereof to the Owners shall not constitute a waiver or release in any manner of the obligations of the Owners to pay the Common Expenses as herein provided, whenever determined. Whenever, whether before or after the annual meeting of the Association, there is no annual budget approved by the Owners as herein provided for such current fiscal year, the Owners shall continue to pay Regular Assessments based on the last approved budget or, at the option of the Board, based upon one hundred ten percent (110%) of such last approved budget, as a temporary budget.

Section 5.03 Regular Assessments. The annual budget as adopted by the Owners shall, based on the estimated cash requirement for the Common Expenses in the current fiscal year as set forth in said budget, contain a proposed assessment against each Condominium Unit based on the Percentage Interest of each Condominium Unit. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessment against his respective Condominium Unit (herein called the "Regular Assessment"). In the event the Regular Assessment for a particular fiscal year is initially based upon a temporary budget, such Regular Assessment shall be revised, within fifteen (15) days following adoption of the final annual budget by the Owners, to reflect the assessment against each Condominium Unit based upon such annual budget as finally adopted by the Owners. The aggregate amount of the Regular Assessments shall be equal to the total amount of expenses provided and included in the final annual budget, including reserve funds as hereinabove provided. The Regular Assessment against each Condominium Unit shall be paid in advance in equal monthly installments, commencing on the first day of the first month of each fiscal year and monthly thereafter through and including the first day of the last month of each fiscal year. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Managers or the Managing Agent, as directed by the Board of Managers; provided, however, Owners may elect to pay monthly assessments semi-annually or annually, in advance. In the event the Regular Assessment for a particular fiscal year of the Association was initially based upon a temporary budget,

(a) if the Regular Assessment based upon the final annual budget adopted by the Owners exceeds the amount of the Regular Assessment based upon the temporary budget, that portion of such excess applicable to the period from the first day of the current fiscal year to the date of the next payment of the Regular Assessment which is due shall be paid with such next payment and such next payment, and all payments thereafter during such fiscal year shall be increased so that the Regular Assessment as finally determined shall be paid in full by the remaining payments due in such fiscal year, or

(b) if the Regular Assessment based upon the temporary budget exceeds the Regular Assessment based upon the final annual budget adopted by the Owner, such excess shall be credited against the next payment or payments of the Regular Assessment coming due until the entire amount of such excess has been so credited; provided, however, that if an Owner had paid his or her Regular Assessment either semi-annually or annually in advance, then the adjustments set forth under (a) or (b) above shall be made by a cash payment by, or refund to, the Owner on the first day of the second month following the determination of the Regular Assessment based upon the annual budget finally adopted by the Owners.

The Regular Assessment for the current fiscal year of the Association shall become a lien on each separate Condominium Unit as of the first day of each fiscal year of the Association, even though the final determination of the amount of such Regular Assessment may not have been made by that date. The fact that an Owner has paid his Regular Assessment for the current fiscal year in whole or in part based upon a temporary budget and thereafter, before the annual budget and Regular Assessment are finally determined, approved and adjusted as herein provided, sells, conveys or transfers his Condominium Unit or any interest therein, shall not relieve or release such Owner or his successor as owner of such Condominium Unit from payment of the Regular Assessment for such Condominium Unit as finally determined, and such Owner and his successor as Owner of such Condominium Unit shall be jointly and severally liable for the Regular Assessment as finally determined. Any statement of unpaid assessments furnished by the Association pursuant to Section 8.02 hereof prior to the final determination and adoption of the annual budget and Regular Assessment for the year in which such statement is made shall state that the matters set forth therein are subject to adjustment upon determination and adoption of the final budget and Regular Assessment for such

year, and all parties to whom any such statement may be delivered or who may rely thereon shall be bound by such final determinations. Monthly installments of Regular Assessments shall be due and payable automatically on their respective due dates without any notice from the Board or the Association, and neither the Board nor the Association shall be responsible for providing any notice or statements to Owners for the same.

