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**DECLARATION OF
COVENANTS, CONDITIONS
AND RESTRICTIONS**

OF

VILLAS OF STONECREST

Plat Book R. P. 166C

AUGUST 2008

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
VILLAS OF STONECREST**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter "Declaration") is made this _____ day of August, 2008, by Loahan Development Company, LLC (hereinafter referred to as "Declarant")

WITNESSETH THAT:

WHEREAS, Declarant is the owner of the real property referred to in Article II hereof and described in "Exhibit A" attached hereto and made a part hereof for all purposes and desires to create thereon a residential community with residential lots, open spaces, landscaping, sprinkler systems, common lighting, fencing, drives, and other common improvements and amenities for the benefit of said community;

WHEREAS, Declarant desires to provide for, among other matters, the preservation of the property values and common improvements and amenities in said community and for the maintenance of said open spaces, landscaping, sprinkler systems, common lighting, fencing, drives, and other common improvements and amenities; and to this end, desires to subject the real property referred to in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each and every owner of any part thereof;

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the property values and common improvements and amenities in said community, to provide for the creation of an owner's association, which shall be organized as a non-profit corporation to be incorporated under the laws of the State of Indiana, according to the terms set forth herein; and to said association shall be delegated and assigned the powers of (i) management, maintenance, repair, and replacement of the Common Areas (unless the same are otherwise the responsibility or duty of Owners) and the maintenance, repair, upkeep, and replacement of such exterior portions of the Dwelling Units as designated in this Declaration; (ii) administering and enforcing the covenants and restrictions contained herein; and (iii) collecting and disbursing the assessments and charges hereinafter created; and

NOW, THEREFORE, Declarant by execution of this Declaration assures that all properties which are part of the real property referred to in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, which shall run with the Development and each Lot therein, and shall be binding upon all parties having any legal right, title or interest therein, or any part thereof, and their heirs, successors and assigns, and shall inure to the benefit of each Owner.

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ARTICLE I.

DEFINITIONS

Section 1. The following words and terms, when used herein or in any supplement or amendment hereto, unless the context clearly requires otherwise, shall have the following meanings:

a) "Additional Properties" shall mean and refer to the Real Estate or any part thereof as described in Article II, Section 2, of the Declaration.

b) "Applicable Date" shall mean and refer to the date as set forth in Article IV, Section 3, of the Declaration.

c) "Architectural Control Committee", or "ACC", shall mean and refer to the architectural control committee described in Article VII of this Declaration;

d) "Articles" or "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association, as filed with the Indiana Secretary of State, as may be amended from time to time.

e) "Association" shall mean and refer to Villas of Stonecrest Homeowners Association, Inc., an Indiana not-for-profit Corporation which is incorporated under said name or a similar name, its successors and assigns, which may be also referred to as the "Association" or the "Corporation" in the Declaration, Articles and Bylaws.

f) "Assessment" shall mean and refer to any charge against a Lot imposed pursuant to the provisions of Article IX of this Declaration;

g) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association;

h) "Bylaws" shall mean and refer to the Bylaws adopted by the Association, as the same may be amended from time to time;

i) "Common Area(s)" shall mean those areas and all improvements located thereon that are identified on the Plats of the Development or those areas on the Plats of the Development that fall outside the marked Common Areas, but are not a part of any Lot, and which are for the use, benefit and enjoyment of all Owners.

j) "Common Expenses" shall mean the actual and estimated expenses for the administration of the Association, and the expenses for the maintenance, management, operation, repair, improvement and replacement of the Common Areas, and any other cost or expense incurred by the Association for the benefit of the Common Areas or for the benefit of the Association and/or its Members.

k) "Corporation" shall mean and refer to Villas of Stonecrest Homeowners Association, Inc., an Indiana not-for-profit Corporation which is incorporated under said name or a similar name, its successors and assigns, which may be also referred to as the "Association" or the "Corporation" in the Declaration, Articles and Bylaws;

l) "Declarant" shall mean and refer to Loahan Development Company, LLC, and its successors and assigns, if such successors and/or assigns become same by operation of law, or should (i) such

successors and/or assigns acquire all or substantially all of the Lots from Loahan Development Company, LLC, for the purpose of development, and (ii) any such assignee receives by assignment from Loahan Development Company, LLC, all or a portion of its rights hereunder as such Declarant, by an instrument expressly assigning such rights of Declarant to such assignee. No person or entity purchasing one or more Lots from Loahan Development Company, LLC in the ordinary course of business shall be considered as "Declarant";

m) "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions of Villas of Stonecrest, and any amendments or supplements thereto recorded thereafter, in the Office of the Recorder of Bartholomew County, Indiana;

n) "Developer" shall be defined as Loahan Development Company, LLC, its successors or assigns;

o) "Development" or "The Development" shall mean and refer to the properties subject to this Declaration as set forth in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II.

p) "Dwelling Unit" shall mean and refer to all levels or stories of the single family dwelling constructed on a Lot;

q) "Lot" shall mean and refer to any plot or tract of land shown upon any recorded deed transferring a portion of the Resident Properties, or any subdivision map(s) or plat(s) of the Resident Properties, as amended from time to time, which is designated as a Lot thereon and which is or will be improved with one (1) residential Dwelling Unit. The term Lot shall be deemed to include the Dwelling Unit, if any, located thereon.

r) "Member" shall mean a person or entity entitled to membership in the Association, as provided for in the Declaration, Articles or Bylaws.

s) "Owner" shall mean and refer to the record owner, whether one or more persons, of the fee simple title to any Lot, but in any event shall not include or mean to refer to any person(s) or entities which hold interest in any Lot or property herein merely as security for the performance of an obligation;

t) "Plans" shall mean and refer to any and all drawings including, but not limited to, any plats of Villas of Stonecrest approved by the City Plan Commission of Columbus, Indiana, any as-built survey, and any elevation, floor, foundation, electrical, mechanical, truss lay-out, cross section, grading site and landscape plans, recorded in the Office of the Recorder of Bartholomew County, of or pertaining to the Resident Properties or any real estate that is annexed to the Resident Properties and recorded with a Supplemental Declaration;

u) "Properties" shall mean and refer to the properties subject to this Declaration as set forth in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II.

v) "Real Estate" shall mean and refer to the properties subject to this Declaration as set forth in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II.

w) "Resident" shall mean any resident of a deeded Lot who is not an Owner of said Lot who shall be required to follow and comply with all Covenants and Restrictions.

x) "Resident Properties" shall mean and refer to the properties subject to this Declaration as set forth in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II.

y) "Tract" shall mean and refer to the properties subject to this Declaration as set forth in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II.

z) "Villas of Stonecrest" shall mean and refer to the properties subject to this Declaration as set forth in Article II hereof and described in "Exhibit A" attached hereto, together with such additions to the real property as may hereafter be made thereto as provided in Article II.

aa) "Visitor" shall mean and refer to anyone who is not an owner, resident, or lessee.

Section 2. Other terms and words defined elsewhere in this Declaration shall have the meanings herein attributed to them; otherwise, each term shall be interpreted using the common or legal meaning associated with the term or word.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Properties. The Resident Properties which are, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration are located in the City of Columbus, Bartholomew County, State of Indiana, and are more particularly described in "Exhibit A" attached hereto, and are incorporated herein by reference for all purposes.

Section 2. Additions to Properties. Additional real property may become subject to this Declaration in any of the following manners:

(a) The Declarant shall have the right and power, acting alone and without the consent or approval of the Owners, the Corporation, the Board, any mortgagee or any other person, to add or annex additional real property that will be subject to this Declaration by executing and recording one (1) or more amendments or supplements, titled Supplemental Declaration of Covenants, Conditions and Restrictions ("Supplemental Declaration"), which shall extend the Covenants and Restrictions of this Declaration to such property; provided, however, that such Supplemental Declaration may contain such additions and modifications of the Covenants and Restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not materially inconsistent with this Declaration in a manner which adversely affects the concept of this Declaration.

(b) In the event any person or entity other than the Declarant desires to add or annex additional residential and/or common areas to this Declaration, such proposed annexation must have the prior written consent and approval of each and every Owner.

(c) Any additions made pursuant to subsections (a) and (b) above, when made, shall automatically extend the jurisdiction, functions, duties and membership of the Association to the properties added as of the date each Supplemental Declaration is recorded. Notwithstanding the aforementioned, any obligation to the Association set forth in this Declaration incurred prior to a Supplemental Declaration being recorded shall not be effected by the subsequent recording of a Supplemental Declaration.

ARTICLE III

PROPERTY RIGHTS AND EASEMENTS

Section 1. In General. Each Lot shall for all purposes constitute real property which shall be owned in fee simple and which, subject to the provisions of this Declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each subsequent owner, mortgagee, contract purchaser, tenant and occupant of any part of the Real Estate, by the acceptance of a deed, the acceptance of a mortgage, the execution of a contract, the execution of a lease or the act of occupancy of any part of the Real Estate, shall accept such deed, accept such mortgage, execute such contract, execute such lease or assume occupancy subject to the covenants, terms and conditions of this Declaration. By acceptance of such deed or execution of such contract, the new Owner acknowledges the rights and powers of the Declarant and the Association with respect to this Declaration and also for themselves, their heirs, personal representatives, successors and assigns, agrees and consents to be bound by, observe and comply with the provisions, requirements and restrictions set forth in this Declaration. Each Owner shall be entitled to the exclusive ownership and possession of his Lot subject to the provisions of this Declaration, including without limitation, the provisions of this Article III.

Each Owner shall automatically become a member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically pass to his successor-in-title any certificates or other evidences of his membership in the Association. Lots shall not be subdivided by Owners and the boundaries between Lots and between the Real Estate and other neighborhoods shall not be relocated, unless the relocation thereof is made with the approval of the Board and, during the Development Period, of Developer.

Section 2. Easements of Enjoyment in Common Areas. Every Owner, his family, tenants, and guests shall have a non-exclusive right and easement of use and enjoyment in and to the Common Areas, such easement to be appurtenant to and to pass with title to each Lot, subject to the provisions of this Declaration and the rules, regulations, fees, and charges from time to time established by the Board in accordance with the Bylaws and subject to the following provisions:

- i) The right of the Association, upon the affirmative vote or written consent, or any combination thereof, of voting Members representing at least seventy-five percent (75%) of the Members entitled to vote thereon, to mortgage all or any portion of the Common Areas for the purpose of securing a loan of money to be used to manage, repair, maintain, improve, operate, or expand the Common Areas; provided, however that if ingress or egress to any residence constructed on a Lot is through such Common Area, then such encumbrance shall be subject to an easement in favor of such Lot for ingress and egress thereto.
- ii) The rights of the holder of any mortgage which is prior in right or superior to the rights, interests, options, licenses, easements, and privileges herein reserved or established.

