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NEIGHBORHOOD

DECLARATION OF COVENANTS, CONDITIONS AND

RESTRICTIONS FOR THE TOWNHOMES AT COUNTRYSIDE

9/1/05
JLH
R. J. O'CONNOR
none

THIS NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE TOWNHOMES AT COUNTRYSIDE (the "Declaration") is made as of October 18, 2005 by Platinum Properties, LLC, an Indiana limited liability company (the "Declarant").

RECFALS:

WHEREAS, the Declarant is, or at the time of recordation of this Declaration will be, the owner of certain real property located in Hamilton County, Indiana, which is more specifically described in Exhibit A, which is attached hereto and incorporated herein by reference (the "Neighborhood Property");

WHEREAS, the Declarant desires to create on the Neighborhood Property a residential community (the "Community") which shall have permanent open spaces and other common facilities for the benefit of the residents of the Community.

WHEREAS, the Declarant desires to provide for the preservation of the values of the Community and such other areas as may be subjected to this Declaration, and to provide for the maintenance of the open spaces and other facilities, and, to this end, declares and publishes its intent to subject the Neighborhood Property to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, it being intended that they shall run with title to the Neighborhood Property and shall be binding on all persons or entities having or acquiring any right, title or interest in the Neighborhood Property or any part thereof and shall inure to the benefit of each owner thereof.

WHEREAS, by the Declaration, the Declarant is desirous of annexing the Neighborhood Property to the Property subject, in all respects, to the Master Declaration.

WHEREAS, the Declarant has deemed it desirable for the efficient preservation of the values of the Community to create an association to be known as The Townhomes at Countryside Homeowners Association, Inc., an Indiana not-for-profit corporation (the "Neighborhood Association") to which shall be delegated and assigned the powers of owning, maintaining and administering the common areas and facilities, administering and enforcing the covenants and restrictions made in and pursuant to this Declaration and collecting and disbursing the assessments and charges hereafter created.

NOW, THEREFORE, the Declarant, for and in consideration of the premises and the covenants contained herein, grants, establishes and conveys to each owner of each Lot (as herein defined), mutual, non-exclusive rights, privileges and easements of enjoyment on equal terms and in

common with all other owners of Lots in and to the use of any Common Areas and facilities; and further, the Declarant declares that the Neighborhood Property shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, reservations, easements, charges and liens set forth in this Declaration and in the Master Declaration (hereafter defined), which are for the purpose of protecting the value and desirability of, and shall run with, the Neighborhood Property and be binding on all parties having any right, title or interest in the Neighborhood Property or any part thereof, their respective successors and assigns, and shall inure to the benefit of each owner thereof. The Neighborhood Property is hereby declared to be part of the Property Subject to the Master Declaration and, as such, the Neighborhood Property is subject, in all respects, to both the Master Declaration and this Neighborhood Declaration.

ARTICLE I

DEFINITIONS

Section 1.1. "Declarant" shall mean and refer to Platinum Properties, LLC, an Indiana limited liability company, and its successors or assigns to whom Platinum Properties, LLC, an Indiana limited liability company, assigns any or all of its rights as Declarant pursuant to this Declaration by assignment recorded in the Office of the Recorder of Hamilton County, Indiana.

Section 1.2. "Designated Builder" shall mean and refer, during such period as such designation by the Declarant may continue, any person or entity engaged in the construction of more than one Dwelling Unit who is designated by Declarant as a Designated Builder. Designated Builders shall include, without limitation, R.H. of Indiana, LP, an Indiana limited partnership. Declarant may make and revoke any such designation at any time and from time to time.

Section 1.3. "Dwelling Unit" shall mean and refer to any improvement to the Neighborhood Property intended for any type of independent ownership for use and occupancy as a residence by a single household and shall, unless otherwise specified, include within its meaning (by way of illustration but not limitation) townhouses and detached homes.

Section 1.4. "Federal Agencies" shall mean (by way of illustration but not limitation) the Federal Housing Authority, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Veterans Administration or any other governmental agency.

Section 1.5. "Lot" shall mean and refer to any discrete plot of land created by and shown on a Plat upon which a Dwelling Unit is intended to be constructed in accordance with applicable zoning ordinances; provided, however, that where a Dwelling Unit (i) is separated from an adjacent Dwelling Unit by a Party Wall, or (ii) shares a Party Wall with an adjacent Dwelling Unit, the center line of such Party Wall and its vertical extensions shall constitute the common boundary line (lot line) between adjacent Lots, and the closure of the boundary lines of such adjacent Lots shall be accomplished by extending perpendicular lines from the horizontal extremities of such Party Wall

to the closest boundary line or lines for such Lots as shown on any Plat or any part thereof; provided, further, that where any exterior wall of a Dwelling Unit is not a Party Wall, but extends outside the boundary lines (lot lines) of any Lot (as shown on any such Plat or part thereof) upon which such Dwelling Unit is primarily located, the boundary lines of such Lot shall be deemed extended to include all of the ground area occupied by such Dwelling Unit. It is the intent hereof that, in any and all events in which a boundary line as shown on any Plat or part thereof does not coincide with the actual location of the respective wall of the Dwelling Unit because of inexactness of construction, settling after construction, or for any other reason, this Neighborhood Declaration and any Plat or any part thereof shall be interpreted and construed so that all ground area underlying and lying beneath a Dwelling Unit shall be and constitute part of the Lot upon which such Dwelling Unit is primarily located to the end that all of such ground area shall be subject to fee simple ownership by the Owner of such Dwelling Unit; to the extent necessary to accomplish and implement such intention, interpretation and construction, the boundary lines of the Lots shall be determined in accordance with the foregoing definitional provisions and boundary lines as so determined shall supercede the boundary lines for Lots shown on any Plat or part thereof.

Section 1.6. "Master Association" means and refers to the Countryside Homeowners Association, Inc., a not for profit corporation, established per the terms and conditions of the Master Declaration.

Section 1.7. "Master Common Area" or "Master Common Areas" shall mean and refer to all real property (including the improvements thereto) owned by or to be conveyed to the Master Association for the common use and enjoyment of the members of the Master Association (including the Members), and shall include all of the Neighborhood Property shown as Blocks C, D and E on the Neighborhood Plat and/or as described herein, and which is not part of a Lot. The Master Common Area within the Neighborhood Property shall be what is identified on the Neighborhood Plat as Blocks C, D and E.

Section 1.8. "Master Declaration" means the Declaration of Covenants, Conditions, and Restrictions of Countryside recorded with the Recorder of Hamilton County, Indiana, on the 17th day of September, 1999, as Instrument Number 199909955178, as amended.

Section 1.9. "Member" shall mean and refer to every person or entity who holds a membership in the Neighborhood Association, as more particularly set forth in Article II below.

Section 1.10. "Mortgagee" shall mean and refer to any person or entity secured by a first mortgage or first deed of trust on any Lot or the Neighborhood Common Area who has notified the Neighborhood Association of this fact in writing. An "Eligible Mortgagee" shall be a Mortgagee who has given notice to the Neighborhood Association of its interest and requested all rights afforded Eligible Mortgagees under Article XII.

Section 1.11. "Neighborhood Association" shall mean and refer to The Townhomes at Countryside Homeowners Association, Inc., an Indiana not-for-profit corporation, its successors and assigns.

Section 1.12. "Neighborhood Common Area" or "Neighborhood Common Areas" shall mean and refer to all real property (including the improvements thereto), which is owned by, or conveyed to the Neighborhood Association for the common use and enjoyment of the Members, and shall include all of the Neighborhood Property which is shown as Blocks A and B on the Plat and/or as described herein, and which is not part of a Lot or a part of the Master Common Areas. No part of the Neighborhood Common Area shall be dedicated to the public. The Neighborhood Common Area within the Neighborhood Property shall be what is identified on the Neighborhood Plat as Blocks A and B and shall comprise three components; namely:

- (a) private streets comprising the streets identified on the Plat as Coatsville Drive and Straughn Lane (collectively, the "Private Streets");
- (b) concrete sidewalks located adjacent to the Private Streets (the "Sidewalks"); and
- (c) areas specifically identified as parking areas, located adjacent to Private Streets (the "Parking Areas"). Parking Areas are further described and defined in Article IX below.

Section 1.13. "Neighborhood Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for The Townhomes at Countryside, which is to be recorded in the Office of the Recorder of Hamilton County, Indiana.

Section 1.14. "Neighborhood Property" shall mean and refer to that certain real property located in Hamilton County, Indiana, which is more specifically described in Exhibit A, which is attached hereto and incorporated herein by reference as the same may be duly subdivided and platted, and any additions thereto which, from time to time, may be subjected to the covenants, conditions, restrictions, reservations, easements, charges and liens of this Neighborhood Declaration.

Section 1.15. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of the fee simple title to any Lot, including a contract seller but excluding those holding such interest in a Lot solely by virtue of a contract to purchase a Lot or as security for the performance of an obligation. If more than one (1) person or entity is the record owner of a Lot, the term Owner as used herein shall mean and refer to such owners collectively, so that there shall be only one (1) Owner of each Lot.

Section 1.16. "Party Wall" shall mean and refer to each wall which is built as part of the original construction of the Dwelling Units upon the Neighborhood Property and placed on the dividing line between Lots. Party Walls are further described and defined in Article 10 below.

Section 1.17. "Neighborhood Plat" shall mean and refer to a final plat or an "as-built" subdivision plat, of all or part of the Neighborhood Property, recorded with the Recorder of Hamilton County, Indiana.

Section 1.18. "Structure" shall include, but not be limited to, any building or portion thereof, decks, patios, stairs, windows, window boxes, doors, fences, play equipment, greenhouses, skylights, address markers, mail boxes, name plates, flag poles, lawn ornaments, trees, hedges, shrubbery, solar panels, satellite dishes, antennae, shutters, awnings, fences, pools, hot-tubs, pavement, walkways, driveways, garages and/or garage doors, or appurtenances to any of the aforementioned.

ARTICLE II

MEMBERSHIP

Every Owner of a Lot which is subject to this Neighborhood Declaration shall be a Member of both the Master Association and the Neighborhood Association. Membership shall be apportioned to and may not be separated from ownership of any Lot which is subject to assessment by the Neighborhood Association. Ownership of such Lot shall be the sole qualification for membership. No Owner shall have more than one (1) membership in the Neighborhood Association for each Lot it owns.

ARTICLE III

VOTING RIGHTS

Section 3.1. Classes. The Neighborhood Association shall have two (2) classes of voting membership as follows:

Class A: Class A Members shall be all Members with the exception of the Class B Member. A Class A Member shall be entitled to one (1) vote for each Lot in which it holds the interest required for membership pursuant to Article II herein.

