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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS**

JOHN R. VON ARX
MARION COUNTY AUDITOR

OF

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ROYAL OAKS

JULY 14 1997 FOR TAXATION
SUBJECT TO FINAL ACCEPTANCE
FOR TRANSFER

THIS DECLARATION, made on this 9th day of July, 1997, by ROYAL OAKS, LP,
("Declarant"),

WITNESSES:

WHEREAS, Declarant is the owner of certain real estate located in Marion County, Indiana, which is more particularly described in Exhibit "A", attached hereto and by this reference, made a part hereof. The described real estate (together with any additions as provided herein) will be developed into a residential subdivision known as ROYAL OAKS.

NOW, THEREFORE, Declarant hereby declares that all the Property shall be held, sold and conveyed subject to the following easements, restrictions, limitations, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

NAME

The subdivision of the Property created by this Declaration shall be known and designated as ROYAL OAKS, subdivision located in Marion County, Indiana.

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ARTICLE II

DEFINITIONS

Section 2.1. "Articles" means the Articles of Incorporation of the Association (as hereinafter defined) filed, or to be filed, with the Office of the Secretary of State of Indiana, as the same are or hereafter may be amended from time to time.

Section 2.2. "Association" means the ROYAL OAKS HOMEOWNERS ASSOCIATION, INC., a not-for-profit corporation, its successors and assigns.

Section 2.3. "Board of Directors" means the Board of Directors of the Association.

Section 2.4. "Common Area" means: (1) those portions of the Property (as hereinafter defined), including improvements thereto, facilities and personal property owned, to-be-owned, leased or to-be-leased by the Association from time to time for the common use, benefit and enjoyment of the Owners (as hereinafter defined), and; (2) items (if any) deemed Common Area for maintenance purposes only. Unless expressly stated to the contrary, the term Common Area as used herein (whether or not so expressed) shall include all portions of the Property designated as a "Block", "Common Area", or such other areas within the Property that are not otherwise identified as a lot or street upon the Plat (as hereinafter defined). The Common Area to be conveyed to the Association at the time of conveyance of the first Lot to an Owner is described in the Plat as hereinafter defined.

Section 2.5. "Common Expenses" shall mean and refer to expenses of administration of the Association, and expenses for the upkeep, maintenance, repair and replacement of the Common Area, and all sums lawfully assessed against the Owners by the Association, and all sums, costs and expenses declared by this Declaration to be Common Expenses.

Section 2.6. "Declarant" means the ROYAL OAKS, LP and its successors and assigns as a declarant.

Section 2.7. "Development Period" means the period of time commencing with Declarant's acquisition of the Property and ending when Declarant has completed the development and sale of, and no longer owns, any Lot or any other portion of the real estate in the Property.

Section 2.8. "Dwelling Unit" means any single-family residence situated upon a Lot.

Section 2.9. "Lot" means any parcel of land designated as such upon the Plat (as hereinafter defined) or, after construction, that parcel of land upon which a Dwelling is constructed that is conveyed to an Owner (as hereinafter defined) by the Declarant. Subject to the prior approval of the Department of Metropolitan Development, City of Indianapolis, a "Lot" may contain portions of real estate greater or less than its originally platted dimensions should the Declarant deem it advisable in order to accommodate the construction of a Dwelling Unit.

Section 2.10. "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but otherwise excluding those having such interest merely as security for the performance of an obligation. Unless specifically indicated to the contrary, the term "Owner" shall include the Declarant.

Section 2.11. "Plat" means the subdivision plats of the Property, as the same may be hereafter amended or supplemented pursuant to this Declaration.

Section 2.12. "Property" means the real estate described in Exhibit "A", as well as additions as may be allowed herein.

ARTICLE III

PROPERTY RIGHTS, EASEMENTS AND ENCROACHMENTS

Section 3.1. Owners' Easements of Enjoyment of Common Area. Every Owner shall have a nonexclusive right and easement of enjoyment, in common with all Owners, in and to the Common Area owned by the Association which shall be appurtenant to and shall pass with title to every Lot (in the form of a right to membership in the Association), subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities, if any, situated upon the Common Area owned by the Association;

(b) The right of the Association to suspend the voting rights and right to use of any recreational facilities, if any, by any Owner for any period during which any assessment remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association to promulgate reasonable rules and regulations governing the use of the Common Area owned by the Association including, without limitation, parking, swimming, boating, fishing, (including the denial thereof of any such rights) and upon improvements, additions or alterations to the Lots and the Common Area owned by the Association;

(d) The rights of Declarant as provided in this Declaration, as amended;

(e) The right of the Association to mortgage any or all of the Common Area owned by the Association, upon the approval of two-thirds (2/3) of the membership of each class of members of the Association;

(f) The easements reserved elsewhere in this Declaration and the right of the Association to grant further reasonable utility easements across and through the Common Area owned by the Association for the benefit of its members;

(g) The right of the Association to dedicate or transfer all or any part of the Common Area owned by the Association to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members or otherwise allowed pursuant to this Declaration, as amended. No such dedication or transfer, except as allowed pursuant to this Declaration, shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded; and

All other rights, obligations and duties as set forth in this Declaration, as the same may be from time to time amended or supplemented.

Section 3.2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws and any reasonable and nondiscriminatory rules and regulations promulgated from time to time by the Association and subject to the rights of others as set forth in Section 3.1, his or her right of enjoyment of the Common Area owned by the Association, to family members, guests, tenants or contract purchasers who reside on the Lot.

Section 3.3. Certain Obligations and Access Rights to the Common Area.

(a) Except as otherwise set forth in this Declaration, the Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for the management and control, for the exclusive benefit of the Owners as provided herein, of the Common Area owned by the Association and for the maintenance of the same in good, clean,

attractive, safe and sanitary condition, order and repair.

(b) The Association shall have and is hereby granted a general right of access and easement to all of the Common Area owned by the Association and across the Lots, at reasonable times and at any time in case of emergency, as reasonably required by its officers, directors, employees and their agents and independent contractors, to the full extent necessary or appropriate to perform its obligations and duties as set forth in this Declaration. The easements and rights specified herein also are reserved for the benefit of Declarant so long as Declarant owns any portion of the Property and for so long as Declarant may be liable under any builder's warranty.

Section 3.4. Drainage, Utility, Sewer and Other Development Easements.

(a) Declarant hereby reserves unto itself during the Development Period, and thereafter unto any public or private utility, an undefined easement ("*Drainage, Utility and Sewer Easement*") for drainage, utility and sewer purposes in, on and over all of the Common Area owned by the Association and Lots, so as to permit Declarant to properly install and allow to be maintained all electrical, telephone, water, gas, sanitary and storm sewer, television (including but not limited to cable and/or satellite) transmission facilities, security systems and other utility services (including all necessary lines, pipes, wires, cables, ducts, antennae and other equipment and facilities) to serve any Dwelling Unit constructed on the Property. Any Drainage Utility and Sewer Easement shall include all areas of the Property outside the Dwelling Units to be constructed by Declarant, with the exception of any areas covered by chimneys, or patios. Improvements or permanent structures installed within the Common Area owned by the Association are subject to the rights (including the

right to remove where reasonably necessary without duty of replacement or reimbursement) of the Declarant and any public or private utility to construct, maintain, repair or remove any necessary facilities. This easement shall be in addition to any easement defined upon a Plat of the Property as a drainage, sewer, utility, cable, transmission, flowage or similar type easement.

(b) Declarant reserves unto itself during the Development Period, and thereafter unto the Association, an easement ("**Lake Easement**") and right-of-way in and to any areas now or hereafter shown on the Plat as a "Block", or any other Common Area within the Property used as a water retention or detention area for the purpose of establishing and maintaining proper surface water drainage throughout the Property, and an easement of ingress and egress through so much of the remainder of the Property as is reasonably necessary or appropriate, to perform such actions as Declarant or the Association deem necessary or appropriate for the purpose of establishing and maintaining proper surface water drainage throughout the Property, including the construction, repair and maintenance of retention and detention ponds or lakes in accordance with the requirements of applicable law and of all governmental agencies having jurisdiction (without undertaking any obligation or duty to exceed such requirements).

(c) Declarant reserves unto itself during the Development Period, and thereafter unto the Association, the right and an undefined easement ("**Fence, Sign Landscape Easement**") to install, erect, construct, reconstruct and maintain an entryway sign or signs, directional signs, lighting, walkways, pathways, fences, walls and any other landscaping, architectural and recreational features or facilities considered necessary, appropriate, useful

or convenient, anywhere upon the Property. All rights to erect or construct under this section, shall cease upon any Lot after the first conveyance thereof. Any signs shall comply with any applicable zoning requirements and all such facilities shall be maintained by the Association as a part of its Common Area maintenance obligations.

(d) Declarant reserves unto itself during the Development Period, and thereafter unto the Association, the full right, title and authority to:

(i) Relocate, alter or otherwise change the location of any Drainage, Flowage, Utility, Sanitary Sewer, Sewer, Landscape Lake and Sign Easements, or any facility at any time located therein or thereon;

(ii) Grant such further easements, licenses and rights-of-way, temporary or permanent, exclusive or non-exclusive, surface or otherwise, as Declarant may deem necessary or appropriate, for ingress and egress, utility and similar purposes on or within any portion of the Property; and,

(iii) Describe more specifically or to change the description of any Fence, Drainage, Flowage, Utility, Sanitary Sewer, Sewer, Landscape Lake and Sign Easement or any other easement, license or right-of-way now or hereafter existing on the Property, by written instrument, amended Plat or amendment to the Plat recorded in the Office of the Recorder of Marion County, Indiana.

