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**DECLARATION
OF
THE VILLAS AT TIMBER RUN CONDOMINIUM**

Villas at Timber Run

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OF
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This Declaration of The Villas at Timber Run Condominium ("Declaration") is made and entered into as of the 13th day of August, 2008 by **The Villas At Timber Run, LLC**, an Indiana limited liability company (the "Declarant"), for itself, and on behalf of its successors, grantees, and assigns.

Recitals

A. Declarant is the fee simple owner of certain real estate located in Hancock County, Indiana and more particularly described on Exhibit A, attached to and made a part of this Declaration (the "Real Estate").

B. Declarant, by execution of this Declaration, hereby creates a condominium upon the Real Estate, subject to the provisions of the Act and in accordance with the terms and conditions of this Declaration.

Declaration

NOW, THEREFORE, Declarant hereby makes this Declaration as follows:

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

(a) "Act" means the Condominium Law of the State of Indiana, Ind. Code § 32-25-1-1 *et seq.*, as amended. The Act is incorporated herein by this reference.

(b) "Applicable Date" means the date determined pursuant to Section 3.02 of the Bylaws.

(c) "Articles" or "Articles of Incorporation" means the Articles of Incorporation of the Corporation, as the same may be amended from time to time. The Articles of Incorporation are incorporated herein by this reference.

(d) "Assessments" mean the Regular Assessments and Special Assessments.

(e) "Board of Directors" or "Board" means the governing body of the Corporation being the Initial Board referred to in the Bylaws or any subsequent Board of Directors elected by the Members in accordance with the Bylaws.

(f) "Building" means each structure on the Real Estate in which any Unit is located. The Buildings are more particularly described and identified on the Plans and in this Declaration.

(g) "Bylaws" mean the Bylaws of the Corporation providing for the administration and management of the Property and restrictions on its use, as required by and in conformity with the Act, as the same may be amended from time to time. A true copy of the existing Bylaws is attached to and made a part of this Declaration as Exhibit B.

(h) "Common Areas" mean the common areas and facilities appurtenant to the Property that are depicted and/or described as such in the Plans or otherwise defined as such in Section 6 of this Declaration, including, without limitation, the Limited Common Areas, the Recreational Facilities and Landscaped Areas (as defined in Section 6 of this Declaration).

(i) "Common Expenses" mean expenses for administration of the Corporation and for the upkeep, maintenance, repair and replacement of the Common Areas, including the Recreational Facilities and the Limited Common Areas (to the extent provided herein), and all sums lawfully assessed against the Members of the Corporation.

(j) "Co-owners" means all of the Owners of all of the Units.

(k) "Corporation" means The Villas at Timber Run Condominium Owners Association, Inc., an Indiana not-for-profit corporation, and its successors and assigns, whose Members shall be the Owners of Units, such Corporation being more particularly described in Section 12 of this Declaration.

(l) "Declarant" means The Villas At Timber Run, LLC, an Indiana limited liability company, and its successors and assigns including, but not limited to, 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 Declarant.

(m) "Limited Common Areas" mean those Common Areas, the use and enjoyment of which are limited to certain Units, that are depicted and/or described as such in the Plans or otherwise defined as such in Section 7 of this Declaration.

(n) "Member" means a member of the Corporation and "Members" mean the members of the Corporation.

(o) "Mortgagee" means the holder of a first mortgage lien on a Unit and "Mortgage" means a first mortgage lien on a Unit.

(p) "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, owning fee simple title to a Unit; provided that persons or entities owning a Unit as tenants in common, joint tenants, tenants by the entirety or any form of joint or divided ownership shall be deemed one Owner for purposes of this Declaration.

(q) "Owner Interest" means the percentage of undivided interest in the fee simple title to the Common Areas appertaining to each Unit as determined and/or expressed in Section 8 of this Declaration.

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

(s) "Plans" means all floor, building and site plans and elevations of the Buildings and Units prepared by KJG Architect, Inc., a registered architect, under date of 8/21 & 9/05, 2007, ~~and filed in the office of the Recorder of Hancock County, Indiana, as Instrument No. _____~~, all of which are incorporated herein by this reference, and any supplemental plans that are prepared and filed in connection therewith.

(t) "Property" means the Real Estate and appurtenant easements, the Units, the Buildings, and the improvements and property of every kind and nature whatsoever, real, personal and mixed, located upon the Real Estate and used in connection with the operation, use and enjoyment thereof, but does not include the personal property of any Owner.

(u) "Recreational Facilities" means any swimming pool hereafter constructed by Declarant or the Corporation on any portion of the Common Areas, together with any pool house or clubhouse or similar structure connected therewith, and those portions of the Common Areas underlying and immediately adjacent to such improvements so as to constitute one integrated recreational facility.

(v) "Regular Assessment" means the regular assessment applicable to all Owners as provided in Section 13 of this Declaration and in the Bylaws.

(w) "Special Assessment" means the special assessment applicable to all Owners as provided in Section 13 of this Declaration and in the Bylaws.

(x) "The Villas at Timber Run Condominium" means the Property and the condominium created hereby.

(y) "Unit" means each one of the individual units located in a Building, which units are depicted and/or described in the Plans and in Section 5 of this Declaration. "Unit" includes the undivided interest in the Common Areas as provided for herein and in any Limited Common Areas appertaining to such unit.

2. Declaration. Declarant hereby expressly subjects the Property to the Act and declares that the Property shall be a condominium in accordance therewith.

3. Description of Buildings. There will be no more than nineteen (19) Buildings on the Real Estate, each of which will be no more than two (2) stories in height and will not include a basement, and will contain a total of not more than four (4) Units, all as depicted and/or described on the Plans; provided, however, that there will be no more than seventy-two (72) Units in total. The Recreational Facilities shall be in addition to and shall not be included as a "Building."

4. Legal Description. Each Unit is identified on the Plans by a Unit number. The legal description for each Unit shall consist of the Unit number as shown on the Plans, and shall be stated as "Unit ___ in The Villas at Timber Run Condominium," ~~as recorded as Instrument No. 2007 _____ in the office of the Recorder of Hancock County, Indiana.~~

5. Description of Units.

(a) *Appurtenances.* Each Unit shall consist of all space within the boundaries thereof, as hereinafter defined, including but not limited to and together with: (i) the drywall, wall paneling, wood, tile, paint, paper, carpeting or any other wall, ceiling, or floor covering, windows and window frames and glass, shutters, awnings, doorsteps, stoops, and interior doors and door frames; (ii) any fireplace or stove hearth, facing brick, tile or firebox; (iii) fixtures and hardware and all improvements contained within the unfinished perimeter walls, ceilings, and floors; and (iv) any heating and refrigerating elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, and all other related equipment required to provide heating, air conditioning, hot and cold water, electrical, or other utility services to the Unit and located within the unfinished walls, ceilings, and floors; provided, however, that a Unit shall not include any of the structural components of the Building in which such Unit is located or any utility or service lines located within the Unit but serving more than one Unit.

(b) *Boundaries.* The boundaries of each Unit shall be as shown on the Plans and shall consist of the enclosed rooms in the pertinent Building and be bounded by the unfinished perimeter walls, ceilings, floors, doors, and windows thereof. An unfinished wall, ceiling and floor means the concrete slabs, framing or other structural materials which constitute the wall, ceiling or floor, as the case may be, of a Unit. To the extent a Unit includes unfinished space in which one or more perimeter walls and/or ceilings do not exist, the Owner of such Unit shall be entitled to affix building materials comprising one or more perimeter walls and/or ceilings to the exposed framing or structural materials in such space that constitute an unfinished perimeter wall or ceiling, as defined in the immediately preceding sentence. In the event any horizontal or vertical or other boundary line as shown on the Plans does not coincide with the actual location of the respective wall, floor or ceiling surface of the Unit because of inexactness of construction, settling after construction, or for any other reasons, the boundary lines of each Unit shall be deemed to be and shall be treated for purposes of ownership, occupancy, possession, maintenance, decoration, use and enjoyment, as in accordance with the actual location.

6. Common Areas. "Common Areas" means (i) the Real Estate; (ii) the foundations, columns, girders, beams, supports and exterior surfaces of roofs of each Building; (iii) sidewalks and driveways; (iv) landscaped areas as designated on the Plans (the "Landscaped Areas"); (v) central electricity, gas, water, air conditioning and sanitary sewer serving any Building (including those located in the interior of any Building), if any; (vi) exterior lighting fixtures and electrical service lighting on the exterior of any Building unless separately metered to a particular Unit; (vii) pipes, ducts, electrical wiring and conduits and public utilities lines not located within any Unit or which serve more than one Unit; (viii) floors, roofs and exterior perimeter walls of each Building, except to the extent the same are otherwise classified and defined herein as part of the Unit; (ix) all improvements, facilities and appurtenances located

outside of the boundary lines of the Units; (x) Limited Common Areas, except those areas and facilities expressly classified and defined herein as part of any Unit; and (xi) the Recreational Facilities. Roads, streets, water distribution systems, sanitary sewer systems and storm water systems may be dedicated to public agencies, governmental authorities or public or private utilities in which case such shall not be Common Areas and shall not be considered private to the extent they are dedicated to such public entities. Without limiting any other provisions of this Declaration, Declarant shall have no obligation to construct the Recreational Facilities until such time as Declarant determines that there is sufficient interest in the same to warrant their construction. Declarant or the Corporation may, in its sole and exclusive discretion, at any time hereafter, grant a license to use the Recreational Facilities for their intended purposes to any individual(s) who own(s) a Unit. Such license shall extend to all members of such individual's immediate family who reside with such individual in the Unit. Declarant and the Corporation shall have the right to make the license available in exchange for an annual fee paid by such individual to the Corporation. Such fees shall not exceed thirty-five percent (35%) of the then amount of the then most recent annual assessment for The Villas at Timber Run Condominium. Each Owner shall be solely responsible to repair or replace any and all damage or injury to any Common Areas resulting from its negligence or intentional misconduct, or those of its family members, tenants, guests or other occupants of its Unit.

7. Limited Common Areas. Limited Common Areas and those Units to which use thereof is limited are as follows:

(a) *Porches.* Open and enclosed porches and decks attached or adjacent to a particular Unit and designated by reference on the Plans, the deed to a particular Unit or any other agreement between the Owner of the Unit and Declarant or the Corporation shall constitute Limited Common Areas and be limited to the exclusive use of the Unit to which they are attached or adjacent.

(b) *Doors and Windows.* The exterior sides and surfaces of doors, windows and frames surrounding the same in the perimeter walls in each Unit shall constitute Limited Common Areas and be limited to the exclusive use of the Unit to which they appertain.

(c) *Driveways.* Any driveways or garages attached to, or the use of which is reserved for, a Unit shall be Limited Common Areas, the use of which is reserved to the Owner of the Unit, or, if joint use, the Units adjacent thereto, as shown in the Plans; provided, however, that the Corporation shall be responsible for the maintenance of all driveways.

(d) *Designated Areas.* Any other areas designated and shown on the Plans as Limited Common Areas, if any, shall constitute Limited Common Areas and be limited to the Unit or Units to which they appertain as shown on the Plans or as provided in an agreement between the Owner of the Unit and Declarant or the Corporation.

(e) *Rules.* The use of the Limited Common Areas shall be subject to such rules and regulations as the Corporation or Declarant may adopt, subject to the limitations herein or in the Bylaws.

8. Ownership of Common Areas and Owner Interest. Each Owner shall have an undivided interest in the Common Areas, as tenants in common with all other Owners, equal to his Unit's Owner Interest. The Owner Interest of each Owner in the Common Areas is set forth on Exhibit C, attached hereto and made a part hereof. Except as otherwise provided or permitted in Section 14 or elsewhere in this Declaration, the Owner Interest appertaining to each separate Unit in the Common Areas shall be of a permanent nature and shall not be altered without the unanimous consent of all the Owners and Mortgagees and then only if in compliance with all requirements of the Act. The Owner Interest appertaining to each Unit shall also be the Owner Vote allocable to the Owner thereof in all matters with respect to The Villas at Timber Run Condominium. The Owner Interests are calculated so that each Unit has an equal vote and therefore all Units have the same Owner Interest and Owner Vote regardless of actual square footage of each Unit; it is expressly disclosed that the Owner Interests are independent of the square footage of the Units.

9. Encroachments and Easements for Common Areas. If, by reason of the location, construction, settling or shifting of the Property or any other reason, any Common Area now encroaches or shall hereafter encroach upon any Unit, then in such event, an easement shall be deemed to exist and run to the Co-owners and the Corporation for the maintenance, use and enjoyment of such Common Area.

Each Owner shall have an easement in common with all other similarly situated Co-owners to use all pipes, wires, ducts, cables, conduits, utility lines and other common facilities located in any of the other Units and serving his Unit. Each Owner shall have the right of ingress and egress to and from such Owner's Unit, with such right being perpetual and appurtenant to the ownership of the Unit.

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

11. Utilities. Each Owner shall pay for his own utilities which are separately metered. Utilities that are not separately metered shall be treated as and paid as part of the Common Expenses, unless otherwise agreed by a majority of the Owner Vote of the Co-owners. In the event sanitary sewer services for the Units or the Property currently are not separately metered, and the provider of sanitary sewer services shall provide to the Declarant or the Corporation one combined monthly bill for sanitary sewer service for the Property, and such bill shall be allocated to the Units based on their Owner Interest, or on any other equitable basis, as determined by the Board of Directors. Without the prior written consent of the sanitary sewer utility providing sanitary sewer service to the Units or the Property, neither the Declarant nor the Corporation or its Members shall amend or modify the rights of the sanitary sewer utility related to the billing or payment of sanitary sewer service for the Units or the Property.

12. Association of Owners. Subject to the rights of Declarant reserved in Section 24 hereof and in the Bylaws, and the obligations of the Owners, the maintenance, repair, upkeep,

replacement, administration, management and operation of the Property, exclusive of the Units and, except as otherwise provided, the Limited Common Areas, shall be the obligation of the Corporation. Each Owner of a Unit shall, automatically upon becoming an Owner of a Unit, be and become a Member of the Corporation and shall remain a Member of the Corporation until such time as his ownership of a Unit ceases, and each Owner's membership shall terminate when such person ceases to be the Owner of a Unit, and shall be transferred to the new Owner.

The Corporation shall elect a Board of Directors annually (except for the Initial Board, as defined in the Bylaws, which shall be appointed by Declarant) in accordance with and as prescribed in the Bylaws. Each Owner shall be entitled to cast his Owner Vote for the election of the Board of Directors, except for such Initial Board, the members of which shall serve for the period provided in the Bylaws. Each person serving on the Initial Board, whether as an original member thereof or as a member thereof appointed by Declarant to fill a vacancy, shall be deemed a member of the Corporation and an Owner solely for the purpose of qualifying to act as a member of the Board of Directors and for no other purpose. No such person serving on the Initial Board shall be deemed or considered a Member of the Corporation nor an Owner of a Unit for any other purpose (unless he is actually the Owner of a Unit and thereby a Member of the Corporation).

The Board of Directors shall be the governing body of the Corporation, representing all of the Owners in providing for the management, administration, operation, maintenance, repair, replacement and upkeep of the Property, exclusive of the Units. Subject to the provisions of Section 26 of this Declaration and Section 3.06 of the Bylaws, the Board of Directors may provide for professional management of the Property.

13. Maintenance, Repairs and Replacements; Assessments.

(a) *Units.* Each Owner shall, at his expense, be responsible for the maintenance, repair, decoration and replacement of his own Unit and, to the extent provided in this Declaration or the Bylaws, for the Limited Common Areas reserved or designated for the exclusive use of his Unit or the Owner thereof. Each Owner shall repair any defect or condition in his Unit which, if not repaired, might adversely affect any other Unit or Common Area. Maintenance, repairs, replacements and upkeep of the Common Areas or that portion of the Property covered by the Corporation's insurance as provided in Section 15 shall be furnished by the Corporation as part of the Common Expenses, except as otherwise provided herein or in the Bylaws. The Board of Directors shall adopt rules and regulations concerning maintenance, repairs, use and enjoyment of the Common Areas as it deems advisable, necessary or appropriate, and may amend and modify the same from time to time as it deems advisable, necessary or appropriate. The Board of Directors or its designated agent shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency, in which case no notice shall be required), to enter into each individual Unit for the purpose of inspection of the Common Areas appurtenant thereto and replacement, repair and maintenance of such Common Areas.

