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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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OF THE TREES

MID-STATES ENGINEERING CO. INC.

PIKE TOWNSHIP

THIS DECLARATION is made this 22nd day of August, 1986, by DAVIS DEVELOPMENT - THE TREES, INCORPORATED, an Indiana corporation (the "Developer").

Recitals

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

2. Developer intends to subdivide the Initial Real Estate into residential lots as generally shown on the plat for The Trees, Section I, as hereafter recorded in the office of the Recorder of Marion County, Indiana.

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

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

5. Developer may from time to time subject additional real estate located within the tract adjacent to the Initial Real Estate, as more particularly described in Exhibit B attached hereto and made a part hereof, to the provisions of this Declaration (the Initial Real Estate, together with any such addition, as and when the same becomes subject to the provisions of this Declaration as herein provided, is hereinafter referred to as the "Real Estate").

NOW, THEREFORE, Developer hereby declares that the Real Estate is and shall be held, transferred, sold, conveyed, hypothecated, encumbered, leased, rented, used, improved and occupied subject to the following provisions, agreements, covenants, conditions, restrictions, easements, assessments, charges and liens, which shall run with the land and shall

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be binding upon, and inure to the benefit of, Developer and any other person or entity hereafter acquiring or having any right, title or interest in the Real Estate, or any part thereof.

Declaration

ARTICLE I

DEFINITIONS

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

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

1.2 "Committee" means the "Trees Architectural Control Committee" established pursuant to Article VII, paragraph 7.1, of this Declaration for the purposes herein stated.

1.3 "Common Areas" means (i) all portions of the Real Estate (including improvements thereto) shown on any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana, which are not Lots and which are not dedicated to the public, (ii) any landscape islands located in any public right-of-way within and upon the Real Estate and (iii) all facilities and personal property owned or leased by the Association from time to time.

1.4 "Common Expenses" means (i) expenses of administration of the Association, (ii) expenses of and in connection with the improvement, maintenance, repair and replacement of the Common Areas and the performance of the responsibilities and duties of the Association including, without limitation, expenses for the improvement, maintenance and repair of the Landscape Easements, Lake Easements and Drainage Easements shown and identified as such on any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana, (iii) all sums lawfully assessed against the Owners by the Association and (iv) all sums declared by this Declaration to be Common Expenses.

1.5 "Developer" means Davis Development - The Trees, Incorporated, an Indiana corporation, and any successors and assigns of it whom it designates in one or more written recorded instruments to have the rights of Developer hereunder,

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including, without limitation, any mortgagee acquiring title to any portion of the Real Estate pursuant to the exercise of rights under, or foreclosure of, a mortgage executed by Developer.

1.6 "Development Period" means the period of time commencing with the date of recordation of this Declaration and ending on the date Developer no longer owns any Lot within or upon the Real Estate.

1.7 "Lot" means any numbered parcel of land shown and identified as a lot on any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana.

1.8 "Mortgagee" means the holder of a recorded first mortgage lien on any Lot.

1.9 "Owner" means the record owner, whether one or more persons or entities, of fee-simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation unless specifically indicated to the contrary. The term Owner as used herein shall include Developer so long as Developer shall own any Lot.

ARTICLE II

NAME

The name by which the Real Estate shall be known is "The Trees."

ARTICLE III

APPLICATION

All Owners, their tenants, guests, invitees and mortgagees, or any other person using or occupying a Lot or any part of the Real Estate shall be subject to and shall observe and comply with the covenants, conditions, restrictions, terms and provisions set forth in this Declaration and any rules and regulations adopted by the Association as herein provided, as the same may be amended from time to time.

The Owner of any Lot and all other persons, (i) by acceptance of a deed conveying title thereto or the execution of a contract for the purchase thereof, whether from the Developer or a subsequent Owner of such Lot, or (ii) by the act of occupancy of such Lot, shall conclusively be deemed

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to have accepted such deed, executed such contract or undertaken such occupancy subject to the covenants, conditions, restrictions, terms and provisions of this Declaration. By acceptance of such deed, execution of such contract or undertaking of such occupancy, each Owner and all other persons acknowledge the rights and powers of Developer and the Association provided for by this Declaration, and also for itself, its heirs, personal representatives, successors and assigns, covenant, agree and consent to and with Developer and the Owners from time to time of the Lots, to keep, observe, comply with and perform the covenants, conditions, restrictions, terms and provisions of this Declaration.

ARTICLE IV

COMMON AREAS

4.1 Easement to Owners. Developer hereby creates and grants a non-exclusive easement in favor of each Owner for the use and enjoyment of the Common Areas, subject to the terms and provisions of this Declaration, which easement shall run with and be appurtenant to each Lot.

4.2 Conveyance of Common Areas. Upon final construction of or provision for the Common Areas, Developer shall convey all of its right, title and interest in and to the Common Areas to the Association by quitclaim deed, and such Common Areas shall then be the property of the Association.

ARTICLE V

ASSOCIATION

5.1 Membership. Each Owner shall, automatically upon becoming an Owner, be and become a member of the Association and shall remain a member of the Association until such time as his ownership of a Lot ceases, at which time his membership will terminate and the new Owner of his Lot shall be and become a member of the Association.

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

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

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(ii) Class B Members. The Class B member shall be the Developer. The Class B membership shall cease and terminate and be converted to Class A membership upon the "Applicable Date" (as such term is hereinafter defined in paragraph 5.3).

5.3 Voting Rights. Each class of membership of the Association shall have the respective voting rights set forth in this paragraph 5.3.

(i) As used herein, the term "Applicable Date" shall mean the date which is the earlier of (a) the date on which the written resignation of Developer as a Class B member is delivered to the Secretary of the Association or (b) the date Developer no longer owns any Lot within or upon the Real Estate.

(ii) Until the Applicable Date, the Class B membership shall exercise all voting rights with respect to any matter submitted to a vote of the members of the Association and shall have one (1) vote for each Lot of which Developer is the Owner.

(iii) From and after the Applicable Date, each Class A member shall be entitled to one (1) vote for each Lot of which such member is the Owner. Where more than one person or entity constitutes the Owner of a particular Lot, all such persons or entities shall be members of the Association, but the vote in respect of such Lot shall be exercised as the persons or entities holding an interest in such Lot determine among themselves, but in no event shall more than one (1) vote be cast with respect to such Lot. Until the Applicable Date, the Class A membership shall have no votes with respect to any matter submitted to a vote of the members of the Association.