(e) The title of the Association (as to the Common Area owned by the Association during the Development Period) and of any Owner of any Lot shall be subject to the rights and easements reserved herein. Provided, however, that the rights reserved in this Section 3.4 shall not be exercised after the conveyance of any Lot in a manner that unreasonably and

adversely affects any Dwelling Unit or portion thereof located upon such Lot or the Owner's use or enjoyment thereof, or which unreasonably restricts the rights of ingress and egress to such Lot. The rights and easements reserved by Declarant in this Section 3.4 shall run with the land, and Declarant's right to further alter or grant easements shall automatically terminate and pass to the Association one (1) year after Declarant shall have conveyed the last Lot within the Property.

Section 3.5. Easement for Emergency Purposes. An easement is hereby dedicated and granted for use in the case of an emergency by emergency vehicles such as fire trucks, police cars and ambulances and emergency personnel, public and private, over and upon the Common Area owned by the Association.

Section 3.6. Fee Title to Lot. The fee title to any Lot described as bounded by any street, lane, walkway, park, pond, lake, or any other common property which has not been dedicated or accepted by the public and the fee title to any Lot shown on any recorded plat of ROYAL OAKS as abutting upon any such common property shall not extend upon such common property and the fee title to such common property is reserved to the grantor to be conveyed to the ROYAL OAKS HOMEOWNERS ASSOCIATION, INC. for the common enjoyment of all residents in ROYAL OAKS HOMEOWNERS ASSOCIATION, INC.

Section 3.7. Easements. There are strips of ground reserved for drainage and utility easements ("D.&U.E."); drainage, utility & sewer easements (D.U.&S.E.); drainage, utility & sanitary sewer easements (D.U.&S.S.E.) shown on this plat which are hereby reserved to the appropriate governmental entities for the installation and maintenance of sewers, sanitary sewers, utilities, swales, ditches, pipes, drains, manholes, detention and retention areas or other drainage facilities.

Purchasers of lots in this subdivision shall take title subject to the easements hereby created and subject at all times to the rights of proper authorities to service and maintain the drainage facilities and easements hereby created and no permanent structure of any kind and no part thereof except fences which do not retard or impede the flow of drainage water, shall be built, erected or maintained on said drainage easements. It shall be the responsibility of the Association and the owners of the areas enclosed within the drainage easements to maintain such areas in such conditions that the flow of storm drainage waters on, across and from said areas shall not be impeded, diverted or accelerated. Such use for storm water movement or retention or detention is hereby declared to be an easement and servitude upon said land for the benefit of the owners of other land included within the plat, upstream or downstream, affected by such use and for any proper governmental agency or department. All proper governmental agencies or departments are hereby given the right to obtain access to such areas to perform maintenance and to perform such maintenance as may be necessary to protect that easement and servitude rights. It shall be the responsibility of the Association and the owner of any lot or parcel of land within the plat to comply at all times with the provisions of the drainage plan as approved for this plat by the appropriate governmental agency or department and the requirements of all drainage permits for the plat issued by those agencies. Failure to so comply shall operate as a waiver and release of the developer, his engineer and agents from all liability as to damage caused by storm waters or storm drainage.

Further, there are easements and servitudes upon the land within the plat in favor of surface water runoff along natural valleys and drainage channels running to owners of other land contained within the Plat, upstream and downstream. It shall be the responsibility of the Association and the owners of these natural valleys and channels to use their land and maintain said natural valleys and

channels in such manner and condition that the flow of storm drainage waters on, across, from and to such areas shall not be impeded, diverted or accelerated.

It shall also be the responsibility of the Association to maintain all facilities, fencing, signs and landscaping installed by the Declarant within any landscape maintenance access easement (L.M.A.E.), any sign landscape easement (S.L.E.) or other easement.

Section 3.8. Street Dedication. All streets now or hereafter located upon the Property are hereby dedicated to the public.

ARTICLE IV

ASSOCIATION MEMBERSHIP, VOTING RIGHTS, BOARD OF DIRECTORS AND PROFESSIONAL MANAGEMENT

Section 4.1. Membership. Initially, the person(s) who serve as incorporator(s) of the Association shall be the member(s) (the "Initial Member(s)"). The Initial Member(s) shall remain member(s) of the Association until the Association Articles of Incorporation are accepted by the Indiana Secretary of State, at which time the Initial Member(s) shall cease to be member(s) unless they also qualify as Class A or Class B members. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Apart from the Initial Member(s), a membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot.

Section 4.2. Classes of Membership and Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant. Class A members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be

exercised as the members holding an interest in such Lot determine among themselves, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Lot owned. For purposes of this calculation, it shall be assumed that Declarant owns one-hundred eighty (180) Lots, which number shall be reduced as Lots are conveyed by the Declarant to an Owner. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) when the total number of votes outstanding in the Class A membership is equal to the total number of votes outstanding in the Class B membership; or, (b) June 1, 2005.

Section 4.3. Board of Directors. The Owners shall elect a Board of Directors of the Association as prescribed by the Association's Articles and By-Laws. The Board of Directors shall manage the affairs of the Association. Directors need not be members of the Association.

Section 4.4. Professional Management. No contract or agreement for professional management of the Association, nor any other contract between Declarant and the Association, shall be for a term in excess of three (3) years. Any such agreement or contract shall provide for termination by either party with or without cause and without payment of any termination fee upon written notice of ninety (90) days or less.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot now or hereafter owned by it within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed

to covenant and agree to pay to the Association:

(a) Regular Assessments (for maintenance, repairs and ordinary operating expenses);

(b) Special Assessments for capital improvements and operating deficits, as provided

in Section 5.5, and for special maintenance or repairs as provided in Sections 6.20 and 7.2.

Such assessments shall be established, shall commence upon such dates and shall be collected hereinafter provided. Unless otherwise determined by the Board of Directors, Regular Assessments, whether annual or otherwise, shall be payable on a quarterly basis, subject to the Board of Director's right to accelerate the total amount owing upon delinquency in payment of any installment. All such assessments, together with prejudgment interest at eight percent (8%) per annum, late fees, collection costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them.

Section 5.2. Roadway Maintenance. The Association shall be responsible for the maintenance of the roadways in the Property, until and unless they are accepted for public dedication. Neither this Section 5.2. nor any other portion of this Declaration shall be construed to relieve any developer and/or contractor who has posted performance/maintenance surety with any governmental entity of liability thereunder.

Section 5.3. Purpose of Regular Assessments. The Regular Assessments levied by the Association shall be used exclusively, in the reasonable discretion of the Board of Directors of the

Association, for the promotion of the recreation, health, safety and welfare of the residents in the Property, for the improvement, maintenance and repair of the Common Area, for the performance of the obligations and duties of the Association and for other purposes only as specifically provided herein. As and if necessary, a portion of the Regular Assessments shall be set aside or otherwise allocated in a reserve fund for the purpose of providing repair and replacement of the Common Area, and other capital improvements which the Association is required to maintain.

Section 5.4. Maximum Regular Assessments.

(a) Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Regular Assessment on any Lot shall be \$150.00 per Lot per year, payable on a monthly basis of \$12.50 per Lot per month or quarterly basis of \$37.50 per Lot per quarter as determined by the Board of Directors.

(b) From and after January 1 of such year, the maximum Regular Assessment may be increased each calendar year not more than 10% above the maximum Regular Assessment for the previous year, without a vote of the membership.

(c) From and after January 1 of such year, the maximum Regular Assessment may be increased each calendar year by more than 10% above the maximum Regular Assessment for the previous year, with the approval of two-thirds (2/3) of those members of each class of members who cast votes in person or by proxy at a meeting duly called for this purpose.

(d) The Board of Directors from time to time may fix the Regular Assessment, without any vote of the membership, at any amount not in excess of the maximum.

Section 5.5. Special Assessments for Capital Improvements and Operating Deficits. In addition to the Regular Assessments authorized above, the Association may levy a Special

Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement which the Association is required to maintain, or to recover any operating deficits which the Association may from time to time incur, provided that any such assessment shall have the assent of two-thirds (2/3) of those members of each class of members who cast votes in person or by proxy at a meeting duly called for this purpose.

Section 5.6. Notice and Quorum for Any Action Authorized Under Section 5.4 and 5.5.

Written notice of any meeting called for the purpose of taking any action authorized under Section 5.4 and 5.5 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.7. Uniform Rate of Assessment. Regular Assessments and Special Assessments for capital improvements and to recover operating deficits must be fixed at a uniform rate for all Lots, **except that Declarant and any individual or entity purchasing a Lot or Lots solely for the purpose of construction of a for-sale Dwelling Unit thereon (a "Builder") shall pay only twenty-five percent (25%) of the Regular Assessments and Special Assessments so long as any Dwelling Unit constructed upon a Lot by Declarant or Builder has not been conveyed to an Owner intending to occupy or rent said Dwelling Unit as a residence or leased to an individual**

or entity for use as a residence.

Section 5.8. Date of Commencement of Assessments; Due Dates. The Regular Assessment provided for herein shall commence as to each lot within a recorded plat the first day of the first month of the next quarter following conveyance of the Common Area within such plat to the Association, or if there is no Common Area, the first day of the first month of the next quarter following the recording of such plat. The Board of Directors shall fix any increase in the amount of the assessments at least thirty (30) days in advance of the effective date of such increase. Written notice of any increase in the Regular Assessment, and written notice of any Special Assessment and such other assessment notices as the Board of Directors shall deem appropriate, shall be sent to every Owner subject thereto. The due dates for all assessments, and the assessment and collection period (i.e., annual, quarterly, monthly, lump-sum or otherwise) shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate in recordable form signed by an Officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate from the Association regarding the status of assessments for any Lot shall be binding upon the Association as of the date of its issuance.