Class B: The Class B Member shall be the Declarant. A Class B Member shall be entitled to five (5) votes for each Lot in which it holds the interest required for membership pursuant to Article II herein. The Declarant's Class B membership interest shall be converted to and shall become a Class A membership interest with one (1) vote for each Lot in which it holds an interest upon the happening of any of the following events, whichever occurs first (the "Applicable Date"):

(a) within four (4) months after the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) seven (7) years from the date of recordation of this Neighborhood Declaration; or

(c) sixty (60) days after both (i) the Declarant abandons construction and (ii) any Designated Builder abandons construction. For purposes hereof, the "abandonment of construction" shall not be deemed to have occurred unless and until there is no evidence of continuing construction and no new dwelling construction has been initiated for a period of eighteen (18) months.

Section 3.2: Multiple Ownership Interests. If more than one (1) person or entity holds an ownership interest in any Lot, the vote for such Lot shall be exercised as the owners of the Lot among themselves determine and may be exercised by any one (1) of the people or entities holding such ownership interest, unless any objection or protest by any other holder of such ownership interest is made prior to the completion of a vote, in which case the vote for such membership interest shall not be counted, but the Member whose vote is in dispute shall be counted as present at the meeting for quorum purposes if the protest is lodged at such meeting. In no event shall more than one (1) vote be cast with respect to any Lot.

Section 3.3: Board of Directors. The Board of Directors shall be appointed and/or elected as prescribed by the Neighborhood Association's Articles and Bylaws. The Board of Directors shall manage the affairs of the Association.

ARTICLE IV

PROPERTY RIGHTS

Section 4.1. Member's Easements of Enjoyment. Every Member shall have a right of easement of enjoyment in and to the Master Common Areas per the terms and conditions of the Master Declaration, and every Member shall have a right and easement of enjoyment in and to the Neighborhood Common Areas and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to:

(a) the right of the Neighborhood Association to limit the number of guests of Members on the Neighborhood Common Areas or to make any part of the Neighborhood Common Area available to occupants of adjacent real estate or members of the general public;

(b) the right of the Neighborhood Association to adopt and enforce rules and regulations governing the use of the Neighborhood Common Areas and the personal

conduct of Owners, occupants and guests thereon, including, without limitation, the imposition of fines for the violation thereof;

(c) the right of the Neighborhood Association to suspend the voting rights, the right to run for office within the Neighborhood Association, and rights of a Member to the use of any nonessential services offered by the Neighborhood Association, to the extent that access and the provision of utilities to the Lot through the Neighborhood Common Areas are not precluded, for any period during which any assessment against such Member's Lot remains unpaid or for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(d) the right of the Neighborhood Association at any time, or upon dissolution of the Neighborhood Association, and consistent with the then-existing zoning and subdivision ordinances of the Town of Westfield (the "Town") and/or Hamilton County, Indiana (the "County") and consistent with its designation of the Neighborhood Common Areas as "open space", to transfer all or any part of the Neighborhood Common Areas to an organization conceived and organized to own and maintain common open space, or, if such organization will not accept such a transfer, then to the Town and/or County (herein sometimes collectively referred to as the "Local Governing Authority") or other appropriate governmental agency, or, if such a transfer is declined, then to another entity in accordance with the laws governing the same, for such purposes and subject to conditions as may be agreed to by the Members. Except in the case of dissolution, any such transfer shall have the assent of at least two-thirds (2/3) of each class of Members entitled to vote and who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present, written notice of which having been sent to all Members not less than twenty-five (25) days nor more than fifty (50) days in advance of the meeting setting forth the purpose of the meeting. Upon such assent and in accordance therewith, the officers of the Neighborhood Association shall execute the necessary documents. The re-division or adjustment of the boundary lines of the Neighborhood Common Areas and the granting of easements by the Neighborhood Association shall not be deemed a transfer within the meaning of this Article;

(e) the right of the Neighborhood Association to grant, with or without payment to the Neighborhood Association, licenses, rights-of-way and easements through or over any portion of the Neighborhood Common Areas;

(f) the right of the Neighborhood Association to lease part or all of the Neighborhood Common Areas per the terms and conditions of a lease acceptable to and approved and authorized by the Board of Directors of the Neighborhood Association and executed for and on behalf of the Neighborhood Association by the President of the Neighborhood Association; provided however that such lease(s) must:

- (i) be only to non-profit organizations;

- (ii) prohibit assignment and subleasing;
- (iii) require the prior, written approval of the Neighborhood Association by and through the Board of Directors of the Association of uses of the Neighborhood Common Areas and facilities, which must be in accordance with this Neighborhood Declaration;
- (iv) be consistent with the then-existing ordinances of the Local Governing Authority; and
- (v) be consistent with the open space designation of the Neighborhood Common Area;
- (g) the right of the Declarant or the Neighborhood Association to re-subdivide and/or adjust the boundary lines of the Neighborhood Common Areas or Master Common Areas consistent with applicable zoning and subdivision ordinances as either deems necessary for the orderly development of the subdivision;
- (h) all rights reserved by the Declarant in Article VIII hereof; and
- (i) the right of the Declarant and any Designated Builder to erect, maintain and operate real estate sales and construction offices, displays, signs and other facilities for sales, marketing and construction purposes.

The Neighborhood Association, acting through its board of directors (the "Board of Directors"), may exercise these rights without the need for any approval from any Member, Mortgagee or any Federal Agency, unless provided otherwise in this Neighborhood Declaration.

Section 4.2. Delegation of Use. Any Member may delegate its right of enjoyment to the Neighborhood Common Areas and facilities to the members of its immediate household, its tenants or contract purchasers who reside on the Member's Lot. However, by accepting a deed to such Lot, every Owner covenants that should the Owner desire to rent its Lot, the rental agreement shall contain specific conditions which require the tenant to abide by all Neighborhood Association covenants, rules and regulations, and any Owner desiring to rent a Lot further covenants that the tenant will be provided a complete set of all Neighborhood Association covenants, rules and regulations.

ARTICLE V

ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation for Assessments. Article XII of the Master Declaration provides for the payment of different assessments (collectively the "Master Assessments"). In addition to the Master Assessments, each Owner of any Lot, except the

Declarant and/or a Designated Builder, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other instrument of conveyance, is deemed to covenant and agree to also pay to the Neighborhood Association: (i) Annual Assessments (as hereinafter defined), (ii) Special Assessments (as hereinafter defined), and any other amounts as may be provided for hereunder to be due from any Owner in connection with his, her or its ownership of a Lot in the Community. Such assessments are to be established and collected as hereinafter provided. The Neighborhood Association's Annual Assessments and Special Assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on each applicable Owner's Lot (excluding Lots owned by the Declarant and/or a Designated Builder) and shall be a continuing lien upon the Lot against which each 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 Lot at the time the assessment fell due and shall not be the personal obligation of a successor in interest unless expressly assumed by such successor. The Annual Assessments and Special Assessments, when assessed upon resolution of the Board of Directors for each year, shall become a lien on the Lot in the amount of the entire Annual Assessment or Special Assessment, but shall be payable in equal installments, collected on a monthly, bi-monthly, quarterly, semi-annual or annual basis, as determined by the Board of Directors.

Section 5.2. Purpose of Assessment. The assessments levied by the Neighborhood Association shall be used for the following purposes:

- (a) the improvement, maintenance, and repair of all Neighborhood Common Areas including the Private Streets, the Sidewalks, and the Parking Areas;
- (b) to fulfill the duties of the Neighborhood Association specified in Article XI below; and
- (c) to carry out such other purposes as the Board of Directors may, in its sole discretion, determine to be appropriate.

Section 5.3. Establishment of Annual Assessment.

(a) The Neighborhood Association must levy in each of its fiscal years an annual assessment (the "Annual Assessment"), against each Lot. The amount of such Annual Assessment shall be established by the Board of Directors, subject to the limitations imposed by Section 5.4, below, and written notice of such shall be sent to every Owner at least thirty (30) days in advance of the commencement of each Annual Assessment period. The Annual Assessment shall become applicable as to all Lots (as shown on a recorded subdivision plan) on the first day of the month following the first conveyance of a Lot to an Owner who is not the Declarant or a Designated Builder. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year.

(b) The amount of the Annual Assessment shall be determined by the Board of Directors according to its estimate of the cost of providing services or rights of use which are common to all of the Lots.

Section 5.4. Basis and Maximum Annual Assessment. Until January 1 of the year immediately following conveyance of the first Lot to an Owner other than the Declarant or a Designated Builder, the maximum Annual Assessment shall be Eight Hundred Forty Dollars (\$840.00).

(a) From and after January 1 of the year immediately following the first conveyance of a Lot to an Owner other than the Declarant or a Designated Builder, the maximum Annual Assessment may increase, effective January 1 of each year, without the need for a vote of the Members, by an amount equal to the greater of (i) the anticipated increase in costs of insurance, taxes, snow removal, recycling, trash and waste removal, plus (ii) an amount equal to the amount of the prior year's Annual Assessment times ten percent, (10%).

(b) The Board of Directors may determine not to increase the maximum Annual Assessment to the full extent of the automatic increase provided by subparagraph (a) of this Section, in which case the Board of Directors may determine to increase the Annual Assessment by any lesser amount.

(c) From and after January 1 of the year immediately following the first conveyance of a Lot to an Owner other than the Declarant, the maximum Annual Assessment may be increased above that established by subparagraph (a) annually, provided that, to be effective, any such change shall have the assent of more than fifty percent (50%) of the votes of each class of Members who are entitled to vote and who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present, written notice of which (setting forth the purpose of the meeting) shall be sent to all Members not less than fifteen (15) days in advance of the meeting.

Section 5.5. Special Assessments. In addition to the Annual Assessment authorized above, the Neighborhood Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements upon the Neighborhood Common Areas, including the fixtures and personal property related thereto, or for any other specified purpose (the "Special Assessment"). Any such Special Assessment shall be levied against all of the Lots which benefit from the construction, reconstruction, repair or replacement of capital improvements giving rise to the Special Assessment, *pro rata* according to each Lot's benefit, as reasonably determined by the Board of Directors, which determination shall be final. The amount of the Special Assessment shall be the same for each Lot; provided, however, that Special Assessments shall not be applicable to Lots owned by the Declarant or a Designated Builder. To be effective, any such assessment shall have the assent of more than two-thirds (2/3) of

the votes of each class of Members who are entitled to vote and who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present, written notice of which setting forth the purpose of the meeting having been sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 5.6. Quorum for any Action Authorized Under Sections 5.4 or 5.5. At the first calling of a meeting under Section 5.4 or Section 5.5 of this Article, the presence at the meeting of Members or proxies entitled to cast thirty percent (30%) of all the votes of each class of Members shall constitute a quorum. If the required quorum does not exist at any such meeting, another meeting may be called subject to the notice requirements set forth in Section 5.4 and Section 5.5 and to applicable law, and the required quorum at any such 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. Rate of Assessment. The Annual Assessment shall be fixed at a uniform rate and due and owing for all Lots, except for and excluding Lots owned by the Declarant or a Designated Builder, and the Special Assessments shall be fixed at a uniform rate and due and owing for all Lots, except for and excluding unoccupied Lots owned by the Declarant or a Designated Builder.