- iii) The easements reserved elsewhere in this Declaration or in any Plat of all or any part of the Real Estate, and the right of the Association to grant and accept easements as provided in this Article. The location of any improvements, trees or landscaping within an easement area is done at the Owner's risk and is subject to possible removal by the Association or the grantee of such easement.
- iv) The right of the Association to dedicate or transfer fee simple title to all or any portion of the Common Areas to any appropriate public agency or authority, public service district, public or private utility, or other person, provided that any such transfer of the fee simple title must be approved (i) during the Development Period, by the Developer, and (ii) after the Development Period, upon the affirmative vote or written consent, or any combination thereof, of voting Members representing at least seventy-five percent (75%) of the Members entitled to vote thereon; provided, however that if ingress or egress to any residence constructed on a Lot is through such Common Area, then such dedication or transfer shall be subject to an easement in favor of such Lot for ingress and egress thereto.
- v) If any portion of the Common Areas are located within the platted and/or dedicated rights-of-way, any Member or Resident may have rights of use and enjoyment of the Common Areas located within such rights-of-way;
- vi) The right of Declarant or the Association to adopt rules and regulations governing the use, operation and maintenance of the Common Properties;
- vii) The right of Declarant or the Association to suspend the voting rights of any Owner and to suspend the right of any individual to use any of the Common Properties or rights-of-way for any period during which the Owner remains in violation of any provision of this Declaration, or any rule or regulation adopted pursuant thereto;
- viii) With respect to any and all portions of the Common Properties, Declarant, until Declarant no longer owns record title to any Lot, shall have the right and option (without the joinder and consent of any person or entity, save and except any consent, joinder or approval required by the City of Columbus or any other governmental agency having appropriate jurisdiction over the Common Properties) to: (i) alter, improve, landscape and/or maintain the Common Properties; (ii) employ or utilize construction and/or engineering measures and activities of any kind or nature whatsoever upon or within the Common Properties; (iii) zone, rezone or seek and obtain variances or permits of any kind or nature whatsoever upon or within the Common Properties; (iv) replat or redesign the shape or configuration of the Common Properties; and (v) seek and obtain any and all permits, licenses or exemptions from any and all governmental agencies exercising jurisdiction over the Common Properties and/or the uses or activities thereon.
- ix) The rights of the Association and Developer reserved elsewhere in this Declaration or as provided in any Plat of all or any part of the Real Estate.

Section 3. Easement for Declarant.

- A. During the Development Period, the Declarant shall have an easement for access to the Real Estate, including any Lot and all Common Areas, for the purpose of constructing

structures and other improvements in and to the Lots and Common Areas, and for installing, maintaining, repairing, and replacing such other improvements to the Real Estate (including any portions of the Common Areas) as are contemplated by this Declaration or as the Declarant desires, in its sole discretion, including, without limitation, any improvements or changes permitted and described under the terms of this Declaration, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event shall the Declarant have the obligation to do any of the foregoing. In addition to the other rights and easements set forth herein and regardless of whether the Declarant at that time retains ownership of a Lot, the Declarant shall have an alienable, transferable, and perpetual right and easement to have access, ingress and egress to the Common Areas and improvements thereon for such purposes as the Declarant deems appropriate, provided that the Declarant shall not exercise such right so as to unreasonably interfere with the rights of owners of the Real Estate.

- B. In addition to the easement set forth above, the Declarant hereby retains, reserves and is granted an exclusive perpetual easement over, above, across, upon, along, in, through, and under any Utility Easement Areas, as set forth on any Plat or Plan of the Development, or as described in this Declaration, (i) for the purpose of owning, installing, maintaining, repairing, replacing, relocating, improving, expanding and otherwise servicing any utility or service including, without limitation, electricity, gas, sewer, telephone, television, and computer link by line, wire, cable, main, duct, pipe conduit, pole, microwave, satellite or any other transfer or wireless technology, and any related equipment, facilities and installations of any type bringing such utilities or services to each Lot or Common Area; (ii) to provide access to and ingress and egress to and from the Real Estate for the purposes specified in subsection (i); and (iii) to make improvements to and within the Real Estate to provide for the rendering of public and quasi-public services to the Real Estate. The easements, rights and privileges reserved to the Declarant under this Section shall be transferable by the Declarant to any person or entity solely at the option and benefit of the Declarant, its successors and assigns, and without notice to or the consent of the Association, the Owners, or any other person or entity. The Declarant may at any time and from time to time grant similar or lesser easements, rights, or privileges to any person or entity. By way of example, but not by limitation, the Declarant and others to whom the Declarant may grant such similar or lesser easements, rights or privileges, may so use any portion of the Real Estate to supply exclusive telecommunications services to each Lot. The easements, rights and privileges reserved under this Section shall be for the exclusive benefit of the Declarant, its successors and assigns and may not be impaired, limited or transferred, sold or granted to any person or entity by the Association or any of the Owners.

Section 4. Drainage & Utility Easement or Drainage, Utility & Sewer Easement (D.E. or D.&U.E. or DUE or DUSE).

- A. There is hereby reserved for the benefit of the Declarant, the Association, and their respective successors and assigns, the perpetual right and easement, as well as the power, to hereafter grant and accept nonexclusive easements to and from any service or utility providers and their respective successors and assigns, upon, over, under, and across (i) all of the Common Areas; and (ii) those portions of all Lots designated on the Plat as "D.E." or "D.&U.E." or "DUE" or "DU&SE" and as otherwise are reasonably necessary (such areas herein referred to collectively as the "Utility Easement Areas") for installing, replacing, repairing, and maintaining, the following specified services.

The Declarant, the Association, and their successors and assigns shall also have the perpetual right and easement, as well as the power, to hereafter grant and accept nonexclusive easements within the Utility Easement Areas to and from any public authority or agency, public service district, public or private utility or other person for the purpose of installing, replacing, repairing, maintaining, and using storm sewers, drainage systems, and retention ponds and facilities for the Real Estate or any portion thereof. Any other grant or acceptance of any easement other than those specified above for any other utility service, including but not limited to, master television antenna and/or cable systems, security and similar systems, shall be made by the Declarant in accordance with the rights reserved to the Declarant under the terms of this Declaration. To the extent possible, all utility lines and facilities serving the Real Estate and located therein shall be located underground. By virtue of any such easements and facilities, it shall be expressly permissible for the providing utility company or other supplier or service provider, with respect to the portions of the Development so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any fences, trees, bushes, or shrubbery, (iii) to grade, excavate, or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

- B. The Declarant hereby grants to such governmental authority or agency as shall from time to time have jurisdiction over the Real Estate with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over, and across all of the Common Areas for purposes of performing such duties and activities related to law enforcement and fire protection in and upon the Real Estate as shall be required or appropriate from time to time by such governmental authorities under applicable law.
- C. There shall be created sanitary sewer easements in those areas designated on the Plat which easements shall run in favor of the Declarant and any governmental or private entity needing such access for the purpose of installation and maintenance of the pipes, lines, manholes, pumps and other equipment necessary for the sanitary sewer system.

Section 5. Drainage Easements. There is hereby reserved an easement for the benefit of Developer, the Association, and their respective successors and assigns for access to and installation, repair, or removal of a drainage system, either by surface drainage or appropriate underground installations, for the Real Estate; provided, however, that the Owner of any Lot subject to a drainage easement shall be required to maintain the portion of said drainage easement on his Lot (as shown on any Plat) in the condition originally provided by Developer and free from obstructions so that the surface water drainage will be unimpeded. No changes shall be made to said area by the Owner without the written consent of the applicable governmental agency; provided, however, that Developer, in its sole discretion, may make any changes. No permanent structures shall be erected or maintained upon said drainage easements.

Section 6. Landscape Easements. Landscape Easements, as designated on a Plat of all or any part of the Real Estate, are hereby created and reserved for the use of Developer and the Association for access to and installation, maintenance, repair, and replacement of signs, walls, earth mounds, trees, foliage, landscaping, and other improvements. Except as installed by Developer or the Association, no improvements or permanent structures, including without limitation, fences, patios, decks, driveways, and walkways, shall be erected or maintained in or upon said Landscape Easements without the written consent of the Board and provided such are in accordance with all applicable zoning laws. Notwithstanding the reservation of this easement, the Owners of Lots subject to an LE which does not extend

along adjoining streets or roads shall have the exclusive right to use such area, subject to any other easement affecting such Lot.

Section 7. Lake Maintenance Access Easement & Emergency Access Easement. There may be strips of grounds as shown on the Plats marked Lake Maintenance Access Easement (L.M.A.E.) and Emergency Access Easement (E.A.E.), which are created and reserved: (a) for the use of the Developer during the Development Period for access to the Common Area or the Lakes and (b) for the nonexclusive use of the Association or any applicable governmental authority for access to the Common Areas or the Lakes. The Owner of any Lot which is subject to an LMAE or EAE shall be required to keep the portion of his Lot which is subject to such easement free from obstructions so that access will be unimpeded.

Section 8. Emergency and Service Vehicles. An easement is hereby granted to all police, fire protection, ambulance and other emergency vehicles and other service and security patrol vehicles to enter upon the Common Areas, including but not limited to drives, in the performance of their duties; and further, an easement is hereby granted to the Association, its officers, directors, agents, employees and management personnel to enter the Common Areas to render any emergency service deemed necessary or advisable under the circumstances.

Section 9. Medians and Entry Easements. There may be landscaped medians and/or islands located within the Real Estate and within the right-of-way of the streets which are not otherwise labeled as Common Areas. These areas are created and reserved for installation and maintenance of landscaping and entry features such as but not limited to permanent walls, signs, fences and landscaping material. These landscaped areas and features shall be maintained by the Association as if such were a Common Area.

Section 10. Sales and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, during the Development Period, and for a reasonable time thereafter, there is hereby reserved and created for the use of the Declarant, and its successors and assigns, and persons constructing improvements within the Real Estate, an easement for access to the Real Estate for the maintenance of signs, sales offices, construction offices, business offices, and model houses, together with such other facilities as in the sole opinion of the Declarant may be reasonably required, convenient, or incidental to the completion, improvement and/or sale of Lots and the Common Areas.

Section 11. Maintenance Easement. There is hereby reserved and created for the use of Declarant, the Association and their respective agents, employees, successors and assigns, a maintenance easement to enter upon any Lot for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain a community-wide standard of health, fire safety, and appearance for and within the Real Estate, provided that such easements shall not impose any duty or obligation upon Declarant or the Association to perform any such actions.

Section 12. Easement to Association. Declarant hereby grants a non-exclusive easement in favor of the Association for the maintenance of the Common Areas and those areas of the Lots as set forth in this Declaration. Said easement shall permit the Association or its employees, agents or designees to enter any Lot to maintain the Common Areas or the Lots, to make emergency repairs or to do other work reasonably necessary for the proper maintenance or operation of the Real Estate. Said easement shall also permit the Association or its employees, agents or designees to enter any Lot for the purpose of reconstruction and restoration in the event of casualty.

Section 13. Encroachment Easements. The boundaries for each Lot shall be shown on the Plat; provided, however, that in the event a Dwelling Unit encroaches upon another Dwelling Unit or Lot as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the

improvements, a valid permanent easement for exclusive use shall be deemed to exist and run to the favor of the Owner of the encroaching improvement for the encroachment and for the maintenance thereof so long as said encroachment exists.

ARTICLE IV

ASSOCIATION; MEMBERSHIP; VOTING; FUNCTIONS

Section 1. Organization of the Association. The Association shall be organized as a nonprofit corporation under the laws of the State of Indiana, to be operated in accordance with the Articles of Incorporation which have been filed or will be filed by Developer, and the Bylaws of the Association.

Section 2. Membership in Association. Each Owner, automatically upon becoming an Owner, shall be and become a member of the Association and shall remain a member until such Owner ceases to be an Owner, at which time membership will be transferred to the new Owner of the Lot; provided, however, that any person who holds the interest of an Owner merely as security for the performance of an obligation shall not be a member until and unless he realizes upon his security, at which time he automatically shall become an Owner and a member of the Corporation.

Section 3. Voting Rights. The membership of the Association shall consist of two (2) classes of membership with the following rights:

a) **Class A Membership.** Class A Members shall be all Owners except for Class B Members. Each Class A Member shall be entitled to one (1) vote for each Lot owned by such Member with respect to each matter submitted to a vote of Members upon which the Class A Members are entitled to vote. In the event that any Lot shall be owned by more than one person, partnership, trust, corporation, or other entity, each shall be a Member but they shall be treated collectively as one Member for voting purposes, so that as to any matter being considered by the Class A Members, only one (1) vote is cast for each Lot.

b) **Class B Membership.** Class B Members shall be the Declarant and all successors and assigns of Declarant specifically designated in writing by Declarant as Class B Members. Each Class B Member shall be entitled to three (3) votes for each Lot of which it is the Owner with respect to each matter submitted to a vote of the Association. The Class B Membership shall cease and terminate upon the "Applicable Date", which shall be the date upon which the written resignation of the Class B Members is delivered to the Association. The Class B Members shall tender their written resignation to the Association upon the substantial completion of the sale of all one hundred forty-four (144) lots of the Development; provided, however, the Class B Members shall always maintain two (2) voting seats on the Board of Directors of the Association unless said Class B Members voluntarily resign from such Board membership.