5.4 Board of Directors. The Board of Directors of the Association shall manage the affairs of the Association.

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

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

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(i) Installation and replacement of such fences, walls, foliage, landscaping, signs and other improvements in and upon the Common Areas as the Association deems necessary or appropriate, and maintenance of the Common Areas and any installation thereon in a clean and attractive condition and in good repair.

(ii) Replacement of such foliage, landscaping, screening materials and other improvements in and upon the Landscape Easements (shown and identified as such on any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana) as the Association deems necessary or appropriate and maintenance of said Landscape Easements and any installation thereon installed by Developer or the Association in a clean and attractive condition and in good repair.

(iii) Management and control of detention and retention ponds or lakes in and upon the Lake Easements (shown and identified as such on any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana) for the exclusive benefit of the Owners of only those Lots which are subject to the particular Lake Easement and maintenance of the same in a clean, attractive and sanitary condition; and installation and replacement of such improvements in and upon said Lake Easements as the Association deems necessary or appropriate and maintenance of any such improvements installed by Developer or the Association in good condition and repair. Without limiting the generality of the foregoing, such maintenance obligations shall include overflow maintenance to protect the ponds or lakes from erosion, algae control and maintenance of minimum water levels. It is intended that such actions shall be taken in accordance with recommendations regarding the same from applicable governmental agencies having jurisdiction, but nothing herein shall constitute an undertaking or duty to exceed the requirements of applicable law and prudent pond and lake operation.

(iv) Replacement of a drainage system in and upon the Drainage Easements (shown and identified as such on any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana) as the Association deems necessary or appropriate and the maintenance of any drainage system installed in or upon said Drainage Easements by Developer or the Association in good condition and repair, subject, however, to the obligation of the Owner of a Lot subject to a Drainage Easement to keep the portion of the Drainage Easement on his Lot free from obstructions so that the surface water drainage will be unimpeded.

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

(vi) Payment of taxes, if any, assessed against and payable with respect to the Common Areas.

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

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

(ix) From time to time, adopting, amending or rescinding such reasonable rules and regulations (not inconsistent with the provisions of this Declaration) governing the use and enjoyment of the Common Areas, the use and enjoyment of the lakes and ponds located in and upon the Lake Easements by the Owners of Lots subject to such Lake Easements, and the management and administration of the Association, as the Association deems necessary or advisable, and enforcement of the same. As part of such rules and regulations, the Association may provide for reasonable interest and late charges on past due installments of any Regular or Special Assessments or other charges against any Lot. Copies of such rules and regulations shall be furnished by the Association to the Owners prior to the time when the same shall become effective.

5.7 Compensation. No director of the Association shall receive compensation for his services as such director, except to the extent expressly authorized by a majority vote of the Owners.

5.8 Non-Liability of Directors and Officers. The directors and officers of the Association shall not be liable to the Owners or any other persons for any error or mistake of judgment exercised in carrying out their duties and responsibilities as directors or officers of the Association, except for their own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify and hold harmless and defend each person, his heirs, assigns or legal representatives, who is or was a director or officer of the Association against any and all liability to any person, firm or corporation arising out of contracts made by or at the direction of the Board of Directors (or the managing agent, if any) of the Association, unless any such contract shall have been made in bad faith. It is intended that the directors and officers of the Association shall have no

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personal liability with respect to any contract made by them on behalf of the Association except in their capacity as Owners.

5.9 Additional Indemnity of Directors and Officers.

The Association shall indemnify, hold harmless and defend any person, his 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 is or was a director or officer of the Association, against all 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 therein, except (unless otherwise specifically provided herein) in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Indemnitee is liable for gross negligence or misconduct in the performance of his duties. The Association shall also reimburse any such Indemnitee for the reasonable costs of settlement of or judgment rendered in any action, suit or proceeding, if it shall be found by a majority vote of the Owners that such director or officer was not guilty of gross negligence or misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against an Indemnitee, no director or officer shall be considered or deemed to be guilty of or liable for gross negligence or misconduct in the performance of his duties where, acting in good faith, such director or officer relied on the books and records of the Association or statements or advice made by or prepared by the managing agent of the Association (if any) or any officer or employee of the Association, or any accountant, attorney or other person, firm or corporation employed by the Association to render advice or service, unless such director or officer had actual knowledge of the falsity or incorrectness thereof; nor shall a director be deemed guilty of or liable for gross negligence or misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Directors of the Association. The expenses incurred by any Indemnitee in defending any action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Indemnitee to repay the amount paid by the Association if it shall ultimately be determined that the Indemnitee is not entitled to indemnification as provided in this paragraph 5.9.

5.10 Bond. The Board of Directors of the Association may provide surety bonds and may require the managing agent of the Association (if any), the treasurer of the Association, and such other officers as the Board of Directors deems necessary, to provide surety bonds,

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indemnifying the Association against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, and other acts of fraud or dishonesty, in such sums and with such sureties as may be approved by the Board of Directors, and any such bond shall specifically include protection for any insurance proceeds received by any reason by the Board of Directors. The expense of any such bonds shall be a Common Expense.

ARTICLE VI

BOARD OF DIRECTORS

6.1 Qualifications. Except as otherwise provided in the following paragraphs 6.2 and 6.3, no person shall be eligible to serve as a member of the Board of Directors of the Association unless he is a member of the Association.

6.2 Additional Qualifications. Where an Owner consists of more than one person, or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner or a partner, officer or trustee, as the case may be, of a partnership, corporate, trust or other entity Owner shall be eligible to serve on the Board of Directors of the Association, except that no Lot may be represented on the Board of Directors by more than one person at a time.