Section 5.9. Effect of Nonpayment of Assessments; Remedies of the Association. If any assessment (or periodic installment of such assessment, if applicable) is not paid on the due date established therefor pursuant to Section 5.8 hereof, then the entire unpaid assessment (together with interest thereon, late fees, collection costs and attorneys' fees as hereinafter provided and as provided in Section 5.1) shall become delinquent and shall constitute a continuing lien on the Lot to which such assessment relates, binding upon the then Owner, his heirs, devisees, successors and assigns. The personal obligation of the then Owner to pay such assessments, however, shall not pass to such

Owner's successors in title unless expressly assumed by them. If any assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, or both. In such event, there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action; and in the event a judgment is obtained such judgment shall include interest on the assessment as above provided, late fees, collection costs of the action and reasonable attorneys' fees to be fixed by the Court. Upon the failure of an Owner to make timely payments of any Regular Assessments or Special Assessments, when due, the Board may in its discretion accelerate the entire balance of the unpaid Assessments (if paid in installments) and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuser of the Common Area owned by the Association or abandonment of his Lot.

Section 5.10. Subordination of the Lien to Mortgages; Sale or Transfer. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any Lot pursuant to the foreclosure of any first mortgage on such Lot (without the necessity of joining the Association in any such foreclosure action) or any proceedings or deed in lieu thereof shall extinguish the lien of all assessments becoming due prior to the date of such sale or transfer. No sale or transfer of any Lot (whether voluntary or pursuant to foreclosure or otherwise) shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof; and, except as herein above provided, the sale or transfer of any Lot shall not affect the lien of assessments becoming due prior to the date of such sale or transfer except to the extent

that a purchaser may be protected against the lien for prior assessments by a binding certificate from the Association, issued pursuant to Section 5.8, as to whether or not such assessments have been paid.

Section 5.11. Declarant's Responsibility to Cover Deficits. The Declarant shall cover any deficit or shortage in the funds necessary to operate the Association that may arise in the development until such time as control of the Association is transferred to the Class A members.

ARTICLE VI

USE RESTRICTIONS AND ARCHITECTURAL CONTROL

Section 6.1. Lot Use and Conveyance. All Lots shall be used exclusively for single family detached residential purposes, except that Declarant, during the Development Period, reserves (a) the rights provided in Sections 6.10 and 6.25 respecting the Property generally, and (b) the right to subdivide, dedicate or otherwise convey or designate all or any portion of any one or more Lots which it may own from time to time for recreational or other common uses and benefit of all Owners and other members of the Association. Any Lot or portion thereof so designated for common use shall become part of the Common Area owned by the Association, and reasonable rules and regulations shall be promulgated and enforced with respect thereto so that the use and enjoyment of adjacent Lots by the Owners thereof shall not be unreasonably disturbed. Except as provided in the Declaration, no Lot shall be subdivided to form units of less area. Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the covenants, conditions and restrictions contained herein.

Section 6.2. Architectural Control. No building, fence, wall, hot tub, in-ground pool, satellite dish, antennae or other structure, except original construction of Dwelling Units by or on

behalf of the Declarant shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein, other than by the Declarant, a Builder or Board of Directors, be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. Any change in the appearance or of any part of the exterior of a residence (except for color) shall be deemed a change thereto and shall require the approval therefor as above provided. In the event that written approval is not received as required hereunder within thirty (30) days after complete plans and specifications have been submitted, approval will not be required and this Section will be deemed to have been fully complied with.

Section 6.3. Leasing of Lots.

(a) Any Lot may be leased by the Owner, subject to compliance with the following requirements:

(i) All leases shall be in writing, and no lease shall be entered into for a term of less than one (1) year without the prior approval of the Board of Directors, which approval shall not be unreasonably withheld.

(ii) All leases shall contain provisions adequate to require the lessee to comply with the provisions of this Declaration and the By-Laws of the Association, and with all rules and regulations promulgated by the Association from time to time, to the same extent as if the lessee were an Owner and a member of the Association; and shall provide for direct action by the Association against the lessee with or

without joinder of the Owner, at the Association's option.

(iii) All leases shall make the lessee personally liable (jointly and severally with the Owner) for assessments levied by the Association during the term of the lease pursuant to the terms of this Declaration and the By-Laws, to the same extent as if the lessee were the Owner and a member of the Association, and shall expressly subordinate the lessee's interest to the lien of the assessments provided for in this Declaration. Provided, however, that a lessee may be protected against the lien for assessments due prior to the date of the lease by procuring a binding certificate from the Association, as provided in the Declaration, as to whether or not such assessments have been paid.

(iv) No lease shall provide, or be interpreted or construed to provide, for a release of the Owner from his responsibility to the Association for compliance with the provisions of this Declaration, the By-Laws and any rules and regulations of the Association, or from the Owner's personal liability to the Association for assessments. This requirement shall not be construed to prohibit indemnity provisions as between the Owner and lessee.

(b) Any Owner desiring to enter into a lease for his Lot shall submit the form of the proposed lease to the Board of Directors (which form need not include the identity of the lessee or the rental amount) for review for compliance with the requirements of this Section 6.3. The Board of Directors may employ an attorney in connection with any such review, and a reasonable fee may be charged to the applicant to offset the expense so incurred. In the event the Board fails to approve or disapprove the lease within fifteen (15) days after

submission by the applicant, the lease shall be deemed approved. A copy of each lease by an Owner shall be provided to the Board of Directors by the Owner within thirty (30) days after execution.

(c) Subject to any contrary provisions set forth in any lease of a Lot, each lease shall be deemed to transfer to the lessee during the term of such lease all rights, privileges obligations and limitations attendant to membership in the Association, including (except in the case of lease by Declarant) an irrevocable proxy to exercise the Owner's voting rights appurtenant to the leased Lot in all elections and on all issues presented for a vote of members, except any vote upon:

(i) An amendment to the Declaration, the Articles or By-Laws;

(ii) Annexation of additional property;

(iii) A Special Assessment for a capital improvement pursuant to Section 5.5;

or,

(iv) Mortgage or dedication of all or any portion of the Common Area owned by the Association pursuant to the provisions of this Declaration.

(d) The provisions of paragraphs (a) and (c) of this Section 6.3 shall apply to a lease by Declarant or a Builder, after a Lot is owned by it for more than one (1) year, and Declarant or a Builder shall be deemed for all purposes to retain all voting rights in the Association appurtenant to all Lots owned by it, notwithstanding any lease or any inconsistent provisions contained in any lease. Neither Declarant or a Builder shall be required to submit any lease or leases to the Board of Directors for review as to form. However, within thirty (30) days after entering into any lease of a Lot, Declarant or a Builder

shall provide to the Board of Directors a written notice setting forth the location of the Lot, the term of the lease and the identity of the lessee.

(e) Any lease or attempted lease of a Lot in violation of the provisions of this Section 6.3 shall be voidable at the election of the Association or any other party having the right to enforce the provisions of this Declaration, except that neither party to such lease may assert this provision of this Section 6.3 to avoid its obligations thereunder.

Section 6.4. Signs. During the Development Period, no "for sale" or other advertising signs of any kind (other than interior window, Developer or Builder signs) shall be displayed on any Lot without the prior written approval of Declarant. Thereafter, the placement of "for sale" or advertising or other signs of any nature, kind or description anywhere on the Property shall be subject to such reasonable rules and regulations as may be adopted by the Association.

Section 6.5. Home Occupations. No home occupation shall be conducted or maintained on any Lot other than one which is incidental to a business, profession or occupation of the Owner or occupant of any such Lot, and which is generally or regularly conducted in another location away from such Lot.

Section 6.6. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any of said Lots, except that dogs, cats or other household pets may be kept provided they are not kept, bred or maintained for any commercial purposes.

Section 6.7. Outside Storage. All clotheslines, equipment, garbage cans, service yards, woodpiles or storage piles shall be kept from view of neighboring homes and streets. All rubbish, trash or garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. Trash may be stored in such enclosed containers, if any, provided by the

Association for that purpose. All clotheslines shall be confined to patio areas.

Section 6.8. Outside Use of Lots. Except in an individual patio area appurtenant to a Dwelling Unit, no planting or gardening shall be done, and no fences, hedges, walls or other improvements shall be erected or maintained upon the Property except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Association's Board of Directors or its designated representatives. Except for the right of ingress and egress, the Owners of Lots are hereby prohibited and restricted from using any of the Property outside the exterior building lines, patio and carport areas, except as may be allowed by the Association's Board of Directors its designated representatives. No Lot shall contain any outside storage building, or above-ground pool, except for small removable kiddie pools. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners in the ROYAL OAKS subdivision and is necessary for the protection of said Owners.

Section 6.9. Setback Lines. Front Building lines are hereby established as shown on the foregoing plat between which line and the right-of-way lines there shall be erected, place or altered no structure or part thereof except that fences in keeping with architectural style as specifically approved by the Association Board of Directors of Architectural Review Committee will be permitted, except that in no case will such fences be permitted on the public right-of-way. The building lines which are from public right-of-way lines are parallel to and measured perpendicularly from these public right-of-way lines.

Section 6.10. Side Setbacks. Every building or part thereof shall be so located as to provide a minimum side yard in compliance with the D-5II Dwelling Districts Zoning Ordinance for Marion County, Indiana and any Plat of the Property, including easements, except that in the case where the

same person or persons own two adjoining lots not separated by a utility easement or a drainage easement which serves lots beyond the lots owned by the common owner as described above, then this restriction shall apply to the lot lines of the extreme boundaries of the multiple lots under common ownership. Where adjoining lots are owned by the same owner or owners, and the drainage easements or utility easements which may separate those lots are not used to provide drainage or utility services to any area beyond the lots commonly owned, then those easements on the boundary line between the two lots shall be extinguished for so long as the lots are owned by the same owner or owners.

Section 6.11. Temporary Structures and Outbuildings. No structure of a temporary character, tent, shack, basement, garage, barn or other out-building shall be erected, placed, or altered upon any lot for use as a residence either temporarily or permanently or at any time be used for such purpose.