Section 5.8. Declarant and Designated Builder Exempt. Notwithstanding anything in this Neighborhood Declaration to the contrary, under no circumstances shall the Declarant or a Designated Builder be liable for or obligated to pay any Annual Assessments or Special Assessments.

Section 5.9. Notice of Assessment and Certificate. Written notice of the Annual Assessments and any Special Assessments shall be sent to every Member. The due dates for payment of the Annual Assessments and any Special Assessments shall be established by the Board of Directors and, unless otherwise specified by the Board of Directors in their sole discretion, the Annual Assessments shall be payable quarterly with due dates of March 31, June 30, September 30, and December 31. The Neighborhood Association shall, upon demand at any time, furnish a certificate in writing signed by an officer or authorized agent of the Neighborhood Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 5.10. Remedies of the Neighborhood Association in the Event of Default. If any assessment pursuant to this Neighborhood Declaration is not paid within thirty (30) days after its due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum. In addition, in its discretion, the Neighborhood Association may:

- (a) impose a penalty or late charge as previously established by rule;

(b) bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. A suit to recover a money judgment for nonpayment of any assessment levied pursuant to this Neighborhood Declaration, or any installment thereof, may be maintained without perfecting, foreclosing or waiving the lien provided herein to secure the same;

(c) suspend a Member's voting rights, right to hold an office within the Neighborhood Association, and right to use nonessential services offered by the Neighborhood Association to the extent that access and the provision of utilities to the Lot through the Neighborhood Common Areas and Master Common Areas are not precluded. An Owner, whose rights have been suspended in this manner, shall have no right to any refund or suspension of his, her or its obligations to pay such assessments for the duration of such suspension or otherwise; and

(d) accelerate the due date of the unpaid assessment so that the entire balance shall become immediately due, payable and collectible.

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Neighborhood Common Areas or facilities, abandonment of its Lot, or the failure of the Neighborhood Association or the Board of Directors to perform their duties.

Section 5.11. Subordination of the Lien to Mortgages. The lien for the assessments provided for herein shall be subordinate to the lien of any properly recorded first mortgage or deed of trust encumbering a Lot. Notwithstanding anything contained in this Section 5.11 or elsewhere in this Neighborhood Declaration, any sale or transfer of a Lot to a Mortgagee pursuant to a foreclosure of its mortgage or conveyance in lien thereof, or a conveyance to any person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid assessments (or periodic installments, if applicable) which became due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien shall not relieve the prior Owner from personal liability therefore. No such sale, transfer or conveyance shall relieve the Lot, or the purchaser thereof at such foreclosure sale, or the grantee in the event of conveyance in lien thereof, from liability for any assessments (or periodic installments of such assessments, if applicable) thereafter becoming due or from the lien for such assessments.

Section 5.12. Exempt Property. The following property subject to this Neighborhood Declaration shall be exempt from the assessments created herein: (a) all property dedicated to and accepted by a local public authority; and (b) the Neighborhood Common Areas ; however, no developed or undeveloped Lot, land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 5.13. Reserves for Replacements. The Neighborhood Association shall establish and maintain a reserve fund for (a) the maintenance, repair and replacement of the Neighborhood Common Areas and improvements located thereon and for (b) the painting of the hard-plank siding

and exterior wood trim of the Dwelling Units by the allocation and payment to such reserve fund of an amount to be designated from time to time by the Board of Directors, which reserve fund shall be sufficient, in the sole opinion of the Board of Directors, to accommodate such future maintenance, repair and replacement and which shall be a component of the Annual Assessment. Such fund shall be conclusively deemed to be a common expense of the Neighborhood Association and may be deposited with any banking institution, the accounts of which are insured by any state or by any agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve for replacement of the Neighborhood Common Areas and the painting of the hardi-plank siding and exterior wood trim of the Dwelling Units may be expended only for the purpose of effecting the replacement of the Neighborhood Common Areas, major repairs to and replacement of any improvements within the Neighborhood Common Areas, including but not limited to sidewalks, parking areas, landscape improvements, street or common area lighting, Private Streets, equipment replacement, painting of the hardi-plank siding and exterior wood trim of the Dwelling Units, and for start-up expenses and operating contingencies of a nonrecurring nature relating to the Neighborhood Common Areas. The Neighborhood Association may establish such other reserves for such other purposes as the Board of Directors may from time to time consider to be necessary or appropriate. The proportional interest of any Member in any such reserves shall be considered an apportionance of the Member's Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

ARTICLE VI

RESTRICTIVE COVENANTS

Section 6.1. Residential Use. The Neighborhood Property shall be used exclusively for residential purposes except as provided in Section 6.18 hereof. The Declarant reserves the right, pursuant to a recorded subdivision or re-subdivision plat, to alter, amend, and change any Lot line or subdivision plan or plat. No building shall be erected, altered, placed or permitted to remain on any Lot other than one Dwelling Unit and appurtenant structures, approved by the Neighborhood Association and appropriate Local Governing Authorities, for use solely by the occupant of the Dwelling Unit.

Section 6.2. Original Improvements. As part of the original development of the Property, the Declarant and/or a Designated Builder shall (i) construct Dwelling Units and Structures, including uniform mail boxes incident thereto, as well as exterior lighting on Dwelling Units and (ii) install landscaping, and other exterior lighting and improvements on the Property (collectively the "Original Improvements"). With the exception of (i) exterior pots for flowers and plants and (ii) landscape ornaments not to exceed twenty four (24) inches in height, improvements, structures, and (iii) the flag of the United States of America, only the Original Improvements and the replacements thereof shall be permitted upon the Lots, and all other improvements, landscaping upon Lots and Structures are prohibited and, as such, and by way of example only and not by way of limitation, awnings, electric bug killers, outbuildings, animal

quarters, children's play equipment, trampolines, basketball goals, swimming pools, hot tubs, outbuildings, storage buildings, wood stacks, and decks not part of the Original Improvements are prohibited; provided, however, that nothing herein shall prohibit (i) the reconstruction or repair of any Original Improvement damaged or destroyed by casualty, so long as such replacement and repair is consistent with the remaining Original Improvements and approved by the Architectural Review Board and (ii) the repair and replacement of any landscaping by the Association.

Section 6.3. Architectural Review Board Approval. No Structure (as herein defined) or addition to a Structure shall be erected, placed, painted, altered or externally modified or improved on any Lot until the plans and specifications, including design, elevation, material, shape, height, color and texture, and a site plan showing the location of all improvements with grading modifications, shall be filed with and approved in writing by the Architectural Review Board, and, if required, by appropriate Local Governing Authorities and, where required, appropriate construction permits obtained. As used herein, the term "Structure" shall include, but not be limited to, any building or portion thereof, including, without limitation, walls, decks, patios, stairs, windows, window boxes, doors, fences, play equipment, greenhouses, skylights, address markers, mail boxes, name plates, flag poles, lawn ornaments, trees, hedges, shrubbery, solar panels, satellite dishes, antennae, shutters, awnings, fences, pools, hot-tubs, pavement, walkways, driveways, garages and/or garage doors, or appurtenances to any of the aforementioned.

Section 6.4. Laundry. No clothing, laundry or wash shall be aired or dried on any portion of the Neighborhood Property within public view.

Section 6.5. Sight Lines. No fence, wall, tree, hedge or shrub shall be maintained in such a manner as to obstruct sight lines for vehicular traffic.

Section 6.6. Nuisance. No noxious or offensive activity shall be carried on upon the Property, nor shall anything be done or placed thereon which is or may become an annoyance or nuisance to the neighborhood. No exterior lighting on a Lot shall be directed outside the boundaries of the Lot.

Section 6.7. Maintenance. Other than as specifically and expressly set forth in Section 11.2 below, an Owner shall, at all times, maintain its Dwelling Unit and all appurtenances thereto in good repair and in a state of neat appearance from all exterior vantage points. Prior to landscaping any Lot (other than flowers within approved flower beds), the Owner of such Lot must submit a written landscape plan to the Architectural Review Board for its review and approval or disapproval. The Owner shall not be permitted to remove any trees or shrubs on the Lot without the approval of the Architectural Review Board, except as may be ordered by Local Governing Authorities or by the Architectural Review Board to maintain proper sight lines. No approval for removal of any trees or shrubs will be granted by the Architectural Review Board unless appropriate provisions are made for replacing the removed trees or shrubs.

Section 6.8. Animals. No domesticated or wild animal shall be kept or maintained on any Lot, except for common household pets such as dogs and cats which may be kept or maintained, provided that they are not kept, bred or maintained for commercial purposes and do not create a nuisance or annoyance to surrounding Lots or the neighborhood and are kept in compliance with applicable laws and ordinances of the Local Governing Authority. Pets will not be permitted outside of a Dwelling Unit unless on a leash and any Owner walking a pet within the Community or on any Neighborhood Common Area will immediately clean up any solid animal waste and properly dispose of the same. Law enforcement and animal control personnel shall have the right to enter the Neighborhood Property to enforce local animal control ordinances. Unless permitted by the Board of Directors of the Neighborhood Association, no Owner shall maintain more than two (2) of the same type (dog, cat, bird) of pet nor more than four (4) total pets; provided, however, that fish which are located in indoor aquariums and which pose no risk to the public health shall not be considered pets for the purpose of this restriction.

Section 6.9. Trash Storage. Trash shall be collected and stored in trash receptacles only and not solely in plastic bags. Trash and garbage receptacles shall not be permitted to remain in public view and shall remain inside of each Owner's garage except on days of trash collection, except those receptacles designed for trash accumulation located in the Neighborhood Common Area. No accumulation or storage of litter, new or used building materials, or trash of any kind shall be permitted on the exterior of any Dwelling Unit.

Section 6.10. Antennae Systems. To the extent not inconsistent with federal law, exterior television and other antennae, including satellite dishes, are prohibited, unless approved in writing by the Architectural Review Board. The Architectural Review Board shall adopt rules for the installation of such antennae and/or satellite systems, which rules shall require that antennae and satellite dishes be placed as inconspicuously as possible and only when fully screened from public view on the rear and above the eave line of any Dwelling Unit. Satellite dishes will not exceed 18 inches in diameter. It is the intent of this provision that the Architectural Review Board shall be able to strictly regulate exterior antennae and satellite dishes to the fullest extent of the law and should any regulations adopted herein or by the Architectural Review Board conflict with federal law, such rules as do not conflict with federal law shall remain in full force and effect.

Section 6.11. Painting. No person shall paint the exterior of any building, or portion thereof. All Dwelling Units in the Community will, at all times, be painted in a uniform color, without variation.

Section 6.12. Finished Exteriors. The exteriors of all Structures, including, without limitation, walls, doors, windows and roofs, shall be kept in good maintenance and repair. No Structure shall be permitted to stand with its exterior in an unfinished condition for longer than six (6) months after the commencement of construction. In the event of fire, windstorm or other damage, the exterior of a Structure shall not be permitted to remain in a damaged condition for longer than three (3) months, unless expressly excepted by the Board in writing. Absent approval from the Architectural Review Board to the contrary, all maintained, repaired, or replaced roofs and

other structure exterior shall be the same color and texture as the original roof and other structure exterior.