Section 4. Transition of Control of Association. The Declarant shall transfer control of the Association to the Members as soon as is practical following the "Applicable Date". As part of the transition process, the Declarant shall call for a special meeting of the Members pursuant to the procedures set forth under the Bylaws, and the Members shall be allowed to elect the Board of Directors to succeed the Declarant or Declarant's appointed Board. The Board elected by the Members shall take control of the Association upon being elected. Within thirty (30) days of the date of the transition meeting, the Declarant shall be responsible for providing to the newly elected Board: i) all Association documents, including, but not limited to, all Declarations, Articles, Bylaws, and rules and regulations, and any amendments or

supplements thereto; ii) all financial documents of the Association, including, but not limited to, all bank statements, checkbooks, and financial or audit statements; iii) all architectural requests and the decision of the Association in response to said requests; iv) all letters of enforcement or violation notices sent to Members; v) all contracts, leases or agreements with any employee, vendor, management agent, service provider, or other party; vi) all insurance policies of the Association; vii) all annual corporate filings of the Association; and viii) any other documents that the Declarant deems necessary or appropriate in the operation of the Association.

Section 5. Functions of the Association. The Association is formed for the purpose of providing for the maintenance, repair, upkeep, replacement administration, operation and ownership of the Common Area, if any, and for the maintenance, repair and replacement of such exterior portions of the Dwelling Units and Lots as designated in this Declaration. The Association shall also administer and enforce the covenants and restrictions contained herein, along with any rules and regulations adopted hereto. In addition, the Association shall collect and disburse the assessments and charges hereinafter created for operation of the Association. The powers and duties of the Association and the Board of Directors shall be set forth in the Articles and/or Bylaws of the Association. The Articles and Bylaws shall also set forth the procedures to be used by the Association and Board to conduct meetings, hold elections, and perform the other functions of the Association.

Section 6. Suspension of Membership Rights. No Member shown on the books or management accounts of the Association to be more than thirty (30) days delinquent on any assessment or other payment due to the Association shall be eligible to vote, either in person or by proxy, to be elected or serve on the Association's Board of Directors, or to use any of the Common Area facilities, if any. For purposes of this provision, the thirty (30) day period begins on the first day of the fiscal year or the due date of the assessment as set by the Board of Directors pursuant to the Declaration, and "payment" shall mean payment of the full assessment amount due, plus any collection fees, interest, late fees, attorney fees and court costs that are due and owing to the Association pursuant to the provisions of the Declaration(s) or the Bylaws. Hence, if any Owner arranges payment of an assessment through a payment option offered by the Association, and that payment arrangement does not pay the entire assessment amount within thirty (30) days of the assessment becoming due, then that Owner's voting rights shall be compromised as set forth under this provision until the entire assessment is paid in full. In addition, payment of delinquent accounts by any method other than cash at a meeting where a vote will be held does not cease any suspension under this provision until the funds from the payment are actually received by the Association.

A Member's rights may also be suspended for violations of the Declaration, Articles, Bylaws, or any other adopted rules or regulations of the Association, and the Member's rights shall remain suspended so long as the Owner remains in violation of said provisions. No Member found to be in violation of the Declaration, Articles, Bylaws, or any other adopted rules or regulations of the Association shall be eligible to vote, either in person or by proxy, to be elected or serve on the Association's Board of Directors, or to use any of the Common Area facilities, if any. The Board shall have the authority, in its sole discretion, to determine whether an Owner is in violation of the Declaration, Articles, Bylaws, or any other adopted rules or regulations of the Association. A judicial determination that an Owner is in violation of any of the aforementioned documents shall constitute prima facie evidence that the Owner is in violation of this provision.

Any Member who has had their right to vote suspended pursuant to this section shall not count toward any quorum requirement set forth in the Declaration, Articles or Bylaws and shall not count toward the percentage of Owners needed to pass amendments to this Declaration.

ARTICLE V

REAL ESTATE TAXES; UTILITIES

Section 1. Real Estate Taxes. Real estate taxes on each Lot and any improvements on each Lot are to be separately assessed and taxed to each Lot and shall be paid by the Owner of such Lot. Any real estate taxes or other assessments against the Common Areas shall be paid by the Corporation and included in the Assessments against each Lot in the manner hereinafter provided.

Section 2. Utilities. Each Owner shall pay for his own water, gas, electric, telecommunications, cable television, and other utilities which shall be separately metered and/or billed to each Lot. Utilities which are not separately metered to an Owner's Lot, or are used for the Common Areas, shall be paid by the Corporation and included in the Assessments against each Lot.

ARTICLE VI

MAINTENANCE, REPAIRS AND REPLACEMENTS

Section 1. Common Area Maintenance. Maintenance, repairs, replacements and upkeep of the Common Areas, Common Area facilities, and any improvements thereon, shall be furnished by the Association as a part of its duties, and the cost thereof shall constitute a part of the Common Expenses.

Section 2. Lot Maintenance. In addition to maintenance upon the Common Area, the Association, in its sole discretion, shall also provide exterior maintenance upon each Lot which is subject to Assessment hereunder as follows:

- a) paint, repair, replacement and care of roofs, gutters, downspouts, and exterior building surfaces; this does not include chimneys or sky-light windows;
- b) mowing, landscaping and maintenance of all Lots;
- c) repair, maintenance, and replacement of all mailboxes and mailbox posts, if so determined by the Board; and
- d) repair and maintenance of all lateral sanitary sewer lines that are not maintained by the municipality.

Such exterior maintenance responsibilities shall not include any utility lines (other than lateral sanitary sewer lines, if not maintained by the municipality); glass surfaces; exterior light fixtures; screens and screen doors; door and window fixtures and other hardware; overhead garage doors; patios; and any other items as the Board may so designate (unless specifically designated in this Declaration as the Association's obligation), so long as such items of exception shall apply to all units equally.

However, the Association shall be responsible for staining or painting the exteriors of exterior doors, including garage doors; and it shall also be responsible for painting or staining the outside or exterior surfaces of patio fences, if any. The Association shall be responsible for repairing and maintaining any patio fences other than painting or staining the interior, unless the Board of Directors shall otherwise provide. The Association may also provide for the painting or staining of exterior deck and balcony surfaces, if it deems necessary or appropriate.

Each Owner shall be responsible for maintaining and keeping all other portions of his Lot and all improvements thereon in a good, clean and sanitary condition and shall do all work thereon which is not required hereunder to be performed by the Association, including, but not limited to, the maintenance and repair of all internal water lines, plumbing lines, electric lines, gas lines, sewer lines, appliances, and all other fixtures, equipment and accessories belonging to the Owner and a part of such Owner's Dwelling

Unit or Lot, commencing at the points where the utility lines, pipes, wires, conduits or systems enter the Lot upon which said Dwelling Unit is located.

In addition, each Owner of a Lot shall, at his own expense, be responsible for, and shall promptly perform as the need arises, all maintenance, repairs, replacement and upkeep of the windows, doors (including, but not limited to, garage doors, exterior doors and interior doors), and chimney structures of such Owner's Dwelling Unit.

Also, each Owner of a Lot shall, at his own expense, be responsible for, and shall promptly perform as the need arises, all maintenance, repairs, replacement and upkeep of all interior and exterior lights (including, but not limited to, light fixtures, light bulbs, light panes, and electrical wiring) appurtenant to his Dwelling Unit which are controlled by a switch located on the inside of his Dwelling Unit. Each Owner of a Lot shall, at his own expense, be responsible for, and shall promptly perform as the need arises, all maintenance, repairs, replacement and upkeep of all electrical outlets and receptacles affixed to the exterior of his Dwelling Unit. Each Owner shall promptly perform all maintenance and repair of his Lot and Dwelling Unit which, if neglected, might adversely affect any other Lot or Dwelling Unit or any part of the Common Areas.

In addition to the above-referenced responsibilities, each Owner of a Lot shall, at his own expense, be responsible for, and shall promptly perform as the need arises, all interior maintenance, repairs, decoration, replacement and upkeep of his own Dwelling Unit resulting from or related to any water leak emanating from an exterior water or sewer line.

With respect to such external water or sewer leak, the Association shall only be responsible for, and shall promptly furnish, at its own expense and in the manner it deems necessary or suitable, the repair of such external water or sewer leak at the point where such leak emanates from the external water or sewer line beyond the boundaries of the Owner's Lot.

In addition, each Owner of a Lot shall, at his own expense, be responsible for, and shall promptly perform as the need arises, all interior maintenance, repairs, decoration, replacement and upkeep of the Dwelling Unit resulting from external damage or injury to the structure of the Dwelling Unit or Lot caused by any of the natural elements (i.e., fire, wind, and water) or by any act of God.

With respect to such external damage or injury to the structure of the Dwelling Unit or Lot caused by any of the natural elements or by an act of God, the Association shall only be responsible for, and shall promptly furnish, at its own expense and in the manner it deems necessary or suitable, the repair of such external damage or injury to such structure. The payment of any insurance deductible applicable with respect to any insurance coverage available to the Association in connection with such occurrence shall be paid by the Association for any external damage or injury to a Dwelling Unit, Lot, or Dwelling Unit Cluster. The payment of any insurance deductible applicable with respect to any insurance coverage available to the Association in connection with an occurrence shall be paid by the Owner for any internal damage or injury to a Dwelling Unit, Lot, or Dwelling Unit Cluster, except in the case of external damage or injury to a Dwelling Unit, Lot, or Dwelling Unit Cluster resulting from the acts, omissions, and/or negligence of an Owner, in which case the Owner shall be responsible for paying all deductible payments incurred in connection with such occurrence.

The Declarant and the Association shall not be responsible for any damage to the interior portion of a Dwelling Unit, including, but not limited to, interior portions of walls and ceilings, drywall, carpet, painting, etc.; any improvements made therein; or the Owner's personal contents therein caused by an external roof, building or structural leak, unless such damage is caused by and the direct result of the willful or reckless misconduct of the Association. The Association's following of a planned or structured method of exterior roof and building replacement, maintenance and repair as set forth in a reserve study or engineering study shall constitute a defense to any allegation of willful or reckless misconduct.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Architectural Control The Board of Directors of the Association may serve as an Architectural Control Committee. The Board is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the Board in performing its functions set forth herein, but only to the extent approved by the Board. Such costs associated with the use of consultants shall be considered a Common Expense, unless the Board determines that such costs are the responsibility of the applying Owner.

Section 2. Purposes. The Board shall have exclusive jurisdiction over modifications, additions, alterations or improvements made on or to existing Lots or structures containing Lots and the open space, if any, appurtenant thereto. The Board shall act to preserve the natural setting and beauty of the Real Estate, to establish and preserve a harmonious and aesthetically pleasing design for the Real Estate, and to protect and promote the value of the Real Estate, the Lots and all improvements located therein or thereon. To this end, each Lot shall be subject to the restrictions set forth in this Declaration and any rules, regulations and/or guidelines adopted by the Association or the Board. The Board shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction the rules, regulations and/or guidelines of the Board, as well as the decisions of the Board.

Section 3. Review and Approval. Excluding all work by Declarant, including but not being limited to the construction of the Villas of Stonecrest, no building, structure, fence, wall or improvement of any kind or nature shall be erected, constructed, placed, altered, changed or modified on any Lot unless and until two (2) copies of the plans and specifications and related data (including, if required by the Board, significant vegetation on such Lot) showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Board, as to the compliance of such plans and specifications with such standards as may be published by the Board from time to time including the harmony of external design, location, and appearance in relation to surrounding structures and topography. One copy of such plans, specifications, and related data so submitted shall be retained in the records of the Board, and the other copy shall be returned to the Owner marked "approved", "approved as modified", or "disapproved".