Section 6.12. Motor Vehicle Repair and Storage. The repair or storage of inoperative motor vehicles or material alteration of motor vehicles shall not be permitted on any lot unless entirely within a garage permitted to be constructed by this Declaration.

Section 6.13. Nuisances. No noxious or offensive activities shall be carried on or be permitted to exist on any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance. Any structure or building permitted to be constructed on any lot by these covenants, which may be all or in part destroyed by fire, wind, storm or any other reason, shall be rebuilt and restored to its previous condition within a reasonable length of time, and all debris accumulated in connection therewith shall be removed within a reasonable time after any such occurrence.

Section 6.14. Permitted Uses. No use shall be made of any lot in this subdivision except as permitted by the regulations of the D-5 II Dwelling Districts Zoning Ordinance for Marion County, Indiana under which this project is developed.

Section 6.15. Drains. No house footing drain or roof water drain shall be discharged into the sanitary sewers.

Section 6.16. Antennas and Towers. No radio towers, CB antennas, satellite dishes or other radio or radar equipment shall be allowed in this subdivision, except as allowed by law and previously approved by the Architectural Review Committee.

Section 6.17. Number of Dwelling Units. The number of Dwelling Units shall not exceed the One Hundred Eighty (180) lots within the Property.

Section 6.18. Residential Use. Lots may be used only for residential purposes and only for one single-family dwelling, a private garage, and other such outbuildings as are usual and incidental to the use of a residential lot may be constructed thereon. All lots in this subdivision shall be designated as residential lots, and all homes shall be in compliance with the requirements of the D-5II Dwelling Districts Zoning Ordinance for Marion County, Indiana. Each single-family residence constructed upon any lot within this subdivision shall include an attached two (2) car garage. The means of ingress and egress to said attached garage shall be over a concrete driveway. All Lots shall have a uniform mailbox as determined by the Architectural Review Committee. All Lots shall have one or more dusk to dawn post lights of a type and in a location approved by the Architectural Review Committee. All homes shall have a minimum 6/12 roof pitch.

Section 6.19. Size. Subject to any further restrictions imposed by any recorded commitment, every single-family dwelling erected, placed, altered or maintained on any lot within this subdivision

shall have a minimum living area in compliance with the D-5II Dwelling Districts Zoning Ordinance for Marion County, Indiana.

Section 6.20. Unsightly Growth. In order to maintain the standards of the Property, no weeds, underbrush or other unsightly growths shall be permitted to grow or remain upon any land, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon. Failure to comply shall warrant the Declarant or the Association to cut weeds or clear the refuse from the Property at the expense of the Owner, and there shall be a lien against said Property for the expense thereof, which lien shall be due and payable immediately. If such lien is not promptly paid, the Association or the Declarant may file suit and recover such amount together with reasonable attorneys fees, late fees, interest and costs of collection.

Section 6.21. Site Visibility. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) feet and six (6) feet above the street shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting points twenty-five (25) feet from the intersection of said street lines, or in the case of a rounded property corner from the intersection of the street lines extended. The same sight line limitations shall apply to any lot within ten (10) feet from the intersection of a street line with the edge of a driveway pavement or alley line. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines. No fences shall be permitted to be constructed between the front set back line and the street curb.

Section 6.22. Boats, Trucks, Etc. No boats, campers, trailers of any kind, recreational vehicles or commercial vehicles of any kind shall be permitted to park on the Property for more than

four (4) hours unless fully enclosed inside a building, or unless the same is necessary and incident to the Declarant's or Association's business on the Property.

Section 6.23. Lake Area. Except as otherwise provided, access to any lake area is restricted to the Common Area owned by the Association adjacent to the Lake except for those individuals whose Dwelling Units are immediately adjacent to any lake area. Except as otherwise provided, no individual using a Lake has the right to cross another lot or trespass upon shoreline not within a Common Area owned by the Association, subject to the rights of the Declarant, the Association, their employees, heirs, successors and assigns as set forth in the Declaration. No one shall do or permit any action or activity which could result in pollution of a Lake, diversion of water, elevation of Lake level, earth disturbance resulting in silting or any other conduct which could result in an adverse effect upon water quality, drainage or proper Lake management except as provided in the Declaration. A Lake may not be used for swimming, boating, fishing or for any other purpose, except for drainage of the Property, unless expressly and specifically approved by the Association Board of Directors in writing and allowed by law. Only the Declarant and the Association shall have the right to store items or develop recreational facilities upon any Common Area owned by the Association adjacent to a Lake.

Section 6.24. Rules and Regulations. The Board of Directors from time to time may promulgate further rules and regulations concerning assessment collection and payment, use of Lots and the Common Area owned by the Association. A majority of those Owners voting at a meeting called for the purpose may rescind or modify any rule or regulation adopted by the Board of Directors. Copies of all rules and regulations shall be furnished by the Board to all Owners, at the Owner's last known address, prior to the time when the same shall become effective. The

Association shall have current copies of the Declaration, Articles and By-Laws, and other rules concerning the Property as well as its own books, records and financial statements available for inspection by Dwelling Unit Owners or by holders, insurers and guarantors of first mortgages, that are secured by Dwelling Units in the Property. These documents shall be available during normal business hours or under other reasonable circumstances.

Section 6.25. Development and Sale Period. Nothing contained in this Article VI shall be construed or interpreted to restrict the activities of Declarant or a Builder in connection with the development of the Property and sale of Lots. During the Development Period, Declarant or a Builder shall be entitled to engage in such activities and to construct, install, erect and maintain such facilities, upon any portion of the Property at any time owned or leased by Declarant or a Builder, as in the sole opinion of Declarant or a Builder may be reasonably required, or convenient or incidental to, the development of the Property and sale of the lots; such facilities may include, without limitation, storage areas, signs, parking areas, model residences, construction offices, sales offices and business offices.

ARTICLE VII

MAINTENANCE, REPAIRS AND REPLACEMENTS

Section 7.1. By Owners. Except as provided in Section 7.2 of this Article, each Owner shall, at his own expense be responsible for, and shall promptly perform as the need therefor arises, all maintenance, repairs, decoration and replacement of his own Dwelling Unit, both interior and exterior. In addition, each Owner shall furnish and be responsible for the maintenance of all portions of the Owner's Lot. All fixtures and equipment installed within or as part of the Dwelling Unit, commencing at the points where the utility lines, pipes, wires, conduits or systems enter the Lot upon

which said Dwelling Unit is located, shall be maintained and kept in repair by the Owner thereof. Each Owner shall promptly perform all maintenance and repair of his Lot and Dwelling Unit which, if neglected, might adversely affect any other Lot or Dwelling Unit or any part of the Common Area owned by the Association. Such maintenance and repairs include, but are not limited to, all exterior surface, siding, roof, gutters, internal water lines, plumbing, electric lines gas lines, appliances, and all other fixtures, equipment and accessories belonging to the Owner and a part of or appurtenant to the Owner's Dwelling Unit or Lot.

Section 7.2. Common Properties and the Association.

(a) The Association, as part of its duties, and as part of the Common Expenses, shall provide for:

(i) Maintenance of the Common Area. Maintenance of the Common Area shall include, but shall not be limited to, fertilizing, mowing and replanting when necessary of the grass and trees and maintenance of any other improvement within the Common Area.

(ii) Maintenance of the Entry Signs, fencing and perimeter landscaping installed by the Declarant.

The Board of Directors may adopt such other rules and regulations concerning maintenance, repair, use and enjoyment of the Common Area owned by the Association (or any items deemed Common Area for purposes of maintenance only) as it deems necessary.

(b) Notwithstanding any obligation or duty of the Association to repair or maintain any of the Common Area owned by the Association (or any items deemed Common Area for purposes of maintenance only), if, due to the willful, intentional or negligent acts

or omissions of an Owner or a member of his family or of a guest, tenant, invitee or other occupant or visitor of such Owner, damage shall be caused to the Common Area owned by the Association (or any items deemed as such for purposes of maintenance only), 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. If not paid by such Owner upon demand by the Association, the cost of repairing such damage shall be added to and become a part of the assessment to which such Owner's Lot is subject.

(c) The authorized representatives of the Association, the Board of Directors and the Managing Agent for the Association (if any) is hereby granted an easement for access upon and to any Lot as may be required in connection with maintenance only, repairs or replacements of or to the Common Area owned by the Association or any items deemed as Common Area for purposes of maintenance only, including, but not limited to, access to any easements reserved by any subdivision plat of any portion of the Property for such purposes. This easement shall include, but not be limited to, the right to attach hoses to an Owner's Unit for the purpose of using the Owner's water to water the perimeter landscaping installed by the Declarant. The Association is not obligated to water an Owner's Lot but has the right to do so when, in the Board of Director's or Managing Agent's discretion, the Unit Owner's failure to properly water has or will have a detrimental effect upon the appearance of the lawn. The Owner shall be responsible for the water bill in all such instances.



Section 7.3. Snow Removal and Other Services. The Association may, at the sole discretion of the Board of Directors, perform snow removal upon the streets located within the Property.

The Association is not prohibited from offering services to Owners upon the following conditions:

- (a) The Owner is charged a reasonable fee for such work or service that is designed to reimburse the Association for the full cost thereof and reasonable profit;
- (b) The Association is willing to perform similar work or service for any other Owners in ROYAL OAKS HOMEOWNERS ASSOCIATION, INC.;
- (c) There shall be no discrimination among the Owners in the performance of any such work or service.

Such services may be provided by the Association, subject to the above conditions, at the sole discretion of the Board of Directors.

ARTICLE VIII

INSURANCE

Section 8.1. Casualty Insurance on Insurable Common Area. The Association shall keep all insurable improvements and fixtures of the Common Area actually owned by the Association, as opposed to property designated as Common Area for the purposes of maintenance only, insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as are customarily covered for similar types of projects, including those covered by the standard "all risk" endorsements. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the

owner and beneficiary of such insurance. The insurance coverage with respect to such Common Area owned by the Association shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the Regular Assessments made by the Association.