Owners having an interest in the Special Limited Areas will, in addition to the Regular Assessment for the payment of Common Expenses, be required to pay a Special Limited Area Assessment, in an amount reasonably determined by the Board of Managers to be necessary for the maintenance of the Special Limited Areas. Computation of the Special Limited Area Assessment shall be made at the same time and in the same manner as the Regular Assessment, and payment thereof shall be subject to all of the provisions applicable to the payment of the Regular Assessments.

Section 5.04 Special Assessments. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the Owners, unless otherwise provided in these By-Laws, ~~the Declaration or the Act, the Board of Managers~~ shall have the full right, power and authority to make special assessments which, upon resolution of the Board, shall become a lien on each Condominium Unit, prorated in accordance with the Percentage Interest of each Condominium Unit (herein called "Special Assessment"). Without limiting the generality of the foregoing provisions, Special Assessments may be made by the Board of Managers from time to time to pay for capital expenditures, to pay for the cost of any repair or reconstruction of damage caused by fire or other casualty or disaster to the extent insurance proceeds are insufficient therefor under the circumstances described in the Declaration.

Section 5.05 Failure of Owner to Pay Assessments.

(a) No Owner may become exempt from paying Regular Assessments and Special Assessments, or if applicable, Special Limited Area Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and, in the proper case, of the Limited Areas, of the Buildings, and toward any other expenses lawfully agreed upon, by waiver of the use or enjoyment of the Common Areas or by abandonment of his or her Condominium Unit. Each Owner shall be personally liable for the payment of all Regular and Special Assessments and, where applicable, Special Limited Area

Assessments. Where the Owner constitutes more than one person, the liability of such persons shall be joint and several. The Board shall cause to be notified in writing any mortgage holder, insurer or guarantor of a Condominium Unit which has a delinquency of sixty (60) days or more of assessments or charges. If any Owner shall fail, refuse or neglect to make any payment of any Regular Assessments or Special Assessments when due, the lien for such Assessments on the Owner's Condominium Unit may be filed and foreclosed by the Board for and on behalf of the Association as provided by law. Upon the failure of an Owner to make timely payment of any Regular Assessments or Special Assessments, when due, the Board may, in its discretion, accelerate the entire balance of the unpaid Assessments and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. In any action to foreclose the lien for any Assessments, the Owner and any occupant of the Condominium Unit shall be jointly and severally liable for the payment to the Association of reasonable rental for such Condominium Unit, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the Condominium Unit and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular Assessments or Special Assessments. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular Assessment, Special Limited Area Assessment or Special Assessment without foreclosing or waiving the lien securing the same. In any action to recover a Regular Assessment, Special Limited Area Assessment or Special Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover interest, costs and expenses of such action incurred, including but not limited to reasonable attorneys' fees, from the Owner of the respective Condominium Unit.

(b) Notwithstanding anything contained in this Section or elsewhere in the Declaration and these By-Laws, any lien for Common Expenses and Assessments becoming payable after the recordation of a first mortgage on a Condominium Unit shall be subordinate to the first mortgage on the Condominium Unit, and any sale or transfer of a Condominium Unit to a Mortgagee pursuant to a foreclosure on 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 installment of any Regular Assessment or Special Assessment as to such

installments 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 Condominium Unit or the purchaser at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any installments of Regular Assessments or Special Assessment thereafter becoming due or from the lien therefor. Such unpaid share of any Regular Assessments or Special Assessments, the lien for which has been divested as aforesaid, shall be deemed to be a Common Expense, collectible from all Owners (including the party acquiring the subject Condominium Unit from which it arose), as provided in the Act.

Section 5.06 Initial Budgets and Assessments.