Section 6.13. Fences. Except for any fencing installed by the Developer on any Lot or in any Neighborhood Common Areas, no fence or similar enclosure shall be erected or built on any Lot.

Section 6.14. Vehicles. No inoperable, junk, unregistered or unlicensed vehicle shall be kept on the Neighborhood Property. No portion of the Neighborhood Property shall be used for the repair of a vehicle.

Section 6.15. Commercial Vehicles. No commercial or industrial vehicle, such as but not limited to moving vans, trucks, tractors, trailers, vans, wreckers, tow trucks, hearses and buses, shall be regularly or habitually parked or parked overnight on the Neighborhood Property, except upon the prior written approval of the Architectural Review Board.

Section 6.16. Recreational Vehicles. No recreational vehicles or equipment, such as but not limited to boats, boating equipment, jet-skis, wave runners, all terrain vehicles ("ATVs"), recreation vehicles ("RVs"), travel trailers, camping vehicles or camping equipment shall be parked on the Neighborhood Property without the prior, written approval of the Architectural Review Board, as to location, size, screening and other relevant criteria. The Neighborhood Association shall not be required to provide a storage area for these vehicles.

Section 6.17. Towing. The Board of Directors shall have the right to tow any vehicle parked or kept in violation of the covenants contained within this Article, upon twenty-four (24) hours' notice and at the vehicle owner's sole expense.

Section 6.18. Garage Usage. Any conversion of any garage that will preclude the parking of vehicles within that garage is prohibited. Owner's shall keep their garages at all times in a manner that will permit the usage of such garage for parking of passenger automobiles, vans and/or trucks.

Section 6.19. Rental Agreements. Any rental agreement for a Dwelling Unit must be for an initial period of at least six (6) months, must be in writing and must be subject to the rules and regulations set forth in this Neighborhood Declaration and in the other Neighborhood Association documents. Every such rental agreement must include a provision stating that any failure by the tenant, its household members or guests, to comply with the terms of this Neighborhood Declaration shall be a default under the rental agreement, and the Owner shall be responsible for enforcing that provision.

Section 6.20. Initial Construction and Marketing. The Declarant or its assigns, or any Designated Builder, may, during its construction and/or sales period, erect, maintain and operate real estate sales and construction offices, model homes, awnings, flag poles, trap fencing, displays, signs and special lighting on any part of the Neighborhood Property and on or in any building or

Structure now or hereafter erected thereon and shall not be bound by the provisions of this Article to the extent application thereof would delay, hinder or increase the cost of construction and/or marketing of Dwelling Units for sale in the Community.

Section 6.21 Insurance. It shall be the sole responsibility of each Owner, at such Owner's sole cost and expense, to maintain reasonable and adequate homeowner's insurance providing (i) comprehensive liability insurance insuring such Owner from liability arising out of such Owner's Dwelling Unit and Lot, and (ii) comprehensive casualty insurance insuring such Owner's Lot and Dwelling Unit from hazards typically insured including, without limitation, theft, vandalism, fire, and wind storms. The only insurance maintained by the Association is that specified below in Section 11.2(d).

Section 6.22. Holiday and Seasonal Decorations. Any holiday or seasonal decorations or ornamentation that is placed on the exterior of a Dwelling Unit or Structure, or that is otherwise visible from the exterior of such Dwelling Unit or Structure, shall be first approved by the Architectural Review Board.

Section 6.23. Window Boxes. No window boxes containing flowers or any other vegetation shall be erected or attached to any Dwelling Unit.

Section 6.24 Dusk to Dawn Coach Lights. Each Owner shall maintain any and all coach lights installed as a part of the initial construction of each Dwelling Unit in good order, condition and repair, including, without limitation, any necessary repairs or maintenance as may be required for the effective operation of all "dusk to dawn" photocell switches and replacement of light bulbs so that those coach lights remain continuously operational from dusk to dawn.

Section 6.25. Signs. Permitted Signs shall include only those professionally constructed signs which advertise a home on a Lot for sale by a licensed and registered real estate broker/company, and which are non-illuminated and less than or equal to 6 square feet in size ("Permitted Signs"). With the exception of Permitted Signs, all signs including, but not limited to those advertising a garage sale or a Lot "For Lease", must be approved by the Architectural Review Board before being placed upon any Lot, Neighborhood Common Area or Master Common Area, or displayed from a Dwelling Unit. No more than one sign (including a Permitted Sign) may be displayed on a Lot or from a Dwelling Unit at one time. In addition, no more than one sign (including a Permitted Sign) may be displayed in the Community by an entity owning multiple Lots. All Permitted Signs advertising a Lot for sale shall be removed within three (3) business days of the conveyance of the Lot. Signs advertising a Lot for "Rent to Own", or something similar, are expressly prohibited and may not be placed on any Lot or displayed from a Dwelling Unit constructed thereon. The Declarant and Designated Builder(s) are expressly exempt from the requirements of this Section 6.25 and may post any signs on Neighborhood Common Areas, Master Common Areas and Lots owned by Declarant and/or Designated Builder(s), as they deem necessary.

Section 6.26. Nuisance. No noxious or offensive activity shall be carried on or permitted to be carried on upon the Neighborhood Property, nor shall anything be done or placed thereon which is or may become an annoyance or nuisance to the neighborhood. Nothing shall be done or kept or permitted to be done or kept by an Owner in any Dwelling Unit, or on any Lot, or on any of the Neighborhood Common Areas, which will cause an increase in the rate of insurance paid by the Neighborhood Association or any other Owner. No Owner shall permit anything to be done or kept in his Dwelling Unit or on his Lot which will result in a cancellation of insurance on any part of the Neighborhood Common Area or any other Owner; or which would be a violation of any law or ordinance or the requirements of any insurance underwriting or rating bureau. No Dwelling Unit or Lot shall be used in any unlawful manner or in any manner which might cause injury to the reputation of the Community or which might be a nuisance, annoyance, or inconvenience, or which might cause damage, to other Owners and occupants of Dwelling Units or neighboring property, including, without limiting the generality of the foregoing, noise by the use of any musical instrument, radio, television, loud speakers, electrical equipment, amplifiers or other equipment or machinery. No exterior lighting on a Lot shall be directed outside the boundaries of the Lot. No outside toilets shall be permitted on any Lot (except during a period of construction and then only upon obtaining prior written consent of the Architectural Review Board), and no sanitary waste or other wastes shall be permitted to be exposed.

Section 6.27. Additional Rules and Regulations. The Neighborhood Association shall have the authority to adopt such rules and regulations regarding this Article as it may from time to time consider necessary or appropriate.

ARTICLE VII

ARCHITECTURAL REVIEW BOARD

Section 7.1. The Architectural Review Board. As used herein, the term "Architectural Review Board" will mean and refer to a group of individuals who will administer the duties described in Section 7.3, below. During the Committee Period, as herein defined, the Architectural Review Board will consist three (3) members appointed by the Declarant and, after the Committee Period, the Architectural Review Board will consist of the Board of Directors of the Association. For purposes of this Neighborhood Declaration, the term "Committee Period" will mean and refer to the period of time during which the Declarant and/or a Designated Builder owns at least one (1) Lot in the community. After the end of the Committee Period, the term of membership for any member of the Architectural Review Board will be coterminous with the term of that individual's membership on the Board of Directors.

Section 7.2. Removal and Vacancies. Until the end of the Committee Period, members of the Architectural Review Board may be removed by the Declarant at any time, with or without cause. The Declarant will fill any vacancies on the Architectural Review Board in the same manner that it has the right to initially appoint members of the Architectural Review Board, in its sole discretion. After the Committee Period, individuals who are members of the Architectural Review Board may only be removed from that board to the extent that such

individual is removed or otherwise ceases to be a member of the Board of Directors of the Association.

Section 7.3. Duties. The Architectural Review Board shall regulate the external design and appearance of the Property and the external design, appearance and location of the structure's improvements thereon in such a manner so as to preserve and enhance property values and to maintain harmonious relationships among Structures and the natural vegetation and topography in the Community. In furtherance thereof, the Architectural Review Board shall:

- (a) review and approve or disapprove written applications of Owners for proposed alterations or additions to Lots;
- (b) periodically inspect the Neighborhood Property for compliance with adopted, written architectural standards and approved plans for alteration;
- (c) adopt and publish architectural standards subject to the confirmation of the Board of Directors;
- (d) adopt procedures for the exercise of its duties; and
- (e) maintain complete and accurate records of all actions taken by the Architectural Review Board.

No request for approval by the Architectural Review Board will be reviewed or otherwise considered unless submitted in writing by the Owner requesting such approval. Approval by the Architectural Review Board of a correctly filed application shall not be deemed to be an approval by Local Governing Authorities nor a waiver of the applicant's obligation to obtain any required approvals from any such Local Governing Authorities or to otherwise comply with applicable local ordinances. No approval of the Architectural Review Board or any committee thereof shall be effective unless in writing and signed by the members of the Architectural Review Board or applicable committee whose approval is required hereunder.

Section 7.4. Failure to Act. Failure of the Architectural Review Board, any committee thereof or the Board of Directors to respond to any request for approval, enforce the architectural standards contained in this Neighborhood Declaration or to notify an Owner of noncompliance with architectural standards or approved plans for any period of time shall not constitute a waiver by the Architectural Review Board or the Board of Directors of any provision of this Neighborhood Declaration requiring such approval hereunder or otherwise prevent the Architectural Review Board or the Board of Directors from enforcing this Neighborhood Declaration at any later date.

Section 7.5. Enforcement. Any exterior addition, change or alteration made without a written application to, and approval of, the Architectural Review Board shall be deemed to be in

violation of this Neighborhood Declaration and may be required by the Board of Directors to be restored to its original condition at the offending Owner's sole cost and expense.

ARTICLE VIII

EASEMENTS AND OTHER AREAS

Section 8.1. Emergency Easement Rights. The Declarant hereby grants a blanket easement to the Neighborhood Association, its directors, officers, agents and employees, to any manager employed by or on behalf of the Neighborhood Association, and to all police, fire, ambulance personnel and all similar persons, to enter upon the Neighborhood Property in the exercise of the functions provided for by this Neighborhood Declaration, Articles of Incorporation, By-Laws and rules of the Neighborhood Association, and in the event of emergencies and in the performance of governmental functions.

Section 8.2. General Easements. The Declarant hereby reserves unto itself and its assigns, any governmental or municipal agency, and any public or private utility, a general easement upon all Lots for the installation, maintenance, repair, and use of any drainage, utility, and sewer lines or infrastructure so as to permit the installation, maintenance, repair, and use of all electrical, telephone, water, gas, sanitary and storm sewer and other utility services, including all necessary lines, pipes, wires, cables, ducts, antenna, and other facilities to serve any Dwelling Unit constructed on the Neighborhood Property. This general easement shall be on all areas of a Lot not occupied by a Dwelling Unit, with the exception of areas covered by chimneys or patios. This general easement shall not be exercised, after the conveyance of any Lot, in a manner that (i) unreasonably or adversely affects any Dwelling Unit or portion hereof located upon such Lot, or (ii) unreasonably restricts the right of ingress and egress to such Lot.