6.3 Initial Board of Directors. The initial Board of Directors of the Association shall be composed of the persons designated or to be designated in the Articles of Incorporation of the Association (the "Initial Board"), all of whom have been or shall be appointed by Developer. Notwithstanding anything to the contrary contained in this Declaration or in the Articles of Incorporation or By-Laws of the Association, the Initial Board shall hold office until the Applicable Date and until their successors have been duly elected and qualified. In the event of any vacancy or vacancies occurring in the Initial Board for any reason or cause whatsoever prior to the Applicable Date, every such vacancy shall be filled by a person appointed by Developer, who shall thereafter be deemed a member of the Initial Board. Each person serving on the Initial Board, whether as an original member thereof or as a member appointed by Developer to fill a vacancy, shall be deemed a member of the Association solely for purposes of qualifying to act as a member of the Board of Directors of the Association, and for no other purpose (unless he is actually an Owner of a Lot and therefore a member of the Association).

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ARTICLE VII

TREES ARCHITECTURAL CONTROL COMMITTEE

7.1 Creation. There shall be, and hereby is, created and established the Trees Architectural Control Committee to perform the functions provided for herein. Until the Applicable Date, the Committee shall consist of three (3) members appointed, from time to time, by the Developer and who shall be subject to removal by the Developer at any time with or without cause. After the Applicable Date, the Committee shall be a standing committee of the Association, consisting of three (3) persons appointed, from time to time, by the Board of Directors of the Association.

7.2 Purposes and Powers of Committee. The Committee shall regulate the external design, appearance and location of residences, buildings, structures or other improvements placed on any Lot, and the installation and removal of landscaping on any Lot, in such a manner as to preserve and enhance the value and desirability of the Real Estate for the benefit of each Owner and to maintain a harmonious relationship among structures and the natural vegetation and topography.

(i) In General. No residence, building, structure or improvement of any type or kind shall be repainted, constructed or placed on any Lot without the prior written approval of the Committee. Such approval shall be obtained only after written application has been made to the Committee by the Owner of the Lot requesting authorization from the Committee. Such written application shall be in the manner and form prescribed from time to time by the Committee and, in the case of construction or placement of any improvement, shall be accompanied by two (2) complete sets of plans and specifications for any such proposed construction or improvement. Such plans shall include plot plans showing the location of all improvements existing upon the Lot and the location of the improvement proposed to be constructed or placed upon the Lot, each properly and clearly designated. Such plans and specifications shall set forth the color and composition of all exterior materials proposed to be used and any proposed landscaping, together with any other material or information which the Committee may require. All plans and drawings submitted to the Committee shall be drawn to a scale of 1" equals 10', or to such other scale as the Committee may require. There shall also be submitted, where applicable, the permits or plot plans which shall be prepared by either a registered land surveyor, engineer or architect. Plot plans submitted for the Improvement Location Permit shall bear the stamp or signature

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of the Committee acknowledging the approval thereof.

(ii) Power of Disapproval. The Committee may refuse to grant permission to repaint, construct, place or make the requested improvement, when:

(a) The plans, specifications, drawings or other material submitted are inadequate or incomplete, or show the proposed improvement to be in violation of any restrictions in this Declaration or any subdivision plat of the Real Estate recorded in the office of the Recorder of Marion County, Indiana;

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

(c) The proposed repainting or improvement, or any part thereof, would, in the opinion of the Committee, be contrary to the interests, welfare or rights of any other Owner.

(iii) Rules and Regulations. The Committee may, from time to time, make, amend and modify such additional rules and regulations as it may deem necessary or desirable to guide Owners as to the requirements of the Committee for the submission and approval of items to it. Such rules and regulations may set forth additional requirements to those set forth in this Declaration or any subdivision plat of the Real Estate recorded in the office of the Recorder of Marion County, Indiana, as long as the same are not inconsistent with this Declaration or such subdivision plat(s).

7.3 Duties of Committee. The Committee shall approve or disapprove proposed repainting, construction or improvements within fifteen (15) days after all required information shall have been submitted to it. One copy of submitted material shall be retained by the Committee for its permanent files. All notifications to applicants shall be in writing, and, in the event that such notification is one of disapproval, it shall specify the reason or reasons for such disapproval.

7.4 Liability of Committee. Neither the Committee, Developer, the Association nor any agent of any of the foregoing shall be responsible in any way for any defects in any plans, specifications or other materials submitted to it, nor for any defects in any work done according thereto.

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7.5 Inspection. The Committee may inspect work being performed to assure compliance with this Declaration and the materials submitted to it pursuant to this Article VII.

7.6 Nonapplication to Developer. Notwithstanding the provisions of this Article VII or any other provisions of this Declaration requiring the approval of the Committee, the Developer shall not be required to apply for or secure the approval of the Committee in connection with any construction, installation or painting by the Developer of any residence, building, structure, or other improvement on the Real Estate or the installation or removal of any trees, shrubs or other landscaping on the Real Estate.

ARTICLE VIII

ASSESSMENTS

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

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8.2 Purpose of Assessments. The Regular or Special Assessments levied by the Association shall be used exclusively (i) to promote the health, safety and welfare of the residents occupying the Real Estate, (ii) for the improvement, maintenance and repair of the Common Areas and Landscape Easements, Lake Easements and Drainage Easements shown and identified as such on any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana, (iii) for the performance of the responsibilities and duties of the Association and (iv) for such other purposes as are specifically provided herein. A portion of the Regular Assessment may be set aside or otherwise allocated in a reserve fund for the purpose of providing repair and replacement of any capital improvements which the Association is required to maintain.

8.3 Regular Assessments. The Board of Directors of the Association shall have the right, power and authority, without any vote of the members of the Association, to fix, from time to time, the Regular Assessment against each Lot at any amount not in excess of the maximum Regular Assessment hereinafter provided:

(i) Until January 1, 1988, the maximum Regular Assessment for a calendar year on any Lot conveyed by Developer shall not exceed One Hundred Eight Dollars (\$108.00).

(ii) From and after January 1, 1988, the maximum Regular Assessment on a Lot for any calendar year may be increased by not more than fifteen percent (15%) above the Regular Assessment for the previous calendar year.

From and after the Applicable Date, the Board of Directors of the Association may fix the Regular Assessment at an amount in excess of the maximum amount specified in (ii) above, only with the approval of a majority of the members of the Association who are voting in person or by proxy at a meeting of the members of the Association duly called for such purpose.

8.4 Special Assessments. In addition to Regular Assessments, the Association may make Special Assessments against each Lot for the purpose of defraying, in whole or in part, the cost of constructing, reconstructing, repairing or replacing any capital improvement which the Association is required to maintain or to recover any operating deficits which the Association may from time to time incur only with the assent of a majority of the members of the Association who are voting in person or by proxy at a meeting of the members of the Association duly called for such purpose.