(b) *Assessments.* As of the first day of the first month following the conveyance of the first Unit located in any Building and the Owner Interest appurtenant thereto, each

Unit located in such Building and the Owner Interest appurtenant thereto shall be subject to (and as of the first day of the first month following the conveyance of the first Unit located in any additional Building and the Owner Interest appurtenant thereto, each Unit located in any additional Building and the Owner Interest appurtenant thereto shall be subject to) the Regular Assessments and Special Assessments (as determined by Declarant and/or the Board of Directors, as applicable) (collectively, the "Assessments"), as provided in this Section 13 and Article V of the Bylaws, and all such Assessments shall constitute liens upon each Unit and appurtenant Owner Interest as provided and described in this Declaration and the Bylaws. The date(s) on which Assessments and initial capital contributions, if any, are due and payable shall be as specified in this Declaration or the Bylaws, or if not so specified, then as determined by the Board of Directors. In addition, each Owner shall be personally liable for the amounts of any and all Assessments which become due and payable during the period in which such Owner holds title to a Unit. No Owner shall be personally liable for any Assessments which first became due and payable prior to the time such Owner took title to a Unit unless he expressly assumes such liability, or except as may otherwise be required by the Act. However, a conveyance by an Owner of his Unit shall not operate to release or limit the liability of such Owner for Assessments which became due and payable while such Owner held title to a Unit. The lien of any Assessment shall be subordinate to the lien of any Mortgage on any Unit which was recorded before the time when said Assessment first became delinquent, and any sale or transfer of a Unit pursuant to a foreclosure of a Mortgage shall extinguish such subordinate liens. Notwithstanding the foregoing, Declarant shall be excused from contributing toward Common Expenses as provided in Subsection 13(d) below.

(c) *Late Fees and Delinquencies.* Each Assessment shall be due and payable on the due date(s) thereof as specified in this Declaration or the Bylaws, or if not so specified, then on the due date(s) determined by the Board of Directors, and the date for the payment of such Assessment is hereby termed the "Delinquency Date." Any Assessment which is not paid in full by the Delinquency Date shall be deemed delinquent without further notice or demand to the defaulting Owner, and such Owner shall be charged a fifty dollar (\$50.00) late fee plus an additional five dollars (\$5.00) per day from the Delinquency Date until paid in full. In the event that any costs or expenses, including, without limitation, attorneys' fees, are incurred by or on behalf of the Corporation with respect to the recovery or collection of any delinquent Assessment, all such costs and expenses shall be due and payable immediately by such delinquent Owner and shall bear interest from the dates incurred until paid in full, at a rate of interest equal to eighteen percent (18%) per annum. All interest, late fees, costs and expenses payable hereunder with respect to a delinquent Assessment shall be added to and deemed a part of such delinquent Assessment and shall constitute a lien on the delinquent Owner's Unit and Owner Interest as of the date on which such delinquent Assessment first became a lien. In the event that any Assessment is not fully paid on or before the Delinquency Date, the Corporation shall be entitled to accelerate and declare due and payable in full all installments of Assessments due for the year in which such delinquency occurs, and to enforce payment of the same by foreclosure of said lien and/or other appropriate legal proceedings in accordance with the laws of the State of Indiana. Any such lien against a Unit and its Owner Interest shall be subordinate to the lien of any Mortgage encumbering

such Unit and its Owner Interest if and to the extent the Mortgage creating such first mortgage lien was recorded prior to the due date of the delinquent Assessments.

(d) *Declarant's Exemption.* Notwithstanding any contrary provision in the Bylaws or this Declaration, Declarant, as Owner or Co-owner of any unoccupied Unit(s) offered for the first time for sale, shall not be obligated to contribute toward Common Expenses for those Units for a period commencing on the date that this Declaration is recorded in the Office of the Recorder of Hancock County, Indiana and expiring on the first day of the twenty-fourth (24th) calendar month following the month in which the closing of the sale of the first Unit occurs; provided that, notwithstanding the foregoing, if the Common Expenses incurred during the period stated above exceed the amount assessed against the other Co-owners, then Declarant shall pay the excess.

14. Alterations, Additions and Improvements. No Owner shall make any alterations or additions to or which would affect the Common Areas without the prior written approval of the Board of Directors, nor shall any Owner make any alteration in or to his respective Unit which would affect the safety or structural integrity of the Building in which the Unit is located, nor shall any Owner change the color of any of the Common Areas without the prior written approval of the Board of Directors. Declarant reserves the right to change the interior design and arrangement of all Units and alter the boundaries between Units so long as Declarant owns the Units so changed or altered. If Declarant shall make any such change or alteration, such change or alteration shall be reflected by a supplement or amendment to the Plans executed by Declarant and recorded in the Office of the Recorder of Hancock County, Indiana, if necessary. The recording of any such amendment or supplement to the Plans shall not modify the Owner Interests of the Units, which shall continue to be the same percentage for each of the Units regardless of the actual square footage for each Unit depicted on such new Plans. Such supplements or amendments to the Plans and this Declaration need not be approved by the Corporation or any other Owners.

15. Insurance. The Co-owners, through the Corporation, shall purchase a master casualty insurance policy, using generally acceptable insurance carriers, affording fire and extended coverage insurance on all portions of the Buildings that are not part of a Unit and comprise the Common Areas in an amount equal to the full replacement value of such improvements. If the Board of Directors can obtain "all risk" coverage for reasonable amounts (as determined by the Board, in its sole discretion), the Board of Directors shall also obtain "all risk" coverage. The Board of Directors shall be responsible for reviewing at least annually the amount and type of such insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. If deemed advisable by the Board of Directors, the Board may cause such full replacement value to be determined by a qualified appraiser. The cost of any such appraisal shall be a Common Expense. Such insurance coverage shall name each Owner and, if applicable, the Mortgagee of each Owner, as insureds and shall be for the benefit of each such Owner and Mortgagee in accordance with the following terms and conditions:

All proceeds payable as a result of casualty losses sustained, which are covered by insurance purchased by the Corporation as hereinabove set forth, shall be paid to the Corporation or to the Board of Directors, which shall act as the insurance trustee and hold such proceeds for the benefit of the individual Owners and Mortgagees. The proceeds shall be used or disbursed

by the Corporation or Board of Directors only in accordance with the provisions of this Declaration and any surety bond or bonds obtained by the Board of Directors concerning the officers of the Corporation, as provided in the Bylaws, shall specifically include protection for any insurance proceeds so received.

The interest of each damaged Owner in the trust fund of insurance proceeds shall be the ratio of the direct damage of each damaged Owner to the damages of all Owners directly damaged by any event insured under the said master casualty insurance policy. No Owner or any other party shall have priority over any rights of a Mortgagee pursuant to its Mortgage in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of any Unit and/or Common Areas. The Corporation shall have exclusive authority to negotiate losses under any policy providing property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. Each Owner appoints the Corporation to act for and on behalf of the Owners for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability and the performance of all other acts necessary to accomplish such purposes.

Such master casualty insurance policy, and "all risk" coverage if obtained, shall (to the extent the same are obtainable) contain provisions that the insurer (i) waives its right to subrogation as to any claim against the Corporation, the Board of Directors, its agents and employees, Owners, their respective agents and guests; and (ii) waives any defense based on the invalidity arising from the acts of the insured, together with an endorsement that such policy shall not be terminated for non payment of premiums without at least ten (10) days' prior written notice to Mortgagees and to the Corporation. Such master casualty insurance policy further shall, if the Board of Directors is able to obtain such insurance upon reasonable terms, (i) provide that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual Owners as hereinafter permitted; (ii) provide that, notwithstanding any provision thereof giving the insurer an election to restore damage in lieu of a cash settlement, such option shall not be exercisable in the event the Owners do not elect to restore pursuant to Section 16 of this Declaration; and (iii) include an agreed amount endorsement or an inflation guard endorsement to the extent such are commonly required by prudent institutional mortgage investors in the metropolitan Indianapolis area.

The Co-owners, through the Corporation, shall also purchase a master commercial general liability insurance policy in such amount or amounts as the Board of Directors in its sole discretion shall deem appropriate from time to time. Such commercial general liability insurance policy shall cover the Corporation, the Board of Directors, any committee or organization of the Corporation or Board of Directors, any managing agent appointed or employed by the Corporation, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to The Villas at Timber Run Condominium, all Owners of Units and all other persons entitled to occupy any Unit or other portions of The Villas at Timber Run Condominium. Such policy shall provide that it may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Corporation and all Mortgagees.

The Co-owners, through the Corporation, shall also obtain any other insurance required by law to be maintained, including but not limited to workers' compensation insurance,

and such other insurance as the Board of Directors shall from time to time deem necessary, advisable or appropriate in its sole discretion. Such insurance coverage shall also provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of each Owner, the Corporation, the Board of Directors and any managing agent acting on behalf of the Corporation.

The premiums for all such insurance hereinabove described shall be paid by the Corporation as part of the Common Expenses. When any such policy of insurance hereinabove described has been obtained by or on behalf of the Corporation, written notice of the obtainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Owner or Mortgagee whose interest may be affected thereby, which notice shall be furnished by the officer of the Corporation who is required to send notices of meetings of the Corporation.

In no event shall any distribution of proceeds be made by the Board of Directors directly to an Owner where there is a mortgagee endorsement on the certificate of insurance. In such event any remittances shall be to the Owner and his Mortgagee jointly.

Each Owner shall be solely responsible for loss or damage to his Unit and the contents thereof however caused (including, but not limited to, all floor, ceiling and wall coverings and fixtures, light fixtures, appliances and betterments and improvements installed by such Owner) and his personal property stored elsewhere on the Property, and the Corporation shall have no liability to the Owner for loss or damage to the contents of any Unit. Each Owner shall be solely responsible for obtaining his own insurance to cover any such loss and risk. Each Owner shall have the right to purchase such additional insurance at his own expense as he may deem necessary, including but not limited to: (i) personal liability insurance, provided that all such insurance shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions for the master casualty insurance policy to be obtained by the Corporation; and (ii) casualty insurance upon his Unit, but such insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Corporation. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by the Corporation pursuant to this Section due to proration of insurance purchased by an Owner under this Section, such Owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Corporation to be distributed as herein provided.

The Corporation shall provide written notice to all Owners or Mortgagees (whose interests may be affected) of obtainment of any insurance policy provided for herein or subsequent revision or termination of the same.

16. Casualty and Restoration.

(a) *Duty to Restore.* Except as provided in Subsection 16(g) below, damage to or destruction of any portions of any Building which are not part of a Unit due to fire or any other casualty or disaster shall be promptly repaired and reconstructed by the Corporation and the proceeds of insurance, if any, shall be applied for that purpose.

(b) *Shortfalls.* If any insurance proceeds received by the Corporation as a result of any such fire or any other casualty or disaster are not adequate to cover the cost of repair and reconstruction, or in the event there are no insurance proceeds, the cost for restoring the damage and repairing and reconstructing the Buildings so damaged or destroyed (or the costs thereof in excess of insurance proceeds received, if any) shall be a Common Expense and assessed as part of the Common Expenses.

(c) *Reconstruction.* For purposes of Subsections 16(a) and 16(b) above, repair, reconstruction and restoration shall mean construction or rebuilding of those portions of any Building which are not a Unit to as near as possible the same condition as they existed immediately prior to the damage or destruction and with the same type of architecture.

(d) *Estimates.* Immediately after a fire or other casualty or disaster causing damage to any property for which the Board of Directors or Corporation has the responsibility of maintenance and repair, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as existed before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

(e) *Construction Fund.* The proceeds of insurance collected on account of any such casualty, and the sums received by the Board of Directors from collections of assessments against Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(i) If the amount of the estimated cost of reconstruction and repair is Twenty Thousand Dollars (\$20,000.00) or less, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors; provided, however, that upon request of a Mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided in the following Section 16(e)(ii).

(ii) If the estimated cost of reconstruction and repair of those portions of any Building which are not a Unit is more than Twenty Thousand Dollars (\$20,000.00), then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Indiana and employed by the Board of Directors to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in connection with the work, and certifying (A) that the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (B) that there is no other outstanding indebtedness known to the said architect for the services and materials described; and (C) that the costs as estimated by said architect for the work remaining to be done subsequent to the date of such

certificate, do not exceed the amount of the construction fund remaining after payment of the sum so requested.

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

(iv) In the event that there is any surplus of monies in the construction fund after the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Board of Directors as a reserve or may be used in the maintenance and operation of the Common Areas. The action of the Board of Directors in proceeding to repair or reconstruct damage shall not constitute a waiver of any rights against another Owner for its negligence or willful misconduct, as provided in the Bylaws.

(f) *Condemnation.* If any Unit or portion thereof or any of the Common Areas is made the subject of a condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the affected Mortgagee or Mortgagees shall be given timely written notice of such proceeding or proposed acquisition. The Corporation shall represent the Owners in any condemnation proceeding or any negotiation settlements or agreements with the condemning authority for acquisition of the Common Areas or any part thereof. In the event of a taking or acquisition of part or all of the Common Areas by a condemning authority, the award or proceeds of settlement shall be payable to the Corporation to be held in trust for the Owners and Mortgagees as their interests may appear and the provisions of the Declaration relating to restoration and allocation of funds in the event of a casualty shall be applicable in the event of a condemnation.

(g) *Complete Destruction.* In the event of complete destruction of all of the Buildings containing Units, the Buildings shall not be repaired and reconstructed by the Corporation unless, by a vote of two-thirds (2/3) of all of the Co-owners, a decision is made to rebuild all of the Buildings. A determination of complete destruction of all of the Buildings containing Units shall be made by a vote of two-thirds (2/3) of all Co-owners at a special meeting of the Corporation called for that purpose. If all of the Buildings containing Units are not repaired and reconstructed, then (i) the insurance proceeds, if any, shall be divided among the Co-owners in the percentage by which each owns an undivided interest in the Common Areas, and (ii) the Property shall be considered as to be removed from the Act under I.C. §32-25-8-16.

17. Covenants and Restrictions. Additional covenants and restrictions applicable to the use and enjoyment of the Units and the Common Areas and Limited Common Areas are set forth in the Bylaws. These covenants and restrictions are for the mutual benefit and protection of the present and future Owners and shall run with the land and inure to the benefit of and be

enforceable by any Owner or by the Corporation. Present or future Owners or the Corporation shall be entitled to injunctive relief against any violation or attempted violation of these provisions and shall be entitled to damages for any injuries resulting from any violations thereof, but there shall be no right of reversion or forfeiture of title resulting from such violation.

Notwithstanding anything to the contrary contained herein or in the Bylaws, including, but not limited to, any covenants and restrictions set forth in the Bylaws, Declarant shall have until the Applicable Date the right to use and maintain any Units owned by Declarant and such other portions of the Property as Declarant may deem advisable or necessary in its sole discretion to aid in the construction and sale of Units, or to promote or effect sales of Units or for the conducting of any business or activity attendant thereto, including, but not limited to, model Units, storage areas, signs, construction offices, sales offices, management offices and business offices. Declarant shall have the right to relocate any or all of the same from time to time as it desires. At no time shall any of such facilities so used or maintained by Declarant be or become part of the Common Areas, unless so designated by Declarant, and Declarant shall have the right to remove the same from the Property at any time.

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

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

(b) *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 Owner Vote.

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

(d) *Adoption.* Any proposed amendment to this Declaration must be approved by a vote of not less than sixty seven percent (67%) in the aggregate of the Owner Vote. In the event any Unit is subject to a 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 in accordance with the provisions of the Bylaws.