Notwithstanding anything to the contrary contained herein, in the Declaration, in the Act, in the Statute or otherwise, until the Applicable Date, the annual budget and all Regular Assessments, Special Limited Area Assessments and Special Assessments shall be established by the Initial Board without meetings of or concurrence of the Co-Owners. The agency, power of attorney and proxy granted to the Declarant by each Owner pursuant to Section 2.10 hereof shall be deemed to cover and include each Owner's right to vote on and approve the annual budget and any Regular Assessments, Special Limited Area Assessments and Special Assessments until the Applicable Date.

Section 5.07 Maintenance and Repairs.

Every Owner shall promptly perform all maintenance and repair within his own Condominium Unit which, if neglected, would affect the value of the Property. In addition, each Owner shall furnish, and shall be responsible at his own expense for, the maintenance, repairs and replacements of his Condominium Unit and certain portions of the Limited Areas as may be established by rules which shall include the storage areas located in the basements and shown on the Plans as Limited Areas, and all equipment serving the same. Such maintenance, repairs and replacements which each Owner is responsible to make personally and at his own expense include, but are not necessarily limited to, water lines, gas lines, plumbing and electric lines which service the Owner's Condominium Unit only and are located within exterior walls of the Condominium Unit, including any lines in the area from below the floor to above the roof if they are within an extension of the exterior walls of the Condominium Unit; all partitions and interior walls, ceilings and floors; appliances, to include garbage disposals, dishwashers, stove, ranges and refrigerators, telephones, air conditioning and heating

equipment (whether located wholly or partially inside or outside the Condominium Unit), doors, screens and windows (including window frames, casings, and other exterior and interior of all glass and screen surfaces), lamps and interior and exterior grouting and/or caulking, and all other accessories appurtenant to the Condominium Unit or belonging to the Owner thereof.

If, due to the willful, intentional or negligent acts or omissions of an Owner or of a member of his family or of a guest, tenant or other occupant or visitor of such Owner, damage shall be caused to the Common Areas or to a Condominium Unit or Limited Area owned by or reserved for the use of others, or if maintenance, repairs or replacements shall be required thereby which would otherwise be at the Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Association, unless such loss is covered by the Association's insurance with such policy having a waiver of subrogation clause. Maintenance, repairs and replacements to the Common Areas or the Condominium Units or Limited Areas shall be subject to the rules and regulations adopted from time to time by the Board.

To the extent that equipment, facilities and fixtures within any Condominium Unit shall be connected to similar equipment, facilities or fixtures affecting or serving other Condominium Units or any Common Areas or Limited Areas, then the use thereof by the Owner of such Condominium Unit shall be subject to the rules and regulations adopted from time to time by the Board. The authorized representatives of the Association or Board of Managers or the Managing Agent for the Association, shall be entitled to reasonable access to any Condominium Unit as may be required in connection with maintenance, repairs or replacements of or to the Common Areas or Limited Areas or any parts thereof, or any equipment, facilities or fixtures affecting or serving other Condominium Units or any Common Areas or Limited Areas.

ARTICLE VI

Restrictions, Entry and Rules and Regulations

Section 6.01 Restrictions on Use. The following restrictions on the use and enjoyment of the Condominium Units, Common Areas, Limited Areas and the Property shall be applicable to Real Silk Lofts and in addition to those set forth in the Declaration. These are as follows:

(a) All Condominium Units shall be used exclusively for residential purposes and no Condominium Unit may be partitioned or subdivided.

(b) No additional buildings shall be erected or located on the Tract other than the Buildings designated in the Declaration without the consent of the Board of Managers.

(c) Nothing shall be done or kept in any Condominium Unit or in the Common Areas or Limited Areas which will cause an increase in the rate of insurance on any Building or the contents thereof. No Owner shall permit anything to be done or kept in his Condominium Unit or in the Common Areas or Limited Areas which will result in a cancellation of insurance on any Building or any part of the Common Areas or contents thereof, or which would be in violation of any law or ordinance or other requirements of any insurance underwriting or rating bureau.