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8.5 Uniform Rate of Assessment. The Regular Assessments and Special Assessments levied by the Association shall be uniform for all Lots.

8.6 Date of Commencement of Regular Assessments; Due Dates. The Regular Assessment shall commence for each Lot on the first day of the first calendar month following the conveyance of such Lot by Developer. Until the Applicable Date, and notwithstanding anything else contained herein, no Regular Assessments, Special Assessments or other charges shall be owed or payable by Developer with respect to any Lot or shall become a lien on any Lot while such Lot is owned by Developer. The Board of Directors of the Association shall fix any increase in the amount of the Regular Assessment at least thirty (30) days in advance of the effective date of such increase. Written notice of Special Assessments and such other assessment notices as the Board of Directors shall deem appropriate shall be sent to each Owner subject thereto. The due dates for all assessments shall be established by the Board of Directors of the Association. The Board of Directors may provide for reasonable interest and late charges on past due installments of assessments.

8.7 Failure of Owner to Pay Assessments.

(i) No Owner may exempt himself from paying Regular Assessments and Special Assessments, or from contributing toward the Common Expenses and toward any other expense lawfully agreed upon, by nonuse of the Common Areas or abandonment of the Lot belonging to him. If any Owner shall fail, refuse or neglect to make any payment of any assessment (or periodic installment of an assessment, if applicable) when due, the lien for such assessment on the Owner's Lot may be filed and foreclosed by the Board of Directors of the Association for and on behalf of the Association as a mortgage on real property or as otherwise provided by law. Upon the failure of an Owner to make timely payments of any assessment (or a periodic installment of an assessment, if applicable) when due, the Board may in its discretion accelerate the entire balance of any unpaid assessments and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. In any action to foreclose the lien for any assessment, the Owner and any occupant of the Lot shall be jointly and severally liable for the payment to the Association of reasonable rental for such Lot, and the Board of Directors shall be entitled to the appointment of a receiver for the purpose of preserving the Lot and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid assessments. The Board of Directors of the Association may, at its option, bring a suit to recover a money judgment for any unpaid assessment without foreclosing or waiving the

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lien securing the same. In any action to recover an assessment, whether by foreclosure or otherwise, the Board of Directors of the Association, for and on behalf of the Association, shall be entitled to recover from the Owner of the respective Lot costs and expenses of such action incurred (including but not limited to reasonable attorneys' fees) and interest from the date such assessments were due, until paid.

(ii) Notwithstanding anything contained in this paragraph 8.7 or elsewhere in this Declaration, any sale or transfer of a Lot to a Mortgagee pursuant to a foreclosure of its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid assessments (or periodic installments, if 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 therefor. No such sale, transfer or conveyance shall relieve the Lot or the purchaser at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any assessments (or periodic installments of such assessments, if applicable) thereafter becoming due or from the lien therefor. Such unpaid share of any assessments, the lien for which has been divested as aforesaid, shall be deemed to be a Common Expense, collectible from all Owners (including the party acquiring the subject Lot from which it arose).

ARTICLE IX

INSURANCE

9.1 Casualty Insurance. The Association shall purchase and maintain fire and extended coverage insurance in an amount equal to the full replacement cost of all improvements, if any, which the Association is required to maintain hereunder. If the Association can obtain such coverage for a reasonable amount, it shall also obtain "all risk coverage." Such insurance coverage shall name the Association as the insured. Such insurance policy or policies shall contain provisions that (i) the insurer waives its rights to subrogation as to any claim against the Association, its Board of Directors, officers, agents and employees, any committee of the Association or of the Board of Directors, and all Owners and their respective agents and guests and (ii) waives any defense based on invalidity arising from the acts of the insured.

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improvements erected thereon. The cost of such exterior maintenance shall be and constitute a special assessment against such Lot and the Owner thereof, to be collected and enforced in the manner provided in this Declaration for the collection and enforcement of assessments in general. Neither the Association nor any of its agents, employees or contractors shall be liable for any damage which may result from any maintenance work performed hereunder.

10.2 Damage to Common Areas. Notwithstanding any obligation or duty of the Association hereunder to repair or maintain the Common Areas or any Landscape Easement, Lake Easement or Drainage Easement areas, if, due to the willful, intentional or negligent acts or omissions of an Owner or of a member of his family or of a guest, tenant, invitee or other occupant or visitor of such Owner, damage shall be caused to the Common Areas (or such Easement areas) or if maintenance, repairs or replacements shall be required thereby which would otherwise be a Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Association, unless such loss is covered by the Association's insurance with such policy having a waiver of subrogation clause. If not paid by such Owner upon demand by the Association, the cost of repairing such damage shall be added to and constitute a special assessment against such Owner and his Lot to be collected and enforced in the manner provided in this Declaration for the collection and enforcement of assessments in general.

10.3 Additional Restrictions Concerning Residences and Other Structures.

(i) No change shall be made in the exterior color of any residence or accessory buildings located on a Lot without the prior written approval of the Committee.

(ii) Existing or newly planted trees on any Lot shall not be removed by an Owner, after his occupancy, without the prior written approval of the Committee; provided, however, that nothing herein shall prevent the removal of trees by Developer during its development of the Real Estate and during the construction by Developer of a residence or accessory building on any Lot.

(iii) In order to preserve the aesthetic appearance of the Real Estate, any mailbox must be approved by the Committee as to size, location, height or appearance before it is installed.

(iv) In order to preserve the aesthetic appearance of the Real Estate, each Owner shall keep the pole yard light,

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if any, installed on such Owner's Lot by Developer operational from dusk to dawn at all times.

ARTICLE XI

MORTGAGES

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

11.2 Notice to Mortgagees. The Association, upon request, shall provide to any Mortgagee a written certificate or notice specifying unpaid assessments and other defaults of the Owner of such Lot, if any, in the performance of such Owner's obligations under this Declaration or any other applicable documents, which defaults have not been cured within sixty (60) days.