(e) *Special Amendments.* No amendment to this Declaration shall be adopted which changes (A) the Owner Interest with respect to any Unit or the applicable share of an Owner's liability for the Common Expenses, without the approval of one hundred percent (100%) of the Co-owners and all Mortgagees whose mortgage interests have been made known to the Board of Directors in accordance with the provisions of the Bylaws, except as otherwise provided or permitted in Section 14 or elsewhere herein; or (B) the provisions of Section 16 of this Declaration with respect to reconstruction or repair in the event of fire or any other casualty or disaster, without the unanimous approval of all

Mortgagees whose mortgage interests have been made known to the Board of Directors in accordance with the provisions of the Bylaws, or (C) the provisions of Section 12 regarding the decision of the Board of Directors to provide professional management for The Villas at Timber Run Condominium; or (D) the provisions of Section 15 providing for no priority of an Owner or other person over a Mortgagee as to insurance or condemnation proceeds.

(f) *Recording.* Each amendment to the Declaration shall be executed by the President and Secretary of the Corporation, shall include an affidavit stating that Owners representing sixty seven percent (67%) of the aggregate of Owner Vote or such other amount as required by this Declaration have approved the amendment, and shall be recorded in the Office of the Recorder of Hancock County, Indiana. Such amendment shall not become effective until so recorded.

(g) *Amendments by Declarant Only.* Notwithstanding the foregoing or anything elsewhere contained herein to the contrary, Declarant shall have the right acting alone and without the consent or approval of the Co-owners, the Corporation, the Board of Directors, any Mortgagees or any other person or entity at any time prior to the Applicable Date to amend or supplement this Declaration from time to time if (i) such amendment or supplement is necessary to conform this Declaration to the Act, as amended from time to time; or (ii) such amendment or supplement is made to implement or in connection with the reconfiguration, subdivision or combining of Units owned by Declarant as set forth herein; or (iii) such amendment is necessary to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing & Urban Development, the Federal Housing Association, the Veteran's Administration or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities; or (iv) such amendment is necessary to correct clerical or typographical errors or to clarify Declarant's original intent; or (v) such amendment is necessary to implement any changes in The Villas at Timber Run Condominium permitted to be made by Declarant under this Declaration.

(h) *Special Requirements.* Notwithstanding anything to the contrary contained herein, unless specifically controlled by a more restrictive provision under Indiana law or contained herein, the Corporation shall not, without the prior written notice to all Mortgagees and the prior written consent of at least eighty percent (80%) of the Mortgagees (based upon one vote for each Mortgage held on a Unit) and of the Owners (other than Declarant), be entitled to:

(i) by act or omission, seek to abandon or terminate The Villas at Timber Run Condominium; or

(ii) except in connection with the subdivision or combining of Units owned by Declarant, change the pro rata interest or obligations of any individual Unit for the purpose of: (x) levying assessments or charges or allocating distributions of

hazard insurance proceeds or condemnation awards, or (y) determining the pro rata share of ownership of each Unit in the Common Areas; or

(iii) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas (provided that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas shall not be deemed transfers or encumbrances within the meaning of this clause); or

(iv) use casualty insurance proceeds for losses to any part of the Property (whether to Units or to Common Areas) for other than the repair, replacement or reconstruction of such Property.

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

20. Negligence. Each Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by his willful or intentional misconduct or by that of any member of his family or his or their invitees, licensees, guests, employees, agents or lessees, (including but not limited to damage caused by any pet or any automobile) to the extent that such expense is not covered by the proceeds of insurance received by the Corporation. An Owner shall pay the amount of any increase in insurance premiums occasioned by his use, misuse, occupancy or abandonment of his Unit or its appurtenances or of the Common Areas or Limited Common Areas.

21. Use of Property by Declarant. In addition to all easements and rights previously granted by recorded documents against the Property, Declarant reserves at any time prior to the Applicable Date, the right to grant, dedicate or otherwise convey portions of the Property (but not those portions on which a Unit is situated) to any public agency, governmental authority or public or private utility for purposes of streets, roads, roadways, utilities, storm outfall, storm trunk piping, water, sidewalks and other benefits and improvements and right-of-way and easements therefor. Such right to make such dedications or conveyances shall not require the consent, approval or signatures of either the Board or any Owner. Declarant reserves during the period that Declarant or any related party owns at least one Unit, the right to grant to others and to reserve to itself easements for utilities for ingress, egress and access, and other reasonable

purposes, across, over or under Limited Common Areas; to use any of the Units as models; and to sell Units and to conduct other businesses in connection with and during the construction and development of The Villas at Timber Run Condominium from and in any of the Units prior to their being sold. This reservation of right or privilege of the Declarant includes, but is not limited to, the right to maintain models, erect signs, maintain an office, staff the office with employees, and to use any and all of the Limited Common Areas and to show Units then unsold. Any improvements placed on the Property for the purpose of such sales, such as signs, telephones, or any other promotional items, shall not be considered Limited Common Areas nor attachments to the Property, but shall remain the property of the Declarant and may be removed at any time convenient to the Declarant. Declarant reserves the right to make prudent changes during the course of construction in the location or manner of construction of the Buildings and other improvements but no such changes shall be inconsistent with the architect or engineer's as-built certification. Declarant shall have the right to lease Units and to permit its lessee to have the right to use all Limited Common Areas to the extent as if it were an Owner under this Declaration.

22. Waiver. No Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or Limited Common Areas or by abandonment of his Unit.

23. Granting of Easements. To the extent not inconsistent with any easement rights previously granted by Declarant or otherwise provided in this Declaration, the Corporation is granted the authority to grant easements in and to the Common Areas to utility companies upon such terms and conditions and for such consideration as it deems advisable, necessary or appropriate in its sole discretion.

24. Reservation of Rights to the Use of the Common Areas. Declarant shall have, and hereby reserves, the right and an easement over, across, upon, along, in, through and under the Common Areas, for the purposes of installing, maintaining, repairing, replacing, relocating and otherwise servicing utility equipment, facilities and installations to serve the Property, to provide access to and ingress and egress to and from the Property, to make improvements to and within the Property, and to provide for the rendering of public and quasi-public services to the Property.

25. Easement for Utilities and Public and Quasi-Public Vehicles. All public and quasi-public vehicles, including, but not limited to police, fire and other emergency vehicles, trash and garbage collection, post office vehicles and privately owned delivery vehicles, shall have the right to enter upon the Common Areas and The Villas at Timber Run in the performance of their duties. An easement is also granted to all utilities and their agents for ingress, egress, installation, replacement, repairing and maintaining of such utilities, including, but not limited to water, sewers, gas, telephones and electricity on the Property; provided, however, nothing herein shall permit the installation of sewers, electric lines, water lines, or other utilities, except as initially designed and approved by Declarant or as thereafter may be approved by the Board of Directors and by the Corporation. By virtue of this easement, the electric and telephone utilities companies are expressly permitted to erect and maintain the necessary equipment on the Property and to affix and maintain electric and telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of the Buildings. Nothing provided herein shall operate to discharge the Corporation from its obligation to maintain, repair or replace sanitary

sewer facilities located in the Common Areas and not conveyed or dedicated to the sanitary sewer utility provider.

26. Initial Management. As set forth in the Bylaws, the initial Board of Directors consists and will consist of persons selected by Declarant. Such initial Board of Directors may enter into a management agreement with Declarant (or a corporation or other entity affiliated with Declarant) or a third party for a term not to exceed one (1) year with either party having the right to terminate upon ninety (90) days' notice under which the management company will provide supervision, fiscal and general management and maintenance of the Common Areas and, in general, perform all of the duties and obligations of the Corporation. Such management agreement may be renewed by the parties thereto for additional terms of one (1) year. In the event no management agreement exists because of termination or otherwise, the Corporation shall thereupon and thereafter resume performance of all such management duties, obligations and functions. Notwithstanding anything to the contrary contained herein, prior to the Applicable Date, Declarant shall have, and Declarant hereby reserves to itself (either through a management company or otherwise), the exclusive right to manage the Property and to perform all the functions of the Corporation.

27. Costs and Attorneys' Fees. In any proceeding arising because of failure of an Owner to make any payments required by this Declaration, the Bylaws or the Act, or to comply with any provision of the Declaration, the Bylaws or the Act, or the rules and regulations adopted pursuant thereto, as each may be amended from time to time, the Corporation shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with such default or failure.

28. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provisions of this Declaration or the Bylaws filed herewith shall not impair or affect in any manner the validity or enforceability of the remaining provisions of this Declaration or the attached Bylaws.

29. Enforcement. The provisions of this Declaration, the Bylaws, the Articles of Incorporation or the Act may be enforced by the Corporation or by any aggrieved Owner through court proceedings for injunctive relief, for damages or for both.

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

31. Floor Plans. The Plans setting forth the layout, location, identification numbers, and dimensions of the Units and the Property are incorporated into this Declaration by reference, ~~and have been filed in the office of the Recorder of Hancock County, Indiana, in Condominium Plan File, as Instrument No. 2007-_____.~~

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EXHIBITS

- Exhibit A — Legal Description of Real Estate
- Exhibit B — Bylaws
- Exhibit C — Owner Interests

Exhibit A

LEGAL DESCRIPTION

A part of the Northeast Quarter of Section 36, Township 16 North, Range 6 East in Center Township, Hancock County, Indiana and more fully described as follows:

Commencing at a Brass Plug found at the Northeast corner of the Northeast Quarter of said Section 36; Thence along the North line of said Quarter Section South 89 degrees 39 minutes 11 seconds West (bearing basis on Indiana East State Plane coordinate system) for a distance of 1,350.10 to the Point of Beginning of this description; Thence South 00 degrees 20 minutes 49 seconds East for a distance of 989.75 feet; Thence South 89 degrees 39 minutes 11 seconds West parallel with said North line of said Quarter Section for a distance of 794.75 feet; Thence North 00 degrees 20 minutes 49 seconds West for a distance of 989.75 feet to the North line of said Quarter Section; Thence along said north line North 89 degrees 39 minutes 11 seconds East for a distance of 794.75 feet to the Point of Beginning of this description, containing 18.058 acres more or less.

Subject to all legal rights of way and easements of record.

Exhibit B

**BYLAWS
OF
THE VILLAS AT TIMBER RUN CONDOMINIUM
AND
THE VILLAS AT TIMBER RUN OWNERS ASSOCIATION, INC.**

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**BYLAWS
OF
THE VILLAS AT TIMBER RUN CONDOMINIUM
AND
THE VILLAS AT TIMBER RUN OWNERS ASSOCIATION, INC.**

ARTICLE I

IDENTIFICATION AND APPLICABILITY

Section 1.01. Identification and Adoption. These Bylaws are adopted simultaneously with the execution of a certain Declaration creating The Villas at Timber Run Condominium (hereinafter sometimes referred to as “The Villas at Timber Run Condominium”) to which these Bylaws are attached and made a part thereof. The Declaration is incorporated herein by reference, and all of the covenants, rights, restrictions and liabilities therein contained shall apply to and govern the interpretation of these Bylaws. The definitions and terms as defined and used in the Declaration shall have the same meaning in these Bylaws and reference is specifically made to Paragraph 1 of the Declaration containing definitions of terms. The provisions of these Bylaws shall apply to the Property and the administration and conduct of the affairs of the Corporation. These Bylaws shall also constitute the Bylaws of the Corporation.

Section 1.02. Name, Principal Office, and Resident Agent. The name of the Corporation is The Villas at Timber Run Owners Association, Inc. (hereinafter referred to as the “Corporation”). The initial post office address of the principal office of the Corporation is P.O. Box 235, Maxwell, Indiana, 46154; and the name of its initial Resident Agent in charge of such office is Sara Joyner. The location of the principal office of the Corporation or the designation of its Resident Agent, or both, may be changed at any time or from time to time when authorized by the Board of Directors.

Section 1.03. Individual Application. All Owners, tenants, guests, invitees and other persons that might use or occupy a Unit or any part of the Property, shall be subject to the restrictions, terms and conditions set forth in the Declaration, these Bylaws and the Act, and to any rules and regulations adopted by the Board of Directors as herein provided.

ARTICLE II

MEETINGS OF CORPORATION

Section 2.01. Purpose of Meetings. At least annually, and at such other times as may be necessary, a meeting of the Members shall be held for the purpose of electing the Board of Directors (subject to the provisions of Section 3.02 hereof), presenting the annual budget, and for such other purposes as may be necessary or required by the Declaration, these Bylaws or the Act.

Section 2.02. Annual Meetings. The annual meeting of the Members of the Corporation shall be held on the second (2nd) Monday of April in each calendar year. At the annual meeting, the Members shall (subject to the provisions of Section 3.02 hereof) elect the

Board of Directors of the Corporation in accordance with the provisions of these Bylaws and transact such other business as may properly come before the meeting.

Section 2.03. Special Meeting. A special meeting of the Members of the Corporation may be called by resolution of the Board of Directors or upon a written petition of Owners who have not less than a majority of the Owner Vote of all Co-owners (as defined in the Declaration). The resolution or petition shall be presented to the President or Secretary of the Corporation and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the resolution or petition.

Section 2.04. Notice and Place of Meetings. All meetings of the Members of the Corporation shall be held at any suitable place in Hancock or Marion Counties, Indiana, as may be designated by the Board of Directors. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed by the Secretary of the Corporation to each Member entitled to vote thereat by first class mail not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the Owners at the addresses of their respective Units and not otherwise. A copy of each such written notice shall also be delivered or mailed simultaneously by the Secretary of the Corporation to each Mortgagee who (a) requests in writing that such notices be delivered to it, and (b) has furnished the Corporation with its name and address in accordance with Section 8.01 of these Bylaws. Such Mortgagee may designate a representative to attend the meeting. Attendance at any meeting in person, by agent or by proxy, shall constitute a waiver of notice of such meeting.

Section 2.05. Waiver of Notice. Notice may be waived in writing, signed by the Member entitled to notice, and filed with the minutes or the corporate records. Attendance at or participation in any meeting (a) waives objection to lack of notice unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (b) waives objection to consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the Member objects to considering the matter when the matter is presented.

Section 2.06. Voting and Conduct of Meetings.

(a) Number of Votes. On each matter coming before the meeting as to which an Owner is entitled to vote, such Owner shall be entitled to cast a vote equal to the Owner Interest applicable to such Owners Unit.

(b) Multiple Owner. Where the Owner of a Unit constitutes or consists of more than one person, or is a partnership, there shall be only one voting representative entitled to all of the Owner Vote allocable to that Unit. At the time of acquisition of title to a Unit by more than one person or a partnership, those persons constituting such Owner or the partners in such partnership shall file with the Secretary of the Corporation an irrevocable proxy appointing one (1) of such persons or partners as the voting representative for such Unit, which proxy shall remain in effect until all of such persons constituting such Owner or the partners in such partnership designate another voting representative in writing, such appointed representative relinquishes such appointment in

writing, becomes incompetent, or dies, such appointment is otherwise rescinded by order of a court of competent jurisdiction, or persons constituting such Owner no longer own such Unit. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.06, which proxy shall not constitute a permanent relinquishment of his right to act as voting representative for the Unit.

(c) Voting by Corporation or Trust. Where a trust, corporation, limited liability company or other entity is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of the trust and the agent or other representative of such corporation, limited liability company, or other entity duly empowered by such entity may cast the vote to which such entity is entitled. The trustee of the trust or the agent or representative of such corporation, limited liability company, or other entity so entitled to vote shall deliver or cause to be delivered prior to the commencement of the meeting a certificate signed by such person to the Secretary or other officer of the Corporation stating who is authorized to vote on behalf of said trust or entity. In the event that the Secretary of the Corporation receives conflicting certificates, neither certificate shall be effective or binding upon the Corporation.

(d) Proxy. An Owner may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Owner shall duly designate his attorney-in-fact in writing, delivered to the Secretary or other officer of the Corporation prior to the commencement of the meeting.