Section 8.3. Limitation on General Easement Rights. When not an emergency situation or a governmental function, the rights accompanying the easements provided for in Section 8.1 of this Article shall be exercised only during reasonable daylight hours and then, whenever practicable, only after advance notice to, any Owner or tenant directly affected.

Section 8.4. Encroachments. If any improvement on the Neighborhood Property now or hereafter encroaches on any other portion of the Neighborhood Property by reason of (a) the original construction thereof by the Declarant or its assigns, which shall include, but not be limited to, any party wall or driveway which encroaches over a Lot's boundary line and any drainage of storm water from roofs and gutters, (b) deviations within normal construction tolerances in the maintenance, repair, replacement or reconstruction of any improvement, or (c) the settling or shifting of any land or improvement, an easement is hereby granted to the extent of any such encroachment for the period of time the encroachment exists. The owner of the encroaching improvement shall also have an easement for the limited purpose of maintenance of the encroaching improvement. This easement does not relieve any Owner or any other person from liability for such Owner's or other person's negligence or willful misconduct.

Section 8.5. Ingress Egress Easement. The Declarant and its agents and employees, and any Designated Builder and its agents and employees, shall have a right of ingress and egress, as required for construction on and development of the Neighborhood Property and otherwise over (i) Neighborhood Common Areas, and (ii) portions of any Lots not occupied by a Dwelling Unit; provided, however, that any person or entity exercising such easement rights upon a Lot shall promptly repair any resulting damage so that the Lot is restored to the condition in which it existed immediately prior to the exercise of such easement rights.

Section 8.6. Drainage, Utility and Sewer Easements (DU & SE). Any Drainage, Utility and Sewer Easement (DU & SE) shown on any Neighborhood Plat are created to provide (i) paths and courses for area and local storm drainage, either over land or in adequate underground conduit, to serve the Neighborhood Property and adjoining ground, including but not limited to the adjacent property described in Exhibit B attached hereto and incorporated herein by this reference, and/or other drainage infrastructure systems, (ii) for the use by public and private utilities and local governments and their agencies having jurisdiction over any storm and sanitary waste disposal system which may be designed to serve the Neighborhood Property and adjoining lands, for the purpose of the installation and maintenance of sanitary and storm sewers and (iii) utility easements for the use of the Declarant, the Neighborhood Association, the Owners, and any municipal or private utility companies for the installation and maintenance of mains, ducts, poles, lines, wires and other utility facilities and infrastructure.

Section 8.7. Reservation of Right to Grant Future Easements. There is reserved to the Declarant a right to grant non-exclusive easements over any Lot or Neighborhood Common Area for the purposes of installing, repairing and/or maintaining utility lines of any sort, including but not limited to storm drains and drainage swales, sanitary sewers, gas lines, electric lines and cables, water lines, telephone lines, telecommunication lines and cables, and the like, and for any purpose necessary for the Declarant or its assigns to obtain the release of any bonds posted with a municipality, governmental agency or regulatory agency, and non-exclusive easements over the Neighborhood Common Areas to any municipal agency or private entity for any other purpose consistent with the "open space" designation thereof. This right to grant easements shall automatically expire as to any Lot or Neighborhood Common Area seven (7) years from the date of submission of such Lot or Neighborhood Common Area to this Neighborhood Declaration.

Section 8.8. Bonds and/or Dedication Requirements. There is reserved to the Declarant an easement and the right to grant and reserve easements or to vacate or terminate easements across all Lots and on Neighborhood Common Areas as may be required by any governmental agency or authority or utility in connection with the release of improvement bonds or the acceptance of public streets for state maintenance with respect to the Neighborhood Property.

Section 8.9. Easements for Corrective Work. There is reserved to the Declarant a non-exclusive easement over all Lots and Neighborhood Common Areas for the purposes of (i) correcting, repairing or maintaining any drainage, drainage infrastructure, utility infrastructure,

grading or re-grading, maintenance, landscaping, (ii) moving, (iii) erecting street intersection signs, directional signs, temporary promotional signs, entrance features, lights and wall features, and (iv) executing any of the powers, rights, or duties granted to or imposed on the Neighborhood Association herein. This easement shall automatically expire as to any Lot seven (7) years from the date of submission of such Lot to this Neighborhood Declaration.

Section 8.10. Parking Areas. Parking Areas are not dedicated to the public and are not to be used by the general public; instead, Parking Areas are to be used exclusively by Owners and their family members, guests, invitees, and lessees for the parking of motor vehicles.

Section 8.11. Sidewalks. That portion of the Neighborhood Common Areas occupied by Sidewalks is hereby reserved for use by not only the Owners and their family members, guests, invitees, and lessees, but the general public, as well, for pedestrian purposes in the manner in which sidewalks are typically used.

Section 8.12. Private Streets. The surface of that portion of the Neighborhood Common Areas occupied by Private Streets is reserved not only for the use for Owners and their family members, guests and invitees, but also for the use by the general public, for vehicular ingress and egress in the manner in which streets are customarily used.

ARTICLE IX

PARKING

Parking of any type of vehicle in any Neighborhood Common Area is prohibited in areas other than areas specifically identified as parking areas, adjacent to Private Streets within Neighborhood Common Areas. Parallel parking within internal private streets within Neighborhood Common Areas is prohibited. The Board of Directors may promulgate such rules and regulations as it deems appropriate to regulate the use of any Neighborhood Common Areas to permit temporary parking for purposes of loading and unloading passengers and materials. Those rules and regulations may include the towing of any vehicles parked in violation of this Neighborhood Declaration, with no notice of towing required and at the vehicle owner's sole expense. Temporary parking of vehicles on adjacent public rights-of-way will be subject to applicable limitations and fees imposed by the Local Governing Authorities.

ARTICLE X

PARTY WALLS

Section 10.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Dwelling Units upon the Neighborhood Property and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 10.2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any such party wall is damaged or destroyed by fire or other casualty or by some cause other than the act of one of the adjoining Owners, its agents, family, household or guests (including ordinary wear and tear and deterioration from lapse of time), then in such event both such adjoining Owners shall proceed forthwith to rebuild or repair the structural components of such wall, sharing equally the cost thereof, and each individual Owner shall proceed forthwith to rebuild or repair the non-structural components of such wall in proportion to their respective uses of the party wall. Any and all such reconstruction and/or repairs shall be completed immediately to the extent that the failure to commence and/or complete such reconstruction and/or repairs would result in an immediate risk to human health and/or safety. All other reconstruction and/or repairs shall be completed within three (3) months following the casualty or other event that damaged or destroyed such party wall, unless a longer period of time is approved of by the Neighborhood Association. If the damage is of such a nature that it has resulted, or will (if left uncorrected) result in damage or destruction of such party wall, the reconstruction and/or repairs will be completed within a reasonable time, not exceeding six (6) months following the initial discovery of the condition. Any and all such reconstruction and/or repair shall be made in compliance with all requirements of Local Governing Authorities and otherwise in compliance with all applicable laws, to the same or better condition as existed prior to such damage or destruction.

Section 10.3. Repairs for Damage Caused by One Owner. If any such party wall is damaged or destroyed through the act of one or more adjoining Owners, or their respective agents, families, households or guests (collectively the "Offending Parties"), whether or not such act is negligent or otherwise culpable, so as to deprive another adjoining Owner of the full use and enjoyment of the wall, then the Owner(s) of the Dwelling Unit(s) from whence the Offending Parties committed the act that caused the damage or destruction, shall forthwith proceed to rebuild and repair the same, in the manner required under Section 10.2, above, without cost to the adjoining Owner.

Section 10.4. Other Changes. In addition to meeting the other requirements of these restrictive covenants and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild its Dwelling Unit in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining Owner, whose consent shall not be unreasonably withheld. If the adjoining Owner has not responded in writing to the requesting Owner within twenty-one (21) days of its receipt of any such written request, given by registered or certified mail, return receipt requested, such consent of the adjoining Owner shall be deemed received.

Section 10.5. Right to Contribution Runs with the Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 10.6. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written

request of one of such Owners addressed to the Neighborhood Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute.

ARTICLE XI

POWERS AND DUTIES OF THE NEIGHBORHOOD ASSOCIATION

Section 11.1. **Discretionary Powers and Duties.** The Neighborhood Association shall have the following powers and duties which may be exercised in its discretion:

(a) to enforce any covenants or restrictions which are imposed by the terms of this Neighborhood Declaration or which may be imposed on any part of the Neighborhood Property. Nothing contained herein shall be deemed to prevent the Owner of any Lot from enforcing any building restriction in its own name. The right of enforcement shall not serve to prevent such changes, releases or modifications of the restriction or reservations placed upon any part of the Neighborhood Property by any party having the right to make such changes, releases or modifications in the deeds, contracts, declarations or plats in which such restrictions and reservations are set forth; and the right of enforcement shall not have the effect of preventing the assignment of those rights by the proper parties whenever and whenever such right of assignment exists. Neither the Neighborhood Association nor the Board of Directors shall have a duty to enforce the covenants by an action at law or in equity if, in its or their opinion, such an enforcement is not in the Association's best interest. The expenses and costs of any enforcement proceedings shall be paid out of the general fund of the Neighborhood Association as herein provided for; provided, however, that the foregoing authorization to use the general fund for such enforcement proceedings shall not preclude the Neighborhood Association from collecting such costs from the offending Owner;

(b) to provide such light as the Neighborhood Association may deem advisable on streets and the Neighborhood Common Areas and to maintain any and all improvements, Structures or facilities which may exist or be erected from time to time on the Neighborhood Common Areas;

(c) to use the Neighborhood Common Areas and any improvements, Structures or facilities erected thereon, subject to the general rules and regulations established and prescribed by the Neighborhood Association and subject to the establishment of charges for their use;

(d) to maintain the Neighborhood Common Areas and to pick up and remove from the Neighborhood Common Areas all loose material, rubbish, filth and accumulation of debris; and to do any other thing necessary or desirable in the judgment of the Neighborhood Association to keep the Neighborhood Common Areas in neat appearance and in good order, including, but not limited to, cleaning the Private Streets ;

(e) to exercise all rights, responsibilities and control over any easements which the Neighborhood Association may from time to time acquire, including but not limited to those easements specifically reserved to the Association in the Article VIII herein;

(f) to create, grant and convey easements and licenses upon, across, over and under all Neighborhood Common Areas, including but not limited to easements for the installation, replacement, repair and maintenance of utility lines serving the Neighborhood Property;

(g) to employ counsel and institute and prosecute such suits as the Neighborhood Association may deem necessary or advisable, and to defend suits brought against the Neighborhood Association;

(h) to retain as an independent contractor or employee a manager of the Neighborhood Association and such other employees or independent contractors as the Board deems necessary, and to prescribe the duties of employees and scope of services of independent contractors;

(i) to enter on any Lot to perform emergency repairs or to do other work reasonably necessary for the proper maintenance or protection of the Neighborhood Property, including without limitation (i) maintenance and repairs of all storm water drainage infrastructure, including without limitation retaining walls, and (ii) all utility repairs, and erosion control repairs.