ARTICLE XII

AMENDMENT

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

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

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

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

(iv) Adoption. Any proposed amendment to this Declaration must be approved by a vote of not less than two-thirds (2/3) in the aggregate of the votes of all Owners; provided, however, that any such amendment shall require the prior written approval of Developer so long as Developer owns any Lots within and upon the Real Estate. In the event any Lot is subject to a first mortgage, the Mortgagee shall be notified of the meeting and the proposed amendment in the same manner as an Owner if the Mortgagee has given prior notice of its mortgage interest to the Board of Directors of the Association in accordance with the provisions of the foregoing paragraph 11.1.

(v) Special Amendments. No amendment to this Declaration shall be adopted which changes any provision of this Declaration which would be deemed to be of a material nature by the Federal National Mortgage Association under Section 402.02 of Part V, Chapter 4, of the Fannie Mae Selling Guide or any similar provision of any subsequent guidelines published in lieu of or in substitution for the Selling Guide, without the approval of all Mortgagees who have given prior notice of their mortgage interest to the Board of Directors of the Association in accordance with the provisions of the foregoing paragraph 11.1

Any Mortgagee which has been duly notified of the nature of any proposed amendment shall be deemed to have approved the same if said Mortgagee or a representative thereof fails to appear at the meeting in which such amendment is to be considered (if proper notice of such meeting was timely given to such Mortgagee). In the event that a proposed amendment is deemed by the Board of Directors of the Association to be one which is not of a material nature, the Board of Directors shall notify all Mortgagees whose interests have been made known to the Board of Directors of the nature of such proposed amendment, and such amendment shall be conclusively deemed not material if no Mortgagee so notified objects to such proposed amendment within thirty (30) days of the date such notices are mailed and if such notice advises the Mortgagees of the time limitation contained in this sentence.

12.2 By Developer. Developer hereby reserves the right so long as Developer owns any Lot within and upon the Real Estate to make such amendments to this Declaration as may be deemed necessary or appropriate by Developer, without the approval of any other person or entity, in order to bring

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Developer into compliance with the requirements of any statute, ordinance, regulation or order of any public agency having jurisdiction thereof, or to comply with the requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Veterans Administration or any other governmental agency to induce any of such agencies to make, purchase, sell, insure or guarantee first mortgages, or to correct clerical or typographical errors in this Declaration or any amendment or supplement hereto; provided that Developer shall not be entitled to make any amendment which has a materially adverse effect on the rights of any Mortgagee, nor which substantially impairs the benefits of this Declaration to any Owner or substantially increases the obligations imposed by this Declaration on any Owner.

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

ARTICLE XIII

GENERAL PROVISIONS

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

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13.2 Delay or Failure to Enforce. No delay or failure on the part of any aggrieved party to invoke any available remedy with respect to any violation or threatened violation of any covenants, conditions or restrictions enumerated in this Declaration or in any subdivision plat of all or any part of the Real Estate shall be held to be a waiver by that party (or an estoppel of that party to assert) any right available to him upon the occurrence, recurrence or continuance of such violation or violations of such covenants, conditions or restrictions.

13.3 Duration. These covenants, conditions and restrictions and all other provisions of this Declaration (as the same may be amended from time to time as herein provided) shall run with the land and shall be binding on all persons and entities from time to time having any right, title or interest in the Real Estate, or any part thereof, and on all persons claiming under them, until January 1, 2007, and thereafter shall be automatically extended for successive periods of ten (10) years each, unless prior to the commencement of any such extension period, by a vote of a majority of the then Owners of Lots within and upon the Real Estate, it is agreed that this Declaration shall terminate in its entirety.

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

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

13.6 Applicable Law. This Declaration shall be governed, interpreted, construed and regulated by the laws of the State of Indiana.

13.7 Annexation. Additional land within the tract described in the attached Exhibit B may be annexed by Developer to the Real Estate (and from and after such annexation shall be deemed a part thereof for all purposes of this Declaration) by execution and recordation in the office of the Recorder of Marion County, Indiana, of a supplemental declaration by Developer; and such action shall require no approvals or action of the Owners.

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13.8 Sales Offices and Models. Notwithstanding anything to the contrary contained in this Declaration or any subdivision plat of the Real Estate now or hereafter recorded in the office of the Recorder of Marion County, Indiana, Developer, during the Development Period, shall be entitled to construct, install, erect and maintain such facilities upon any portion of the Real Estate owned by Developer as, in the sole opinion of Developer, may be reasonably required or convenient or incidental to the development of the Real Estate and the sale of Lots and the construction of residences thereon. Such facilities may include, without limitation, storage areas, parking areas, signs, model residences, construction offices and sales offices.

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

DAVIS DEVELOPMENT - THE TREES,
INCORPORATED

By Bradley C. Davis
Printed Name Bradley C. Davis
Title Executive Vice President

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for the State of Indiana, personally appeared Bradley C. Davis, the Executive Vice President of Davis Development -The Trees, Incorporated, an Indiana corporation, who acknowledged the execution of the foregoing Declaration of

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Covenants, Conditions and Restrictions of The Trees for and on behalf of said corporation.

WITNESS my hand and Notarial Seal this 22nd day of August, 1986.

E. Dianne Henry ✓
Notary Public

E. DIANNE HENRY
Printed Name

I am a resident of
Boone County, Indiana.
My commission expires:
9-14-87

✓
This instrument was prepared by Mary K. Lisher, Baker & Daniels, 810 Fletcher Trust Building, Indianapolis, IN 46204.

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EXHIBIT A

LEGAL DESCRIPTION

The Trees
Section I

A part of the Northeast Quarter of Section 10, Township 16 North, Range 2 East in Marion County, Indiana, more particularly described as follows:

Commencing at the Northeast corner of said Northeast Quarter; thence South 00°00'00" East along the East line of said Northeast Quarter 653.34 feet to the Point of Beginning; thence continuing South 00°00'00" East along said East line 680.09 feet to the Southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89°16'36" West along the South line of said Quarter-Quarter Section 601.97 feet; thence North 00°58'29" East 331.06 feet; thence North 63°50'27" East 237.33 feet; thence North 31°42'18" East 50.00 feet to a point on a curve concave Northeasterly having a central angle of 02°12'09" and a radius of 580.00 feet; thence Northwesterly along said curve an arc distance of 22.29 feet (said arc being subtended by a chord having a bearing of North 57°11'38" West and a length of 22.29 feet); thence North 34°01'12" East 155.65 feet; thence North 63°27'06" East 153.08 feet; thence South 90°00'00" East 151.71 feet to the Point of Beginning; containing 7.469 acres, more or less; subject to highways, rights-of-way and easements.