(e) Quorum. Except where otherwise expressly provided in the Declaration, these Bylaws, the Act or the Indiana Nonprofit Corporation Act of 1991, as amended (hereinafter referred to as the "Statute"), twenty-five percent (25%) Owners shall constitute a quorum at all meetings.

(f) Official Action. Except where otherwise expressly provided in the Declaration, these Bylaws, the Act or the Statute, action of the Members is not official unless it is authorized by fifty-one percent (51%) of the Owners.

(g) Conduct of Annual Meeting. The President of the Corporation shall act as the Chairman of all annual meetings of the Corporation if he is present. If the President of the Corporation is not present, then the Secretary of the Corporation shall act as Chairman of the annual meeting, or in the absence of both the President and Secretary, then the Members present shall designate a representative to act as Chairman over the annual meeting at issue. At all annual meetings, the Chairman shall call the meeting to order at the duly designated time and business will be conducted in the following order:

(1) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto, unless such reading is waived by a majority of the Owner Vote present at a meeting at which a quorum is present or such minutes have been previously approved.

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

(3) Budget. The budget for the current fiscal year shall be presented to the Owners.

(4) Election of Board of Directors. Nominations for the Board of Directors may be made by any Owner from those persons eligible to serve. Such nominations must be in writing and presented to the Secretary of the Corporation at least seven (7) days prior to the date of the annual meeting. Voting for the Board of Directors will be by paper ballot. The ballot shall contain the name of each person nominated to serve as a Director. Each Owner may cast the Owner Vote to which he is entitled for each of the Board positions as are to be filled; however, he shall not be entitled to cumulate his votes. Those persons receiving the highest number of votes shall be elected. Each voting Owner shall sign his ballot and identify his Unit. The foregoing provisions are subject to the provisions of Sections 3.02 and 3.05 hereof.

(5) Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Corporation at least seven (7) days prior to the date of the meeting; provided, however, that such written request may be waived at the meeting if agreed to by a majority of the Owner Vote present at a meeting at which a quorum is present.

(6) Adjournment.

(h) Conduct of Special Meeting. The President of the Corporation shall act as Chairman of any special meetings of the Corporation if he is present. If the President of the Corporation is not present, then the Secretary of the Corporation shall act as Chairman of any special meetings, or in the absence of both the President and Secretary, then the Members present shall designate a representative to act as Chairman over the special meeting at issue by a vote of a majority of the Owner Vote present. The Chairman shall call the meeting to order at the duly designated time, and the only business to be considered at such meeting shall be the consideration of the matters for which such meeting was called, as set forth in the notice of such special meeting.

Section 2.07. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting of the Members if the action is approved by Members holding at least eighty percent (80%) of the Owner Vote of all Co-owners entitled to be cast on the action. The action must be evidenced by at least one (1) written consent describing the action taken that meets the following conditions:

(a) is signed by the Members representing at least eighty percent (80%) of the Owner Vote of all Co-owners entitled to be cast on the action; and

(b) is filed with the Corporation's minutes.

Requests for written consents must be delivered to all Members.

Section 2.08. Action by Written Ballot. Any action that may be taken at an annual, regular, or special meeting of the Members may be taken without a meeting if the Corporation delivers a written ballot to every Member. A written ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. A solicitation for votes by written ballot must (a) indicate the number of responses needed to meet the quorum requirements, (b) state the percentage of approvals necessary to approve each matter other than the election of directors, and (c) specify the time by which a ballot must be received by the Corporation to be counted. A written ballot may not be revoked.

Section 2.09. Means of Communication. The Corporation and the Board of Directors may (a) permit a Member to participate in an annual, a regular, or a special meeting by or (b) conduct an annual, a regular, or a special meeting through the use of any means of communication by which all Members participating may simultaneously hear each other during the meeting. A Member participating in a meeting by such means shall be considered present in person at the meeting.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01. Management. The affairs of the Corporation and The Villas at Timber Run Condominium shall be governed and managed by the Board of Directors (herein also collectively called "Board" or "Directors" and individually called "Director"). The Board of Directors shall be composed of three persons. After the Applicable Date, no person shall be eligible to serve as a Director unless he is, or is deemed in accordance with the Declaration to be, an Owner.

Section 3.02. Initial Board of Directors. The initial Board of Directors shall be Sara Joyner, Thomas Joyner and Katie Robb (herein referred to as the "Initial Board"), all of whom have been or shall be appointed by Declarant. In the event of any vacancy or vacancies occurring in the Initial Board other than the Owners' Director, as defined below, for any reason or cause whatsoever, prior to the Applicable Date determined as provided below, every such vacancy, other than the Owners' Director, shall be filled by a person appointed by Declarant, who shall thereafter be deemed a member of the Initial Board. No later than sixty (60) days after Declarant has conveyed to bona fide third party purchasers of at least twenty-five percent (25%) of the Units, the Owners shall meet, and the Owners other than the Declarant shall elect one Director (the "Owners' Director") at such meeting to replace whichever Director Declarant designates. Within the earlier of (a) five years from the date of the recording of the Declaration, or (b) sixty (60) days after Declarant has conveyed to bona fide third party purchasers of at least seventy-five percent (75%) of the Units (the "Applicable Date"), the Corporation shall meet and all Owners, including Declarant, shall elect six Directors, whose terms shall commence at the

end of the meeting during which they are elected, to replace all of those Directors earlier elected or designated by the Owners or Declarant, respectively. The terms of the six Directors shall be staggered so that the terms of one-third (two) of the Directors will expire and successors will be elected at each annual meeting of the Corporation. Thereafter, at such annual meetings, successors to the two Directors whose terms then expire shall be elected to serve three-year terms. Notwithstanding the foregoing, at any time after the Applicable Date, the Owners, by the majority vote of Owners, may, from time to time, change the number and terms of Directors, provided, that in any such event the terms of not less than one-third of the Directors shall expire annually. For purposes of computing undivided interest pursuant to the foregoing, those interest shall be computed by comparing the number of Units sold and conveyed to the maximum number of Units provided for in Section 3 of the Declaration. Notwithstanding the foregoing, Declarant shall have the right at any time to waive its right to select one or more Directors or to vote in an election of Directors. In addition, notwithstanding any requirement as to the maximum time period during which Directors appointed by Declarant may serve, Declarant reserves the right, at any time prior thereto to have the Owners elect one or more Directors. Each Owner, by acceptance of a deed to a Unit or by acquisition of any interest in a Unit, shall be deemed to have appointed Declarant as such Owner's agent, attorney-in-fact and proxy, which shall be deemed coupled with an interest and irrevocable until the Applicable Date determined as provided above, to exercise all of said Owner's right to vote and to vote as Declarant determines on all matters as to which Members are entitled to vote under the Declaration, these Bylaws, the Act, or otherwise. This appointment of Declarant as such Owner's agent, attorney-in-fact and proxy shall not be affected by incompetence of the Owner granting the same.

Section 3.03. 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 Owner (or a partner, officer, or trustee of such Owner), shall be eligible to serve on the Board of Directors, except that no single Unit may be represented on the Board of Directors by more than one person at a time.

Section 3.04. Term of Office and Vacancy. Subject to the provisions of Section 3.02 hereof, one (1) Member of the Board of Directors shall be elected at each annual meeting of the Corporation. The Initial Board shall be deemed to be elected and re-elected as the Board of Directors at each annual meeting until the Applicable Date provided in Section 3.02 hereof. After the Applicable Date, each Member of the Board of Directors shall be elected for a term of three (3) years, except that at the first election after the Applicable Date one (1) Member of the Board of Directors shall be elected for a three (3) year term, one (1) Member for a two (2) year term, and one (1) Member for a one (1) year term, so that the terms of at least one-third (1/3) of the Directors shall expire annually. There shall be separate nominations for the office of each Director to be elected at the first meeting after the Applicable Date. Each Director elected shall hold office throughout the term of his election and until his successor is elected and qualified. Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the Owners, if a Director is removed in accordance with Section 3.05 of this Article III, such vote to occur at a special meeting of the Members of the Corporation to be called in accordance with the provisions of these Bylaws for the designated purpose of electing such person or persons to fill any vacancy and to serve until such time as the next annual meeting, wherein Directors are elected or re-elected, as the case may be. The Director so filling a vacancy

shall serve until the next annual meeting of the Members of the Corporation and until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Director shall be elected for the balance of the term of the Director so removed or with respect to whom there has otherwise been a vacancy.

Section 3.05. Removal of Directors. A Director or Directors, except the Members of the Initial Board, may be removed with or without cause by vote of a majority of the Owner Vote of all Co-owners at a special meeting of the Members duly called and constituted for such purpose. In such case, his successor shall be elected at the same meeting from eligible Owners nominated at the meeting. A Director so elected shall serve until the next annual meeting of the Owners and until his successor is duly elected and qualified. At the first annual meeting following any such vacancy, a Director shall be elected for the balance of the term of the Director so removed or with respect to whom there has otherwise been a vacancy.

Section 3.06. Duties of the Board of Directors. The Board of Directors shall provide for the administration of The Villas at Timber Run Condominium, the maintenance, upkeep and replacement of the Common Areas (unless the same are otherwise the responsibility or duty of any Owner of a Unit), the establishment of a budget and the collection and disbursement of the Common Expenses. Subject to the terms and conditions of the Declaration, the Board may, on behalf of the Corporation, employ a reputable and recognized professional property management agent (herein called the "Managing Agent") upon such terms as the Board shall find, in its discretion, reasonable and customary. The Managing Agent shall assist the Board in carrying out its duties, which include but shall not be limited to:

- (a) protection and replacement of the Common Areas, unless the same are otherwise the responsibility or duty of an Owner,
- (b) procuring of utilities used in connection with The Villas at Timber Run Condominium, removal of garbage and waste, and snow removal from the Common Areas and Limited Areas, as applicable;
- (c) landscaping, painting, decorating, furnishing, maintenance and upkeep of the Common Areas and, where applicable, the Limited Areas;
- (d) surfacing, paving and maintaining private streets, parking areas and sidewalks to the extent the same are part of the Common Areas or Limited Areas;
- (e) collection of the Regular and Special Assessments from each Owner;
- (f) preparation of the proposed annual budget; a copy of which shall be mailed or delivered to each Owner at the same time as the notice of annual meeting is mailed or delivered;
- (g) preparing and delivering annually to the Owners a full accounting of all receipts and expenses incurred in the prior year, such accounting to be delivered to each Owner simultaneously with delivery of the proposed annual budget for the current year;

(h) procuring and maintaining for the benefit of the Owners, the Corporation and the Board the insurance coverages required under the Declaration and such other insurance coverages as the Board, in its sole discretion, may deem necessary or advisable.

(i) The maintenance, repair, upkeep and replacement of the Common Areas (except as is otherwise the obligation of an Owner), including but not limited to the maintenance, repair, upkeep and replacement of the following (if located in the Common Areas): (1) street furniture; (2) signage; (3) walls, interior fences and gates; (4) flowers, plant material, grass and other landscaping; (5) irrigation system; (6) sanitary sewer system portions thereof not otherwise conveyed to a public or private utility and which is not the obligation of an Owner; and (6) lighting.

(j) maintain, repair and operate the Recreational Facilities including establishing rules and regulations, and fees and cost schedules, regarding the use thereof by Owners, their families and guests and other parties entitled to use the same and determining when the same shall be open.

(k) Taking such action or performing such tasks as are, in the Board's discretion, beneficial to the Owners.

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

(a) to employ a Managing Agent to assist the Board of Directors in performing its duties, including keeping a record and minutes of all meetings; provided, however, except as otherwise provided in Paragraph 26 of the Declaration, that any management agreement shall be terminable by the Corporation for cause upon thirty (30) days written notice and any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

(b) to purchase, lease or otherwise obtain for the benefit of the Owners or for the Corporation to perform its duties such parking facilities, equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors;

(c) to employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of The Villas at Timber Run Condominium and of the Corporation;

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

(e) to include the costs of all of the above and foregoing as Common Expenses and to pay all of such costs therefrom;

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

(g) to promulgate, adopt, revise, amend and alter from time to time such additional rules and regulations with respect to use, occupancy, operation and enjoyment of the Property, including, without limitation, the Common Areas (in addition to those set forth in this Declaration) as the Board, in its discretion, deems necessary or advisable; provided, however, that copies of any such additional rules and regulations so adopted by the Board of Directors shall be promptly delivered or mailed to all Owners, and further provided that such rules and regulations are not in conflict with any terms and provisions of the Declaration;

(h) to adopt an annual budget for each fiscal year for the purpose of estimating the total amount of Common Expenses for such fiscal year;

(i) to appoint committees of the Members;

(j) to own, convey, encumber, lease and otherwise deal with the Common Areas and property of and for the Corporation;

(k) to grant easements, rights of way and other rights over the Common Areas;

(l) to do such other acts and things as are in the best interest of a majority of the Owners and which are not contrary to law, or to the Declaration or these Bylaws.

Section 3.08. Limitation on Board Action. After the Applicable Date, the authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than Five Thousand Dollars (\$5,000.00) in any twelve (12) consecutive calendar month period without the approval of a majority of the Owner Vote present at a meeting at which a quorum is present, except in the following cases:

(a) contracts for replacing or restoring portions of the Common Areas or Limited Common Areas damaged or destroyed by fire or other casualty unless all the buildings are totally destroyed;

(b) proposed contracts and proposed expenditures expressly set forth as provided for in the annual budget as approved by the Owners at the regular annual meeting, which shall include, but not be limited to, the compensation of the Managing Agent, ongoing contracts of all kinds, maintenance contracts, contracts for improvements which have been approved by the Corporation and contributions to reserve accounts; and

(c) Items within the budget need not be approved separately. The Board of Directors may also reallocate items in the budget, if the total budget will not be increased.

Section 3.09. Compensation. No Director shall receive any compensation for his services as such except to such extent as may be expressly authorized by a majority of the Owner Vote present at a meeting at which a quorum is present. The Managing Agent shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 3.10. Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Special meetings of the Board of Directors may be called by the President or any two (2) Members of the Board of Directors. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail, and at least two (2) days prior to the date of such special meeting, give notice to all of the Board Members. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Such meeting shall be held at such place and at such time within Hancock County, Indiana, or any of the contiguous counties, as shall be designated in the notice.

Section 3.11. Waiver of Notice. Before any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting or his subsequent consent to the actions taken thereat, unless the Director at the beginning of the meeting or promptly upon the Director's arrival objects to holding the meeting and does not vote or assent to the action taken at the meeting, shall, as to such Director, constitute a waiver of notice of the time, place and purpose thereof. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

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

Section 3.13. Non-Liability of Directors. The Directors shall not be liable to the Owners or any other persons for any error or mistake in judgment exercised in carrying out their duties and responsibilities as Directors, except for their own individual willful misconduct, bad faith or gross negligence. The Corporation may indemnify and hold harmless each of the Directors against any and all liability to any person, firm or corporation arising out of contracts made by the Board of Directors on behalf of the Corporation, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration, these Bylaws or the Act, and the Corporation shall, if reasonably available, carry liability insurance for the Board of Directors. The cost of such insurance shall be included as part of the common expenses as provided for in the budget. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Corporation. The Owners shall be subject to special assessment for sums necessary for the Corporation to pay this indemnity in favor of the Directors.

Section 3.14. Action By Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors, or any committee thereof, may be taken without a meeting if a written consent describing such action is signed by each director or committee Member and such written consent is included in the minutes or filed with the corporate records reflecting the action taken. Action taken by written consent shall be effective when the last director or committee Member signs the consent, unless the consent specifies a prior or subsequent effective date. A consent signed as described in this Section 3.14 shall have the effect of a meeting vote and may be described as such in any document.

Section 3.15. Bonds. The Board of Directors may require the Managing Agent, Treasurer, employees, officers and agents handling or responsible for funds of or administered on behalf of the Corporation to have surety bonds indemnifying the Corporation against larceny, theft, embezzlement, forgery, misappropriation, willful misapplication and other acts of fraud or dishonesty in a total amount not less than the estimated maximum amount of funds, including reserve funds, in the custody of the Corporation or the Managing Agent, as the case may be, at any given time, but in no event less than a sum equal to three (3) months aggregate assessments on all Units, plus reserve funds. Such bonds shall also specifically include protection for any insurance proceeds received for any reason by the Board of Directors.