Section 8.2. Casualty Insurance on All Dwelling Units. Casualty insurance on the Dwelling Units shall be maintained by their respective Owners along with adequate blanket casualty and fire insurance in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of the Dwelling Unit. The insurance coverage with respect to the Dwelling Units shall be written in the name of, and the proceeds thereof shall be payable to the Owner and, if applicable, the first mortgagee of each Lot. The Owner shall repair or replace the same from the insurance proceeds available as soon as possible and in no event more than one (1) year from the date of casualty.

Section 8.3. Liability Insurance. The Association shall purchase a master comprehensive general liability insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time. Such comprehensive general liability insurance policy shall cover the Association, its Board of Directors, any committee or organ of the Association or Board of Directors, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to the Association. It shall also cover all Common Area owned by the Associations, public ways and any other areas under the Association's control or supervision.

Section 8.4. Fidelity Bonds. The Association shall have blanket fidelity bonds for anyone

who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The Association bonds shall name the Association as the obligee and the premium shall be paid as a common expense by the Association. Any management agent that handles funds for the Association shall be covered by its own fidelity bond, which must provide the same coverage required of the Association. The Association shall be named as an additional obligee in the management agent's bond. The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage must at least equal the sum of three (3) months' assessments on all Dwelling Units in the Property, plus the Association's reserve funds. If available, the fidelity bonds must include a provision that calls for ten (10) days' written notice to the Association or insurance trustee before the bond can be canceled or substantially modified for any reason.

Section 8.5. Miscellaneous Insurance Provisions. The Association shall obtain any other insurance required by law to be maintained, including but not limited to workmen's compensation insurance, and such other insurance as the Board of Directors shall from time to time deem necessary, advisable or appropriate. 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 the Association, its Board of Directors and any managing agent acting on behalf of the Association.

Section 8.6. Casualty and Restoration. Damage to or destruction of any Common Area actually owned by the Association 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. The same obligation shall apply to an Owner, and not the Association, for damage or destruction to the Owner's Dwelling Unit. For purposes of this Section, repair, reconstruction and restoration shall mean construction or rebuilding of the damaged property to as near as possible the same condition as it existed immediately prior to the damage or destruction, with the same or a similar type of architecture.

Section 8.7. Insufficiency of Insurance Proceeds. If the insurance proceeds 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, the cost for restoring the damage and repairing and reconstructing the Common Area actually owned by the Association or any improvements damaged or destroyed (or the costs thereof in excess of insurance proceeds received, if any) shall be paid by the Association which shall then have the right to levy a special assessment against all Lots for such deficiency.

Section 8.8. Surplus of Insurance Proceeds. In the event that there is any surplus of insurance proceeds after the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Association as a reserve or may be used in the maintenance and operation of the Property. The action of the Board of Directors in proceeding to repair or reconstruct damage shall not constitute a waiver of any rights against any Owner for committing willful or malicious damage.

ARTICLE IX

MORTGAGEES

Section 9.1. Mortgagee Rights. In addition to any other rights provided elsewhere in this

Declaration to mortgagees, any lender or lenders holding a first mortgage or first mortgages upon any Lot or Lots, jointly or singly, may pay any real estate taxes or other taxes or charges which are in default and which may or have become a charge or lien against any Common Area owned by the Association or any other property owned by the Association; and may pay any overdue premiums on any hazard, casualty, liability or other insurance policies or secure new insurance coverage on the lapse of any policies for any such property owned by the Association or covering any property for which the Association has an obligation to maintain insurance coverage. Any such lender or lenders making payments in accordance with this Section 9.1 shall be entitled to immediate reimbursement therefor from the Association along with any costs incurred, including reasonable attorneys' fees.

Section 9.2. Notice to Mortgagees. The Association, upon request, shall provide to any lender holding a first mortgage upon any Lot, a written certificate or notice specifying unpaid assessments and other defaults of the Owner of such Lot, if any, in the performance of such Owner's obligations under this Declaration, the Articles of Incorporation of the Association, its By-Laws or any other applicable documents, which default has not been cured within sixty (60) days. A reasonable charge may be made by the Association for the issuance of any such certificate or notice, and any such certificate properly executed by an officer of the Association shall be binding upon the Association, as provided in Section 5.8.

Section 9.3. Condemnation and Insurance Awards. No provisions of this Declaration, or any amendment thereto, shall give an Owner, or any other party, priority over any rights of the first mortgagee of a Lot pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Common Area property.

Section 9.4. Right of First Refusal. The Association **does not have the "right of first**

refusal" to purchase any Dwelling Unit. Any right of "right of first refusal" subsequently granted to the Association through amendment of the Declaration, Association Articles, Association By-Laws or any other document governing the development and administration of the Properties must receive the prior written approval of the Federal Housing Administration or Secretary of the Department of Housing and Urban Development. Any "right of first refusal" subsequently added in the Declaration, Association Articles, Association By-Laws or any other document governing the development and administration of the Property must not impair the rights of a first mortgagee to:

- (a) Foreclose or take title to a Dwelling Unit, and the Lot upon which the Dwelling Unit is situated, pursuant to the remedies in the mortgage;
- (b) Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor; or
- (c) Sell or lease a unit acquired by the mortgagee.

Section 9.5. Unpaid Dues or Charges. Any first mortgagee who obtains title to a Dwelling Unit, and the Lot upon which the Dwelling Unit is situated, pursuant to the remedies in the mortgage or through foreclosure, will not be liable for the Dwelling Unit's unpaid dues or charges accrued before the acquisition of the title to the Unit by the mortgagee.

ARTICLE X

ANNEXATION.

Section 10.1. Annexation of Other Areas. Land described in Exhibit "B" may be annexed to the Property without consent. Additional land outside of those described in Exhibit "B" may be annexed to the Property with the consent of FNMA eligible mortgage

holders representing at least 67 percent of the votes of the mortgaged units and with the consent of two-thirds (2/3) of each class of members.

Section 10.2. Effective Date for Assessments and Voting Rights. The regular assessment provided for in the Declaration shall commence for each Lot within any annexed area on the first day of the first month of the quarter following the conveyance of the Lot to the Owner by the Declarant or Builder. Voting rights of the Owners of the Lots within the annexed property shall be effective upon the same date, except the Declarant shall have the voting rights provided for herein.

Section 10.3. Improvements. All improvements intended for future phases will be substantially completed prior to annexation. Any future improvements shall be consistent with the initial improvements within the Property in terms of quality of construction and shall be approved by the appropriate governmental agencies.

Section 10.4. Equality of Rights. All Lot Owners within an annexed area shall have the same rights, liabilities and obligations as any other Owner within the Property, subject to the rights, liabilities and obligations specifically set forth as to the Declarant or a Builder in other Sections of this Declaration.

Section 10.5. Annexation Document. Annexation shall be by written document including, but not necessarily limited to, the following information:

- (a) A description of the property to be annexed;
- (b) The identity of the Declarant;

- (c) The effective date of annexation;
- (d) A description of the Common Area to be owned by the Association, if any;
- (e) A cross-reference to this Declaration, as amended; and
- (f) Any other information which the Declarant may deem necessary to identify the annexed area.

Section 10.6. FHA/VA Approval. If the Property has been approved by FHA/VA insured issued mortgage financing and if required by law, the FHA and the VA must first determine that the annexation, whether by Declarant or otherwise, is in accord with the general plan heretofore approved by them.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1. Right of Enforcement. In the event of a violation, or threatened violation, of any of the covenants, conditions and restrictions herein enumerated, Declarant, the Association, the City of Indianapolis and Marion County (as well as any governmental sub-entity), or any Owner and all parties claiming under them shall have the right to enforce the covenants, conditions and restrictions contained herein, and pursue any and all remedies, at law or in equity, available under applicable Indiana law, with or without proving any actual damages, including the right to secure injunctive relief or secure removal by due process of any structure not in compliance with the covenants, conditions and restrictions contained herein, and shall be entitled to recover reasonable

attorneys' fees and the costs and expenses incurred as a result thereof.

Section 11.2. Severability and Waiver. Invalidation of any one of the covenants, restrictions or provisions contained in this Declaration by judgment or court order shall not in any way affect any of the other provisions hereof, which shall remain in full force and effect. No delay or failure by any person to enforce any of the restrictions or to invoke any available remedy with respect to a violation or violations thereof shall under any circumstances be deemed or held to be a waiver by that person of the right to do so thereafter, or as estoppel of that person to assert any right available to him upon the occurrence, recurrence or continuation of any violation or violations of the restrictions.

Section 11.3. Amendment. During the first twenty (20) years following its recording, this Declaration may be amended or modified at any time by an instrument recorded in the Office of the Recorder of Marion County, Indiana, approved and signed by at least ninety percent (90%) of the then Owners, and thereafter by an instrument signed by at least seventy-five percent (75%) of the then Owners. Provided, however, that none of the rights or duties of Declarant reserved or set out hereunder may be amended or changed without Declarant's prior written approval. Except as prohibited below, this Declaration may also be amended by Declarant, if it then has any ownership interest in the Property, at any time within two (2) years after the recordation hereof. Any amendment must be recorded. Neither the Association, the Owners or Declarant shall effect any of the following changes without the prior written approval of two-thirds (2/3) of the first mortgagees of the Lots (based upon one (1) vote for each mortgage owned) and two-thirds (2/3) of the Owners of Lots (excluding Declarant or Builder):

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell or

transfer the Common Area owned directly or indirectly by the Association for the benefit of the Owners of the Dwelling Units. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Area owned by the Association by the Dwelling Unit Owners is not a transfer in the meaning of this clause;

(b) Change the method of determining the obligations, assessments, dues or other charges that may be levied against a Dwelling Unit Owner;

(c) By act or omission change, waive or abandon any scheme of regulations or their enforcement pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the Common Area owned by the Association, party walks, common fences and driveways, and the upkeep of lawns and plantings in the Property;

(d) Fail to maintain fire and extended coverage on insurable Common Area owned by the Association on a current replacement cost basis in an amount at least 100 percent of the insurable value (based on current replacement costs);

(e) Use hazard insurance proceeds for losses to any Common Area owned by the Association for other than the repair, replacement, or reconstruction of the Common Area owned by the Association.