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EXHIBIT B

LEGAL DESCRIPTION

Part of the Northeast Quarter of Section 10, Township 16 North, Range 2 East, more particularly described as follows:

Beginning at the Northeast corner of the said Quarter Section; thence South 89 degrees 18 minutes 41 seconds West along the North line of the said Quarter Section, 1114.74 feet; thence South 00 degrees 02 minutes 12 seconds West along the East line of land set out in Trustee's Deed to Indianapolis Water Company, recorded as Instrument 67-59071, in the Office of the Recorder of Marion County, Indiana, 1334.12 feet to the South line of the Northeast Quarter of the said Quarter Section; thence North 89 degrees 16 minutes 36 seconds East along the said South line 1115.60 feet to the Southeast corner of the said Quarter Quarter Section; thence North 00 degrees 00 minutes 00 seconds along the East line of the said Quarter Section 1333.43 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM:

A part of the Northeast Quarter of Section 10, Township 16 North, Range 2 East in Marion County, Indiana, more particularly described as follows:

Commencing at the Northeast corner of said Northeast Quarter; thence South 00°00'00" East along the East line of said Northeast Quarter 653.34 feet to the Point of Beginning; thence continuing South 00°00'00" East along said East line 680.09 feet to the Southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89°16'36" West along the South line of said Quarter-Quarter Section 601.97 feet; thence North 00°58'29" East 331.06 feet; thence North 63°50'27" East 237.33 feet; thence North 31°42'18" East 50.00 feet to a point on a curve concave Northeasterly having a central angle of 02°12'09" and a radius of 580.00 feet; thence Northwesterly along said curve an arc distance of 22.29 feet (said arc being subtended by a chord having a bearing of North 57°11'38" West and a length of 22.29 feet); thence North 34°01'12" East 155.65 feet; thence North 63°27'06" East 153.08 feet; thence South 90°00'00" East 151.71 feet to the Point of Beginning; containing 7.469 acres, more or less; subject to highways, rights-of-way and easements.

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BY-LAWS

OF

THE TREES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND PRINCIPAL OFFICE

Section 1. The name of the corporation is The Trees Homeowners Association, Inc. (hereinafter referred to as the "Association").

Section 2. The principal office of the Association shall be located at 8200 North Haverstick Road, Suite 250, Indianapolis, Indiana, until and unless changed in accordance with law by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Developer" shall mean Davis Development - The Trees, Incorporated, an Indiana corporation, and any successors and assigns of it whom it designates in one or more written recorded instruments to have the rights of Developer under the Declaration, including, without limitation, any mortgagee acquiring title to any portion of the Real Estate (as such term is defined in the Declaration) pursuant to the exercise of rights under, or foreclosure of, a mortgage executed by Developer.

Section 2. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of The Trees, dated August 22, 1986, and recorded August 22, 1986, as Instrument No. 86-80913, in the office of the Recorder of Marion County, Indiana, as the same may be amended or supplemented from time to time as therein provided, said Declaration being incorporated herein by reference as if set forth at length herein.

Section 3. "Association" shall mean and refer to this corporation, which is also referred to as the "Association" in the Declaration and the "Corporation" in the Articles of Incorporation of this corporation.

Section 4. All of the terms as defined and used in the Declaration shall have the same meanings in these By-Laws and reference is specifically made to Article I of the Declaration containing definitions of terms.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership, Transfer, Voting Rights. Reference is hereby made to Article V of the Declaration which sets forth terms, provisions and conditions governing and relating to membership in the Association, transfer of membership and voting rights of classes of members, all of which terms, provisions and conditions are incorporated herein by reference.

Section 2. Quorum. The presence in person or by proxy at any meeting of the members of the Association of persons entitled to vote twenty-five percent (25%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in or required by the Articles of Incorporation of the Association, the Declaration, these By-Laws, or statute. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement of the meeting, until a quorum shall be present or represented.

Section 3. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 4. Majority Required. A majority of the votes of members present (in person or by proxy) at a meeting at which a quorum is present shall be sufficient for the transaction of all business of the Association except on matters where a greater vote is required by the Declaration, the Articles of Incorporation, the By-Laws or by statute.

Section 5. Meetings. Meetings of the members of the Association shall be in accordance with the following provisions:

A. Place. Meetings of the members shall be held at such place in Marion County, Indiana, as may be designated by the Board of Directors of the Association.

B. Annual Meetings. The first annual meeting of the members shall be held within six (6) months after the close of the first fiscal year of the Association, the exact date to be decided by the Board of Directors. At such first annual meeting of the members, the members may designate a regular day or date for successive annual meetings, which

date shall be not more than six (6) months after the close of each fiscal year of the Association. If the members fail to designate such a regular day or date, the Board of Directors may continue to designate the day or date of the next annual meeting until such a designation is made by the members. If any designated day or date falls upon a legal holiday, the actual date of the meeting shall be the next business day succeeding such designated day or date.

C. Special Meetings. A special meeting of the members shall be held within sixty (60) days after the Applicable Date (as such term is defined in the Declaration), at which time an election shall be held of a full slate of directors to serve until the next annual meeting of the members and until their successors have been duly elected and qualified. In addition, a special meeting of the members shall be called by the president of the Association, by resolution of the Board of Directors of the Association or upon a written petition signed by members of the Association who are entitled to vote twenty-five percent (25%) of all of the votes of the membership. Notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

D. Notice of Meetings. It shall be the duty of the secretary of the Association to serve a notice of each annual or special meeting, stating the purposes thereof, as well as the time and place where it is to be held, upon each member of record, at least thirty (30) days prior to such meeting. The mailing of a notice to each member at the address shown for such member on the Association's records shall be deemed notice served.

E. Order of Business. The order of business at all meetings of the members shall, to the extent applicable, be as follows:

- (1) Roll call.
- (2) Proof of notice of meeting or waiver of notice.
- (3) Reading of minutes of preceding meeting.
- (4) Reports of officers.
- (5) Reports of committees.
- (6) Election of directors.
- (7) Unfinished business.
- (8) New business.