Any bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of employees or similar terms or expressions. The expense of any such bonds, except those maintained by the Managing Agent, shall be a Common Expense. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Corporation and to all Mortgagees.

Section 3.16. Interest of Directors in Contracts. Any contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any firm of which one or more of its directors are Members or employees, or in which they are interested, or between the Corporation and any corporation, partnership, or association of which one or more of its directors are shareholders, Members, directors, officers or employees, or in which they are interested, or in which the Corporation is a Member, shareholder, or otherwise interested, shall be valid for all purposes, notwithstanding the presence of such director or directors at the meeting of the Board of Directors of the Corporation which acts upon, or in reference to, such contract or transaction and notwithstanding his or their participation in such action, if the fact of such interest shall be disclosed or known to the Board of Directors and the Board of Directors shall, nevertheless, authorize, approve or ratify such contract or transaction, by a vote of a majority of the disinterested directors present, notwithstanding the fact that such majority of the disinterested directors present may not constitute a quorum, a majority of the Board of Directors, or a majority of the directors present at the meeting at which the contract or transaction is considered. This section shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

Section 3.17. Additional Indemnity of Directors and Officers. The Corporation may also indemnify any person, his heirs, assigns and personal representatives, made a party to any action, suit or proceeding by reason of the fact that he is or was a Director or an Officer of the Corporation, against the reasonable expenses, including attorneys fees, actually incurred by him or her in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence or willful misconduct in the performance of his or her duties. The Corporation may also reimburse to any such Director or Officer of the Corporation the reasonable cost of settlement of or judgment rendered in any action, suit or proceeding, if it shall be found by a majority of the Owners that such Director or Officer was not guilty of gross negligence or willful misconduct. In making such findings and notwithstanding the adjudication in any action, suit or

proceeding against a Director or an Officer, no Director or Officer shall be considered or deemed to be guilty of or liable for gross negligence or willful misconduct in the performance of his duties where, acting in good faith, such Director or Officer relied on the books and records of the Corporation or statements or advice made by or prepared by the Managing Agent or any Officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Corporation to render advice or service unless such Director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director or Officer be deemed guilty of or liable for gross negligence or willful misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Directors.

Section 3.18. Books and Records. The Board of Directors shall itself, or through the Managing Agent, make available to Owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, these Bylaws, other rules concerning The Villas at Timber Run Condominium, and the books, records and financial statements of the Corporation. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

ARTICLE IV

OFFICERS

Section 4.01. Officers of the Corporation. The principal officers of the Corporation shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two (2) or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person.

Section 4.02. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the initial meeting of each new Board of Directors. Upon an affirmative vote of a majority of all Members of the Board of Directors, any officer may be removed either with or without cause and his successor elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose. Any vacancy or vacancies occurring in the offices of the Corporation shall be filled by a vote of a majority of the Board of Directors at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4.03. The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Corporation. He shall preside at all meetings of the Corporation and of the Board of Directors, shall have and discharge all the general powers and duties usually vested in the office of president or chief executive officer of an association organized under the laws of Indiana, and to perform such other duties as the Board of Directors may from time to time prescribe.

Section 4.04. The Vice President. The Vice President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice President shall also perform such other duties as these

Bylaws may prescribe or as shall, from time to time, be imposed upon him by the Board of Directors or by the President.

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

Section 4.06. The Treasurer. The Board of Directors shall elect a Treasurer, who need not be a Director or an Owner, and who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Corporation and who shall perform such other duties incident to the office of Treasurer. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Corporation. He shall immediately deposit all funds of the Corporation coming into his hands in some reliable bank or other depository to be designated by the Board of Directors and shall keep such bank account or accounts in the name of the Corporation. The Treasurer may permit the Managing Agent to handle and account for monies and other assets of the Corporation to the extent appropriate as part of its duties.

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

ARTICLE V

ASSESSMENTS

Section 5.01. Annual Accounting. Annually, after the close of each fiscal year of the Corporation, the Board of Directors shall cause to be prepared and furnished to each Owner a financial statement prepared by a certified public accountant or firm of certified public accountants, which statement shall show all receipts and expenses received, incurred and paid during the preceding fiscal year.

Section 5.02. Proposed Annual Budget. Annually, on or before the end of each fiscal year, the Board of Directors shall adopt an annual budget for the next fiscal year estimating the total amount of the Common Expenses for the next fiscal year. Such budget may not increase by more than twenty percent (20%) of the previous annual budget without the approval of a majority of the Owner Vote present at a meeting at which a quorum is present. A copy of such budget shall be furnished to each Owner at or prior to December 15 of each year. The annual budget as presented to the Owners at the annual meeting of the Corporation shall be the basis for the Regular Assessment (hereinafter defined) during such fiscal year. The annual budget, the Regular Assessment and all sums assessed by the Corporation shall be established by using

generally accepted accounting principles applied on a consistent basis. The annual budget and the Regular Assessment shall, in addition, be established to include the establishment and maintenance of an adequate replacement reserve fund for capital expenditures and replacement and repair of the Common Areas, which replacement reserve fund shall be used for those purposes and not for usual and ordinary repair expenses of the Common Areas. Such replacement reserve fund for capital expenditures and replacement and repair of the Common Areas shall be maintained by the Corporation in a separate interest bearing account or accounts with one or more banks or savings and loan associations authorized to conduct business in Hamilton County, Indiana, selected from time to time by the Board of Directors. The failure or delay of the Board of Directors to prepare an annual budget and to furnish a copy thereof to the Owners shall not constitute a waiver or release in any manner of the obligations of the Owners to pay the Common Expenses as herein provided, whenever determined.

Section 5.03. Regular Assessments. The annual budget as adopted by the Board of Directors shall, based on the estimated cash requirement for the Common Expenses in the current fiscal year as set forth in said budget, contain an assessment against each Unit and the Owner Interest appurtenant thereto. Immediately following the adoption of the annual budget, each Owner shall be given written notice of the assessment against his respective Unit and the Owner Interest appurtenant thereto (herein called the "Regular Assessment"). The aggregate amount of the Regular Assessment shall be equal to the total amount of expenses provided and included in the final annual budget, including reserve funds as hereinabove provided. The Regular Assessment against each Unit and the Owner Interest appurtenant thereto shall be paid in advance in twelve (12) equal monthly installments, commencing on the first day of the first month of each fiscal year and monthly thereafter through and including the first day of the last month of each fiscal year. So long as Declarant owns one (1) or more Units, any increase in Regular Assessments and all Special Assessments must be approved by Declarant notwithstanding the approval of other Units. In the event that the Board of Directors has not adopted an annual budget and provided the Owners with notice of the current Regular Assessment prior to the first day of the first month of any fiscal year, then the current Regular Assessment shall be the amount of the Regular Assessment for the prior fiscal year until such time as the Board of Directors approves the annual budget for the current fiscal year and provides the Owners with notice of the current Regular Assessment. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors or the Managing Agent, as directed by the Board of Directors; provided, however, Owners may elect to pay monthly assessments quarterly, semi-annually or annually, in advance. The Regular Assessment for the current fiscal year of the Corporation shall become a lien on each separate Unit and the Owner Interest appurtenant thereto as of the first day of each fiscal year of the Corporation, even though the final determination of the amount of such Regular Assessment may not have been made by that date. The fact that an Owner has paid his Regular Assessment for the current fiscal year in whole or in part based upon a previous budget and thereafter, before the annual budget and Regular Assessment for the current fiscal year are finally determined and approved, sells, conveys or transfers his Unit and Owner Interest appurtenant thereto or any interest therein, shall not relieve or release such Owner or his successor as owner of such Unit and the Owner Interest appurtenant thereto from payment of the Regular Assessment for such Unit and the Owner Interest appurtenant thereto as finally determined, and such Owner and his successor as owner of such Unit and Owner Interest appurtenant thereto shall be jointly and severally liable for the Regular Assessment as finally determined. Any statement of unpaid assessments furnished by

the Corporation pursuant to Section 8.02 hereof prior to the final determination and adoption of the annual budget and Regular Assessment for the fiscal year in which such statement is made need not state that the matters set forth therein are subject to adjustment upon determination and adoption of the final budget and Regular Assessment for such fiscal year, and all parties to whom any such statement may be delivered or who may rely thereon shall be bound by such final determinations. Monthly installments of Regular Assessments shall be due automatically on their respective due dates without any notice from the Board of Directors or the Corporation, and neither the Board of Directors nor the Corporation shall be responsible for providing any notice or statements to Owners for the same.

Section 5.04. Special Assessments. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated or budgeted for may arise. At such time and without the approval of the Owners, unless otherwise provided in these Bylaws, the Declaration or the Act, the Board of Directors shall have the full right, power and authority to make special assessments which, upon resolution of the Board of Directors, shall become a lien on each Unit and the Owner Interest appurtenant thereto, prorated in accordance with the Owner Interest of each Unit (herein called "Special Assessment"). Without limiting the generality of the foregoing provisions, Special Assessments may be made by the Board of Directors from time to time to pay for capital expenditures, or to pay for the cost of any repair or reconstruction of damage caused by fire or other casualty or disaster to the extent insurance proceeds are insufficient therefor under the circumstances described in the Declaration. A Special Assessment may also be made against certain Units having the use of Limited Common Areas, or for other purposes where certain Owners receive services or privileges which are not then generally available to all Owners equally, as a charge for the use, maintenance and/or upkeep of such Limited Common Areas, or for such services or privileges, or for any other charges or expenses attributable to such Limited Common Areas, services, privileges or which result from actions of an Owner which may cause extra expense to the Corporation. An Owner's agreement to pay Special Assessments may be imposed by the Declarant and/or by the Board of Directors as a condition to approving the use or improvement of Limited Common Areas, or as a condition to the rendition or grant of services or privileges.

Section 5.05. Failure of Owner to Pay Assessments.

(a) No Owner may exempt himself from paying Regular Assessments and Special Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and, in the proper case, of the Limited Areas, of the Building, and toward any other expense lawfully agreed upon, by waiver of the use or enjoyment of the Common Areas or by abandonment of the Unit belonging to him. Each Owner shall be personally liable for the payment of all Regular Assessments and Special Assessments which become due and payable during the period in which such Owner holds title to a Unit. Where the Owner constitutes more than one person, the liability of such persons shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Regular Assessment or Special Assessment when due, the lien for such Assessment on the Owner's Unit may be filed and foreclosed by the Board of Directors for and on behalf of the Corporation as provided by law. Upon the failure of an Owner to make payments of any Regular Assessment and/or Special Assessment, within ten (10) days after any such Regular Assessment and/or Special

Assessment (as applicable) is due (with such due dates being set forth in accordance with Sections 5.03 and 5.04 herein and Section 13 of the Declaration), the Board of Directors, in its discretion, may (1) impose a late fee as provided in the Declaration, (2) accelerate the entire balance of the budgeted and unpaid Regular Assessments and/or Special Assessments, and any and all fines, charges and late fees, applicable to the current full calendar year and all previous calendar years and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary, and (3) eliminate such Owner's right to vote. In any action to foreclose the lien for any Assessments, the Owner and any occupant of the Unit shall be jointly and severally liable for the payment to the Corporation of reasonable rental for such Unit, and the Board of Directors shall be entitled to the appointment of a receiver for the purpose of preserving the Unit and to collect the rentals and other profits therefrom for the benefit of the Corporation to be applied to the unpaid Regular Assessments or Special Assessments. The Board of Directors may, at its option, bring a suit to recover a money judgment for any unpaid Regular Assessment or Special Assessment without foreclosing or waiving the lien securing the same. In any action to recover a Regular Assessment or Special Assessment, whether by foreclosure or otherwise, the Board of Directors, for and on behalf of the Corporation, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorneys' fees, from the Owner of the respective Unit.

(b) Notwithstanding anything contained in this Section or elsewhere in the Declaration and these Bylaws, the lien for any Regular Assessment or Special Assessment shall be subordinate to the lien of any Mortgage if and to the extent the Mortgage was recorded prior to the due date of any Regular Assessment or Special Assessment, and any sale or transfer of a Unit to a Mortgagee pursuant to a foreclosure on its Mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in a manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid installment of any Regular Assessment or Special Assessment as to such installments which became due after the recordation of such Mortgage; 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 Unit, or the purchaser at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any installments of Regular Assessments or Special Assessments thereafter becoming due or from the lien therefor. Such unpaid share of any Regular Assessments or Special Assessments, the lien for which has been divested as aforesaid, shall be deemed to be a Common Expense, collectible from all Owners (including the party acquiring the subject Unit from which it arose), as provided in the Act.

Section 5.06. Payment of Regular Assessments. Payment of the Regular Assessments prior to the Applicable Date with respect to each Unit and the Owner Interest appurtenant thereto that has been subjected to the Declaration (excluding any unoccupied Unit(s) offered for the first time for sale and owned by Declarant) shall commence on the dates set forth in Paragraph 13 of the Declaration. In addition, at the initial closing of each Unit, the purchaser or new Owner is required to pay a sum equal to one-fourth (1/4) of the full Regular Assessment applicable to such Unit as his initial contribution to the working capital of the Corporation. Such amounts shall be

used by the Corporation for Common Expenses, is not an advance payment of Regular Assessments and will not be held in any trust or reserve account. Additionally, at each closing, the purchaser of a Unit shall pay his pro rata share of the Regular Assessment due in the month of closing. Thereafter, payment of the Regular Assessment shall be made on the first day of each calendar month.

Section 5.07. Maintenance and Repairs. Every Owner shall promptly perform all maintenance and repair within his own Unit which, if neglected, would affect the value of the Property. In addition, each Owner shall furnish, and shall be responsible at his own expense for, the maintenance, repairs and replacements of his Unit and all equipment serving the same. Such maintenance, repairs and replacements which each Owner is responsible to make personally and at his own expense include, but are not necessarily limited to, water lines, gas lines, plumbing and electric lines which service the Owner's Unit only and are located within exterior walls of the Unit, including any lines in the area from below the floor to above the roof if they are within an extension of the exterior walls of the Unit; all partitions and interior walls, ceilings and floors; appliances, to include garbage disposals, dishwashers, stoves, ranges, refrigerators, telephones, air conditioning and heating equipment (whether located wholly or partially inside or outside the Unit); doors, screens and windows (including exterior and interior of all glass and screen surfaces); lamps; interior and exterior grouting and/or caulking; and all other accessories appurtenant to the Unit or belonging to the Owner thereof.

If, due to the willful, intentional or negligent acts or omissions of an Owner, of a Member of his family, of a guest, tenant or other occupant or visitor of such Owner, or of an Owner's pet or automobile, damage shall be caused to the Common Areas or to a Unit or Limited Area owned by or reserved for the use of others, or if maintenance, repairs or replacements shall be required thereby which would otherwise be a Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Corporation, unless such loss is covered by the Corporation's insurance with such policy having a waiver of subrogation clause. If not paid by such Owner upon demand by the Corporation, the cost of repairing such damage shall be added to and become a part of the Assessment to which such Owner's Unit is subject. Maintenance, repairs and replacements to the Common Areas or the Units or Limited Areas shall be subject to the rules and regulations adopted from time to time by the Board of Directors.

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

ARTICLE VI

RESTRICTIONS, ENTRY AND RULES AND REGULATIONS

Section 6.01. Restrictions on Use. The following restrictions on the use and enjoyment of the Units, Common Areas, Limited Areas and the Property shall be applicable to The Villas at Timber Run Condominium and are in addition to those set forth in the Declaration:

(a) Except as provided in Sections 17 and 21 of the Declaration, no Units may be used for any use which is not a residential use without the prior written consent of the Board of Directors. Except as provided in Section 14 of the Declaration, no Unit may be partitioned or subdivided without the prior written consent of the Board of Directors.