Section 4. Procedures. The Board shall approve or disapprove proposed improvements within thirty (30) days after all required information shall have been submitted to it. A copy of submitted materials shall be retained by the Board for its permanent files. All notifications to applicants shall be in writing, and, in the event that such notification is one of disapproval, it shall specify the reason or reasons. Email submissions and notifications may be mutually agreed upon by Owner and the Board, but only if all email communications are sent or directed as "return receipt requested" to verify mailing and receipt of the email transmission. Failure of the Board to make a written ruling on any application within thirty (30) days of submission shall render the application automatically deemed denied.

Under no circumstance does any member or individual of the Board have the authority to verbally grant or approve any architectural request or issue a written approval without the proper approval of the respective Board. Owners in the Development are hereby given notice that any verbal or unauthorized approval for any architectural improvement project is hereby considered invalid and will not act as an estoppel or defense against the Board's request for written application for the project or the subsequent denial of the project by the Board.

Section 5. Power of Disapproval. The Board may deny or refuse to grant the architectural request.

The Board has the authority to reserve approval of any architectural request upon or until modification of the plans, materials, location or scope of any project by the Owner based upon the recommendation or request of the Board.

Section 6. Architectural Rules and Regulations. The Board shall have the authority to promulgate additional architectural rules, regulations and/or guidelines for the Real Estate in addition to, or to supplement, those restrictions and standards set forth in this Declaration; provided, that none of these rules, regulations and/or guidelines conflict with any restriction or standard as set forth in this Declaration.

Section 7. No Waiver of Future Approvals. Each submission shall be separately evaluated by the Board, and the approval by the Board of any proposals or plans and specification or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Board, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent.

Section 8. Variances. Upon submission of a written request for same, the Board may, from time to time, in its sole discretion, permit Owners to construct, erect, or install improvements which are in variance from the architectural standards set forth in this Declaration or the rules, regulations and/or guidelines adopted pursuant thereto, if a situation arises whereby to hold the Owner to the strict terms of the Declaration would impose unreasonable hardship upon the Owner or if exceptional circumstances exist which would justify such a variance. The Board may also consider an appeal based upon the existence of technological advances in design and materials and such comparable or alternative techniques, methods or materials which may or may not be permitted under the current terms or restrictions set forth in the Declaration, or any rules, regulations and/or guidelines adopted thereto.

Each such written request must identify and set forth in detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the Board must be in writing and must identify in narrative detail both the standards from which a variance is being sought and the specific variance being granted. All variances must be approved by the Board in writing before becoming effective.

In any such case, the variance shall be in basic conformity with and shall blend effectively with the general architectural style and design of the community. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests, and the grant of a variance to any Owner shall not constitute a waiver of the Board's right to enforce the Declaration, or any rules, regulations and/or guidelines adopted thereto, against any other Owner. Whether or not to grant a variance is solely the determination of the Board, and a decision to grant a variance in one instance does not require the Board to grant a variance in another instance, even if the facts are similar in nature.

No member of the Board shall be liable to any Owner or other person claiming by, through, or on behalf of any Owner, for any claims, causes of action, or damages arising out of the granting or denial of, or other action or failure to act upon, any variance requested by an Owner or any person acting for on behalf of any Owner.

Section 9. Compensation and Non-Liability of Board. No member of the Board, nor their designated representative, shall be entitled to any compensation for services performed hereunder nor be liable for claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of services performed, actions taken, or inaction in connection with any undertaking, responsibility, or activity hereunder or request for action hereunder.

Neither Declarant, the Association, the Board, nor the officers, directors, members, employees and

agents of any of them, shall be liable for damages to anyone submitting plans and specifications to any of them for approval, or to any Owner by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that he will not bring any action or suit against Declarant, the Association, the Board, or the officers, directors, members, employees or agents of any of them, to recover any such damages and hereby releases and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given. Plans and specifications are not approved for engineering or structural design or adequacy of materials, and by approving such plans and specifications neither the Board, the members of the Board, the Declarant, nor the Association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications.

Section 10. Non-Conforming and Unapproved Improvements. The Declarant and Association may require any Owner to restore such Owner's improvements to the condition existing prior to the construction thereof (including, without limitation, the demolition and removal of any unapproved improvement) if such improvements were commenced or constructed in violation of this Declaration or any rule, regulation or guideline adopted by the Board, or the improvement does not comply with the plans or specifications of any submitted and approved architectural request. If an Owner wishes to make any changes or modifications to any previously approved architectural project during the erection or construction of the project, then a new architectural request form must be submitted to and approved by the Board before such changes or modifications to previously approved plans or specifications may be made.

In addition, the Association may, but has no obligation to, cause such restoration, demolition and removal, and then levy the amount of the cost thereof as a special individual assessment against the Lot upon which such improvements were commenced or constructed.

ARTICLE VIII

COMMON WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as part of the original construction of a single family residence on the Resident Properties and placed on or adjacent to the dividing line between two (2) Lots shall constitute a common wall. To the extent not inconsistent with the provisions of this Declaration or the requirements of the City of Columbus, the general rules of law regarding common walls and liability for property damage due to negligence or willful acts or omissions shall apply. No Owner shall damage, destroy, cut through or make any penetration through a common wall for any reason whatsoever.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a common wall, other than that caused by the negligence or willful misconduct of either Owner, shall be shared by the Owners who make use of the wall, in proportion to their respective use of the common wall. All repairs and maintenance to common walls shall be made within a reasonable time after such repairs and maintenance becomes necessary. Upon reasonable notice and at a reasonable time, either Owner, or the Association, shall have the right to enter upon the adjoining Lot for the purpose of repairing or maintaining a common wall.

Section 3. Weatherproofing. Notwithstanding any other provisions of this Article, to the extent that such damage is not covered or paid by insurance, an Owner, who by his negligent or willful act, causes

any portion of an unexposed common wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. "Necessary protection" as used herein shall constitute repairing the exposed common wall in a permanent manner so it conforms with the original construction of such common wall.

Section 4. Destruction by Fire or Other Casualty. If any such common wall is damaged or destroyed by fire or other casualty or by some cause other than the act of one of the adjoining Owners, his agents, invitees, guests or members of his family (including ordinary wear and tear and deterioration from lapse of time), then, in such event, both adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly, in proportion to their respective use of the common wall; provided, however, any and all proceeds from applicable insurance policies will be available to offset the expense of such repairs.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to and run with the land and shall pass to such Owner's successors in title.

Section 6. Damage Caused by One Owner. If any common wall is damaged or destroyed through the act of one adjoining Owner or any of his agents, invitees, or guests or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such wall, then the first of such Owners shall forthwith proceed to rebuild and repair the wall to as good condition as formerly, without cost to the adjoining Owner; provided, however, any and all proceeds from applicable insurance policies will be available to offset the expense of such repairs. No Owner shall alter or change a common wall in any manner. Each common wall shall remain in the same location as originally constructed. No windows or other opening shall be added to any common wall.

Section 7. Arbitration. In the event of any dispute arising under the provisions of this Article, each Owner of a Dwelling Unit who is a party to such dispute shall choose one (1) arbitrator, and such arbitrators shall choose one (1) additional arbitrator, and a decision regarding the disputed matter shall be made by a majority of all the arbitrators. Should any Owner of a Dwelling Unit who is a party to such dispute refuse to appoint an arbitrator within ten (10) days after written request therefore from another Owner, the Board may, upon request, select an arbitrator for the refusing Owner.

Section 8. Rights of Association. In the event the Owners of Dwelling Units cannot resolve a dispute regarding a Common Wall within a reasonable time period, and it is determined by the Association that the status or condition of the Common Wall poses a risk or threat of additional or continued damage to the Dwelling Units using the Common Wall or to any other Dwelling Unit, then the Association has the right, but not the obligation, to conduct any necessary repairs to the Common Wall deemed necessary to prevent additional or continued damage and to pass the expense of said repairs or maintenance jointly and severally among the Owners of the Dwelling Units sharing the Common Wall requiring the repairs or maintenance. If the expense is not paid by the Owners upon demand, then it shall be treated as an assessment upon the Lot and collectible in the same fashion as other assessments levied by the Association.

ARTICLE IX
ASSESSMENTS

Section 1. Annual Accounting. Annually, after the close of each fiscal year of the Corporation and prior to the date of the annual meeting of the Corporation following the end of such fiscal year, the Board shall cause to be furnished to each Owner a statement prepared in form and substance acceptable to the Board, which statement shall show all receipts and expenses received, incurred and paid during the preceding fiscal year by the Corporation.

Section 2. Liability for Assessments. Each Owner of any Lot subject to this Declaration, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) an Annual Assessment or charge for maintenance, insurance, taxes and other costs and expenses incurred by the Association and, (2) special assessments for capital improvements and operating deficits. Such assessments are mandatory; shall be distributed or shared among the Owners on an equal, or pro-rata, basis; and shall be established and collected as hereinafter provided. The annual and special assessments, together with interest, late fees, costs, and reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing lien upon the property against which each such assessments is made. Each such assessment, together with interest, late fees, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person(s) who was the Owner of such property at the time when the assessment was due. If more than one person owned the property when the assessment became due, then the co-owners shall be joint and severally liable for the personal obligation for unpaid assessments. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 3. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Development; to ensure compliance with and the enforcement of the restrictions, rules and regulations set forth in or adopted pursuant to the Declaration, Articles or Bylaws; and for the management, maintenance, repair, and replacement of the Common Areas (unless the same are otherwise the responsibility or duty of Owners) and the maintenance, repair, upkeep, and replacement of such exterior portions of the Dwelling Units as designated in this Declaration.

Section 4. Annual Assessment. The Board of Directors of the Association shall establish an annual budget prior to the beginning of each fiscal year, setting forth the amount of the Annual Assessment sufficient to cover all anticipated expenses for the coming fiscal year (with appropriate allocations for expenses attributed to any shared facilities), together with a reasonable allowance for contingencies and reserves for periodic repair and replacement of the Common Areas and the exterior portions of the Dwelling Units as designated in this Declaration. A copy of this budget shall be delivered to each owner at least thirty (30) days prior to the beginning of each fiscal year of the Association.

Section 5. Special Assessment. In addition to the Annual Assessment authorized above, the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement which the Association may from time to time incur; or to cover any operating deficits that may occur should the Board of Directors determine at any time during the fiscal year that the Annual Assessments levied for that year are insufficient to pay for the common expenses of the Association for that fiscal year. The Board of Directors may approve a special assessment without the approval of the members, so long as the amount of each special assessment does not exceed fifty percent (50%) of the amount of the Annual Assessment for the year in which the special assessment is approved. If the Board determines that a special assessment larger

than fifty percent (50%) of the Annual Assessment is required, then the Board shall call a special meeting of the Association to consider imposing such special assessment; and a special assessment which is more than fifty percent (50%) of the Annual Assessment amount shall be imposed only with the approval of two-thirds (2/3) of all eligible Members of the Association voting in person or by proxy at a duly constituted special meeting called for the purpose of voting on said special assessment. A special assessment shall be due and payable on the date(s) determined by the Board of Directors.

Section 6. Fiscal Year; Date of Commencement; Due Dates. The fiscal year of the Association shall be established by the Association and may be changed from time to time by action of the Association. The liability of an Owner for assessments under this Declaration shall commence as of the date such Owner acquires his interest in a Lot. The Annual Assessment for a fiscal year shall become due and payable commencing on the first day of each fiscal year of the Association, or upon another date deemed appropriate or desirable by the Association. Annual Assessments shall be due and payable in full as of the above date, except that the Association may from time to time by resolution authorize the payment of such assessments in installments.

Section 7. Reserves. The Annual Assessment shall include reasonable amounts, as determined by the Board of Directors, collected as reserves for the future periodic maintenance, repair, and replacement of the Common Areas and the maintenance, repair, upkeep, and replacement of such exterior portions of the Dwelling Units as designated in this Declaration. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited in a separate, interest bearing bank account to be held in trust for the purposes for which they were collected and are to be segregated from and not commingled with any other funds of the Association. Assessments collected as reserves shall not be considered to be advance payments of annual or special assessments.