(j) to enter (or have the Neighborhood Association's agents or employees enter) on any Lot to repair, maintain or restore the Lot, all improvements thereon, and the exterior of the Dwelling Unit and any other improvements located thereon if such is not performed by the Owner of the Lot, and to assess the Owner of the Lot the costs thereof, such assessment to be a lien upon the Lot equal in priority to the lien provided for in Article V herein; provided, however, that the Board of Directors shall only exercise this right after giving the Owner written notice of its intent at least fourteen (14) days prior to such entry;

(k) to re-subdivide and/or adjust the boundary lines of the Neighborhood Common Areas but only to the extent such re-subdivision or adjustment does not contravene the requirements of zoning and other ordinances applicable to the Neighborhood Property;

(l) to adopt, publish and enforce rules and regulations governing the use of the Neighborhood Common Areas and facilities and with respect to such other areas of responsibility assigned to it by this Neighborhood Declaration, except where expressly reserved herein to the Members. Such rules and regulations may grant to the Board of Directors the power to suspend a Member's voting rights and the Member's right to use non-essential services for non-payment of assessments and to assess charges against

Members for violations of the provisions of the Neighborhood Declaration or rules and regulations; and

(m) to declare the office of a member of the Board of Directors vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

Section 11.2. Mandatory Powers and Duties. The Neighborhood Association shall exercise the following powers, rights and duties:

(a) to accept title to the Neighborhood Common Areas and to hold and administer the Neighborhood Common Areas for the benefit and enjoyment of the Owners and occupiers of Lots, and to cause the Neighborhood Common Areas and facilities to be maintained in accordance with the standards adopted by the Board of Directors;

(b) to transfer part of the Neighborhood Common Areas to or at the direction of the Declarant, for the purpose of adjusting boundary lines or otherwise in connection with the orderly subdivision or development of the Neighborhood Property, but only to the extent such re-subdivision or adjustment does not contravene the requirements of zoning and other ordinances applicable to the Neighborhood Property;

(c) after the termination of the Class B membership, to obtain and maintain without interruption liability coverage for any claim against a director or officer for the exercise of its duties and fidelity coverage against dishonest acts on the part of directors, officers, trustees, managers, employees or agents responsible for handling funds collected and held for the benefit of the Neighborhood Association. The fidelity bond shall cover the maximum funds that will be in the custody of the Neighborhood Association or its management agent at any time while the bond is in place. The fidelity bond coverage shall be in an amount as may be determined to be reasonably prudent by the Board of Directors;

(d) to obtain and maintain without interruption a comprehensive coverage of public liability and hazard insurance covering the Neighborhood Common Areas, existing on the Neighborhood Property or shown on any Plat, and any easements of which the Neighborhood Association is a beneficiary, if available at reasonable cost. Such insurance policy shall contain a severability of interest clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Neighborhood Association or other Owners. The scope of coverage shall include all coverage in kinds and amounts commonly obtained with regard to projects similar in construction, location and use as determined by the Board of Directors. Further, the public liability insurance must provide coverage of at least \$1,000,000.00 for bodily injury and property damage for any single occurrence;

(e) to provide for the maintenance and repair of any and all (i) Neighborhood Common Areas and improvements which exist or be erected from time to time on the

Neighborhood Common Areas, including but not limited to street lights (including the payment of utility costs thereof), recreational facilities, entrance features, entrance ways, entrance areas, stormwater management facilities, including sand filters, retaining walls and sound walls, (ii) easement areas of which the Neighborhood Association is the beneficiary and for which it has the maintenance responsibility, (iii) any private streets or access easements existing on the Neighborhood Property or shown on any Plat; (iv) facilities, including but not limited to fences and signs authorized by the Neighborhood Association and erected on any easements granted to the Neighborhood Association, and (v) street lights that may be constructed within the rights-of-way of any public streets within or adjacent to the Neighborhood Property, including those, if any, required to be maintained by Local Governing Authorities (including the payment of utility costs thereof);

(f) to arrange for plowing and/or removal of snow from (i) private streets located within Neighborhood Common Areas, (ii) community walkways located within Neighborhood Common Areas, and (iii) driveways located upon Lots. It shall be each Owner's responsibility, however, to remove snow from the walkway extending from the community walkways to the front door of the Owner's Dwelling Unit.

(g) to mow, trim, and fertilize grass located on each Lot; provided, however, that the Neighborhood Association shall not be required to maintain, replace, irrigate, or fertilize any flowers, plants, trees, shrubs, or any landscaping other than grass on each Lot;

(h) to maintain, replace, irrigate and fertilize the flowers, plants, trees and shrubs located in the Neighborhood Common Areas;

(i) to paint all hardi-plank siding, exterior wood trim and all exterior painting, but shall not be responsible for any other maintenance of the exterior of a Dwelling Unit;

(j) to pay all proper bills, taxes, charges and fees on a timely basis; and

(k) to maintain its corporate status.

Section 11.3. Board Authority to Act. Unless otherwise specifically provided in the Neighborhood Association's documents, all rights, powers, easements, obligations and duties of the Neighborhood Association may be performed by the Board of Directors. Notwithstanding anything to the contrary contained herein, any rules or regulations which are promulgated by the Board may be repealed or amended by a majority vote of the Members cast, in person or by proxy, at a meeting convened for such purpose in accordance with the By-Laws.

Section 11.4. Compensation. No director or officer of the Neighborhood Association shall receive compensation for services as such director or officer except to the extent expressly authorized by a majority vote of the Class A Members.

Section 11.5 Non-liability of Directors, Officers and Board Members. The directors and officers of the Neighborhood Association and members of the Architectural Review Board shall not be liable to the Owners or any other persons for any error or mistake of judgment in carrying out their duties and responsibilities as directors or officers of the Neighborhood Association or members of the Architectural Review Board, except for their own individual willful misconduct or gross negligence. It is intended that the directors and officers of the Neighborhood Association and members of the Architectural Review Board shall have no personal liability with respect to any contract made by them on behalf of the Neighborhood Association except in their capacity as Owners.

Section 11.6 Indemnity of Directors and Officers and Members of the Architectural Review Board. The Neighborhood Association shall indemnify, hold harmless and defend any person, his or her heirs, assigns and legal representatives (collectively, the "Indemnitee") made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a director or officer of the Neighborhood Association or member of the Architectural Review Board, against all costs and expenses, including attorneys fees, actually and reasonably incurred by the Indemnitee in connection with the defense of such action, suit or proceeding, or in connection with any appeal thereof, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Indemnitee is guilty of gross negligence or willful misconduct in the performance of his or her duties. The Neighborhood Association shall also reimburse any such Indemnitee for the reasonable costs of settlement of or for any judgment rendered in any action, suit or proceeding, unless it shall be adjudged in such action, suit or proceeding that such Indemnitee was guilty of gross negligence or willful misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against an Indemnitee, no director or officer or member of the Architectural Review Board shall be considered or deemed to be guilty of or liable for gross negligence or willful misconduct in the performance of his or her duties where, acting in good faith, such director, officer or member of the Architectural Review Board relied on the books and records of the Neighborhood Association or statements or advice made by or prepared by any managing agent of the Neighborhood Association or any director or officer of the Neighborhood Association, or any accountant, attorney or other person, firm or corporation employed by the Neighborhood Association to render advice or service, unless such director or officer had actual knowledge of the falsity or incorrectness thereof, nor shall a director be deemed guilty of gross negligence or willful misconduct by virtue of the fact that he or she failed or neglected to attend a meeting or meetings of the Board of Directors of the Neighborhood Association. The costs and expenses incurred by an Indemnitee in defending any action, suit or proceeding may be paid by the Neighborhood Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Indemnitee to repay the amount paid by the Neighborhood Association if it shall ultimately be determined that the Indemnitee is not entitled to indemnification or reimbursement as provided in this Section.

ARTICLE XIIRIGHTS OF MORTGAGEES

Unless a right is waived by the appropriate Federal Agency, all Mortgagees shall have the following rights:

Section 12.1 Veterans Administration. If any of the Lots are security for a loan guaranteed by the Veteran's Administration (the "VA") and if there is a Class B Member:

- (a) The Declarant must provide a copy of all amendments to the VA. The Neighborhood Association may not make any Material Amendment or take any Extraordinary Action as such terms are defined in Article XIII without the approval of the VA.
- (b) Eligible Mortgagees shall have the following rights:
- (i) the right to inspect Neighborhood Association documents and records on the same terms as the Members;
 - (ii) notice of any Material Amendment to the Neighborhood Association documents;
 - (iii) notice of any extraordinary Action of the Neighborhood Association;
 - (iv) notice of any property loss, condemnation or eminent domain proceeding affecting the Neighborhood Common Areas resulting in a loss greater than ten percent (10%) of the annual budget or affecting any Lot insured by the Neighborhood Association in which the Eligible Mortgagee has an interest;
 - (v) notice of any termination, lapse or material modification of an insurance policy held by the Neighborhood Association;
 - (vi) notice of any default by an Owner of a Lot subject to a mortgage held by the Eligible Mortgagee in paying assessments or charges to the Neighborhood Association which remains uncured for sixty (60) consecutive days;
 - (vii) notice of any proposal to terminate the Neighborhood Declaration or dissolve the Neighborhood Association at least thirty (30) days before any action is taken;

(viii) the right of a majority of the Eligible Mortgages to demand professional management; and

(ix) the right of a majority of the Eligible Mortgages to demand an audit of the Neighborhood Association's financial records.

Section 12.2. Federal Housing Authority. If any of the Lots are security for a loan insured by Federal Housing Authority (the "FHA") and if there is a Class B Member, the following actions will require the prior approval of the FHA:

- (a) annexation of additional properties;
- (b) mergers, consolidations and dissolution of the Neighborhood Association;
- (c) mortgaging or conveyance of the Neighborhood Common Areas; and
- (d) amendment of this Neighborhood Declaration.

Section 12.3. Freddie Mac. Assuming that Mortgages may securitize pools of mortgages, including mortgages on Lots and/or Dwelling Units in the Community, with the Federal Home Loan Mortgage Corporation (a/k/a "Freddie Mac"), the following requirements shall apply to all Lots and Dwelling Units in the Community:

(a) Unless at least two-thirds (2/3rds) of the first Mortgages (based on one vote for each first mortgage owned) or two-thirds of the Class A Members have given their prior written approval, the Neighborhood Association shall not take any of the following actions:

- (i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Neighborhood Common Areas. The re-subdivision and/or adjustment of boundary lines of the Neighborhood Common Areas and the granting of easements by the Neighborhood Association shall not be deemed a transfer or subdivision within the meaning of this clause.
- (ii) change the method of determining the obligations, assessments, dues, or other charges that may be levied against an Owner.
- (iii) by act or omission waive or abandon any scheme of regulations or their enforcement pertaining to the architectural design or the exterior appearance of Dwelling Units and their appurtenances, the exterior maintenance of Dwelling Units and their appurtenances, the maintenance of the Neighborhood Common Areas, common fences and driveways, and the upkeep of lawns and plantings in the Neighborhood Property.