(b) No additional buildings shall be erected or located on the Property other than the Buildings designated in the Declaration, and shown on the Plans, without the consent of the Board of Directors.

(c) No Owner shall permit anything to be done or kept in his Unit or in the Common Areas which will result in a cancellation of insurance on any Building or any part of the Common Areas or contents thereof, or which would be in violation of any law or ordinance or the requirements of any insurance underwriting or rating bureau.

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

(e) No Owner of a Unit shall cause or permit anything to be hung or displayed on the outside of the windows or patio doors or placed on the outside walls of any Building; and no sign, awning, canopy, shutter or radio or television antenna or other attachment or thing shall be affixed to or placed upon the exterior walls or roofs or any other parts of any Building without the prior written consent of the Board of Directors; provided, however, that nothing to the contrary contained in these Bylaws, the Articles of Incorporation or the Declaration shall limit or prohibit the Declarant from placing or affixing or maintaining any sign or other media on the Property in connection with the sale of Units as provided for in this Section 6.01.

(f) No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas or on the Property, except that pet dogs, cats or customary household pets may be kept in a Unit, provided that such pet is not kept, bred or maintained for any commercial purpose, and does not create a nuisance. An Owner shall be fully liable for any injury or damage to persons or property, including the Common Areas, caused by his pet. The Board of Directors may adopt such rules and regulations regarding pets as it may deem necessary from time to time including, but not limited to, a requirement that any Owner desiring to bring a pet on the Property shall deposit with the Board of Directors a security deposit in an amount to be determined by the Board of Directors to cover any damage that may be caused by such pet. Any such security deposit shall be returned to the Owner when the pet is permanently removed from the Property, except to the extent said deposit has been used to repair damage

caused by such pet. Any requirement for the depositing of such a security deposit shall not be deemed to release or in any way limit an Owner's responsibility and liability for injury and damage caused by his pets. Any pet which, in the judgment of the Board of Directors, is causing or creating a nuisance, unreasonable disturbance, noise, damage or concerns for the safety of others shall be permanently removed from the Property within ten (10) days after written notice from the Board of Directors to the respective Owner to do so.

(g) Nothing shall be done or permitted in any Unit which will impair the structural integrity of any Building or which would structurally change any Building or which would affect the exterior appearance of any Unit, except as otherwise provided in the Declaration or these Bylaws. No Unit shall be used in any unlawful manner or in any manner which might cause injury to the reputation of The Villas at Timber Run Condominium.

(h) No Owner of a Unit may hang anything inside or outside his window or patio doors which will show any color other than white or beige tones on the outside. No clothes, sheets, blankets, rugs, laundry or other things shall be hung out or exposed on, or so as to be visible from, any part of the Common Areas. The Common Areas shall be kept free and clear of rubbish, debris and other unsightly materials.

(i) Without the prior written consent of the Board of Directors, no industry, trade, or other commercial or religious activity, educational or otherwise, designed for profit, altruism or otherwise, shall be conducted, practiced or permitted on or in any Unit.

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

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

(l) Except for vehicles being used by Declarant or by persons providing services to the Declarant or an Owner, no boats, campers, trailers of any kind, buses, mobile homes or trucks (other than ¼ ton or less pick-up trucks), shall be permitted, parked or stored anywhere within the Property; provided, however, that nothing herein shall prevent the driving or using of such vehicles for ingress and egress to and from such Owner's Unit provided the shortest route to and from a public road is used. No repair work shall be done on the Property on any vehicles, including passenger automobiles.

(m) No Owner shall be allowed to plant trees, landscape or do any gardening in any of the Common Areas, except with express written permission from the Board of Directors, and if such permission is granted such Owner shall be obligated to maintain any such trees or landscaping.

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

(o) No Owner may rent or lease his Unit for transient or hotel purposes.

(p) Any Owner who leases a Unit shall lease the entire Unit for at least a six (6) month period and shall have a written lease, and such lease shall provide that the lease is subject to the provisions of the Declaration, the Bylaws and the rules and regulations as adopted by the Board of Directors, and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. A copy of each such lease shall be delivered to the Corporation or Managing Agent.

(q) No Owner shall permit its Unit to be occupied, on a permanent or temporary basis, by any individual who is listed on any sexual offender registry or any similar list prepared by any governmental body, whether local, state or federal, regardless of whether such individual is a family member of Owner or tenant of the Owner. Any Owner on any such list shall immediately, if so requested by the Corporation, offer its Unit for sale to the Corporation. The purchase price of the Unit shall be for the amount of an appraisal of the Unit prepared by an appraiser selected by the Owner from a list of three appraisers provided by the Corporation. The Corporation shall have thirty (30) days from the date of its receipt of the appraisal to elect to exercise the right. If so elected, the closing shall take place within thirty (30) days of the Corporation's election to purchase the Unit according to the terms and provisions of the standard MIBOR form, at that time, of condominium purchase agreement.

Section 6.02. Compliance with Covenants, Conditions and Restrictions. Every Owner, mortgagee, lessee or other occupant of a Unit shall comply strictly with the covenants, conditions and restrictions set forth in this Declaration, with the Bylaws and with the rules and regulations in relation to the use and operation of the Property. A violation committed by any persons residing in, occupying or visiting a Unit at the invitation or with the implied or express permission of the Owner or any other occupant of the Unit, or committed by any agent, employee, business invitee, or contractor of the Owner or of any person occupying a Unit, shall be attributed to that Unit and the Owner thereof. Failure to comply with any of said covenants, conditions and/or restrictions shall be grounds for withdrawal by the Board of Directors of privileges with respect to the use of any of the Common Areas by any defaulting Owner and by his tenants, invitees, guests and all Members of his family and/or his tenant's family. An action seeking a declaratory judgment, the recovery of sums due for damages, or injunctive relief, or any or all of them may be maintained by the Board of Directors or by an interested party who has obtained the prior written consent of the Board of Directors against any Owner or other person entitled to occupy a Unit who refuses to comply or threatens to refuse to comply with any provisions of this Declaration, the Bylaws, the rules and regulations, or any other document

establishing ownership or control over any part of the Property. One or more Owners may bring a class action on behalf of all Owners.

After giving not less than ten (10) days prior written notice to an Owner who has not complied, and after giving such party the opportunity to be heard by the Board of Directors, the Board of Directors shall have the right to impose a fine of not more than \$200 for the second violation of any of the condominium documents referred to in this Section 6.02 attributable to a particular Owner in a calendar year (whether or not this second violation involves the same term or provision of the above-described condominium documents as the first violation) against that Owner and the Unit and the Owner Interest appurtenant thereto in which such Owner holds an ownership interest. For a third violation of any of the condominium documents referred to in this Section 6.02 attributable to the same Owner in the same calendar year (whether or not this third violation involves the same term or provision of the above-described condominium documents as the first or second violations), the Board of Directors, after giving the above-described notice and opportunity to be heard, may levy a fine against that Owner and the Unit and the Owner Interest appurtenant thereto in which such Owner holds an ownership interest in an amount not in excess of \$500. For the fourth and every subsequent such violation of any of the condominium documents referred to in this Section 6.02 by the same Owner in the same calendar year (whether these violations involve the same term or provision as the previous violations), the Board of Directors, after giving the above-described notice and opportunity to be heard, may levy a fine against that Owner and the Unit and the Owner Interest appurtenant thereto in which such Owner holds an ownership interest in double the amount of the fine for the immediately preceding violation in that calendar year.

All fines described above, any fines imposed by the Board of Directors and any and all expenses incurred by the Corporation in enforcing any of the terms and provisions of the condominium instruments, including reasonable attorney's fees, may be levied as Special Assessments against the Owner in question and his Unit and the Owner Interest appurtenant thereto.

Any action brought by the Corporation hereunder may be brought in its own name, in the name of its Board of Directors or in the name of the Managing Agent. In any case of flagrant or repeated violation by an Owner, he may be required by the Board of Directors to give sufficient surety or sureties for his future compliance with the covenants, conditions and restrictions contained in this Declaration and with the Bylaws and rules and regulations.

Section 6.03. Right of Entry. All Owners and occupants of a Unit shall be deemed to have granted the right of entry thereto to the Managing Agent or any other person authorized by the Board of Directors in case of any emergency originating in or threatening his Unit or the Building in which it is located, whether the Owner is present at the time or not. Any Owner shall permit other persons, or their representatives when so required, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, or to make structural repairs provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of emergencies, such right of entry shall be immediate.

Section 6.04. Right of Board to Adopt Rules and Regulations. The Board of Directors may promulgate and adopt such additional rules and regulations regarding the operating of the Property, including but not limited to the use of the Common Areas, the Recreational Facilities, as it may deem necessary from time to time, and such rules as are adopted may be amended by a vote of a majority of the Board of Directors. The Board of Directors shall cause copies of such rules and regulations and all amendments thereto to be delivered or mailed promptly to all Owners. Such rules may further restrict the provisions contained in these Bylaws.

ARTICLE VII

AMENDMENT TO BYLAWS

Section 7.01. Amendment to Bylaws. Subject to any contrary, overriding or superseding provisions set forth herein or in the Declaration, these Bylaws may be amended in the same manner, and subject to the same limitations and requirements, as amendments to the Declaration, as set forth in paragraph 18 of the Declaration. Amendments to these Bylaws shall be considered as amendments of the Declaration and shall be recorded in the office of the Recorder of Hancock County, Indiana, as required by the Declaration and the Act. Notwithstanding anything to the contrary contained herein or in the Declaration, there shall be no amendment of the Declaration or these Bylaws prior to the Applicable Date without the consent and approval of Declarant.

ARTICLE VIII

MORTGAGES

Section 8.01. Notice to Corporation. Any Owner who places a first mortgage lien upon his Unit or the Mortgagee shall notify the Secretary of the Corporation thereof and provide the name and address of the Mortgagee. A record of such Mortgagee and name and address shall be maintained by the Secretary, and any notice required to be given to the Mortgagee pursuant to the terms of the Declaration, these Bylaws or the Act 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, either by the Owner or the Mortgagee, no notice to any Mortgagee as may be otherwise required by the Declaration, these Bylaws or the Act shall be required and no Mortgagee shall be entitled to vote on any matter to which he otherwise may be entitled by virtue of the Declaration, these Bylaws, the Act, or proxy granted to such Mortgagee in connection with the mortgage.

The Corporation shall, upon request of a Mortgagee who has furnished the Corporation with its name and address as hereinabove provided, furnish such Mortgagee with written notice of any default in the performance by its borrower of any obligations of such borrower under the Declaration or these Bylaws which is not cured within thirty (30) days. Any Mortgagee shall have the right to inspect the books and records of the Corporation during normal business hours.

A guarantor or insurer of a Mortgage may, upon written request to the Corporation giving the Corporation its name and address, receive from the Corporation any notice that would be given to a Mortgagee also be given to the applicable insurer or guarantor.

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

ARTICLE IX

MISCELLANEOUS

Section 9.01. Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

Section 9.02. Member Compensation. No Member of the Corporation shall have or receive any earnings from the Corporation as a result of being an officer or director of the Corporation, except a Member may receive principal and interest on monies loaned or advanced to the Corporation as provided in the Statute.

Section 9.03. Contracts, Checks, Notes, Etc. All contracts and agreements entered into by the Corporation and all checks, drafts and bills of exchange and orders for the payment of money shall, in the conduct of the ordinary course of business of the Corporation, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by the President or, in his absence, the Treasurer. Any one of the documents heretofore mentioned in this section for use outside the ordinary course of business of the Corporation, or any notes or bonds of the Corporation, shall be executed by and require the signature of the President and Secretary.

Section 9.04. Financial Statement. Upon the written request of any entity that has an interest or prospective interest in any Unit, the Corporation shall prepare and furnish to such entity within a reasonable time a financial statement of the Corporation for the immediately preceding fiscal year.

Section 9.05. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provisions of these Bylaws shall not impair or affect in any manner the validity, enforceability or affect the rest of these Bylaws.

Exhibit C

TABLE OF OWNER INTERESTS

Unit Number	Percentage of Interest
1	1.3888
2	1.3888
3	1.3888
4	1.3888
5	1.3888
6	1.3888
7	1.3888
8	1.3888
9	1.3888
10	1.3888
11	1.3888
12	1.3888
13	1.3888
14	1.3888
15	1.3888
16	1.3888
17	1.3888
18	1.3888
19	1.3888
20	1.3888
21	1.3888
22	1.3888
23	1.3888
24	1.3888
25	1.3888
26	1.3888
27	1.3888

Unit Number	Percentage of Interest
28	1.3888
29	1.3888
30	1.3888
31	1.3888
32	1.3888
33	1.3888
34	1.3888
35	1.3888
36	1.3888
37	1.3888
38	1.3888
39	1.3888
40	1.3888
41	1.3888
42	1.3888
43	1.3888
44	1.3888
45	1.3888
46	1.3888
47	1.3888
48	1.3888
49	1.3888
50	1.3888
51	1.3888
52	1.3888
53	1.3888
54	1.3888

Unit Number	Percentage of Interest
55	1.3888
56	1.3888
57	1.3888
58	1.3888
59	1.3888
60	1.3888
61	1.3888
62	1.3888
63	1.3888
64	1.3888
65	1.3888
66	1.3888
67	1.3888
68	1.3888
69	1.3888
70	1.3888
71	1.3888
72	1.3888

AMENDMENT ONE

To the

DECLARATION
OF
THE VILLAS AT TIMBER RUN CONDOMINIUM
(the "Declaration")
Instrument #: 080008576

On this 22nd day of December 2008, The Board of Directors of the Villas At Timber Run Owner's Association, Inc. hereby makes the following amendments to the Declaration:

- 1) Incorporate for reference the attached phasing plan as "Exhibit D-Villas At Timber Run Project Phasing".
- 2) Incorporate the Community Policies and Guidelines as "Exhibit E-Community Policies and Guidelines".
- 3) Section 6. Common Areas.

Delete the following:

"Declarant of the Corporation may, in its sole and exclusive discretion, at any time hereafter, grant a license to use the Recreational Facilities for their intended purposes to any individual(s) who owns(s) a Unit. Such license shall extend to all members of such individual's immediate family who reside with such individual in the Unit. Declarant and the Corporation shall have the right to make the license available in exchange for an annual fee paid by such individual to the corporation. Such fees shall not exceed thirty-five percent (35%) of the then amount of the most recent annual assessment for The villas at Timber Run Condominium."

Replace with:

"All individual(s) who owns(s) a Unit shall have right to usage of the Recreational Facilities subject to the Community Policies and Guidelines in "Exhibit E-Community Policies and Guidelines". This right extends to all members of such individual's immediate family who reside with such individual in the Unit."

-Continued on next page-

Villas at Timber Run

11 PG
OK

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

Villas at Timber Run, LLC

By: [Signature]

Printed: Thomas J. Joyner

Title: Manager

STATE OF INDIANA)

) SS:

COUNTY OF Hancock)

Before me, a Notary Public in and for the above County and State, personally appeared Thomas J. Joyner, the Manager of Villas at Timber Run, LLC, Indiana limited liability company, who acknowledged the execution of the foregoing Amendment to the "Declaration of The Villas at Timber Run Condominium" on behalf of said company, and who, having been duly sworn, stated that any representations contained therein are true.

WITNESS my hand and Notarial Seal this 22nd day of December, 2008.



Notary Public [Signature]

Printed: Barbara L. Buck

I am a resident of Hancock County, Indiana.

My commission expires: 6/29/16.