Every five (5) years, the Board shall cause a comprehensive reserve study of the Common Areas and exterior portions of the Dwelling Units to be performed by a reputable and qualified reserve study specialist or engineering company. This reserve study shall be used to determine the amount of reserves that should be paid by each Owner on an annual basis to provide for the long-term maintenance, repair and replacement of the Common Areas and exterior portions of the Dwelling Units.

Section 8. Failure of Owner to Pay Assessments. If any assessment (or monthly installment of such assessment, if applicable) is not paid on the date when due, then the entire unpaid assessment shall become delinquent and shall become, together with such interest thereon, late fees and other costs of collection thereof as hereinafter provided, a continuing lien on the Lot, binding upon the then Lot Owner, his heirs, devisees, successors, and assigns. The personal obligation of the then Lot Owner to pay such assessments, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them. No Lot Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Lot or by waiving or not using the Common Areas.

If the assessment is not paid within thirty (30) days after the assessment falls due, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum (1.5 % per month) or the maximum lawful rate, whichever is less. In addition, the Association may impose reasonable late fees on all delinquencies in an amount(s) determined by the Board from time to time. The Association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property, or both, and there shall be added to the amount of such assessment the costs of preparing the collection notices and letters, preparing and filing the complaint in such action, interest and late fees on the assessment as above provided, and reasonable attorneys' fees, together with the costs of the action.

In addition, no Owner who becomes more than thirty (30) days delinquent on any assessment or other payment due to the Association shall be eligible to vote, either in person or by proxy, to be elected or serve on the Association's Board of Directors, or to use any of the Common Area facilities, if any, pursuant to the provisions set forth in Article IV, Section 6, of the Declaration.

Section 9. Subordination of Association's Assessment Lien to Mortgage. Notwithstanding anything contained in this Declaration, the Articles or the Bylaws, any sale or transfer of a Lot to a mortgagee pursuant to a foreclosure on its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid installment of any Annual Assessment or Special Assessment as to such installments which become due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien shall not relieve the prior owner from personal liability therefore. No such sale, transfer or conveyance shall relieve the Lot or the purchaser thereof at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any installments the Annual Assessments or Special Assessments thereafter becoming due or from the lien therefore. Such unpaid share of any Annual 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 subject Lot from which it arose).

ARTICLE X

MORTGAGES

Section 1. Notice to Corporation. Any Owner who places a first mortgage lien upon his/her Lot or such mortgagee or an insurer or guarantor of a first mortgage lien upon a Lot (hereinafter such mortgagee, insurer or guarantor referred to as a "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 this Declaration, the Bylaws or otherwise shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record in the time provided. Until notification of any such mortgage and the name and address of the Mortgagee are furnished to the Secretary, either by the Owner or the Mortgagee, no notice to any Mortgagee as may be otherwise required by this Declaration, the Bylaws or otherwise shall be required and no Mortgagee shall be entitled to vote on any matter to which he otherwise may be entitled by virtue of this Declaration, the Bylaws, a proxy granted to such Mortgagee in connection with the mortgage or otherwise.

Section 2. Notice of Certain Actions and Conditions. 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:

- a) any condemnation loss or any casualty loss which affects a material portion of the Real Estate or any Lot on which there is a first mortgage;
- b) any default in the performance by its borrower of any obligations of such borrower under this Declaration or the Bylaws which is not cured within sixty (60) days;
- c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Corporation which affects any Lot on which there is a first mortgage; and
- d) any proposed action which would require the consent or approval of Mortgagees.

Section 3. 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 Lot, furnish to

such Mortgagee or purchaser a statement setting forth the amount of the unpaid Assessments or other charges against the Lot, which statement shall be binding upon the Corporation and the Owners, and any Mortgagee or grantee of a Lot shall not be liable for, nor shall the Lot conveyed be subject to, a lien for any unpaid Assessments or charges in excess of the amounts set forth in such statement.

Section 4. Unpaid Taxes and Insurance. Mortgagees shall have the right, but not the obligation, to pay any taxes or other charges against the Common Areas which are in default and which have or may become a lien against any Lot. In addition, Mortgagees shall have the right, but not the obligation, to pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Areas, and the Mortgagees making such payments shall be owed immediate reimbursement therefore by the Corporation.

ARTICLE XI

INSURANCE

Section 1. Casualty Insurance. The Association shall purchase a master casualty insurance policy affording fire and extended coverage insurance insuring all of the Dwelling Units and the Common Area in an amount consonant with the full replacement value of the improvements which, in whole or in part, comprise the Dwelling Units and Common Area. If the Board of Directors can obtain such coverage for reasonable amounts, they shall also obtain "all risk" coverage. The Board of Directors shall be responsible for reviewing at least annually the amount and type of insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. Such insurance coverage shall be for the benefit of each Owner, and if applicable, the Mortgagee of each Owner, upon the terms and conditions hereinafter set forth.

All proceeds payable as a result of casualty losses sustained which are covered by insurance purchased by the Association as hereinabove set forth shall be paid to it or to the Board of Directors, who shall act as the insurance trustees and hold such proceeds for the benefit of the individual Owners and Mortgagees. The proceeds shall be used or disbursed by the Association or Board of Directors, as appropriate, and 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 Association as provided in the By-Laws 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 such Owner's damaged Dwelling Unit to the damages of all Dwelling Units and Common Area directly damaged by any event insured under the said master casualty insurance policy.

Such master casualty insurance policy, and "all risk" coverage, if obtained, shall (to the extent the same are obtainable) contain provisions that the insurer (i) waives its right to subrogation as to any claim against the Association, the Board of Directors, its agents and employees, Owners, their respective agents and guests, and (ii) contains an endorsement that such policy shall not be terminated for nonpayment of premiums or for any other reason or shall not be substantially modified without at least ten (10) days prior written notice to Owners and Mortgagees and at least ten (10) days prior written notice to the Association.

Section 2. Public Liability Insurance. The Association shall also purchase a master comprehensive public liability insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time but not less than \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Such comprehensive public liability insurance policy shall cover the Association, the Board of Directors, any committee or organization of the Association or Board, any Managing Agent appointed or employed by the Association, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to the Tract, all

Owners of Lots and all other persons entitled to occupy any Lot or Dwelling Unit. Such public liability insurance policy shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. Such public liability insurance policy shall contain a provision that such policy shall not be cancelled or substantially modified without at least ten (10) days written notice to the Association.

Section 3. Other Insurance. The Association shall also obtain any other insurance required by law to be maintained, including but not limited to workmen's compensation and occupational disease insurance, and such other insurance as the Board of Directors from time to time deems necessary, advisable or appropriate, including, but not limited to, liability insurance on vehicles owned or leased by the Association and officers' and directors' liability policies. Such insurance coverage shall also provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of each Owner, the Association, the Board of Directors and any Managing Agent acting on behalf of the Association. Each Owner shall be deemed to have delegated to the Board of Directors his right to adjust with the insurance companies all losses under the policies purchased by the Board of Directors the proceeds of which are payable to the Board or the Association.

Section 4. General Provisions. The premiums for all insurance hereinabove described shall be paid by the Association as part of the Common Expenses. When any such policy of insurance hereinabove described has been obtained by or on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Owner or Mortgagee whose interest may be affected thereby, which notice shall be furnished by the officer of the Association who is required to send notices of meetings of the Association.

In no event shall any distribution of insurance proceeds be made by the Board of Directors directly to an Owner where there is a mortgagee endorsement on the certificate of insurance or insurance policy as it applies to such Owner's share of such proceeds. In such event any remittance shall be to the Owner and the Owner's Mortgagee jointly.

In the event of condemnation of all or any part of the Common Area, the Association, as owner of the Common Area, shall represent the Owners in any negotiation or settlement regarding such condemnation. 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 Owners of insurance proceeds or condemnation awards for losses to or a taking of Common Area. Notwithstanding the foregoing, under no circumstance shall any distribution of insurance proceeds or condemnation awards as relates to the Common Area be made by the Association to any Owners or Mortgagees if to do so would be in violation of the law or if the same would constitute a distribution of earnings, profits or pecuniary gain to the members of the Association; in any such event, any such insurance proceeds or condemnation awards shall be retained by the Association for use in the payment of its expenses of operation.

Section 5. Insufficient Proceeds from Insurance. If any insurance proceeds received by the Association as a result of any such fire or any other casualty or disaster are not adequate to cover the cost of repair and reconstruction, or in the event there are no insurance proceeds, the cost of restoring the damage and repairing and reconstructing the Dwelling Units or any Common Areas so damaged or destroyed (or the costs thereof in excess of insurance proceeds received, if any) shall be included in the annual or special assessment of the Association.

Section 6. Insurance by Owners. Each Owner shall be solely responsible for loss or damage to the contents of such Owner's Dwelling Unit (including, but not limited to, all floor, ceiling and wall coverings and fixtures, i.e. carpet, tile, wood flooring, wallpaper, ceiling fans, window blinds, etc., betterments and improvements installed by him) and such Owner's personal property stored elsewhere on the Tract regardless of how said loss or damage was caused; and the Association shall have no liability to

the Owner for loss or damage to the contents of any Dwelling Unit or any personal property stored elsewhere on the Tract. Each Owner shall be solely responsible for obtaining its own insurance to cover any such loss and risk. Each Owner shall have the right to purchase such additional insurance at its own expense as such Owner may deem necessary, but all such insurance obtained shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions for the master casualty insurance policies to be obtained by the Corporation.

ARTICLE XII.

CASUALTY AND RESTORATION

Section 1. Restoration of the Dwelling Units.

- a) Damage to or destruction of any Dwelling Unit due to fire or any other casualty or disaster shall be promptly repaired and reconstructed at the direction of the Association and the proceeds of insurance, if any, shall be applied for that purpose.
- b) If the insurance proceeds, if any, received by the Association as trustee 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 reconstruction the Dwelling Units so damaged or destroyed (or the costs thereof in excess of insurance proceeds received, if any) shall be paid by the Owners of the Dwelling Units damaged in proportion to the ratio that damages to an Owner's Dwelling Unit bears to the total damage to all Dwelling Units that are damaged. Any such amounts payable by the Owners of damaged Dwelling Units shall be assessed as part of the Common Expenses and shall constitute a lien from the time of assessment as provided herein.
- c) For purposes of subparagraph (a) and (b) above, repair, reconstruction and restoration shall mean construction rebuilding of the Dwelling Units to as near as possible the same condition as they existed immediately prior to the damage or destruction and with the same type of architecture.
- d) Immediately after a fire or other casualty or disaster causing damage to any property for which the Board of Directors or Association acts as the trustee for the insurance funds for the restoration of such property as provided in Article XI, the Board of Directors shall obtain reliable and detailed estimates of the costs to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desires.
- e) 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 estimated costs of reconstruction and repair of the Dwelling Units is more than Sixty Thousand Dollars (\$60,000.00), 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 service 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 demonstrating, (1) that the sums

- requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (2) that there is no other outstanding indebtedness known to the said architect for the services and materials described; and (3) 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.
- ii. Encroachments upon or in favor of Dwelling 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 Dwelling Units were originally constructed. Such encroachments shall be allowed to continue in existence for so long as the Dwelling Units stand.
 - iii. 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 shall be distributed to the Owners of the Dwelling Units affected and their Mortgagees who are beneficial owners of the fund. The action of the Board of Directors in proceeding to repair or reconstruct damaged Dwelling Units shall not constitute a waiver of any rights against another Owner for committing willful or malicious damage.

Section 2. Restoration of Common Areas. In the event of damage to or destruction of any of the Common Areas due to fire or other casualty or disaster, the Association shall promptly cause the same to be repaired and reconstructed. The proceeds of insurance carried by the Association, if any, shall be applied to the costs of such repair and reconstruction.