(d) No nuisance shall be permitted and no waste shall be committed in any Condominium Unit, Common Areas, or Limited Areas.

(e) No Owner shall cause or permit anything to be hung or displayed on the outside of the windows or placed on the outside walls of any Building, and no sign, awning, canopy, shutter or radio or television antenna or other attachment or thing shall be affixed to or placed upon the exterior walls or roofs or any other parts of any Building without the prior consent of the Board.

(f) No animals, livestock or poultry of any kind shall be raised bred or kept in any Condominium Unit or in the Common Areas or Limited Areas or on the Property, except that pet dogs, cats or customary household pets may be kept in a Condominium Unit, provided that such pet is not kept, bred or maintained for any commercial purpose, or does not create a nuisance. Pets shall be taken outdoors only under leash or other restraint and while attended by its owner and an Owner shall be fully liable for any injury or damage to persons or property, including the Common Areas or Limited Areas, caused by his pet. The tethering of pets in any area outside an Owner's Condominium Unit does not constitute "attended". Pets shall be walked only in an area not common to residents and pet leavings on the main grounds and walks shall be picked up by the pet's owner and disposed of in a proper receptacle. The Board may adopt such other rules and regulations regarding pets

as it may deem necessary from time to time including, but not limited to, a requirement that any Owner desiring to bring a pet on the Property shall deposit with the Board a security deposit in an amount to be determined by the Board to cover any damage that may be caused by such pet to the Common Areas. Any such security deposit, if required, shall be returned to the Owner when the pet is permanently removed from the Property, except to the extent said deposit has been used to repair damage caused by such pet. Any requirement for the depositing of such a security deposit shall not be deemed to release or in any way limit an Owner's responsibility and liability for injury and damage caused by his pets. Any pet which, in the judgment of the Board, is causing or creating a nuisance or unreasonable disturbance or noise, shall be permanently removed from the Property within ten (10) days after written notice from the Board to the respective Owner to do so.

(g) Nothing shall be done or permitted in any Condominium Unit which will impair the structural integrity of any Building or which would structurally change any Building or which would affect the exterior appearance of any Condominium Unit, except as otherwise provided in the Declaration or these By-Laws. No Condominium Unit shall be used in any unlawful manner or in any manner which might cause injury to the reputation of Peal Silk Lofts or which might be a nuisance, annoyance, inconvenience or damage to other Owners and occupants or Condominium Units or neighboring property, including without limitation the generality of the foregoing, noise by the use of any musical instruments, radio, television, loud speakers, electrical equipment, amplifiers or other equipment or machines or loud persons.

(h) No clothes, sheets, blankets, rugs, laundry or other things shall be hung out or exposed on, or so as to be visible from, any part of the Common Areas except the areas designated Laundry Areas on the Plans. The Common Areas shall be kept free and clear of rubbish, debris and other unsightly materials.

(i) No industry, trade, or other commercial or religious activity, educational or otherwise, designed for profit, altruism or otherwise, shall be conducted, practiced or permitted on the Property.

(j) No "for sale", "for rent" or "for lease" signs, or other signs, or other window or advertising display shall be maintained or permitted on any part of the Property or any Condominium Unit without the prior consent of the Board; provided, however, that the right is reserved by the Declarant and the Board to place or allow to be placed "for sale" or "for lease" signs on or about the Property in connection with any unsold or unoccupied Condominium Units.

(k) All Owners and members of their families, their guests, or invitees, and all occupants of any Condominium Unit or other persons entitled to use the same and to use and enjoy the Common Areas and the Limited Areas or any part thereof, shall observe and be governed by such rules and regulations as may from time to time be promulgated and issued by the Board governing the operation, use and enjoyment of the Condominium Units, the Common Areas and Limited Areas.

(l) No boats, campers, trailers of any kind, buses, mobile homes, trucks, or any other vehicles of any description other than normal passenger automobiles, shall be permitted, parked or stored anywhere on the Property. No repair work shall be done on the Property on any vehicles, including passenger automobiles.