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law. Thomas J. Joyner

This instrument was prepared by: Thomas J. Joyner

EXHIBIT D
VILLAS AT TIMBER RUN PROJECT PHASING

- Phase 1: Building 1 & Building 3
- Phase 2: Building 5
- Phase 3: Building 2
- Phase 4: Building 4
- Phase 5: Building 6
- Phase 6: Building 7
- Phase 7: Building 8
- Phase 8: Building 10
- Phase 9: Building 9
- Phase 10: Building 11
- Phase 11: Building 13
- Phase 12: Building 12
- Phase 13: Building 15
- Phase 14: Building 14
- Phase 15: Building 16
- Phase 16: Building 19
- Phase 17: Building 16
- Phase 18: Building 19

**EXHIBIT E
COMMUNITY POLICIES AND GUIDELINES**

These guidelines have been set forth to expand upon and detail the information found in the Condominium Declaration and Bylaws under which THE VILLAS AT TIMBER RUN OWNERS ASSOCIATION, INC. operates. All homeowners are asked to support these Guidelines in order that the community will be a more attractive and harmonious place to live.

I. Personal Property

All personal property, such as lawn chairs, bicycles, tables, etc., must be kept inside the garage or inside the patio areas but not visible above the fence with the exception of patio furniture that was constructed and sold for outdoor use, patio umbrellas and grills.

Abbey and Canterbury homes may place patio furniture in complementary colors on the concrete or brick pad outside the front door, in front of the veranda or on the optional patio area (designated as Limited Common Element), if such optional patio was selected (a maximum of one table and four chairs).

Nothing may be hung or displayed, nor may signs, awnings, canopies, shutters, antennae or satellite dishes or any other device or ornament be affixed to or placed upon the exterior walls, doors, fences or roof without prior written approval of the Condominium Association Board of Trustees.

II. Decorative Items

Display of any of the following is not allowed without the prior written approval of the Condominium Association Board of Trustees:

- Bird feeders or bird baths (tree-hanging or freestanding)
- Flower/plant pots
- Garden hose hangers
- Ground/landscape lights or stepping stones
- Wall plaques
- Windssocks/wind chimes/decorative flags

A. Holiday Decorations

Christmas lights and decorations are permitted to be placed in the limited common areas and/or on building exteriors provided the decorations do not damage limited common area, building, gutters or siding. They may not be displayed before Thanksgiving Day, and must be removed by no later than January 7th of the following year. Other holiday decorations are permitted under the same guidelines, and may not be displayed more than one week

before or one week after the holiday.

B. The American Flag

The American Flag may be flown or displayed at anytime following normal flag protocol.

C. Wreaths

Decorative wreaths may be hung on the front door only. All wreaths are to be no larger than 30" in diameter. Wreaths are prohibited on walls and on the outside of patio fences.

III. Flowers/Landscape Plants

A. Flowers

Flowers may be planted inside the patio fence or directly outside the patio fence or screened porch in the existing mulched area. A maximum of three (3) flower pots are allowed on the concrete pad outside the front door. Flowers are not permitted around any tree. Only annuals which will not exceed the height of the patio fence shall be used. Maintenance of the flowers is the responsibility of the resident and dead annuals are to be removed at the end of the season. Annuals which are not maintained during the growing season will be removed by the grounds keepers and the cost for removal will be billed to the resident.

B. Landscape Plants

Any planting of new shrubs outside the patio area must receive advance approval. Variance request forms are available from either the Property Manager or the Sales Office.

1. Additional landscape plants which may be considered will be of a species already in use in the community and which, at maturity, will be compatible with the existing plant material.
2. Any new planting beds will be limited in size by the Board.
3. New beds must be mulched with matching hardwood.
4. New plants will become the property of the Condominium Association, who will provide future mulching, pruning and fertilization. However, should any one of the plants die, the resident is responsible for replacement.

C. **Landscape Lights**

Low voltage lights may be added in the landscape area on the inside of the walk in the mulched bed between the sidewalk and the home only. A total of six lights are permissible and Malibu 11 Watt Low Voltage Three Tier Light in black available at Home Depot is the approved brand, model #CL191. Specific information may be obtained from the Property Manager.

IV. **Other Items**

A. **Prohibited Items**

The following items will be strictly prohibited in any common area of the Community: any type of yard sign, statue, statuette, yard or lawn ornament, artificial flowers, ornamental rocks or stones, cypress mulch, swing sets, mounted hose reels, laundry poles or clotheslines, or other such items. Laundry may not be hung over any patio fence (swim suits, towels, rugs, etc., included).

V. **Exterior Alterations**

No alterations, additions, fences, walls, patios, decks, etc., may be made to the exterior surface of the building, nor may any trees or shrubs be planted, transplanted or removed without prior written approval of the Board.

A. **Patio Gates**

Patio gates may be installed at the resident's expense (i) using only the approved design and specifications and (ii) after obtaining approval from the Board of Trustees or its designee. Copies of the design and specifications are available from the Property Manager or at the Sales Office.

B. **Storm Doors**

Storm doors may be added at the resident's expense (i) using only the approved design and color and (ii) after obtaining approval from the Board of Trustees or its designee. Specific information about approved storm doors may be obtained from either the Property Manager or the Sales Office.

VI. **Windows and Window Coverings**

All window coverings, whether draperies, blinds (vertical or horizontal) or valances must be white, off-white, light beige or light gray on the **exterior side**.

VII. Signs

Nothing may be hung or displayed from inside the windows except professionally prepared "For Sale" and "For Rent" signs or security system decals, which shall be limited in size and number. No real estate signs are permitted in any common area.

VIII. Animals

- A. No more than one household domestic pet, not bred or maintained for commercial purposes, may be kept in any one home. Pets shall be limited to dogs or cats. However, if an owner has more than one pet when he or she moves into the condominium; and, such pets comply with the requirements of the Declaration of Condominium, up to two (2) pets may be kept by the owners.
- B. All animals, when outdoors, shall be maintained on a leash not more than eight (8) feet in length. They shall be supervised by a responsible individual at all times. Such individuals shall be responsible for the immediate clean up of all pet litter.
- C. No pet shall be tethered outside in the lawn or common area; nor shall any pet be tied to any patio fence.
- D. Pet owners may be fined for violation of these policies, at the rate of \$10.00 for the first offense and \$25.00 for each additional offense. If pets become a nuisance, they may be ejected at the discretion of the Board of Trustees.

IX. Parking/Vehicles

No boats, trailers, motor homes, trucks (larger than a ¾ ton pickup), travel trailers, or any vehicle with commercial advertising may be parked on any street or driveway overnight. Other vehicles used for recreation (van conversions/RVs) not garage-able, will be permitted to park in limited common area (in front of garage) for forty-eight (48) hours to allow for loading and unloading. Such vehicles must not exceed twenty (20) feet in length and must not block normal access of other residents. Commercial moving vans, when conducting contract business, and commercial trucks when in the area to perform service or repair work are an authorized exception.

All parking by residents or guests **must be**: (a) within the garage, (b) in the limited common area in front of the garage door, (c) in the parking spaces at the Clubhouse area, or (d) on the side drive in such a manner so as not to block any other residents access to the garage or street. **PARKING IS PROHIBITED IN THE "TURN-AROUND" AREAS AT THE END OF THE DRIVEWAY.** No vehicle may be parked in the clubhouse parking areas for more than forty-eight (48) consecutive hours. Vehicles parked there for more than forty-eight (48) hours are subject to

being towed.

Inoperable vehicles (with flat tires, expired license tags, etc.), or vehicles which cannot be identified as belonging to a resident, which are parked in any common or limited common area for more than 48 consecutive hours may be towed off the premises at the vehicle owner's expense. No repair work is permitted on vehicles in limited common or common areas except for short-term emergency work (flat tire, battery charge, etc.).

No vehicle shall be parked in any manner which blocks any street or driveway, or the ingress/egress to any garage other than the owners. The speed limit within the community is **15 mph**. Reckless operation, excessive speed, and parking or driving on the lawn areas is prohibited.

X. Swimming Pool

The pool is for the exclusive use of the residents and their guests. Any person who cannot be identified as a resident, or who is not accompanied by a resident, will be asked to leave the pool area. The pool rules are:

- A. All persons using the pool and pool facilities do so at their own risk and sole responsibility. There is no lifeguard.
- B. All children under the age of 18 must be accompanied by an adult resident age 18 or older.
- C. Guests are limited to three (3) per household, and **must be accompanied by a resident at all times**. Guests will be asked to leave if the resident is not present. Pool passes may be required.
- D. The following are **prohibited** in the pool area:
 - Animals or pets
 - Glass or other breakable items
 - Running, diving or disruptive behavior
 - Excessive noise, splashing or radios without headphones
 - Private pool parties
 - All rafts and body floats
 - Electrical Devices
- E. Swimming is permitted only in garments sold as swim wear. Infants must also wear swim suits - **no diapers (other than swim diapers) are permitted in the water**.
- F. Lounge chairs or tables may not be reserved and must be repositioned in an orderly fashion after use.

- G. The pool will be open daily from dawn to dusk.
- H. Wet swim wear is not permitted in the Clubhouse lounge area.
- I. The gas grill is to be operated by adult residents only and cleaned up after use.

XI. Community Center (Clubhouse)

The Community Center is for the private use of the residents. It is available for rental to residents only for non-profit parties or meetings. The following policy applies:

- A. A \$50.00 refundable deposit is required. Reservations are granted on a first request basis.
- B. Children and teenage parties are prohibited.
- C. The renting resident will have exclusive use of the party room **only**; the guests **may not** use the pool or exercise equipment, and the pool may not be reserved for any party. No party items will be furnished by the Association.
- D. The renting resident is responsible for **all** clean-up and trash removal. Clean-up must be done (completely) the day of the party.
- E. Damages to the community center or equipment and any follow-up cleaning done by the Association will be deducted from the deposit. If the deposit is an insufficient amount, the renting resident will be billed for the difference.

XII. Trash Collection

Trash collection regulations require that trash containers not be set out prior to 5:00 p.m. the day preceding collection, and the containers must be picked up and put away by 9:00 p.m. the day of collection. Only trash containers with lids, or securely tied plastic bags are permitted for trash disposal.

All trash for collection must be set out at the main street, next to the curb at the end of the driveway. Trash containers, when not set out for collection, must be kept inside the garage. Residents will be responsible for clean-up of trash spillage from the containers.

XIII. Solicitation and Garage Sales

Solicitation by commercial enterprises is not authorized within the community. In a

like manner and due to restricted parking availability, garage sales and tag sales are specifically prohibited, unless approved by the Condominium Association as a planned community activity.

XIV. Utilities

Residents are responsible for maintenance and payment of their own gas, electric, cable television, telephone, water, and sewage and for calling to initiate service on the date of possession.

XV. Condominium Sales

Any owner who sells his or her condominium is responsible for:

- A. Making certain the Association management company is aware of ownership changes at the time a closing date is established.
- B. Making certain all condominium dues are current.
- C. Making certain new owners receive the Condominium Declaration, Bylaws and Community Policies & Guidelines.

XVI. Amendments

These policies and guidelines may be subject to change from time to time at the discretion, and by a majority vote of the Board of Trustees.

END OF DOCUMENT

RECEIPT

The undersigned acknowledges the receipt from The Villas At Timber Run, LLC of the Community Policies and Guidelines.

THE VILLAS AT TIMBER RUN CONDOMINIUM

this _____ day of _____

Signature(s) of Prospective Purchaser(s)*

*Signing this receipt does not obligate you in any way but is merely evidence that we have complied with requirements of Indiana law to provide certain information and opinions to you.

THE VILLAS AT

TIMBER



RUN

An Epcor Community

**THE VILLAS AT TIMBER RUN
LEGAL DESCRIPTION**

A part of the Northeast Quarter of Section 36, Township 16 North, Range 6 East In Center Township, Hancock County, Indiana and more fully described as follows:

Commencing at a Brass Plug found at the Northeast corner of the Northeast Quarter of said Section 36; Thence along the North line of said Quarter Section South 89 degrees 39 minutes 11 seconds West (bearing basis on Indiana East State Plane coordinate system) for a distance of 1,350.10 to the Point of Beginning of this description; Thence South 00 degrees 20 minutes 49 seconds East for a distance of 989.75 feet; Thence South 89 degrees 39 minutes 11 seconds West parallel with said North line of said Quarter Section for a distance of 794.75 feet; Thence North 00 degrees 20 minutes 49 seconds West for a distance of 989.75 feet to the North line of said Quarter Section; Thence along said north line North 89 degrees 39 minutes 11 seconds East for a distance of 794.75 feet to the Point of Beginning of this description, containing 18.058 acres more or less.

Subject to all legal rights of way and easements of record.

Exhibit D

Legal Description of Easement Area

A part of the Northeast Quarter of Section 36, Township 18 North, Range 6 East in Center Township, Hancock County, Indiana and more fully described as follows:

Commencing at the Northeast corner of the Northeast Quarter of said Section 36; Thence South 89 degrees 06 minutes 09 seconds West (bearings based on an ALTA survey by Gibson Surveying Group, Inc., dated February 4, 2004) a distance of 1,340.72 feet along the North Line of said Quarter Section; Thence leaving said quarter section line, South 00 degrees 03 minutes 51 seconds West a distance of 969.75 feet to the Point of Beginning; Thence South 89 degrees 06 minutes 08 seconds West along said North Line a distance of 794.75 feet; Thence South 00 degrees 20 minutes 47 seconds East, for a distance of 370.00 feet; Thence North 89 degrees 39 minutes 13 seconds East, for a distance of 77.81 feet; Thence North 45 degrees 56 minutes 21 seconds East, for a distance of 92.89 feet; Thence North 64 degrees 19 minutes 24 seconds East, for a distance of 717.85 feet to the Point of Beginning of this description, containing 3.478 acres, more or less.

1 of 2

Date: 3-27-08
Sheet No.

SCALE: NA

EMHT
Evans, Mechwart, Hamblen & Tilton, Inc.
Engineers • Surveyors • Planners • Scientists
7400 North Shadeland Avenue
Suite 100, Indianapolis, IN 46260
Phone: 317.912.8100 Fax: 317.912.8999
Solutions • Construction • Infrastructure • Compliance

03/27/08 08:58:58

Variable Drainage Easement Villas at Timber Run

Exhibit "1"

A part of the Northeast Quarter of Section 36, Township 16 North, Range 6 East in Center Township, Hancock County, Indiana and more fully described as follows:

Commencing at the Northeast corner of the Northeast Quarter of said Section 36;
Thence South 69 degrees 08 minutes 08 seconds West (bearings based on an ALTA survey by Gibson Surveying Group, Inc., dated February 4, 2004) a distance of 1,340.72 feet along the North Line of said Quarter Section; Thence leaving said quarter section line, South 00 degrees 53 minutes 51 seconds West a distance of 814.63 feet to the south line of the Thayer Thomas Statutory Court Drain, per Hancock Circuit Court Petition for Lee C. Thayer and John S. Thomas and the Point of Beginning; Thence along the south line of said drain, North 66 degrees 58 minutes 21 seconds East, for a distance of 178.28 feet; Thence leaving said south line of said drain, South 00 degrees 20 minutes 47 seconds East, for a distance of 566.42 feet; Thence South 64 degrees 19 minutes 24 seconds West, for a distance of 789.87 feet to the South line of said drain; Thence North 48 degrees 55 minutes 21 seconds East, for a distance of 93.98 feet; Thence continuing along said south line, North 40 degrees 55 minutes 21 seconds East, for a distance of 228.30 feet; Thence North 04 degrees 55 minutes 21 seconds East, for a distance of 36.39 feet; Thence leaving said south line, North 64 degrees 19 minutes 24 seconds East, for a distance of 377.16 feet; Thence North 00 degrees 20 minutes 49 seconds West, for a distance of 375.12 feet to the Point of Beginning of this description, containing 3.622 acres, more or less.