In the event the insurance proceeds, if any, received by the Association as a result of any such fire or any other casualty or disaster are not adequate to cover the costs of repair and reconstruction of the Common Areas, or in the event there are no insurance proceeds, the costs for restoring the damage and repairing and reconstruction of the Common Areas so damaged or destroyed (or the costs thereof in excess of insurance proceeds if received, if any) shall be assessed by the Association against all owners in equal shares. Any such amounts assessed against the Owners shall be assessed as part of the Common Expenses and shall constitute a lien from the time of assessment as provided herein.

For the purposes of this Section, repair, reconstruction and restoration shall mean construction or rebuilding the Common Areas 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.

ARTICLE XIII

USE OF COMMON AREAS

Section 1. Restricted Actions by Owners. No Owner shall permit anything to be done on or in the Common Areas which would violate any applicable public law or zoning ordinance or which will result in the cancellation of or increase of any insurance carried by the Association. No waste shall be committed in or on the Common Areas.

Section 2. Damage to the Common Areas. Each Owner shall be liable to the Association or Declarant for any damage to the Common Areas caused by the negligence or willful misconduct of the

Owner's family, guest, pets, tenants or invitees. Declarant disclaims any and all warranties relating to the Common Areas, as allowed by law.

Section 3. Rules and Regulations. The Declarant and/ or the Board are granted the right to prescribe rules and regulations governing the use, operation and enjoyment of the Common Areas and facilities, and all Owners hereby covenant and agree they and their occupants shall abide by any rules and regulations adopted by the Declarant and/or the Board regarding the use, operation and enjoyment of the Common Areas and facilities. The Declarant and/or the Board shall have the power to enforce compliance with said rules and regulations, and may suspend an Owner, and an Owner's family and guests, use of the Common Areas or facilities for a period of time deemed appropriate by the Board, and/or pursue all other appropriate legal and equitable remedies. An Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association for all damages and costs, including reasonable attorneys' fees, incurred by the Association in connection therewith.

ARTICLE XIV

RESTRICTIONS, COVENANTS AND REGULATIONS

Section 1. Restrictions on Use. The following covenants and restrictions on the use and enjoyment of the Real Estate shall be in addition to any other covenants or restrictions contained herein and in any of the Plans of any part of the Real Estate heretofore or hereafter recorded, and all such 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 any such covenants and restrictions, and shall, in addition, be entitled to damages for any injuries or losses resulting from any violations thereof, including, but not limited to reasonable attorney fees and other costs and expenses, but there shall be no right of reversion or forfeiture resulting from such violation.

Section 2. Use of Dwellings

A. All Lots and Dwelling Units shall be used exclusively for residential purposes and for occupancy by a single family. At no time shall the number of occupants exceed two (2) persons per bedroom as shown on the original building construction prints. Any exception to this restriction must be approved by the Board.

B. No Owner shall permit anything to be done or kept in any Dwelling Unit or on any Lot or on any of the Common Areas which will result in an increase in the rate or cancellation of insurance on any Dwelling Unit, Lot or any part of the Common Areas, or which would be in violation of any law or ordinance or the requirements of any insurance underwriting or rating bureau.

C. No industry, business, manufacturing, mercantile, storing, trade, or any commercial activity, educational or otherwise, designed for profit, altruism or otherwise, shall be conducted, practiced or permitted on the Property; provided, however, that a resident may maintain a home office or home occupation in the Dwelling Unit if:

i. Such office or home occupation generates no greater number of visits or unreasonable parking usage than a normal residence (as determined by the Board of Directors);

ii. No equipment, signs or other items related to the business are stored, parked or otherwise kept outside the Dwelling Unit or in public view;

- iii. There are no employees or independent contractors within the Dwelling Unit other than the resident;
- iv. Such resident has obtained approvals for such use as may be required by the appropriate local, state, and federal government agencies;
- v. The resident complies with the City of Columbus and/or the Bartholomew County home occupation ordinances;
- vi. All other provisions of this Declaration, the Bylaws, and any rules and regulations of the Villas of Stonecrest Homeowners Association, Inc. are complied with;
- vii. If traffic is generated by the home occupation, the Board may require the Owner to pay any increase in the rate of insurance or other costs for the Association which may result from such use, or may require the Owner to obtain additional liability insurance in an amount determined by the Association's insurance provider with the Association named as an additional insured and a certificate of insurance issued to the Association verifying coverage.

D. All owners and members of their families, their guests, or invitees and all occupants of any Dwelling Units 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 governing the operation, use and enjoyment of the Dwelling Units, Lots, or Common Areas.

E. Nothing shall be done or permitted in any Dwelling Unit or on any Lot which will impair the structural integrity of any Dwelling Unit or Common Area or which would structurally change any Dwelling Unit or Common Area or which would affect the exterior appearance of any Dwelling Unit or Lot, except as otherwise provided in the Declaration. No Dwelling Unit, Lot, or Common Area shall be used in any unlawful manner or in any manner which might cause injury to the reputation of the Villas of Stonecrest Development or which might be or cause a nuisance, annoyance, inconvenience or damage to other Owners and occupants of Dwelling Units or neighboring property, including, but not limited to, noise by the use of loud speakers, electrical equipment, amplifiers or other equipment or machines, animal barking or noises, or a loud person or group of people, and any objectionable odors.

F. No Owner shall cause or permit any sign, banner, decorative flag, ornament, ceramic animal, statue, bird bath, wall hanging, furniture or any other similar item or object to be hung, displayed, placed or erected on the outside of any windows or doors, the outside walls, or the lawn of any Dwelling Unit, Lot, or Common Area within the Villas of Stonecrest Development without the prior written consent of the Board.

No awning, canopy, shutter, or other attachment or thing shall be affixed to or placed upon the exterior walls or roof or any other parts of any Dwelling Unit without the prior written consent of the Board.

Window and door draperies or coverings shall display to the outside of the Dwelling Unit only a white, beige or other neutral color and texture, unless otherwise approved by the Board.

For purposes of this provision, the term "decorative flag" includes all flags except for American flags. Pursuant to the Freedom to Display the American Flag Act of 2005, and a desire to allow residents in the community to display their patriotism, Owners within Villas of Stonecrest may display an American flag on their property without prior permission of the Board, but only if the flag is displayed by following the rules set forth by the United States Code, adopted by the American Legion, or following any other generally accepted rule or custom pertaining to the proper display or use of the American flag. No freestanding flag poles shall be allowed in Villas of Stonecrest; therefore, American flags must be displayed by using a mounted flag standard attached to the Owner's Dwelling Unit. American flags may not be illuminated, nor shall any Owner display multiple American flags at the same time. The Board also

reserves the right to adopt rules limiting the size of American flags that may be displayed by an Owner, if the Board deems such rules necessary or advisable.

G. 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 any Dwelling Unit, Lot, Common Area or any public street.

The Common Areas shall be kept neat, clean and free of rubbish, debris and other unsightly materials.

Only patio or deck furniture shall be kept on the patios or decks.

The use of gas or charcoal grills, fryers or any similar cooking appliances is not permitted on the decks or balconies of any Dwelling Unit except as is consistent with all local and state fire and safety codes.

H. One sign advertising a Dwelling Unit "for sale" may be displayed without prior written approval of the Board, so long as the sign is displayed according to the policies, rules and regulations adopted by the Board regarding the proper display of such signs.

Signs indicating that a Unit is "for rent" or "for lease" may not be displayed on any property in Villas of Stonecrest unless authorized and approved by the Board.

No other signs, except for medical or security information regarding the Owner or Dwelling Unit, may be displayed on any part of the Real Estate without the prior written approval of the Board.

I. No Owner shall paint or repaint any portion of the exterior of his Dwelling Unit or Lot without the prior written approval of the Board.

Section 3. Recreation and Animals.

A. No Owner or member of his family or guest, tenant, invitee or other occupant or visitor of such Owner shall feed, by hand or otherwise, any wildlife of any kind which may be present at the Real Estate, from time to time, transiently or otherwise, unless approved by the Board.

B. No animals, livestock or poultry of any kind, including, but not limited to, exotic animals and pot-bellied, or Vietnamese pigs, shall be raised, bred or kept in any Dwelling Unit or on any Lot or any of the Common Areas, except that no more than two (2) dogs, two (2) cats or other customary household pets may be kept in a Dwelling Unit, provided that such pet is not kept, bred or maintained for any commercial purpose and does not create a nuisance, including but not limited to foul odor or unreasonable noise, to any other Dwelling Unit Owner or resident.

Pets shall be taken outdoors only under leash or other restraint and while attended by the Owner, and an Owner shall be fully liable for any injury or damage to persons or property, including the Common Areas, caused by the pet. The tethering of pets in any area of Villas of Stonecrest without the Owner being immediately present in the vicinity of the animal does not constitute "attended."

The Owner shall be responsible for the cleaning of any Common Area soiled by his pet's excrement, and shall be fully liable for the expenses of any cleaning performed by the Association because said cleaning was not performed by the Owner.

The Board reserves the right to grant a variance of this provision if the Owner requests said variance in writing and provides written proof of a handicap, medical or health reason for the request. The Board may adopt such other rules and regulations regarding pets as it may deem necessary from time to time including, but not limited to, a requirement that any Owner desiring to bring or maintain a pet on the Real Estate shall deposit with the Board a security deposit in an amount to be determined by the Board to cover any damage that may be caused by such pet to the Common Areas. Any such security deposit shall be returned to the Owner when the pet is permanently removed from the Real Estate, except to the extent said deposit has been used or is needed to repair damage caused by such pet. Any requirement for the

depositing of such 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 such Owner's pets.

Any pet which, in the sole judgment of the Board, is a dangerous animal, or is causing or creating a nuisance, unreasonable disturbance or noise, property damage, or loss of enjoyment to a resident or a resident's property in Villas of Stonecrest, shall be permanently removed from the Real Estate within ten (10) days after written notice from the Board to the respective Owner to do so.

A "dangerous animal" is one that has bitten or attacked a resident in Villas of Stonecrest, or when unprovoked, has chased or approached a person upon that person's private property, or upon the streets, sidewalks, or any public grounds in Villas of Stonecrest, in a menacing fashion or an apparent attitude of attack.

C. Only those Common Areas specifically designated for recreation shall be used for such and in no event shall the lawns of Lots be considered a recreational area.

D. No swing sets, sandboxes or recreational toys or equipment shall be permitted on the Common Areas unless provided by the Corporation.

Section 4. Vehicles and Parking.

Vehicular parking shall be subject to the rules and regulations adopted by the Board regarding parking in Villas of Stonecrest, and the Board has the right, but not the obligation, to restrict or prohibit parking on any street within the Development if the Board deems it to be necessary or advisable.

No camper, trailer of any kind, mobile home, recreational vehicle, boat or jet-ski, truck, bus, or other similar vehicles of any kind may be parked in the Villas of Stonecrest Development unless such vehicle is kept in an enclosed garage and out of public view. For purposes of this provision, the term "truck" does not include pickup trucks up to one (1) ton, mini and full size vans and/or sport utility vehicles, but it does include extended length or over-sized vans or vehicles that cannot be parked within a garage.

No vehicles of any kind may be parked for any length of time on any portion of the grass, yard, or other non-paved portion of the Common Areas.

No semi-tractor, semi-trailer, semi-tractor/trailer combo, box style, non-pickup style trucks or other similar vehicles shall be permitted in the Villas of Stonecrest Development.

Commercial vehicles and/or vehicles that display company logos or advertisements are prohibited within the Villas of Stonecrest Development unless parked or stored completely within a garage; with the exception of vehicles or commercial vehicles that are temporarily present for the sole purpose of delivery, or performing or providing routine home maintenance or health care services.