(m) No Owner shall be allowed to plant trees, landscape or do any gardening in any of the Common Areas or Limited Areas, except with express permission from the Board.

(n) No Owner shall be allowed to place or cause to be placed in the lobbies, vestibules, stairways, hallways or areas of a similar nature and used for a similar purpose, both Common Areas and Limited Areas, any furniture, packages or object of any kind, without the consent of the Board of Managers.

(o) All garbage, trash and refuse shall be placed in dumpsters located on the Property. If no dumpsters shall exist, all garbage, trash, and refuse shall be stored in appropriate containers inside the Condominium Unit and shall be kept therein until not earlier than sundown of the evening before scheduled trash collection. Garbage, trash and refuse shall be placed in sealed disposable plastic bags or other containers approved by the Board for scheduled trash collection and shall be placed at such locations for trash collection as are designated by the Board.

(p) Common Areas and Limited Areas shall be used only for the purposes for which they are designed and intended, and shall be used subject to the rules and regulations from time to time adopted by the Board.

(q) Use of the Special Limited Areas shall be restricted to those Owners having acquired the right to utilize such Areas from Declarant, its assigns or successors in interest. The Board shall, from time to time, adopt such regulations as are necessary and proper for the maintenance, use and regulation of the Special Limited Areas, and the assignment of the parking spaces contained therein.

Section 6.02 Right of Entry. All Owners and occupants of a Condominium Unit shall be deemed to have granted the right of entry thereto to the Managing Agent or any other person authorized by the Board in case of any emergency originating in or threatening his or her Condominium Unit or the Building in which it is located, whether the Owner is present at the time or not. Any Owner shall permit other persons, or their representatives when so required, to enter his or her Condominium Unit for the purpose of performing installations, alteration, or repairs to the mechanical or electrical services, or to make structural repairs, provided that requests for entry are made in advance and that such entry is at a time reasonable convenient to the Owner. In case of emergencies, such right of entry shall be immediate.

Section 6.03 Right of Board to Adopt Rules and Regulations. The Board may promulgate such "additional" rules and regulations regarding the operation of the Property, including but not limited to the use of the Common Areas and Limited Areas, as it may deem necessary from time to time and such rules as are adopted may be amended by a vote of a majority of the Board, and the Board shall cause copies of such rules and regulations and all amendments thereto to be delivered or mailed promptly to all Owners.

ARTICLE VII

Amendment to By-Laws.

Section 7.01 Subject to any contrary, overriding or superseding provisions set forth herein or in the Declaration, these By-Laws may be amended in the same manner, and subject to the same limitations and requirements, as amendments to the Declaration, as set forth in Section 21 of the Declaration.

Amendments to these By-Laws shall be considered as amendments of the Declaration and shall be recorded in the office of the Recorder of Marion County, Indiana, as required by the Declaration and the Act. Notwithstanding anything to the contrary contained herein or in the Declaration, there shall be no amendment of the Declaration or these By-Laws prior to the Applicable Date without the consent and approval of the Declarant.

ARTICLE VIII

Mortgages

Section 8.01 Notice to Association. Any Owner who places a first mortgage lien upon his Condominium Unit shall notify the Secretary of the Association thereof and provide the name and address of the Mortgagee. A record of such Mortgagee and name and address shall be maintained by the Secretary and any notice required to be given to the Mortgagee pursuant to the terms of the Declaration, these By-Laws or the Act shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record within the time provided. Unless notification of any such mortgage and the name and address of the Mortgagee are furnished to the Secretary, either by the Owner or the Mortgagee, no notice to the Mortgagee as may otherwise be required by the Declaration, these By-Laws or the Act shall be required, and no Mortgagee shall be entitled to vote on any matter to which he otherwise may be entitled by virtue of the Declaration, these By-Laws, the Act, or any proxy granted to such Mortgagee in connection with the mortgage.