(f) Change the voting rights, assessments, assessment liens or subordination of assessment liens, except as provided for in this Declaration;

(g) Change the manner in which reserves for maintenance, repair and replacement of Common Areas have been set up and previously maintained by the Association;

(h) Change the rights to the use of the Common Area owned by the Association,

except as provided for in this Declaration;

(i) Change the boundaries of any Dwelling Unit, and the Lot upon which the Dwelling Unit is situated, except as provided for in this Declaration;

(j) Any change concerning convertibility of Dwelling Units into Common Area owned by the Association or vice versa, except as provided for in this Declaration;

(k) Allow for the expansion or contraction of the development, or the addition, annexation or withdrawal of property to or from the development;

(l) Any requirements for insurance or fidelity bonds set forth in this Declaration;

(m) Any change in the manner in which units may be leased except as set forth in this Declaration;

(n) Any imposition of any restriction on a Dwelling Unit Owner's right to sell or transfer his or her Dwelling Unit;

(o) Restoration and repair of the Common Area (after a hazard damage or partial condemnation) in a manner other than specified in the Declaration;

(p) Any action to terminate the legal status of the development after substantial destruction or condemnation occurs;

(q) Any provision that expressly benefits mortgage holders, insurers or guarantors;

or

(r) Any termination of legal status of the development for reasons other than substantial destruction or condemnation of the Property.

If an addition or amendment is not considered as a material change, such as the correction of a technical error or the clarification of a statement within the Declaration, Association Articles,

Association By-Laws or other constituent documents, there shall be an implied approval to be assumed when an eligible mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after proposal is made. The covenants, restrictions and all other provisions of this Declaration shall run with the land and shall be binding upon the persons owning any portion of the Property and all parties claiming under them for a period of twenty (20) years from the date of recording, and thereafter shall automatically extend for successive periods of ten (10) years each unless prior to the expiration of such periods this Declaration is amended or changed in whole or in part as herein above provided.

Section 11.4. HUD Amendment Approval. Section 11.3 and all other provisions of the Declaration, Association Articles, Association By-Laws or any other document governing the development and administration of the Properties notwithstanding, so long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or Secretary of the Department of Housing and Urban Development:

- (a) Annexation of additional properties outside of those described within Exhibit "B";
- (b) dedication of Common Area; and
- (c) Amendment of the Declaration of Covenants, Conditions and Restrictions.

Section 11.5. Assignment. Declarant may assign or otherwise transfer any and all of its rights as Declarant in whole or in part.

Section 11.6. Condemnation, Destruction or Liquidation. The Association shall be designated to represent the Dwelling Unit Owners in any proceedings, negotiations, settlements or agreements for the handling of any losses or proceeds from condemnation, destruction or liquidation of all or a part of the Common Area owned by the Association, or from the termination of the

development. Each Dwelling Unit Owner, by his acceptance of a deed, appoints the Association as his attorney-in-fact for this purpose. Proceeds from the settlement will be payable to the Association for the benefit of the Dwelling Unit Owners and their mortgage holders. Any distribution of funds in connection with the termination of this development shall be made on a reasonable and an equitable basis.

IN WITNESS WHEREOF, ROYAL OAKS, LP, has caused this Declaration to be executed as of the date first written above.

ROYAL OAKS, LP
Indiana Limited Liability Partnership

By: *[Signature]*
John Swinehart

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public, in and for said County and State, personally appeared John Swinehart, on behalf of Royal Oaks, LP, the Incorporator of the ROYAL OAKS HOMEOWNERS ASSOCIATION, INC., who being duly sworn, acknowledged the execution of the foregoing Articles of Incorporation.

Witness my hand and notarial seal this 9th day of July, 1997.



County of Residence
Hamilton

[Signature]
Signature

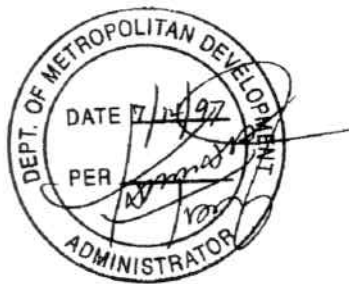
My Commission Expires:
12/12/99

MARINE H-WEBB
Printed Name

PREPARED BY:
John W. Tousley, 870-49
CAPLIN PEHLER PARK & TOUSLEY
First Indiana Plaza, Suite 1150
135 North Pennsylvania Street
Indianapolis, Indiana 46204
Phone: (317) 231-1100
Fax: (317) 231-1106

RETURN TO:
John Swinehart
25 West 9th Street
Indianapolis, Indiana 46204

SAWP51UWTCLIENT97050DECLARE.FIN
July 3, 1997



ROYAL OAKS SECTION 1A

A part of the West Half of the Southwest Quarter of Section 15, Township 16 North, Range 5 East in Marion County, Indiana, being more particularly described as follows:

Commencing at the Southwest corner of said Half Quarter Section; thence South 89 degrees 54 minutes 31 seconds East (assumed bearing) along the South line thereof 520.00 feet to the Southwest corner of Windstar, Section One, recorded as instrument #94-0032329 in the Office of the Recorder of Marion County, Indiana; thence North 00 degrees 00 minutes 00 seconds East along the western boundary of said Windstar, Section One 838.53 feet to the POINT OF BEGINNING of this description; thence North 89 degrees 54 minutes 31 seconds West parallel with the aforesaid South line 519.79 feet to a point on the West line of the aforesaid Southwest Quarter Section, said point also being on the centerline of German Church Road; thence North 00 degrees 00 minutes 53 seconds East along said West line 889.66 feet; thence North 90 degrees 00 minutes 00 seconds East 189.56 feet; thence North 00 degrees 00 minutes 00 seconds East 8.92 feet; thence North 90 degrees 00 minutes 00 seconds East 175.03 feet; thence South 00 degrees 00 minutes 00 seconds West 75.03 feet; thence North 90 degrees 00 minutes 00 seconds East 6.33 feet; thence South 00 degrees 00 minutes 00 seconds West 150.00 feet; thence North 90 degrees 00 minutes 00 seconds East 178.58 feet; thence South 23 degrees 44 minutes 17 seconds West 107.07 feet; thence South 00 degrees 00 minutes 00 seconds West 135.38 feet; thence South 33 degrees 19 minutes 18 seconds East 139.90 feet to a point on the northern boundary of the aforesaid Windstar, Section One; the following five courses are along said northern and western boundaries of said Windstar, Section One; 1) South 66 degrees 27 minutes 10 seconds West 72.77 feet; 2) North 89 degrees 54 minutes 31 seconds West 33.09 feet; 3) South 00 degrees 05 minutes 29 seconds West 175.00 feet; 4) South 89 degrees 54 minutes 31 seconds East 38.39 feet; 5) South 00 degrees 00 minutes 00 seconds West 120.00 feet to the place of beginning, containing 9.827 acres, more or less. Subject to all legal highways, rights-of-way, easements and restrictions of record.

Exhibit A

Page 1 of 2

ROYAL OAKS SECTION 18

A part of the West Half of the Southwest Quarter of Section 15, Township 16 North, Range 5 East in Marion County, Indiana, being more particularly described as follows:

Commencing at the Southwest corner of said Half Quarter Section; thence North 00 degrees 00 minutes 53 seconds East along the West line of the aforesaid Quarter Section, said line also being the centerline of German Church Road, 1728.19 feet to the POINT OF BEGINNING of this description; thence continuing North 00 degrees 00 minutes 53 seconds East along said West line 292.73 feet; thence North 89 degrees 56 minutes 19 seconds East parallel with the North line of the aforesaid Southwest Quarter Section 713.00 feet; thence South 89 degrees 58 minutes 57 seconds East 125.39 feet; thence South 00 degrees 03 minutes 41 seconds East 159.03 feet; thence South 89 degrees 56 minutes 19 seconds West parallel with the aforesaid North line 24.17 feet; thence South 00 degrees 03 minutes 41 seconds East 100.00 feet; thence South 89 degrees 56 minutes 19 seconds West parallel with the aforesaid North line 112.00 feet; thence South 00 degrees 00 minutes 00 seconds West 150.39 feet; thence South 90 degrees 00 minutes 00 seconds West 19.17 feet; thence South 00 degrees 00 minutes 00 seconds West 100.00 feet; thence South 90 degrees 00 minutes 00 seconds West 312.50 feet; thence North 00 degrees 00 minutes 00 seconds East 150.00 feet; thence South 90 degrees 00 minutes 00 seconds West 6.33 feet; thence North 00 degrees 00 minutes 00 seconds East 75.03 feet; thence South 90 degrees 00 minutes 00 seconds West 175.03 feet; thence South 00 degrees 00 minutes 00 seconds West 8.92 feet; thence South 90 degrees 00 minutes 00 seconds West 188.56 feet to the place of beginning containing 7.056 acres, more or less. Subject to all legal highways, rights-of-way, easements and restrictions of record.