No inoperative, disabled, unregistered or unlicensed vehicle shall be parked, stored, or repaired anywhere in the Development in open public view. No vehicles of any kind may be put up on blocks or jacks to accommodate car repair unless such repairs are done in an enclosed garage. For purposes of this section, "inoperative" includes any vehicle that has not been noticeably moved or driven by its owner for a period of three (3) weeks or longer; any vehicle that has a block or other device under the tires to prevent movement or rolling; or any vehicle which has a flat tire or other obvious damage that would prevent the vehicle from being driven. For purposes of this section, "unregistered" and "unlicensed" includes any vehicle that does not display a valid license plate as required by law.

Any vehicle in violation of any of the above rules or prohibitions shall be subject to towing at the discretion of the Board, and any expenses incurred by the Association for said towing shall be born by the owner of the vehicle thereof, including any collection costs, attorney fees or expenses.

Section 5. Miscellaneous.

A. No Owner shall plant, remove, trim, or prune any tree, shrub or other plant located in a Common Area that is maintained by the Association without the prior written approval of the Board. No Owner shall plant any flowers in any Common Area, other than in those areas designated by the Board, without the prior written approval of the Board.

No plastic or artificial flowers shall be used in the Common Areas.

The Association assumes no responsibility or liability for any damage or loss resulting from a Dwelling Unit Owner's contract landscaping or private plantings, and any planting, landscaping, or gardening performed by an Owner on or within the Common Area is done at the Owner's risk, and all cost, maintenance and upkeep of said planting and/or landscaping is the sole responsibility of the Dwelling Unit Owner.

If it is determined that an Owner has planted or landscaped in the Common Area without prior written approval of the Board, or has failed to adequately maintain any plants or landscaping installed in the Common Area, then the Board reserves the right to remove said landscaping and/or planting and restore the Common Area to its original state prior to the change or modification. If it becomes necessary for the Association to replace or repair any portion of the Common Area as a result of landscaping, planting or gardening performed by a Unit Owner or resident, the Board may assess any costs or expenses incurred as a result of the replacement or repair to the next Annual Assessment of the Dwelling Unit Owner, and said cost or expense will become a part of the Annual Assessment owed by that Dwelling Unit Owner and a lien on the Dwelling Unit, subject to the provisions of this Declaration.

B. All garbage, trash and refuse shall be stored in appropriate containers inside the Dwelling Units (including garages) so that it cannot be seen from other Lots or in open public view until the day of the scheduled trash collection, or as otherwise determined by the Board.

Garbage, trash, and refuse shall be placed in closed disposable plastic bags or other acceptable containers for scheduled trash collection and shall be placed at designated locations for trash collection.

The Board has the authority to adopt additional rules and regulations regarding trash disposal and collection as it deems necessary.

Section 6. Right of Entry. All Owners and Occupants of a Dwelling Unit or a Lot shall be deemed to have granted the right of entry thereto to the Association, the managing agent, or any other person authorized by the Board in case of any emergency originating in or threatening his Dwelling Unit or Lot, 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 Dwelling Unit or Lot for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, to make structural repairs or to perform any other service or maintenance on any portion of the Dwelling Unit or Lot that is required pursuant to the duties and responsibilities of the Association as outlined in this Declaration; provided that requests for entry are to be made in advance and that such entry is made at a time reasonably convenient to the Owner. In case of emergencies, such right of entry shall be immediate.

Section 7. Right of Board to Adopt Rules and Regulations. The Board shall have the authority to promulgate, adopt, revise, amend, and alter from time to time such additional rules, regulations, and guidelines governing the use, occupancy, operation and enjoyment of the Lots and the Common Areas and any facilities or other improvements located on the Property, and the personal conduct of the Members and guests thereon, as in the sole discretion of the Board are deemed necessary or advisable.

These rules, regulations and guidelines may impose restrictions or obligations upon the Owners and their guests in addition to, or as a supplement to, those set forth in the Declaration herein; provided, however, that those rules, regulations or guidelines may not be in conflict with any other provision set forth in the Declaration.

These rules, regulations and guidelines shall be as applicable and enforceable as any other provision within the Declaration, and enforcement of any rule, regulation or guideline adopted by the Board shall be in the same fashion as any other provision set forth in the Declaration.

Further, any rule, regulation or guideline promulgated or adopted hereto may be repealed or modified by a majority vote of the Owners of the Association cast at a special meeting held for that specific purpose.

Any such rule, regulation or guideline shall be recorded in the county Office of the Recorder, and the Board shall cause copies of such rules, regulations and guidelines, and all amendments thereto, to be delivered or mailed to each Owner within thirty (30) days of said rule, regulation or guideline being recorded.

ARTICLE XV.

DURATION AND AMENDMENT OF DECLARATION

Section 1. Duration. This Declaration shall run with and bind the Real Estate for a term commencing on the date this Declaration is recorded in the office of the Recorder of Bartholomew County, Indiana and running with the land for a period of fifty (50) years from the date of said recording, after which time they shall be automatically extended for successive periods of ten (10) years each unless by unanimous vote of the Owners it is agreed to terminate the provisions of this Declaration.

Section 2. Amendment. Notwithstanding the foregoing, changes or amendments to any provision(s) in this Declaration may be made at any time by vote of those persons who are then the Owners of sixty percent (60%) of the Lots in the Development and who are in good standing. For purposes of this provision, "good standing" shall mean Lot Owners whose voting rights have not been suspended under any of the provisions set forth in this Declaration.

Approval for an amendment to this Declaration under this provision may be obtained:

- (i) at a meeting of the Members of the Association duly called and held in accordance with the provisions of the Association's Bylaws; or
- (ii) by mail, door-to-door collection or electronic balloting. Any ballot submitted via mail or door-to-door collection must contain the printed name of the Owner, the Owner's signature, and indicate how the Owner wishes to vote on each designated issue being voted upon. Any ballot submitted via electronic means must contain the name of the Owner, a properly designated or issued confirmation or security number, and indicate how the Owner wishes to vote on each designated issue being voted upon; or
- (iii) pursuant to any other procedure recognized under Indiana law, including those recognized under the Indiana Nonprofit Corporations Act of 1991, as may be amended.

To ensure all Owners are given an opportunity to vote on any proposed amendment, the Association shall send to all Owners a ballot regarding any proposed amendment. This ballot shall be sent by first class, postage pre-paid, U.S. Mail to the Owner's last known mailing address. A ballot shall be sent to each Owner regardless of whether a special meeting of the members is held to address or vote on a proposed amendment.

Each amendment adopted by the membership shall be executed by the President and the Secretary of the Association, certifying that a majority of the Lot Owners in the Development who are in good standing approved such amendment. Thereafter, the amendment shall be recorded in the office of the

Recorder of Bartholomew County, Indiana, and such amendment shall not become effective until so recorded.

Section 3. Amendments by Declarant Only. Notwithstanding the foregoing or anything elsewhere contained herein or in any other documents, the Declarant shall have and hereby reserves the right and power acting alone and without the consent or approval of the Owners, the Association, and the Board of Directors, any Mortgagees or any other Person to amend or supplement this Declaration at any time and from time to time if such amendment or supplement is made (i) to comply with the requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Association, the Department of Housing and Urban Development, 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, (ii) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Lots and Dwelling Units, (iii) to bring this Declaration into compliance with any statutory requirements or (iv) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor of, make, or consent to any amendments described in this Section on behalf of each Owner a proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot or Dwelling Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Declarant to vote in favor of, make, execute and record any such amendments. The right of the Declarant to act pursuant to the rights reserved or granted under this Section shall terminate at such time as the Declarant no longer holds or controls title to any part or portion of the Tract.

Section 4. Amendments with Declarant's Approval. Notwithstanding anything to the contrary contained herein or in the Bylaws, no amendment of the Declaration shall be made without the consent and approval of the Declarant until such time that Declarant no longer owns a Lot in the Development.

ARTICLE XVI.

ACCEPTANCE AND RATIFICATION

All present and future Owners, mortgagees, contract purchasers, tenants and occupants of the Real Estate, and other persons claiming by, through or under them, shall be subject to and shall comply with the provisions of this Declaration, the Articles, the Bylaws and the rules and regulations as adopted by the Board or Committee, as each may be amended or supplemented from time to time. The acceptance of a deed of conveyance, the acceptance of a mortgage, the execution of a contract, the execution of a lease or the act of occupancy of any Dwelling Unit shall constitute an agreement that the provisions of this Declaration, the Articles, the Bylaws and rules and regulations, as each may be amended or supplemented from time to time, are accepted and ratified by such Owner, mortgagee, contract purchaser, tenant or occupant, and all such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in the Real Estate, all as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage, contract or lease thereof. All persons who may own, occupy, use, enjoy or control any part of the Real Estate in any manner shall be subject to this Declaration, the Articles, the Bylaws, and the rules and regulations applicable thereto as each may be amended or supplemented from time to time.

ARTICLE XVII.

NEGLIGENCE

Each Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by that of any member of his family or his or their guests, employees, agents, invitees or lessees, to the extent that such expense is not covered by the proceeds of insurance carried by the Corporation. An Owner shall pay the amount of any increase in insurance premiums occasioned by his use, misuse, occupancy or abandonment of the Common Areas, any Lot or Dwelling Unit in the Development.

ARTICLE XVIII.

ENFORCEMENT

Section 1. In General. Any party to whose benefit this Declaration inures, including the Declarant, Association, Board, or any individual homeowner, may proceed at law or in equity to prevent the occurrence or continuation of any violation of this Declaration, or any rule, regulation and/or guideline adopted thereto, but neither the Association or Board shall be liable for damages of any kind to any person for failing to enforce or carry out any of the provisions of this Declaration.

Section 2. Delay or Failure to Enforce. No delay or failure on the part of any aggrieved party to invoke any available remedy with respect to a violation of any one or more of the provisions of this Declaration, or any rule, regulation or guideline of the Association, shall be held to be a waiver by that party (or an estoppel of that party to assert) any right available to him upon the occurrence, recurrence or continuation of such violation or violations of the Declaration, or any rule, regulation or guideline of the Association. Likewise, no delay or failure of any party to enforce any particular provision of the Declaration, or any rule, regulation or guideline of the Association shall be deemed a waiver or an estoppel of that party to enforce another provision of the Declaration, or any rule, regulation or guideline of the Association.

Section 3. Costs and Attorney Fees. In the event the Declarant, Association or Board is required to retain attorneys or engage in civil proceedings in order to enforce the terms and provisions of this Declaration, or the Articles, the Bylaws, or the rules, regulations, guidelines and standards adopted pursuant thereto, as each may be amended from time to time, the Declarant, Association or Board shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with such action, proceeding or litigation without the necessity of proving any actual damages to the Association or its members, obtaining a court order of injunctive relief, including those cases when the alleged violation is corrected by the Owner following the filing of a lawsuit but before judgment is entered on the matter, or securing compliance by any other method of due process for any structure, improvement, act or omission that is not in compliance with the covenants, conditions and restrictions contained herein. The Association, or Owner, bringing an action is also entitled to reimbursement for any legal expenses incurred in gaining an Owner's compliance with any provision in this Declaration, the Bylaws or the rules and regulations of the Association, regardless of whether an actual lawsuit is ultimately filed against the Owner. (For example, and not by way of limitation, the Association is entitled to recover any legal expenses incurred to have a violation letter sent to an Owner to compel compliance, even if the violation is subsequently corrected and a lawsuit is not filed.) Damages or expenses incurred by the Association relating to the prosecution of a violation of these covenants shall be a personal obligation of the Owner determined to be in violation of any of these covenants, and an Owner cannot avoid liability to the

Association for reimbursement of these damages and expenses by subsequently selling his interest in the property before a factual or final determination regarding the validity of the violation is made by any court of competent jurisdiction. Any costs and/or expenses incurred by the Association as the result of a proceeding against a Owner for violation of these covenants that is not recovered from the Owner may be distributed via a pro-rata distribution to all Owners in the Development in the next fiscal budget.

ARTICLE XIX.