Section 8.02 Notice of Unpaid Assessments. The Association shall, upon request of a Mortgagee, a proposed mortgagee, or a proposed purchaser who has a contractual right to purchase a Condominium Unit, furnish to such Mortgagee or purchaser a statement setting forth the amount of the unpaid Regular Assessments or Special Assessments against the Condominium Unit, which statement shall be binding upon the Association and the Owners, and any Mortgagee or grantee of the Condominium Unit shall not be liable for nor shall the Condominium Unit conveyed be subject to a lien for any unpaid assessments in excess of the amount set forth in such statement or as such assessments may be adjusted upon adoption of the final annual budget, as referred to in Section 5.03 hereof.

Section 8.03 Mortgagee's Rights.

(a) Notice of Action. An eligible holder of a first mortgage, upon written request to the Association, (such request to state the name and address of the eligible holder and the Condominium Unit number), shall be entitled to timely written notice of:

(1) any proposed amendment of the Declaration or By-Laws effecting a change in (i) the boundaries of any Condominium Unit or the exclusive easement rights appertaining thereto, (ii) the interests in the Common Areas or Limited Areas appertaining to any Condominium Unit or the liability for Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Condominium Unit or (iv) the purposes to which any Condominium Unit or the Common Areas are restricted;

(2) any proposed termination of the Regime;

(3) any condemnation loss or any casualty loss which affects a material portion of the Property or first mortgage;

(4) any delinquency in the payment of assessments or charges owed by an Owner of a Condominium Unit subject to the mortgage, where such delinquency has continued for a period of sixty (60) days;

(5) any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to the Declaration; and

(6) any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

(b) Other Provisions for Mortgagees.

(1) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specification, unless the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the votes of Condominium Units subject to mortgages held by such eligible holders are allocated is obtained.

(2) Any election to terminate the Condominium Regime after substantial destruction or a substantial taking or condemnation of the Property must require the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the votes of Condominium Units subject to mortgages held by such eligible holders are allocated.

(3) No reallocation of interests in the Common Areas resulting from a partial condemnation or partial destruction of the Property may be effected without the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the votes of Condominium Units subject to mortgages held by such eligible holders are allocated.

(4) As used in this Section, the term "eligible holder", shall mean a holder, insurer or guarantor of a first mortgage on a Condominium Unit who has requested notice in accordance with the provisions of Section 8.03(a) above.

ARTICLE IX

Miscellaneous

Section 9.01 Fiscal Year. The fiscal year of the Association shall begin on the first day of January in each year and end on the last day of December next following.

Section 9.02 Seal. The Association may have and use a corporate seal, which seal (if one is adopted) shall be circular in form and mounted upon a metal die, suitable for impressing the same upon paper. About the upper periphery of the seal shall appear the words "REAL SILK LOFTS CO-OWNERS ASSOCIATION, INC.", and about the lower periphery thereof the word "Indiana". In the center of the seal shall appear the word "Seal". Provided, However, that the use of said seal or an impression thereof shall not be required upon, and shall not affect the validity of, any instrument whatsoever.

Section 9.03 Membership Certificates. Each member of the Association shall receive a certificate from the Association, signed by the President or Vice President, and Secretary or Assistant Secretary thereof, stating that he or she is a member of the Association. Such certificates shall be

non-transferable, and a member's certificate shall become void and of no force and effect upon sale by a member of his or her Condominium Unit. Such membership certificate shall be in a form and style determined by the Board.

Section 9.04 Personal Interests. No member of the Association shall have or receive any earnings from the Association, except that a member who is an officer, director or employee of the Association may receive fair and reasonable compensation for his or her services as officer, director or employee, and a member may also receive principal and interest on monies loaned or advanced to the Association as provided in the Statute.

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AMENDMENT TO CODE OF BY-LAWS
OF
REAL SILK LOFTS
HORIZONTAL PROPERTY REGIME
AND OF
REAL SILK LOFTS CO-OWNERS ASSOCIATION, INC.