Exhibit A

Page 2 of 2

ROYAL OAKS

Part of the West Half of the Southwest Quarter of Section 15, Township 16 North, Range 5 East in Marion County, Indiana, being more particularly described as follows:

Commencing at the Southwest corner of said Half Quarter Section; thence South 89 degrees 54 minutes 31 seconds East (assumed bearing) along the South line thereof 520.00 feet to the Southwest corner of Windstar, Section One recorded as Instrument #94-0032329 in the Office of the Recorder of Marion County Indiana; thence North 00 degrees 00 minutes 00 seconds East along the western boundary of said Windstar, Section One 838.53 feet to the POINT OF BEGINNING of this description; thence North 89 degrees 54 minutes 31 seconds West parallel with the aforesaid South line 519.79 feet to a point on the West line of the aforesaid Southwest Quarter Section, said point also being on the centerline of German Church Road; thence North 00 degrees 00 minutes 53 seconds East along said West line 1182.39 feet; thence North 89 degrees 56 minutes 19 seconds East parallel with the North line of the aforesaid Southwest Quarter Section. 713.00 feet; thence North 00 degrees 00 minutes 53 seconds East parallel with the aforesaid West line 312.56 feet; thence North 40 degrees 47 minutes 07 seconds West 52.49 feet; thence North 00 degrees 00 minutes 53 seconds East parallel with the aforesaid West line 291.96 feet to a point on the aforesaid North line; thence North 89 degrees 56 minutes 19 seconds East along said North line 647.69 feet to a point on the East line of the aforesaid West Half Section; thence South 00 degrees 01 minutes 36 seconds East along said East line 680.00 feet; thence South 00 degrees 09 minutes 02 seconds West 808.00 feet; thence South 00 degrees 15 minutes 56 seconds East 239.76 feet; thence North 89 degrees 54 minutes 31 seconds West parallel with the aforesaid South line 516.14 feet to a point on the eastern boundary of the aforesaid Windstar, Section One; the following nine courses are along said eastern, northern and western boundaries of said Windstar, Section One: (1) North 50 degrees 01 minutes 25 seconds West 6.24 feet; (2) North 24 degrees 28 minutes 39 seconds West 165.10 feet; (3) South 65 degrees 31 minutes 21 seconds West 2.39 feet; (4) North 23 degrees 32 minutes 50 seconds West 123.46 feet; (5) South 66 degrees 27 minutes 10 seconds West 183.89 feet; (6) North 89 degrees 54 minutes 31 seconds West 33.09 feet; (7) South 00 degrees 05 minutes 29 seconds West 175.00 feet; (8) South 89 degrees 54 minutes 31 seconds East 36.39 feet; (9) South 00 degrees 00 minutes 00 seconds West 120.00 feet to the place of beginning, containing 42.078 acres, more or less, subject to all legal highways, rights-of-way, easements and restrictions of record.

Exhibit B

METES18545A
January 3, 1996
TAT-F DDO-R

5

DECLARATION OF MAINTENANCE OBLIGATION

THIS DECLARATION made this 14th day of August, 1997,
by Royal Oaks, L.P.
("Declarant").

WITNESSETH

WHEREAS, the following facts are true.

A. Declarant is the owner of fee simple title to certain real estate located in Marion County, Indiana, more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter referred to as the "Real Estate").

B. Declarant has installed or plans to install in the right-of-way known as German Church Rd. & Leo Dr. Street, Indianapolis, Indiana (hereinafter referred to as the "Right-of-Way") adjacent to the Real Estate the equipment described in Exhibit B attached hereto (hereinafter referred to as the "Water Equipment"). which Declarant desires to connect to the water line of the Indianapolis Water Company ("Water Company").

C. The Water Company is objecting to the installation of the Water Equipment pursuant to Rule 7(A) of its Rules and Regulations on file with and approved by the Indiana Utility Regulatory Commission governing its provision of water utility service because it is concerned that in the future the Water Company might be requested to maintain, repair or replace (hereinafter "maintain") the Water Equipment because of its location in the Right-of-Way.

D. Declarant deems it desirable that the owner of the Real Estate be responsible for maintaining the Water Equipment and that the Water Company have no obligation to maintain the Water Equipment.

NOW, THEREFORE, Declarant declares that the Real Estate and the Water Equipment be held, transferred, sold, conveyed, encumbered, leased, rented, used and occupied subject to the provisions, agreements, covenants and restriction hereinafter set forth:

1. Declaration. Declarant hereby expressly declares (1) that the Water Company shall have no obligation to maintain in any manner the Water Equipment; (2) that the Water Company shall not be responsible for any damage that might occur to the Water Equipment regardless of the cause; and (3) that the maintenance of the Water Equipment, if such is to be maintained, shall be the obligation of the owners of the Real Estate. No person shall have any right to require that the Water Company expend any funds toward the maintenance of the Water Equipment or any right to impose an obligation on the Water Company to maintain the Water Equipment, and if Declarant or any other person would allegedly have such right pursuant to any rule or regulation, the Declarant for itself and its successors and assigns hereby expressly waives that right.

2. Acceptance and Ratification. All present and future owners, mortgagees, tenants and occupants of the Real Estate and the Water Equipment, shall be subject to and comply with the provisions of the Declaration and all such provisions shall be covenants running with the land and shall be binding on any persons having at any time any interest or estate in the Real Estate or the Water Equipment as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage and lease thereof. This Declaration shall remain in effect for so long as the Water Equipment is connected to the water line of the Water Company. All persons, corporations, partnerships, trust and other legal entities which may own, occupy, use, enjoy or control any of the Real Estate or the Water Equipment shall be subject to this Declaration.

3. Maintenance of the Water Equipment. The obligation to maintain the Water Equipment shall rest with the owners of the Real Estate for so long as the Water Equipment is connected to the water line of the Water Company. If the owners of the Real Estate fail to maintain the Water Equipment, such failure shall not put any obligation on the Water Company or on any other entity to provide maintenance.

EXHIBIT A

(Legal Description of the Real Estate owned by Declarant adjacent to right-of-way.)

ROYAL OAKS SECTION 1A

A part of the West Half of the Southwest Quarter of Section 15, Township 16 North, Range 5 East in Marion County, Indiana, being more particularly described as follows:

Commencing at the Southwest corner of said Half Quarter Section; thence South 89 degrees 54 minutes 31 seconds East (assumed bearing) along the South line thereof 520.00 feet to the Southwest corner of Windstar, Section One, recorded as instrument #94-0032329 in the Office of the Recorder of Marion County, Indiana; thence North 00 degrees 00 minutes 00 seconds East along the western boundary of said Windstar, Section One 838.53 feet to the POINT OF BEGINNING of this description; thence North 89 degrees 54 minutes 31 seconds West parallel with the aforesaid South line 519.79 feet to a point on the West line of the aforesaid Southwest Quarter Section, said point also being on the centerline of German Church Road; thence North 00 degrees 00 minutes 53 seconds East along said West line 889.66 feet; thence North 90 degrees 00 minutes 00 seconds East 189.56 feet; thence North 00 degrees 00 minutes 00 seconds East 8.92 feet; thence North 90 degrees 00 minutes 00 seconds East 175.03 feet; thence South 00 degrees 00 minutes 00 seconds West 75.03 feet; thence North 90 degrees 00 minutes 00 seconds East 6.33 feet; thence South 00 degrees 00 minutes 00 seconds West 150.00 feet; thence North 90 degrees 00 minutes 00 seconds East 178.58 feet; thence South 23 degrees 44 minutes 17 seconds West 107.07 feet; thence South 00 degrees 00 minutes 00 seconds West 135.38 feet; thence South 33 degrees 19 minutes 16 seconds East 139.90 feet to a point on the northern boundary of the aforesaid Windstar, Section One; the following five courses are along said northern and western boundaries of said Windstar, Section One; 1) South 66 degrees 27 minutes 10 seconds West 72.77 feet; 2) North 89 degrees 54 minutes 31 seconds West 33.09 feet; 3) South 00 degrees 05 minutes 29 seconds West 175.00 feet; 4) South 89 degrees 54 minutes 31 seconds East 36.39 feet; 5) South 00 degrees 00 minutes 00 seconds West 120.00 feet to the place of beginning, containing 9.827 acres, more or less. Subject to all legal highways, rights-of-way, easements and restrictions of record.

ROYAL OAKS SECTION 1B

A part of the West Half of the Southwest Quarter of Section 15, Township 16 North, Range 5 East in Marion County, Indiana, being more particularly described as follows:

Commencing at the Southwest corner of said Half Quarter Section; thence North 00 degrees 00 minutes 53 seconds East along the West line of the aforesaid Quarter Section, said line also being the centerline of German Church Road, 1728.19 feet to the POINT OF BEGINNING of this description; thence continuing North 00 degrees 00 minutes 53 seconds East along said West line 292.73 feet; thence North 89 degrees 56 minutes 19 seconds East parallel with the North line of the aforesaid Southwest Quarter Section 713.00 feet; thence South 89 degrees 58 minutes 57 seconds East 125.39 feet; thence South 00 degrees 03 minutes 41 seconds East 159.03 feet; thence South 89 degrees 56 minutes 19 seconds West parallel with the aforesaid North line 24.17 feet; thence South 00 degrees 03 minutes 41 seconds East 100.00 feet; thence South 89 degrees 56 minutes 19 seconds West parallel with the aforesaid North line 112.00 feet; thence South 00 degrees 00 minutes 00 seconds West 150.39 feet; thence South 90 degrees 00 minutes 00 seconds West 19.17 feet; thence South 00 degrees 00 minutes 00 seconds West 100.00 feet; thence South 90 degrees 00 minutes 00 seconds West 312.50 feet; thence North 00 degrees 00 minutes 00 seconds East 150.00 feet; thence South 90 degrees 00 minutes 00 seconds West 6.33 feet; thence North 00 degrees 00 minutes 00 seconds East 75.03 feet; thence South 90 degrees 00 minutes 00 seconds West 175.03 feet; thence South 00 degrees 00 minutes 00 seconds West 8.92 feet; thence South 90 degrees 00 minutes 00 seconds West 189.56 feet to the place of beginning containing 7.056 acres, more or less. Subject to all legal highways, rights-of-way, easements and restrictions of record.

EXHIBIT B

(Description of Water Equipment located in right-of-way.)