ARTICLE IV
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the members of the Association. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made only from among members of the Association, or persons deemed to be members eligible to serve as a director thereof or otherwise eligible to serve on the Board of Directors in accordance with the Declaration and the Articles of Incorporation of the Association.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot at the annual meeting of the members of the Association. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V
BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons. Except for the Initial Board of Directors, directors must be members of the Association or persons deemed to be members of the Association or otherwise eligible to serve on the Board of Directors of the Association in accordance with the Declaration and the Articles of Incorporation of the Association.

Section 2. Initial Board of Directors. The initial Board of Directors named in the Articles of Incorporation (the "Initial Board") shall maintain, manage and administer the affairs and the property of the Association until the the Applicable Date and until their successors have been duly elected and qualified. In the event of any vacancy or

vacancies occurring in the Initial Board for any reason or cause whatsoever prior to the Applicable Date, every such vacancy shall be filled by a person appointed by Developer, who shall thereafter be deemed a member of the Initial Board. Each person serving on the Initial Board, whether as an original member thereof or as a member appointed by Developer to fill a vacancy, shall be deemed a member of the Association solely for purposes of qualifying to act as a member of the Board of Directors of the Association, and for no other purpose (unless he is actually an Owner of a Lot and therefore a member of the Association).

Section 3. Term of Office Generally. At the special meeting of the members held within sixty (60) days after the Applicable Date as provided in Article III, Section 5C of these By-Laws, the members shall elect a full slate of directors to serve until the first annual meeting of the members after the Applicable Date and until their successors have been duly elected and qualified. At such first annual meeting of the members after the Applicable Date, the members shall elect one-third (1/3) of the total number of directors to be elected to a term of one (1) year, one-third (1/3) of such total to a term of two (2) years, and one-third (1/3) of such total to a term of three (3) years; and at each annual meeting thereafter the members shall elect directors for a term of three (3) years to fill the vacancies created by expiring terms. A director may serve any number of consecutive terms.

Section 4. Powers. The Board of Directors shall have such powers as are reasonable and necessary for the administration of the affairs of the Association and to accomplish the performance of their duties, which powers include, but are not limited to, the power:

A. To adopt and publish reasonable rules and regulations governing the use and enjoyment of the Common Areas, if any, and the lakes and ponds located in and upon the Lake Easements, and the management and administration of the Association, and to establish penalties for the infraction thereof;

B. To suspend the voting rights and right to use any Association facilities of a member, but not rights of access and easements necessary for the use of his Lot, during any period in which such member shall be in default for a period of thirty (30) days in the payment of any assessment levied by the Association, or the payment of any other amount or the performance of any other term of the Declaration or

these By-Laws. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

C. To exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or statute;

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

E. To employ a manager, an independent contractor, or such other employees as it deems necessary, and to prescribe their duties, subject to the limitations set forth in the Declaration; and

F. To do and take all such action as is or may be necessary, desirable or appropriate to perform the duties, obligations and responsibilities of the Board of Directors as required by the Declaration, other provisions of these By-Laws, the Articles of Incorporation, or statute.

Section 5. Duties. The Board of Directors shall have the following duties:

A. To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by members holding twenty-five percent (25%) of the total votes of the membership entitled to vote;

B. To establish the annual assessment period and fix the amount of the annual assessment against each member for each Lot owned, all in accordance with the terms of the Declaration and these By-Laws;

C. To fix the amount of any special assessment against each member for each Lot owned, all in accordance with the terms of the Declaration and these By-Laws;

D. To send written notice of each assessment to each Owner in accordance with the Declaration;

E. To foreclose the Association's lien for assessments against any property for which assessments are not paid within thirty (30) days after the due date thereof or

to bring an action at law against the Owner or other person personally obligated to pay the same;

F. To issue, or to cause an appropriate officer to issue, upon demand by any person or entity, a certificate setting forth whether or not any assessment has been paid;

G. To procure and maintain the insurance coverages required by the Declaration and such other insurance coverages as the Board of Directors, in its sole discretion, deems necessary or advisable;

H. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, and at least as required by the Declaration; and

I. To cause all of the Common Areas and Lake Easements, Landscape Easements and Utility Easements to be maintained to the extent of the Association's responsibilities therefor as provided in the Declaration.

Section 6. Vacancies. Subject to the provisions of the Declaration and the foregoing Section 2 of this Article V with respect to the Initial Board of Directors, any vacancy in the Board of Directors shall be filled by vote of the majority of remaining directors, even though they may constitute less than a quorum. Each person so elected shall be a director for the unexpired term of his predecessor, or until his successor is elected.

Section 7. Compensation. No director shall receive compensation for any service he may render to the Association as such director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties, and any director may be paid and compensated for services to the Association in a capacity other than as a director.

Section 8. Removal of Directors. Subject to the provisions of the Declaration and the foregoing Section 2 of this Article V with respect to the Initial Board of Directors, any director may be removed with or without cause by a majority of the directors and a successor may then and there be elected to fill the vacancy thus created at any regular or special meeting of the Association duly called.

Section 9. Regular Meetings. Regular meetings of the Board of Directors shall be held at such regular intervals, without notice, at such place and hour as may be determined from time to time by resolution of the Board of Directors. Should said meeting fall upon a legal holiday, then that

meeting shall be held at the same time on the next day which is not a legal holiday.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the president on three (3) days' notice to each director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the president or secretary in like manner and on like notice on the written request of at least two-thirds (2/3) of the directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent of the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which quorum is present shall be the acts of the Board of Directors except as otherwise provided in or required by the Declaration, Articles of Incorporation, these By-Laws or statute. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a president, a vice president, a secretary and a treasurer, all of whom shall be members of the Board of Directors, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members of the Association.

Section 3. Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year and until his successor is elected and qualified unless he shall sooner resign, be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer or vice president and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

A. President. The president shall preside at all meetings of the Board of Directors. He shall see that orders and resolutions of the Board are carried out. He shall have the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in conducting the affairs of the Association. The president shall have and discharge all the general powers and duties usually vested in the office of the president or chief executive officer of an association

or a stock corporation organized under the laws of the State of Indiana.

B. Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors or as are delegated to him by the president.

C. Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members; keep the corporate seal of the Association (if any is adopted) and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the members; keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as required by the Board of Directors.

D. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE VII COMMITTEES

The Board of Directors shall appoint the Trees Architectural Control Committee provided for in the Declaration. In addition, the Board of Directors or the president may appoint various other committees to carry out the purposes of the Association. Members of such committees may, but need not, be members of the Board of Directors.

ARTICLE VIII BOOKS OF ACCOUNT AND FISCAL YEAR

Section 1. Books of Account. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the Common Areas and the Lake Easement, Landscape Easement and Utility Easement Areas and any other expenses incurred by or on behalf of the Association and the members. Such accounts, books, records, financial statements and other papers of the Association shall be open for inspection by the members and other persons

having an interest in any Lot, including any Owner, any lender and any holder, insurer or guarantor of a first mortgage on any Lot, during reasonable business hours or under other reasonable circumstances and shall be audited annually by qualified auditors. The cost of such audits shall be a Common Expense. Any holder, insurer or guarantor of a first mortgage on a Lot shall be entitled upon written request to receive an audited financial statement for the immediately preceding fiscal year free of charge to the requesting party and within a reasonable time of such request. Current copies of the Declaration, the Articles of Incorporation, and the By-Laws of the Association, and other rules concerning the Real Estate, shall be available for inspection by any Owner and lender, and to holders, insurers or guarantors of any first mortgage at the principal office of the Association during normal business hours or under other reasonable circumstances, where copies of the same and of audits may be purchased at reasonable costs.

Section 2. Fiscal Year. The fiscal year of the Association shall commence January 1 and end the following December 31 each year; provided, however, that the fiscal year for purposes of assessments may be different than the general fiscal year of the Association.

ARTICLE IX CONTRACTS, LOANS, CHECKS

Section 1. Authorization. The Board of Directors may authorize any officer or officers or agent or agents of the Association to enter into any contract or execute any instrument on its behalf. Such authorization may be general or confined to specific instances. Except as provided in these By-Laws, no officer, agent, or employee shall have any power to bind the Association or to render it liable for any purpose or amount unless so authorized by the Board of Directors.

Section 2. Checks. All checks, drafts, or other orders for payment of money by the Association shall be signed by the president, secretary, treasurer, or such other person as the Board of Directors may from time to time designate by resolution.

ARTICLE X ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association Regular and

Special Assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. No Owner may waive or otherwise escape liability for the assessments provided for in the Declaration or herein by nonuse of the Common Areas or abandonment of his Lot.

ARTICLE XI
AMENDMENTS

Section 1. The power to amend, alter, add to and repeal these By-Laws is vested in the Board of Directors of the Association; provided, however, that no amendment or other change shall be made in these By-Laws which conflicts with the terms and provisions of the Declaration unless the same is adopted by and approved by the members of the Association and others entitled by the terms of the Declaration to vote on amendments to the Declaration as provided in, and in accordance with the requirements of, the Declaration; provided further, there shall be no amendment of or other change to these By-Laws prior to the Applicable Date without the consent and approval of Developer.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

**THE TREES
RULES & REGULATIONS**

REGARDING PETS

1. Only customary house pets are permitted in the community.
2. When pets are outside the house, they must be accompanied by the owner or other responsible person and the pet must never be out of the eyesight of this person.
3. Pet owners are responsible for seeing that all vaccinations required by the law are up to date.
4. Any damage to the common grounds will be the financial responsibility of the pet owner.
5. Owners are responsible for controlling the noise level of pets so that the neighbors are not excessively annoyed.
6. The housing of more than three dogs in any residence is prohibited. This constitutes a kennel and is in violation of local zoning laws.
7. The Board of Directors reserves the right to seek removal of any pet that becomes a community nuisance due to chronic disregard of established rules and regulations.

REGARDING MOTOR VEHICLES

1. The parking of recreational vehicles, trailers, campers or boats is prohibited on the streets, driveways and common areas of the community.
2. The parking of motor vehicles on a permanent basis on community streets is prohibited.
3. Vehicles shall not be parked in such a way that they will restrict other homeowners from entering or leaving their garages.
4. Parking at the intersection of streets is not permitted.
5. Any motor vehicle which is inoperative or not being used for normal transportation must be kept within a closed garage.
6. Vehicles shall not be parked in the proximity of fire hydrants.
7. No boats, campers, trailers of any kind, buses, mobile homes, trucks, motorcycles, mini bikes, mopeds, or any other vehicle of any description other than normal passenger automobiles shall be permitted, parked or stored anywhere within the property unless the Board determines otherwise; provided, however, that nothing herein shall prevent the parking or storage of such vehicles completely enclosed within a garage.
8. Damage to the common grounds caused by motor vehicles will be repaired at the owner's expense.
9. Automotive repairing shall be performed in the homeowner's garage or driveway only.
10. The Board of Directors reserves the right to have a vehicle removed, at the owner's expense, due to chronic disregard of established rules and regulations.
11. Any parked vehicle impeding the removal of snow from community streets may be removed immediately without notice.

CONCERNING CHILDREN

1. Parents are responsible for controlling the activities of children so that other residents are not unduly disturbed.
2. Children riding tricycles "hot wheels" or other low profile vehicles are not easily noticed by motorists. Therefore, these vehicles should be ridden in driveway only unless adult supervision is present.
3. Skateboard ramps and related paraphernalia must be kept in driveways only.
4. Bicycles and other vehicles shall not be ridden on common grassy or landscaped areas.
5. All toys, bicycles, etc. shall be kept in the home or garage when not in use.
6. Any damage to the common ground caused by children will become the financial responsibility of the parent.

CONCERNING LAKES AND STREAMS

1. The lakes are for visual enjoyment only.
2. Swimming, boating or ice skating in the lakes is not permitted.
3. Docks or piers may not be erected on lake shores or in lakes.
4. Residents may not introduce aquatic vegetation, fish or other aquatic species into the lakes without written Board approval.
5. Dams or other structures which prohibit the flow of water may not be erected in the stream.

Thank you for being a good neighbor! If you have any questions regarding these rules and regulations, please call Anne Maxey at 293-5176, or write to the Trees

Homeowners Association and drop your comments in the front "Suggestion Box."