1 OF 2	DATE 3-27-08	SCALE NA	EMHT Evans, Mechwart, Hornblom & Blum, Inc. Engineers • Surveyors • Planners • Scientists 7400 North Shadeland Avenue Suite 100, Indianapolis, IN 46250 Phone: 317.619.4930 Fax: 317.619.8938 Columbus • Chicago • Indianapolis • Phoenix	PLAT NO. 2006-1506

Regulated Drain Easement Villas at Timber Run

Exhibit "1"

Exhibit E

Depiction of Easement Area

4/30/09
AP

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04/30/2009 02:47:59P 4 PGS
Sharon Shambaugh
Hancock County Recorder IN
Recorded as Presented

Cross-reference to Instrument No. 080008576

**SECOND AMENDMENT
TO
DECLARATION
OF
THE VILLAS AT TIMBER RUN CONDOMINIUM**

This Second Amendment to Declaration of The Villas at Timber Run Condominium ("Amendment") is made and entered into as of the 30th day of April, 2009, by **The Villas at Timber Run, LLC**, an Indiana limited liability company ("Declarant"), and by **The Villas at Timber Run Condominium Owners Association, Inc.**, an Indiana not-for-profit corporation ("Corporation"), for themselves and on behalf of their successors, grantees and assigns.

WHEREAS, Declarant executed that certain Declaration of The Villas at Timber Run Condominium, dated August 13, 2008, and recorded on August 13, 2008, as Instrument No. 080008576 in the office of the Recorder of Hancock County, Indiana, as amended by that certain First Amendment dated December 22, 2008, and recorded on December 23, 2008, as Instrument No. 080012739, in the office of the Recorder of Hancock County, Indiana (collectively, the "Declaration");

WHEREAS, pursuant to Section 18 of the Declaration, the Declaration may be amended at any time by a properly adopted resolution of the Corporation, pursuant to which at least sixty-six percent (66%) of the votes of all Owners have approved the proposed amendment and Developer has sufficient votes to approve this Amendment;

WHEREAS, Declarant has proposed that the Declaration be amended as set forth herein;

WHEREAS, this Amendment has been approved by the requisite vote of the Owners as required by Section 18 of the Declaration; and

WHEREAS, Corporation certifies that the required resolution has been adopted. All terms used in this Amendment and not otherwise defined in this Amendment shall have the same meaning as in the Declaration.

Sharon Shambaugh

NOW, THEREFORE, Declarant and Corporation hereby amend the Declaration as follows:

1. The recitals above are incorporated by reference into this Amendment. All defined terms set forth in this Amendment shall have the same meaning as set forth in the Declaration unless expressly provided otherwise.

2. Section 4 is deleted and replaced with the following:

"4. Legal Description. Each Unit is identified on the Plans by a Unit number. The legal description for each Unit shall consist of the Unit number as shown on the Plans, and shall be stated as "Unit ___ in The Villas at Timber Run Condominium" as recorded as Instrument No. 2007-08008684 in the office of the Recorder of Hancock County, Indiana." 080012580-AMENDED

3. The following shall be added to the end of the fourth (4th) paragraph of Section 15:

"All fixtures, equipment and other property installed in a Unit or a Limited Common Area by Declarant prior to the first sale of the same shall be insured under the master casualty insurance policy as set forth above; provided, however, such policy shall not cover fixtures, equipment or other property installed by an Owner or any personal property, furnishings and belongings of any Owner."

4. Subsection 18(e) is deleted and replaced with the following:

"*Special Amendments*. Without the approval of one hundred percent (100%) of the Co-owners and all Mortgagees whose mortgage interests have been made known to the Board of Directors in accordance with the provisions of the Bylaws, except as otherwise provided or permitted in Section 16 or elsewhere herein, no amendment to this Declaration shall be adopted which changes (A) the Owner Interest with respect to any Unit or the applicable share of an Owner's liability for the Common Expenses; or (B) the provisions of Section 16 of this Declaration with respect to reconstruction or repair in the event of fire or any other casualty or disaster; or (C) the provisions of Section 12 regarding the decision of the Board of Directors to provide professional management for The Villas at Timber Run Condominium; or (D) the provisions of Section 15 providing for no priority of an Owner or other person over a Mortgagee as to insurance or condemnation proceeds."

Except as herein expressly amended and modified, all of the terms and provisions of the Declaration shall remain in full force and effect. This Amendment shall be binding upon and inure to the benefit of any person or entity having any interest in the Property or any part thereof.

END OF DOCUMENT

STATE OF INDIANA)
) SS:
COUNTY OF HANCOCK)

Before me, a Notary Public in and for the State of Indiana, personally appeared Sara M Joyner, the Secretary of The Villas at Timber Run Condominium Owners Association, Inc., an Indiana not-for-profit corporation, who acknowledged the execution of the foregoing Second Amendment to Declaration of The Villas at Timber Run Condominium for and on behalf of said corporation, and who, having been duly sworn, stated that any representations contained therein are true.

WITNESS my hand and Notarial Seal this 10th day of April, 2009.



S. Nicole Dotson
Notary Public
Printed: S. Nicole Dotson


I am a resident of HANCOCK County, Indiana.

My commission expires: 02-11-11

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law. Mark C. Sausser.

This instrument was prepared by, and upon recording return to, Mark Sausser, Attorney-at-Law, Baker & Daniels LLP, 300 North Meridian Street, Suite 2700, Indianapolis, Indiana, 46204

Handwritten notes:
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x/30

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04/08/2010 02:55:33P 4 PGS
Sharon Shambaugh
Hancock County Recorder IN
Recorded as Presented


Cross-reference to Instrument No. 080008576 & Plat No. 080008684

**THIRD AMENDMENT
TO
DECLARATION
OF
THE VILLAS AT TIMBER RUN CONDOMINIUM**

This Third Amendment to Declaration of The Villas at Timber Run Condominium ("Amendment") is made and entered into as of the 8th day of April, 2010, by **The Villas at Timber Run, LLC**, an Indiana limited liability company ("Declarant"), and by **The Villas at Timber Run Condominium Owners Association, Inc.**, an Indiana not-for-profit corporation ("Corporation"), for themselves and on behalf of their successors, grantees and assigns.

WHEREAS, Declarant executed that certain Declaration of The Villas at Timber Run Condominium, dated August 13, 2008, and recorded on August 13, 2008, as Instrument No. 080008576 in the office of the Recorder of Hancock County, Indiana, as amended by that certain First Amendment dated December 22, 2008, and recorded on December 23, 2008, as Instrument No. 080012739, and as amended by that certain Second Amendment dated April 30, 2009, and recorded on April 30, 2009, as Instrument No. 090004484, in the office of the Recorder of Hancock County, Indiana (collectively, the "Declaration");

WHEREAS, pursuant to Section 18 of the Declaration, the Declaration may be amended at any time by a properly adopted resolution of the Corporation, pursuant to which at least sixty-six percent (66%) of the votes of all Owners have approved the proposed amendment and Developer has sufficient votes to approve this Amendment;

WHEREAS, Declarant has proposed that the Declaration be amended as set forth herein;

WHEREAS, this Amendment has been approved by the requisite vote of the Owners as required by Section 18 of the Declaration; and

Handwritten signature:
m...
A

WHEREAS, Corporation certifies that the required resolution has been adopted. All terms used in this Amendment and not otherwise defined in this Amendment shall have the same meaning as in the Declaration.

NOW, THEREFORE, Declarant and Corporation hereby amend the Declaration as follows:

1. The recitals above are incorporated by reference into this Amendment. All defined terms set forth in this Amendment shall have the same meaning as set forth in the Declaration unless expressly provided otherwise.

2. Section 1.02 of Exhibit B – Change Initial Post Office Address to 1184 Remarkable Place, Greenfield, IN 46140

3. Section 3.01 of Exhibit B is deleted and replaced with the following:

“Section 3.01. Management. The affairs of the Corporation and The Villas At Timber Run Condominium shall be governed and managed by the Board of Directors (herein also collectively call “Board” or “Directors” and individually called “Director”). The Board of Directors shall initially be composed of three persons. After the Applicable Date, no person shall be eligible to serve as a Director unless he is, or is deemed in accordance with the Declaration to be, an Owner.”

4. Section 3.04 of Exhibit B is deleted and replaced with the following:

“Section 3.04. Term of Office and Vacancy. Subject to the provisions of Section 3.02 hereof, one (1) Member of the Board of Directors shall be elected at each annual meeting of the Corporation. The Initial Board shall be deemed to be elected and re-elected as the Board of Directors at each annual meeting until the Applicable Date provided in Section 3.02 hereof. After the Applicable Date, each Member of the Board of Directors shall be elected for a term of three (3) years, except that at the first election after the Applicable Date two (s) Members of the Board of Directors shall be elected for a three (3) year term, two (2) Members for a two (2) year term, and one (2) Members for a one (1) year term, so that the terms of at least one-third (1/3) of the Directors shall expire annually. There shall be separate nominations for the office of each Director to be elected at the first meeting after the Applicable Date. Each Director elected shall hold office throughout the term of his election and until his successor is elected and qualified. Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the Owners, if a Director is removed in accordance with Section 3.05 of this Article III, such vote to occur at a special meeting of the Members of the Corporation to be called in accordance with the provisions of these Bylaws for the designated purpose of electing such person or persons to fill any vacancy and to serve until such time as the next annual meeting, wherein Directors are elected or re-elected, as the case may be. The Director so filling a vacancy shall

serve until the next annual meeting of the Members of the Corporation and until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Director shall be elected for the balance of the term of the Director so removed or with respect to whom there has otherwise been a vacancy.

- 5. Section 5.02 – Replace “Hamilton County” with “Hancock County”
- 6. Section 5.06 – Replace “one-fourth of the full Regular Assessment applicable to such Unit” with “\$525.”

Except as herein expressly amended and modified, all of the terms and provisions of the Declaration shall remain in full force and effect. This Amendment shall be binding upon and inure to the benefit of any person or entity having any interest in the Property or any part thereof.

IN WITNESS WHEREOF, this Amendment is executed by Declarant and Corporation as of the date first written above.

Declarant:

Corporation:

THE VILLAS AT TIMBER RUN, LLC
an Indiana limited liability company

THE VILLAS AT TIMBER RUN CONDOMINIUM OWNERS ASSOCIATION, INC., an Indiana not-for-profit corporation

By: Sara Joyner
 Printed: Sara Joyner
 Title: owner

By: Sara Joyner
 Printed: Sara Joyner
 Title: Secretary

STATE OF INDIANA)
)
 COUNTY OF HANCOCK) SS:
)

Before me, a Notary Public in and for the State of Indiana, personally appeared Sara Joyner, the Owner / Secretary of The Villas at Timber Run, LLC, an Indiana limited liability company, who acknowledged the execution of the foregoing Second Amendment to Declaration of The Villas at Timber Run Condominium for and on behalf of said company, and who, having been duly sworn, stated that any representations contained therein are true.

END OF DOCUMENT



WITNESS my hand and Notarial Seal this 8th day of April, 2009.

S. Nicole Dotson
Notary Public
Printed: S. Nicole Dotson

I am a resident of Hancock County, Indiana.
My commission expires: 02-14-17

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law. Sara M. Joyner.

This instrument was prepared by, and upon recording return to, Sara M. Joyner, Villas At Timber Run Owner's Association, Inc., 1184 Remarkable Place, Greenfield, IN 46140

① 17
SP

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06/14/2010 01:29:03P 4 PGS
Sharon Shambaugh
Hancock County Recorder IN
Recorded as Presented



Cross-reference to Instrument No 080008576 & Plat No 080008684

**FOURTH AMENDMENT
TO
DECLARATION
OF
THE VILLAS AT TIMBER RUN CONDOMINIUM**

This Fourth Amendment to Declaration of The Villas at Timber Run Condominium ("Amendment") is made and entered into as of the 10th day of May, 2010, by **The Villas at Timber Run, LLC**, an Indiana limited liability company ("Declarant"), and by **The Villas at Timber Run Condominium Owners Association, Inc.**, an Indiana not-for-profit corporation ("Corporation"), for themselves and on behalf of their successors, grantees and assigns

WHEREAS, Declarant executed that certain Declaration of The Villas at Timber Run Condominium, dated August 13, 2008, and recorded on August 13, 2008, as Instrument No 080008576 in the office of the Recorder of Hancock County, Indiana, as amended by that certain First Amendment dated December 22, 2008, and recorded on December 23, 2008, as Instrument No 080012739, and as amended by that certain Second Amendment dated April 30, 2009, and recorded on April 30, 2009, as Instrument No 090004484, and as amended by that certain Third Amendment dated April 8, 2010, and recorded on April 8, 2010, as Instrument No 100002855 in the office of the Recorder of Hancock County, Indiana (collectively, the "Declaration"),

WHEREAS, pursuant to Section 18 of the Declaration, the Declaration may be amended at any time by a properly adopted resolution of the Corporation, pursuant to which at least sixty-six percent (66%) of the votes of all Owners have approved the proposed amendment and Developer has sufficient votes to approve this Amendment,

WHEREAS, Declarant has proposed that the Declaration be amended as set forth herein,

WHEREAS, this Amendment has been approved by the requisite vote of the Owners as required by Section 18 of the Declaration, and

Villas

WHEREAS, Corporation certifies that the required resolution has been adopted All terms used in this Amendment and not otherwise defined in this Amendment shall have the same meaning as in the Declaration

NOW, THEREFORE, Declarant and Corporation hereby amend the Declaration as follows

1 The recitals above are incorporated by reference into this Amendment All defined terms set forth in this Amendment shall have the same meaning as set forth in the Declaration unless expressly provided otherwise

2 Replace previously recorded "Exhibit D - Villas At Timber Run Project Phasing," as amended by that certain First Amendment dated December 22, 2008, and recorded on December 23, 2008, as Instrument No 080012739, with the revised "Exhibit D - 05 10 10 REVISION - Villas At Timber Run Project Phasing," to correct a typographical error

Except as herein expressly amended and modified, all of the terms and provisions of the Declaration shall remain in full force and effect This Amendment shall be binding upon and inure to the benefit of any person or entity having any interest in the Property or any part thereof

IN WITNESS WHEREOF, this Amendment is executed by Declarant and Corporation as of the date first written above

Declarant

Corporation

THE VILLAS AT TIMBER RUN, LLC
an Indiana limited liability company

**THE VILLAS AT TIMBER RUN
CONDOMINIUM OWNERS ASSOCIATION,
INC.**, an Indiana not-for-profit corporation

By Sara M. Joyner
Printed Sara M. Joyner
Title Partner

By Sara M. Joyner
Printed Sara M. Joyner
Title Vice President

STATE OF INDIANA)
)
COUNTY OF HANCOCK) SS

Before me, a Notary Public in and for the State of Indiana, personally appeared Sara M. Joyner, the vice President, Partner of The Villas at Timber Run, LLC, an Indiana limited liability company, who acknowledged the execution of the foregoing Second Amendment to Declaration of The Villas at Timber Run

Condominium for and on behalf of said company, and who, having been duly sworn, stated that any representations contained therein are true

WITNESS my hand and Notarial Seal this 11th day of May, 200¹⁰9

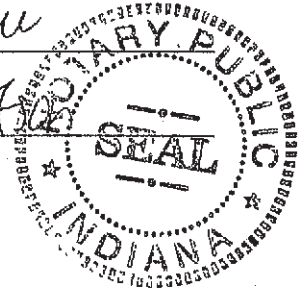
[SEAL]

S Nicole Dofson
Notary Public

Printed S Nicole Dofson

I am a resident of Hancock County, Indiana

My commission expires 02-14-17



I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law Sara M Joyner

This instrument was prepared by, and upon recording return to, Sara M. Joyner, Villas At Timber Run Owner's Association, Inc, 1184 Remarkable Place, Greenfield, IN 46140

END OF DOCUMENT

EXHIBIT D
05 10.10 REVISION
VILLAS AT TIMBER RUN PROJECT PHASING

- Phase 1: Building 1 & Building 3
- Phase 2: Building 5
- Phase 3: Building 2
- Phase 4: Building 4
- Phase 5: Building 6
- Phase 6: Building 7
- Phase 7: Building 8
- Phase 8: Building 10
- Phase 9: Building 9
- Phase 10: Building 11
- Phase 11: Building 13
- Phase 12: Building 12
- Phase 13: Building 15
- Phase 14: Building 14
- Phase 15: Building 16
- Phase 16: Building 18
- Phase 17: Building 17
- Phase 18: Building 19