(iv) fail to maintain fire and extended coverage insurance on insurable parts of the Neighborhood Common Areas or other Neighborhood Association property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value, based on current replacement costs, not including land value.

(v) use hazard insurance proceeds for losses to the Neighborhood Common Areas or other Neighborhood Association property for other than the repair, replacement or reconstruction of such property.

(b) A Mortgagee shall be given written notification from the Neighborhood Association of any default in the performance of any obligation under this Neighborhood Declaration or related Neighborhood Association documents by the Owner of a Lot that is the security for the indebtedness due the Mortgagee which is not cured within sixty (60) days after the Owner's receipt of notice of the default.

(c) A Mortgagee may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Neighborhood Common Areas and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for such Neighborhood Common Areas. The Mortgagee making such payments shall be owed immediate reimbursement therefor from the Neighborhood Association.

(d) The assessments imposed by the Neighborhood Association shall include an adequate reserve fund for maintenance, repairs and replacements for those parts of the Neighborhood Common Areas which may be replaced or require maintenance on a periodic basis. Such reserves shall be payable in regular installments rather than by Special Assessment.

Section 12.4. Fannie Mae. Assuming that Mortgagees may secure funding for mortgage loans by selling mortgage loans, including mortgages on Lots and/or Dwelling Units in the Community, to the Federal National Mortgage Association (a/k/a "Fannie Mae"), the following requirements shall apply to all Lots and Dwelling Units in the Community:

(a) A Mortgagee shall be given written notification from the Neighborhood Association of the following:

(i) any condemnation or casualty loss that affects either a material portion of the Neighborhood Common Areas or the Lot that is the security for the indebtedness due the Mortgagee;

(ii) any default in the performance of any obligation under this Neighborhood Declaration or related Neighborhood Association documents by the

Owner of a Lot that is the security for the indebtedness due the Mortgagee which is not cured within sixty (60) days after the Owner's receipt of notice of the default;

(iii) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Neighborhood Association;

(iv) any proposed action that would require the consent of a specified percentage of Mortgagees.

(b) Provided that improvements have been constructed in the Neighborhood Common Areas and provided that a Mortgagee gives written notice to the Neighborhood Association that it has relied on the value of the improvements in making a loan on a portion or all of the Neighborhood Property, then subject to the right of the Declarant to annex additional areas as provided in Article XIII herein, unless at least sixty-seven percent (67%) of the Members and Mortgagees representing at least fifty-one percent (51%) of those Lots that are subject to mortgages or deeds of trust have given their prior written approval, the Neighborhood Association shall not add or amend any material provision of this Neighborhood Declaration or related Neighborhood Association documents concerning the following:

- (i) voting rights of any Member;
- (ii) assessments, assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair and replacement of those parts of the Neighborhood Common Areas that may be replaced or require maintenance on a periodic basis;
- (iv) responsibility for maintenance and repair of the Neighborhood Property;
- (v) reallocation of interests in the Neighborhood Common Areas or rights to its use;
- (vi) converting Lots into Neighborhood Common Area or vice versa;
- (vii) annexation or withdrawal of property to or from the Neighborhood Property (other than annexation of those properties referred to in Article XII);
- (viii) insurance or fidelity bonds;
- (ix) leasing of Dwelling Units;

- (x) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey its property;
- (xi) a decision by the Neighborhood Association to establish self-management when professional management has been required previously by a Mortgagee;
- (xii) restoration or repair of the Neighborhood Property after a hazard damage or partial condemnation;
- (xiii) any provisions that are for the express benefit of Mortgagees; and
- (xiv) termination of the legal status of the Neighborhood Association after substantial destruction or condemnation of the subdivision occurs.

An addition or amendment to this Neighborhood Declaration or related Neighborhood Association documents shall not be considered material if it is for the purpose of clarification or correcting errors. A Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days of receipt of such request shall be deemed to have approved such request.

Section 12.5. General.

- (a) Condemnation. In the event that there is a condemnation or destruction of the Neighborhood Common Areas or other Neighborhood Association property, to the extent practicable, condemnation or insurance proceeds shall be used to repair or replace the condemned or destroyed property.
- (b) Unpaid Assessments. Any Mortgagee, who obtains title to a Lot pursuant to the remedies provided in its mortgage or deed of trust or foreclosure of the mortgage or deed of trust or deed in lieu of foreclosure, will not be liable for such Lot's unpaid dues or charges which accrue prior to the acquisition of title to the Lot by the Mortgagee.
- (c) Books and Records. A Mortgagee shall have the right to examine and copy at its expense the books and records of the Neighborhood Association during normal business hours and upon reasonable notice to the Neighborhood Association.
- (d) Notice. As set forth in this Article, Mortgagees shall have the right, upon request, to receive notice of (a) the decision of the Owners to abandon or terminate the Planned Unit Development (as defined by Fannie Mae); (b) any material amendment to the Neighborhood Declaration, the By-Laws or the Articles of Incorporation; and (c) if professional management has been required by a Mortgagee, the decision of the Neighborhood Association to terminate such professional management and assume self-management.

(c) **Excess Proceeds.** Should there be excess insurance or condemnation proceeds after the renovation, repair or reconstruction called for herein, such excess proceeds may be distributed equally to the Owners, apportioned equally by Lot, subject, however, to the priority of a Mortgagee with regard to the proceeds applicable to the Lot securing said Mortgagee and in accordance with Indiana law.

(f) **Termination.** Eligible Mortgagees representing at least sixty-seven percent (67%) of the votes of the mortgaged Lots must consent to the termination of the legal status of the Neighborhood Association for reasons other than substantial destruction or condemnation of the Neighborhood Property.

(g) **Damage to Neighborhood Common Area.** The Neighborhood Association shall cause the immediate repair, reconstruction or renovation of any damage to the Neighborhood Common Areas unless a decision not to repair, reconstruct or renovate is approved by a majority of the Mortgagees.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1. Enforcement and Declarant's Exemption. The Neighborhood Association or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens and charges now or hereafter imposed by the provisions of this Neighborhood Declaration or other Neighborhood Association documents unless such right is specifically limited. Failure by the Association or by any Owner to enforce any right, provision, covenant or condition which may be granted by this Neighborhood Declaration shall not constitute a waiver of the right of the Neighborhood Association or an Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Neighborhood Association or any Owner pursuant to any term, provision, covenant or condition of the Neighborhood Declaration shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by this Neighborhood Declaration or at law or in equity.

Notwithstanding anything in this Neighborhood Declaration to the contrary, (f) the Declarant and any Designated Builder reserves a right to carry on construction, development, and sales activities, to place equipment, machinery, supplies and signs, construct and maintain models or other structures, and park vehicles of prospective or actual purchasers, lessees, or employees and personnel of the Declarant, on any part of the Neighborhood Property owned by the Declarant, a Designated Builder, or the Neighborhood Association and (f) none of the terms, conditions, provisions, and restrictions set forth in this Neighborhood Declaration shall be construed, in any manner, to limit any activity of the Declarant or a Designated Builder in the construction, development, and sales activities pertaining to the Neighborhood Property.

Section 13.2. Severability; Headings; Conflict. Invalidation of any one of the provisions of this Neighborhood Declaration by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect. Titles of paragraphs are for convenience only and are not intended to limit or expand the covenants, rights or obligations expressed therein. In the case of any conflict between the Articles of Incorporation and this Neighborhood Declaration, the Neighborhood Declaration shall control; in the case of any conflict between this Neighborhood Declaration and the By-Laws, this Neighborhood Declaration shall control.

Section 13.3. Duration. The covenants and restrictions of this Neighborhood Declaration shall run with and bind the Neighborhood Property and shall inure to the benefit of and be enforceable by the Neighborhood Association or the Owner of any Lot subject to this Neighborhood Declaration, their respective legal representatives, heirs, successors and assigns, unless such right is specifically limited, for a term of twenty (20) years from the date this Neighborhood Declaration is recorded, after which time the covenants and restrictions of this Neighborhood Declaration shall be automatically extended for successive periods of twenty (20) years each, unless terminated by a written and recorded instrument approved of in advance by the affirmative and unanimous vote of all Members of the Neighborhood Association and their respective Mortgagees.

Section 13.4. Material Amendment/Extraordinary Action.

(a) **Approval Requirements.** In accordance with Federal Agencies' requirements, material amendments ("Material Amendments") or extraordinary actions ("Extraordinary Actions") must be approved by Members entitled to cast at least sixty-seven percent (67%) of the votes of Members present and voting, in person or by proxy, at a meeting held in accordance with the notice and quorum requirements for Material Amendments and Extraordinary Actions contained in the By-Laws, such vote including the vote of a majority of the Class A Members present and voting, in person or by proxy, at such meeting.

(b) **Material Amendment.** A Material Amendment includes adding, deleting or modifying any provision regarding the following:

- (i) assessment basis or assessment liens;
- (ii) any method of imposing or determining any charges to be levied against individual Owners;
- (iii) reserves for maintenance, repair or replacement of common area improvements;
- (iv) maintenance obligations;
- (v) allocation of rights to use Neighborhood Common Areas;

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- (v7) any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Lots;
 - (vii) reduction of insurance requirements;
 - (viii) restoration or repair of common area improvements;
 - (ix) the annexation or withdrawal of land to or from the Neighborhood Property other than annexation or withdrawal of those properties referred to in this Article XIII;
 - (x) voting rights;
 - (xi) restrictions affecting leasing or sale of a Lot; or
 - (xii) any provision which is for the express benefit of Mortgagees.
- (c) **Extraordinary Action.** Alternatively, an Extraordinary Action includes:
- (i) merging or consolidating the Neighborhood Association (other than with another non-profit entity formed for purposes similar to this Neighborhood Association);
 - (ii) determining not to require professional management if that management has been required by the Neighborhood Association documents, a majority of eligible Mortgagees or a majority vote of the Members;
 - (iii) expanding the Neighborhood Association to include land not previously described as annexable which increases the overall land area of the project or number of Lots by more than ten percent (10%);
 - (iv) abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring the Neighborhood Common Areas except for (i) granting easements; (ii) dedicating Neighborhood Common Areas as required by a public authority; (iii) re-subdividing or adjusting the boundary lines of the Neighborhood Common Areas or (iv) transferring Neighborhood Common Areas pursuant to a merger or consolidation with a non-profit entity formed for purposes similar to the Neighborhood Association;
 - (v) using insurance proceeds for purposes other than reconstruction or repair of the insured improvements; or

(vi) making capital expenditures (other than for repair or replacement of existing improvements) during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.

(d) Class Amendments. Any Material Amendment which changes the rights of any specific class of Members must be approved by Members entitled to cast at least fifty-one percent (51%) of the votes of all Members of such class present and voting, in person or by proxy, at a meeting held in accordance with the requirements contained in the By-Laws.