MARtha A. WOMACKS
MARION COUNTY AUDITOR
59031 DEC 17 05
SUBJECT TO FINAL SETTLEMENT
FOR TRANSFER

THIS AMENDMENT TO CODE OF BY-LAWS, made this 8th day of November, 2004, by REAL SILK LOFTS CO-OWNERS ASSOCIATION, INC., an Indiana non-profit corporation (the "Association"), WITNESSETH THAT:

RECITALS

WHEREAS, as on December 9, 1988 Real Silk Associates, an Indiana Limited Partnership (the "Declarant"), as the then owner of the property affected thereby, executed a certain Declaration of Horizontal Property Ownership Real Silk Lofts Horizontal Property Regime ("Declaration") and Code of By-Laws of Real Silk Lofts Horizontal Property Regime and of Real Silk Lofts Co-Owners Association, Inc. ("By-Laws"), which were recorded in Office of the Recorder of Marion County, Indiana on December 13, 1988 as Instrument No. 88-126397; and,

WHEREAS, after receiving the vote of in excess of two-thirds (2/3) of the Percentage Interest, together with the approval of the Majority of Eligible Holders of Mortgages, being those Holders of Mortgages, who requested notice in accordance with Section 8.03(a) of the By-Laws and who hold first mortgages on Condominium Units to which are allocated at least fifty-one percent (51%) of the Percentage Interest, all as required by Paragraph 22 of the Declaration and Section 7.01 of the By-Laws, it is desired that the By-Laws be amended as set forth herein.

NOW THEREFORE, the By-Laws are amended as follows:

SECTION 3.01 OF THE BY-LAWS IS AMENDED TO READ AS FOLLOWS:

Section 3.01 Management. The affairs of the Association of Real Silk Lofts shall be governed and managed by a Board of Managers (herein collectively called "Board" or "Managers" and individually called "Manager"). The Board of Managers shall be composed of five (5) persons. No person shall be eligible to serve as a Manager unless he is, or is deemed in accordance with the Declaration to be, an Owner, including a person appointed by Declarant as provided in Section 3.02 hereof.

SECTION 3.04 OF THE BY-LAWS IS AMENDED TO READ AS FOLLOWS:

Section 3.04 Term of Office and Vacancy. The Initial Board shall be deemed to be elected and re-elected as the Board of Managers at each annual meeting until the Applicable Date provided, in Section 3.02 hereof. After the Applicable Date, the Board of Managers shall be divided into three classes: two classes each containing two Managers and one class containing one Manager. At each annual meeting, the number of Managers whose term expires at such

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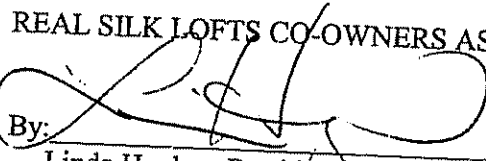
meeting shall be elected. The regular term of office for Managers shall be three (3) years. At the 2004 Annual Meeting, two Managers shall be elected for three (3) year terms and one Manager shall be elected for a two (2) year term. There shall be separate nominations for the office of each Manager to be elected at such first election after the Applicable Date. Each Manager shall hold office throughout the term of his election and until his successor is elected and qualified. Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Managers, or by vote of the Owners if a Manager is removed in accordance with Section 3.05 of this Article III. The Manager so filling a vacancy shall serve until the next annual meeting of the members and until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Manager shall be elected for the balance of the term of the Manager so removed or in respect to whom there has otherwise been a vacancy.