Valves, piping and controls as necessary for an underground irrigation system. Located in the Right-Of-Way German Church Road and Leo Drive.

4

250455

**ASSIGNMENT AND ASSUMPTION OF
DECLARATION AND MEMBERSHIP INTEREST**

This Agreement is executed by Royal Oaks, L.P., an Indiana limited partnership ("Grantor") and Royal Oaks II, L.P., an Indiana limited partnership ("Grantee") this 29th day of ~~April~~ March, 2001 (the "Effective Date").

RECITALS

A. Grantee has received title to certain real estate comprising sections 2 and 3 of the Royal Oaks Subdivision (the "Subdivision") and will develop it as Grantor's successor.

B. Section 1A and 1B of the Subdivision, and the Grantor's interest therein, is subject to a certain Declaration of Covenants, Conditions and Restrictions executed by Grantor as Declarant dated as of July 9, 1997 and recorded in the Office of the Recorder of Marion County on July 14, 1997 as Instrument No. 1997-0096533 ("Declaration").

C. Grantor also possesses a Class B membership interest in Royal Oaks Homeowners Association, Inc. under the Articles of Incorporation approved by the Secretary of State on July 22, 1997 and the By-Laws thereunder ("Interest").

D. Grantor desires to assign its rights under the Declaration and Interest, and Grantee desires to assume the Declaration and Interest on the terms of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of these premises, the promises and covenants of the parties contained herein, and each act done pursuant thereto, it is hereby agreed as of the Effective Date as follows:

1. Grantor assigns, transfers and conveys all of its right, title and interest in, to and under the Declaration and Interest to Grantee.
2. Grantee assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations of Grantor under the Declaration and Interest arising after the Effective Date.
3. Grantee unconditionally agrees to indemnify and hold Grantor harmless against any and all liability, loss, cost, charges, damages, legal fees or other expenses, of whatsoever kind or nature, arising out of or in connection with the discharge of Grantee's obligations assumed in this Agreement.
4. Grantee further assigns, transfers and conveys all of its right, title and interest in, to and under any property management agreement, service agreement, or other contracts entered into by Grantee in connection with its interest in the Royal Oaks Subdivision.
5. This Agreement shall be construed in accordance with and governed by the laws of the State of Indiana and shall be binding upon and inure to the benefit of the parties and their respective successors in interest, assigns, heirs and legal representatives.

IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption of Declaration to be executed as of the date first above written.

ROYAL OAKS, L.P.

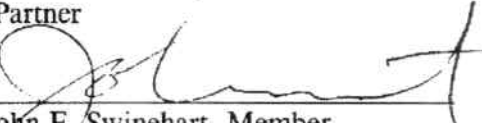
By: Oakfield Development, LLC, its General Partner

By: 
John F. Swinehart, Member

"Grantor"

ROYAL OAKS II, L.P.

By: Oakfield Development, LLC, its General Partner

By: 
John F. Swinehart, Member

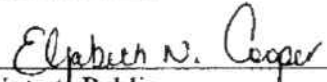
"Grantee"

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared John F. Swinehart, for and on behalf of Oakfield Development, LLC, The General Partner of Royal Oaks, L.P., Inc. who acknowledged the execution of the foregoing Assignment and Assumption of Declaration, and who, having been duly sworn, stated that the representations contained therein are true.

Witness my hand and seal this 29 day of March, 2001.

My commission expires:
11/6/08


Notary Public

County of residence:
Morgan

Printed: ELIZABETH N. COOPER

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared John F. Swinchart, for and on behalf of Oakfield Development, LLC, The General Partner of Royal Oaks II, L.P., who acknowledged the execution of the foregoing Assignment and Assumption of Declaration, and who, having been duly sworn, stated that the representations contained therein are true.

Witness my hand and seal this 29 day of March, 2001.

My commission expires:
11/12/08

Elizabeth N. Cooper
Notary Public

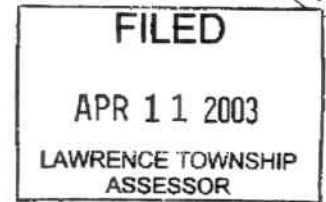
County of residence:
Morgan

Printed: Elizabeth N. Cooper

This instrument prepared by Christopher D. Long
Henderson, Daily, Withrow & DeVoe
2600 One Indiana Square
Indianapolis, Indiana 46204
(317) 639-4121



MARTHA A. WOMACKS
466948 APR 11 2003
EQUITY
SUBJECT TO FINAL RECEIPT
FOR TRANSFER



**Amendment to
Declaration of Covenants, Conditions and Restrictions
for
Royal Oaks**

This Amendment to the Declaration of Covenants, Conditions and Restrictions of Royal Oak is made this 4 day of April, 2003, by Royal Oaks, LP ("Declarant").

WITNESSETH:

WHEREAS, Declarant caused to be recorded with the Office of the Recorder of Marion County, Indiana a certain "Declaration of Covenants, Conditions and Restrictions for Royal Oaks" on July 9, 1997 as Instrument No. 1997-0096533 ("Declaration"); and

WHEREAS, the Declaration, together with certain Plats; established a residential community in Marion County, Indiana know as Royal Oaks; and

WHEREAS, the Declarant deems it necessary to amend certain provisions of the Declaration.

TERMS

NOW THEREFORE, the Declarant hereby amends the Declaration as follows:

- I. Article V, Section 5.3 of the Declaration, is hereby amended by adding text to Section 5.3 as Section 5.3.1 stating the following:

"Initial Capital Assessment. On the date a Dwelling Unit on the Lot is first possessed by an Owner upon completion of construction thereof, there shall be due and payable to the Declarant by the Owner of such Lot the sum of Two Hundred Fifty dollars (\$250.00).

- II. Article V, Section 5.4 of the Declaration, is hereby amended by adding text to Section 5.4 as paragraph (e) stating the following:

"(e) The Regular Assessment against each Lot shall be paid in full in advance by a date specified by the Board of Directors which date shall not be earlier than fifteen (15) days after the written notice of such Regular Assessment is given to the Owners. Semi-annual installments of Regular Assessments shall

Page 1 of 2

be due and payable automatically on their respective due dates without any notice from the Board of Directors or the Association, and neither the Board nor the Association shall be responsible for providing any notice or statements to Owners for the same. If an Owner fails to pay the semi-annual installment of any such Regular Assessment on or before the due date established due, and any such installment, together with an such late fee, will be and remain, immediately due and payable."

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be executed as of the date written above.

ROYAL OAKS, LP
Indiana Limited Partnership

By: [Signature]
John F. Swinehart, Managing Member
of Oakfield Development, LLC,
General Partner of Royal Oaks, LP

Prepared by L. Brooks at Revel & Underwood, LLC

STATE OF INDIANA)
) ss
COUNTY OF _____)

Before me, a Notary Public, in and for said County and State, personally appeared John F. Swinehart, of Oakfield Development, LLC, who being duly sworn, acknowledged the execution of the foregoing Amendment and affirmed that he is duly authorized to execute this document on behalf of Royal Oaks, LP.

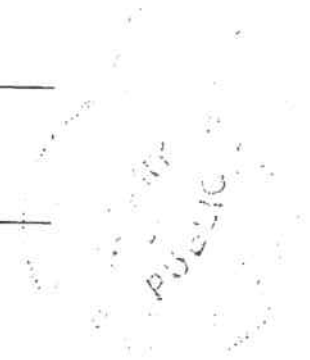
Witness my hand and notarial seal this 4 day of April, 2003.

County of Residence
Hamilton

[Signature]
Signature

My Commission Expires:
12/30/10

Diana Slepaya
Printed Name



2

**Second Amendment to
Declaration of Covenants, Conditions and Restrictions
of
Royal Oaks**

This Second Amendment to the Declaration of Covenants, Conditions and Restrictions of Royal Oaks is made this 10th day of March, 2004, by GSL&C, LLC, Successor Declarant, to Royal Oaks, LP, Declarant.

WITNESSETH:

WHEREAS, Declarant caused to be recorded with the Office of the Recorder of Marion County, Indiana a certain "Declaration of Covenants, Conditions and Restrictions for Royal Oaks " on July 9, 1997 as Instrument No. 1997-0096533 ("Declaration"); and

WHEREAS, Declarant caused to be recorded with the Office of the Recorder of Marion County, Indiana a certain "Declaration of Covenants, Conditions and Restrictions for Royal Oaks: on April 11, 2003 as Instrument No. 2003-0077652 ("Declaration"); and

WHEREAS, the Declaration, together with certain Plats; established a residential community in Marion County, Indiana know as Royal Oaks; and

WHEREAS, the Successor Declarant deems it necessary to amend certain provisions of the Declaration.

FILED
NOV 24 2004
LAWRENCE TOWNSHIP ASSESSOR

TERMS

NOW THEREFORE, the Successor Declarant hereby amends the Declaration as follows:

- i. Section 6.11 of the Declaration, and its amendments, are hereby amended by replacing original text of Section 6.11 to the following:
 - a) "No structure of a temporary character, tent, shack, basement or garage shall be erected, placed, or altered upon any lot for use as residence either temporarily or permanently or at any time be used for such purpose."
 - b) "No mini barn or any other structure which is detached from a Dwelling Unit shall be constructed until after it is approved by the Successor Declarant, during the Development Period, and thereafter by the Board of Directors and/or the Architectural Control Committee. Any structure approved under this Section must be compatible with the Lot's Dwelling Unit, with siding or paint matching, shingles matching and shall be no more than 8x10 in size and one story tall. No lean-to or metal structures will be allowed. The mini-barn structure shall only be permitted in the Lot's back yard and shall be a permanent fixture. "

MARTHA A. WOMACKS
MARION COUNTY ASSESSOR
541840 AUG 24 03
COPY ENTERED FOR A REVISION
SUBJECT TO FINAL ACCEPTANCE
FOR TRANSFER