(e) Material Amendment and/or Extraordinary Actions Amendments. The following Material Amendments and Extraordinary Actions must be approved by Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Neighborhood Association, including at least a majority of the total authorized votes entitled to be cast by Class A Members:

- (i) termination of this Neighborhood Declaration or the termination of the project;
- (ii) dissolution of the Neighborhood Association except pursuant to a consolidation or merger; and
- (iii) conveyance of all Neighborhood Common Areas.

(f) VA Amendments. If the VA has guaranteed any loans secured by a Lot, so long as there is a Class B Member all Material Amendments and Extraordinary Actions must have the approval of the VA.

Section 13.5. Amendment. Amendments other than Material Amendments or Extraordinary Actions shall be approved by at least sixty-seven percent (67%) of the votes entitled to be cast by all Members present and voting, in person or by proxy, at any duly called and conveyed meeting, or in writing by Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members.

Any amendment must be properly executed and acknowledged by the Neighborhood Association (in the manner required by law for the execution and acknowledgment of deeds) and recorded among the appropriate land records.

Section 13.6. Special Amendment. Declarant may make any amendment required by any of the Federal Agencies or by the Local Governing Authorities, as a condition of the approval of this Neighborhood Declaration, by the execution and recordation of such amendment following notice to all Members.

Notwithstanding anything herein to the contrary, the Declarant hereby reserves the right prior to the Applicable Date unilaterally to amend and revise the standards, covenants and

restrictions contained in this Neighborhood Declaration for any reason. No such amendment, however, shall restrict or diminish materially the rights or increase or expand materially the obligations of Owners with respect to Lots conveyed to such Owners prior to the amendment or adversely affect the rights and interests of Mortgagees holding first mortgages on Lots at the time of such amendment. Declarant shall give notice in writing to such Owners and Mortgagees of any amendments. Declarant shall not have the right at any time by amendment of this Neighborhood Declaration to grant or establish any easement through, across or over any Lot which Declarant has previously conveyed without the consent of the Owner of such Lot. All amendments to this Neighborhood Declaration shall be in writing and recorded among the appropriate land records.

Section 13.7. Waiver. The Declarant, as the present most interested party in maintaining the high quality of development which by these covenants is sought to be assured for the Neighborhood Property, hereby expressly reserves unto itself (so long as these restrictions are in effect), the unqualified right to waive or alter from time to time such of the herein contained restrictions as it may deem best, as to any one or more of the Lots, which waiver or alteration shall be evidenced by the mutual written consent of the Declarant and the then-Owner of the Lot as to which some or all of said restrictions are to be waived or altered; such written consent to be duly acknowledged and recorded in the Office of the Recorder of Hamilton County, Indiana.

Section 13.8. Casualty Insurance. Notwithstanding anything to the contrary contained in this Neighborhood Declaration, each and every Owner shall maintain a casualty insurance policy affording fire and extended coverage insurance insuring the Dwelling Unit in an amount equal to the full replacement value of the improvements which in whole or in part, comprise the Dwelling Unit, including, without limitations any Party Walls. Each Owner of each Lot and/or Dwelling Unit, (regardless of whether or not its ownership is encumbered or is to be encumbered by a mortgage, deed of trust or similar indenture) will furnish to the Neighborhood Association, at or prior to the closing of its acquisition of that Lot or Dwelling Unit, a certificate of insurance, in form and content acceptable to the Neighborhood Association, evidencing the insurance coverage described herein. Each such Owner shall, prior to the expiration of the term of any such insurance policy, procure and deliver to the Neighborhood Association a renewal or replacement policy in form and content acceptable to the Neighborhood Association. If any such Owner fails to provide evidence of such coverage satisfactory to the Neighborhood Association, the Neighborhood Association will have the right, but no obligation, to procure such coverage at the expense of the applicable Owner, and the cost of procuring such insurance will be assessed to that Owner as a Special Assessment and shall be immediately due and payable upon demand.

Section 13.9. Withdrawable Real Estate.

(a) The Declarant shall have the unilateral right, without the consent of the Class A Members or any Mortgagee, to execute and record an amendment to this Neighborhood Declaration withdrawing any portion of the Neighborhood Property on which Dwelling Units have not been constructed; provided, however, that not more than five (5) years have lapsed since the date of the recordation of this Neighborhood Declaration.


(b) Upon the dedication or the conveyance to any public entity or authority of any portion of the Neighborhood Property for public street purposes, this Neighborhood Declaration shall no longer be applicable to the land so dedicated or conveyed.

Section 13.10. Management Contracts. For such time as the Declarant has Class B membership status, the Declarant shall have the right to enter into professional management contracts on behalf of the Neighborhood Association for the management of the Neighborhood Property for terms not to exceed one (1) year; provided, however, that the Neighborhood Association shall have the right to terminate such contracts, with or without cause, upon thirty (30) days' written notice to the other party and without payment of a termination fee.

Section 13.11. Dissolution. The Neighborhood Association may be dissolved with the assent given in writing and signed by at least two-thirds (2/3) of each class of Members and in accordance with Article 13 of the Act. Upon dissolution of the Neighborhood Association, other than incident to a merger or consolidation, the assets of the Neighborhood Association, both real and personal, shall be offered to an appropriate public agency to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Neighborhood Association. In the event that such offer of dedication is refused, such assets shall be then offered to be granted, conveyed or assigned to any non-profit corporation, trust or other organization devoted to similar purposes and in accordance with Indiana law. Any such dedication or transfer of the Neighborhood Common Areas shall not be in conflict with then-governing zoning ordinances or the designation of the Neighborhood Common Area as "open space".

WITNESS the following signatures:

DECLARANT:

By:  PLATINUM PROPERTIES, LLC,
an Indiana limited liability company
Steven R. Edwards, Vice President
and Chief Financial Officer

STATE OF INDIANA)
)SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said County and State, personally appeared Steven R. Edwards, by me known be the Vice President and Chief Financial Officer of Platinum Properties, LLC, an Indiana limited liability company, who acknowledged the execution of the foregoing "Declaration of Covenants, Conditions and Restrictions for The Townhomes at Countryside" on behalf of said corporation.

Witness my hand and Notarial Seal this 13 day of October, 2005.

My Commission Expires:
10/19/12

Kenneth R. Brasseur
Notary Public

My County of Residence:
HAMILTON

KENNETH R. BRASSEUR
Printed Signature

This instrument was prepared by and after recording return to:

Charles D. Frankenberger
Nelson & Frankenberger
3105 East 98th Street, Suite 170
Indianapolis, IN 46280



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EXHIBIT A
Legal Description

Part of the Northwest Quarter of Section 11, Township 18 North, Range 3 East, Hamilton County, Indiana, being more particularly described as follows:

Commencing at the Southwest corner of said Quarter Section, thence North 00 degrees 00 minutes 03 seconds West (assumed Bearing) along the West line of the said Quarter Section, said point also being the Southeast Corner of Countryside Section 14 recorded as Instrument No. 200100038603 in Plat Cabinet 2 on Slide 615 in the Office of the Recorder of Hamilton County, Indiana the following Six (6) courses being on and along the Southern boundary of said Countryside Section 14; (1) North 89 degrees 59 minutes 59 seconds East 45.00 feet; (2) North 00 degrees 00 minutes 03 seconds West parallel to the West line of said Quarter Section, 529.48 feet; (3) North 44 degrees 59 minutes 57 seconds East 42.43 feet; (4) North 89 degrees 59 minutes 57 seconds East 77.51 feet to the point of curvature of a curve concave northerly, the radius point of said curve being North 00 degrees 00 minutes 03 seconds West 285.00 feet from said point; (5) easterly along said curve 173.62 feet to the point of tangency of said curve, said point being North 00 degrees 00 minutes 03 seconds West 285.00 feet from the radius point of said curve; (6) North 55 degrees 05 minutes 43 seconds East 210.71 feet to the point of curvature of a curve concave southerly, the radius point of said curve being South 34 degrees 54 minutes 17 seconds East 270.00 feet from said point, said point also being the Southwest corner of Countryside Section 10 recorded as Instrument No. 200300096897 in Plat Cabinet 3 on Slide 258 in the Office of the Recorder of Hamilton County, Indiana the following Five (5) courses being on and along the Southern boundary of said Countryside Section 10; (10) easterly along said curve 183.14 feet to the point of tangency of said curve, said point being South 34 degrees 54 minutes 17 seconds East 270.00 feet from the radius point of said curve; (2) South 86 degrees 02 minutes 29 seconds East 225.21 feet to the point of curvature of a curve concave southerly, the radius point of said curve being South 03 degrees 57 minutes 31 seconds West 220.00 feet from said point; (3) easterly along said curve 64.99 feet to the point of tangency of said curve, said point being South 03 degrees 57 minutes 31 seconds West 220.00 feet from the radius point of said curve; (4) South 69 degrees 06 minutes 59 seconds East 369.67 feet to the point of curvature of a curve concave northerly, the radius point of said curve being North 20 degrees 53 minutes 01 seconds East 830.00 feet from said point; (5) easterly along said curve 219.48 feet to the point of tangency of said curve, said point being North 20 degrees 53 minutes 01 seconds East 830.00 feet from the radius point of said curve; thence South 05 degrees 43 minutes 57 seconds West 167.99 feet; thence South 00 degrees 00 minutes 09 seconds West 190.63 feet to a point on a curve concave easterly, the radius point of said curve being South 49 degrees 02 minutes 33 seconds East 175.00 feet from said point; thence southerly along said curve 125.10 feet to a point on said curve, said point being South 49 degrees 02 minutes 33 seconds East 175.00 feet from the radius point of said curve; thence South 00 degrees 00 minutes 03 seconds East 80.13 feet; thence South 89 degrees 14 minutes 37 seconds West 1,136.24 feet; thence North 89 degrees 59 minutes 59 seconds West 267.00 feet to the place of beginning. Containing 22.057 acres, more or less, subject to all legal highways, rights-of-ways, easements, and restrictions of record.

EXHIBIT B

**Legal Description
Springmill Commons - NEC 161st Street and Springmill Road**

A part of the Northwest Quarter of Section 11, Township 18 North, Range 3 East in Washington Township, Hamilton County, Indiana, being more particularly described as follows:

Beginning at the Southwest corner of said Northwest Quarter Section; thence North 00 degrees 00 minutes 03 seconds West (assumed bearing) along the West line of said Northwest Quarter Section 361.88 feet; thence North 89 degrees 59 minutes 57 seconds East 312.00 feet; thence North 00 degrees 00 minutes 03 seconds West parallel with the aforesaid West line 249.52 feet; thence North 89 degrees 14 minutes 37 seconds East parallel with the South line of said Northwest Quarter Section 891.22 feet; thence South 00 degrees 00 minutes 03 seconds East parallel with the aforesaid West line 607.29 feet to a point on the South line of said Quarter Section; thence South 89 degrees 14 minutes 37 seconds West along said South line 1203.25 feet to the Place of Beginning, containing 15.000 acres, more or less.