SECTION 3.10 OF THE BY-LAWS IS AMENDED TO READ AS FOLLOWS:

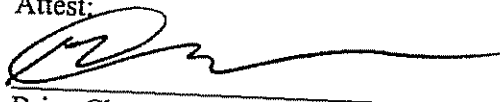
Section 3.10 Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined, from time to time by a majority of the Managers. The Secretary shall give notice of regular meetings of the Board to each Manager personally or by United States mail, at least five (5) days prior to the date of such meeting. Special meetings of the Board may be called by the President or a majority of the members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail, and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain a statement of the purpose or purposes for which the meeting is called. Such meeting shall be held at such place and at such time within or without Marion County, Indiana, as shall be designated in the notice.

IN WITNESS WHEREOF, Real Silk Lofts Co-Owners Association, Inc. has executed this Amendment as of _____ written above.

REAL SILK LOFTS CO-OWNERS ASSOCIATION, INC.

By: 
Linda Hughes, President

Attest:


Brian Chapman, Secretary

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared Linda Hughes, President of Real Silk Lofts Co-Owners Association, Inc. and Brian Chapman, Secretary of Real Silk Lofts Co-Owners Association, Inc. who acknowledged the execution of the foregoing Amendment to Code of By-Laws of Real Silk Lofts Horizontal Property Regime and of Real Silk Lofts Co-Owners Association, Inc.

WITNESS my hand and notarial seal this 8th day of November, 2004.

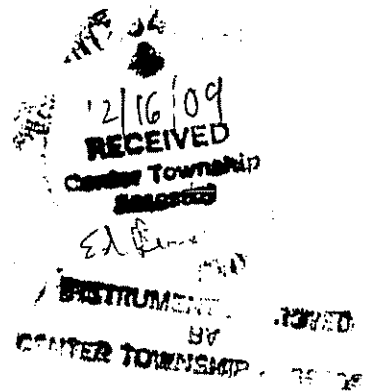
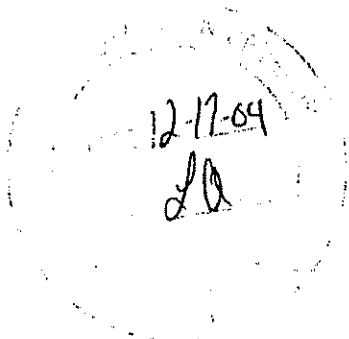
My Commission Expires:

2/28/07

Holly A. Savage
Notary Public

Holly A. Savage
Printed

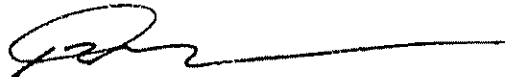
Residing in Marion
County, Indiana



AFFIDAVIT OF MAILING
NOTICE TO FIRST MORTGAGEES

STATE OF INDIANA)
)
COUNTY OF MARION)

After being first duly sworn under oath, Brian Chapman, the Secretary of the Real Silk Lofts Co-Owners Association, Inc., hereby deposes and says he has mailed a copy of the foregoing Amendment to Code of By-Laws of Real Silk Lofts Horizontal Property Regime and of Real Silk Lofts Co-Owners Association, Inc by certified United States mail to all holders of first mortgages of record entitled to such notice.



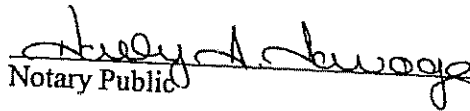
Brian Chapman, Secretary

Before me, a Notary Public for the above County and State, personally appeared Brian Chapman, the Secretary of the Real Silk Lofts Co-Owners Association, Inc., and after being duly sworn under oath, acknowledged the execution of the foregoing Affidavit of Mailing Notice to First Mortgagees and stated the statements in said Affidavit are true.

WITNESS my hand and notarial seal this 8th day of November, 2004.

My Commission Expires:

2/28/07 


Notary Public

Holly A. Savage
Printed

Residing in Madison
County, Indiana

This instrument prepared by Stephen R. Buschmann, Attorney at Law, THRASHER
BUSCHMANN GRIFFITH & VOELKEL, P.C., Market Square Center, Suite 1900, 151 North
Delaware Street, Indianapolis, Indiana 46204 