HOUSING FOR OLDER PERSONS

The Resident Properties shall be operated as housing for persons fifty-five (55) years of age or older as set forth in the Housing for Older Persons Act of 1995 (HOPA). All units must have at least one owner who is fifty-five (55) years of age or older who is a resident of the property. Any unit that does not have at least one owner in residence who is fifty-five (55) years or older must receive prior written approval for such occupancy by the Board (who shall act in accordance with maintaining the percentages to prevent the Resident Properties from losing its HOPA exemption). Such approval will be granted only for hardship circumstances involving care of a dependent. All Owners, prospective purchasers of a Residential Property, lessees of a Residential Property, and potential lessees of a Residential Property shall provide documentation regarding the age of the Owner(s) or Residents of a particular Lot upon request by the Board. All leases must be approved by the Association pursuant to reasonable rules and regulations regarding leasing as may be adopted by the Board, provided, however, all families must comply with the age requirement of this section.

No Owner or lessee shall have children or visitors on or living in the premises for more than two (2) weeks in any three (3) month period.

In the event of death, divorce, or other physical limitation of an Owner, and the remaining Owner is under the age of fifty-five (55), the remaining Owner must file a written notice with the Association within thirty (30) days. The Board will review the notice, and the Owner will have up to twelve (12) months to either vacate the premises, remarry a person fifty-five (55) years of age or older, and/or sell to person(s) who are over fifty-five (55) years of age.

ARTICLE XX

MISCELLANEOUS

Section 1. Waiver. No Owner may exempt himself from liability for Annual Assessments or Special Assessments by waiver of the use or enjoyment of any of the Common Areas or by abandonment of his Lot.

Section 2. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provisions of this Declaration, the Articles or the Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, the Articles or the Bylaws and each shall be enforceable to the greatest extent permitted by law.

Section 3. 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 all genders. Words in the singular shall include and refer to the plural, and vice versa, as appropriate.

Section 4. Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Developer or the Board will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The captions of each Article and Section hereof as to the contents of each Article and Sections are inserted only for limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer. If any conflict exists or is found to exist between the provisions of this Declaration and any other recorded Declaration or Plat for this Development, the provisions of this Declaration shall control. This Declaration shall be construed under and in accordance with the laws of the State of Indiana.

Section 5. Termination of Declarant's Rights and Responsibilities. If Declarant shall convey all of its right, title and interest in and to the Resident Properties and assign all its rights, benefits and obligations as Declarant hereunder to any partnership, individual or individuals, corporation or corporations, then and in such event Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant. Further, all of Declarant's rights, remedies, duties and obligations created by this Declaration shall cease at such time that Declarant no longer owns a Lot in the Development.

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IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed as of the 21st day of August, 2008.

LOAHAN DEVELOPMENT COMPANY, LLC

By *Joseph M. Thompson*
Joseph M. Thompson, Managing Member

STATE OF INDIANA)
) SS
COUNTY OF BARTHOLOMEW)

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Indiana, on this day personally appeared Joseph m. Thompson, Managing Member of Loahan Development Company, LLC, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of such limited partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 21st day of August, 2008.

Kelly K. Baker
Kelly K. Baker Notary Public
Residing in Bartholomew County, IN

My Commission Expires:



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. Peter Campbell King

This instrument prepared by, and should be returned to:
Peter C. King of CLINE, KING & KING, P.C., Attorneys at Law, 675 Reeves Way., Suite B,
P.O. Box 250, Columbus, IN 47202

This Declaration of Covenants, Conditions and Restrictions of Villas of Stonecrest is hereby adopted and approved by the Loahan Development Company, LLC this 21st day of August, 2008.

LOAHAN DEVELOPMENT COMPANY, LLC

By Joseph M. Thompson
Joseph M. Thompson, Managing Member

EXHIBIT A

The Villas of Stonecrest - Major Subdivision - Section 1 consisting of 40 lots, Common Areas A-H, M, N and P-U, and Blocks A and B, as recorded in Plat Book R, Page 166C, situated in Columbus, Bartholomew County, Indiana, containing 39.04 acres, more or less.

BYLAWS

OF THE

VILLAS OF STONECREST

HOMEOWNERS

ASSOCIATION, INC.

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Section 1. Name and Location- The name of this Corporation is Villas of Stonecrest Homeowners Association, Inc. (hereinafter referred to as the "Association"). The principal office of the Association shall be located as designated by the Board of Directors.

Section 2. Definitions: The following definitions shall apply throughout these By-Laws unless otherwise stated:

- a) "Association" shall mean and refer to the Villas of Stonecrest Homeowners Association, Inc., a non-profit corporation organized and existing under the laws of the State of Indiana. The Villas of Stonecrest Homeowners Association, Inc. may also be referred to as "VSHA".
- b) "Declaration of Covenants" shall mean and refer to a certain Declaration of Covenants, Conditions and Restrictions executed by Loahan Development Company, LLC dated August 21, 2008, and thereafter recorded in the Office of the Recorder of Bartholomew County, Indiana, on August 24, 2008, as Instrument No. 20080001e711.
- c) "Developer" shall mean and refer to Loahan Development Company, LLC, its successors or assigns, an Indiana Limited Liability Corporation, who shall enjoy certain rights and privileges under this Document and the Declaration of Covenants.
- d) "Villas of Stonecrest" shall mean and refer to the Property platted in Bartholomew County, Indiana and shall include Lots 1 through 144.
- e) "Lot" shall mean and refer to any platted lot in Villas of Stonecrest located in Bartholomew County, Indiana, most recently placed of record.
- f) "Owner" and "Lot Owner" shall mean the record owner (other than Loahan Development Company, LLC) of any Lot subject to the provisions of the Declaration of Covenants but shall not mean or refer to any mortgagee, unless such mortgagee has acquired title to a Lot through foreclosure or otherwise.
- g) "Common Area(s)" shall mean and refer to any property or other facility including land, structures, right of ways, easements or personal property incident thereto owned and maintained by the Association for the common benefit and enjoyment of its

Members, and shall include the Villas of Stonecrest signs and the real property on which such signs are located, and also shall include all Retention and Detention ponds and related areas and Drainage Easements.

- h) "Villas of Stonecrest" shall refer to and shall include the property contained in "The Villas of Stonecrest - Major Subdivision - Section 1" as recorded in Plat Book R, Page 166C, Columbus, Bartholomew County, Indiana the 20th day of November, 2007 at 4:36 o'clock pm as Instrument #2007-16043 and which is identified on such plat as Blocks A and B.
- i) "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- j) "Directors" shall mean and refer to Members of the Board of Directors of the Association.
- k) "Members" shall mean and refer to Lot Owners or their assigns who may be granted rights and privileges under this Document and also gain certain responsibilities.

Section 3. Developer's Rights: The Developer shall enjoy certain rights and privileges which shall include:

- a) Voting Rights: The Developer will maintain two (2) seats on the Board of Directors of the Association, plus the right of three (3) votes for each Lot under his control or which has not been conveyed to an Owner in all matters for the time specified as Developer's Rights, and shall be a Class B Member.
- b) Right to convey property designated as Common, Areas to the Association at any time within five (5) years from the time of the first conveyance of a Lot.
- c) So long as the Developer is engaged in developing or improving any portion of the Properties, it shall be exempted from the provisions of the Declaration of Covenants including those affecting but not limited to movement and storage of building materials, erection and maintenance of directional and promotional signs, and conduct of sales activities. Such exemptions shall be subject to such rules as may be established by the Association to maintain reasonable standards of safety, cleanliness and the general appearance of the Properties.

- d) Notwithstanding the ability of the Developer to exercise the Developer's Rights to maintain two (2) voting seats on the Board, the Developer may relinquish the Developer's Rights at any time upon written notice to the Board of Directors.

Section 4. Association Purpose and Powers: The Association has been organized for the following purposes:

- a) Fix dues and assessments to be levied against and paid by its Members and to collect same with whatever means necessary, which may include liens and action in a court of law.
- b) The Association may enforce any and all covenants or restrictions.
- c) The Association shall accept any interest in Common Areas that is deeded to the Association.
- d) To adopt rules and regulations concerning the maintenance, repair, replacements and upkeep of all Lots and Common Areas, and the improvements thereon, including the exteriors of all Dwelling Units.

Section 5. Membership:

- a) Every person or entity, other than the Developer, who is the record Owner of the fee simple title to any Lot in Villas of Stonecrest Subdivision subject to a certain Declaration of Covenants (providing for automatic membership in this Association by the Owners of Lots subject thereto, and for dues and assessments thereon) dated August __, 2008, and recorded in the Office of the Recorder of Bartholomew County, Indiana, shall be a Class A Member of the Association; provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member.
- b) The Association shall have two classes of membership, Class A, lots owner, and Class B, Developer. Each Lot shall be entitled to one vote. If more than one person holds such interest or interests in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as a majority of them among themselves determine, but in no event shall more than one (1)

vote be cast with respect to any such Lot. Voting rights may be exercised in person or by proxy.

- c) The rights of Class A Membership are subject to the payments of dues and assessments levied by the Association. The obligation to pay such dues and assessments is imposed against each Lot and its Owner and if unpaid may become a lien upon the Lot. The membership rights, including voting rights, of a Member may be suspended during the period when any dues or assessments remain unpaid.

Section 6. Membership Dues and Assessments:

- a) Purpose of Assessments: The Association may establish an annual assessment, special assessment, restoration assessment or dues and impose such upon the Lots and Lot Owners, which may be used to defray, or pay in whole any costs of construction, maintenance, repair or replacement, which may include the following items:
 - i) Maintenance and repair of the common areas, if any.
 - ii) Costs associated with operation of the Association, including insurance on Common Areas and administrative costs. Insurance on structures and the contents of any structure shall be the sole responsibility of each individual Lot Owner and shall not be the responsibility of the Association.
 - iii) Maintenance of private driveways, sidewalks and right of ways, including lawn sprinkler repair, snow removal and mowing of yards. The decision to undertake any maintenance shall be in the sole discretion of the Association. Cracks in driveways or sidewalks typically would not warrant replacement, unless the Association decides to undertake such maintenance.
 - iv) Construction and maintenance of signage or landscaping.
 - v) Other such maintenance, repairs, capital improvements and operations as needed, including the replacement of roofs on all structures. The Association shall establish an assessment or dues as provided herein, and a portion thereof shall be escrowed by the Association to provide for roof replacement. All interior maintenance, repairs and

improvements, including window or door glass breakage, shall be the responsibility of each individual Lot Owner for their respective home.

- b) Approval of Annual Membership Dues: Annual membership dues shall be in such amount as may be approved by a majority vote of the membership of the Association at an annual meeting, monthly meeting or special meeting. Notice of any meeting where a vote is required to decide upon annual Membership dues must be given to all Members in writing no less than fifteen (15) days prior to the meeting and setting forth the purpose of the meeting.
- c) Approval of Annual, Special or Restoration Assessments: Annual, special or restoration assessments must be approved by a majority vote by the membership at an annual meeting, monthly meeting or special meeting. Notice of any meeting where a vote is required to decide upon an annual, special or restoration assessment must be given to all Members in writing no less than fifteen (15) days prior to the meeting and setting forth the purpose of the meeting.
- d) Quorum Required for Fixing Membership Dues or Annual Special or Restoration Assessments: The quorum required for fixing membership dues or levying of any annual, special or restoration assessment shall be as follows: At the first meeting called for such purpose, the presence at the meeting of Members, or proxies, entitled to cast the majority of all the votes of the membership of the Association shall constitute a quorum. If the required quorum is not reached, in person or by proxy, at any such meeting, another meeting may be called, subject to the notice requirements above set forth, and the required quorum of any such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting, provided that no such subsequent meeting shall be held less than fifteen (15) days or more than sixty (60) days following the preceding meeting. For example, if the required quorum of more than fifty percent (50%) (a simple majority) of the votes of the membership of the Association is not reached at the first meeting, the required quorum at the second meeting called for the same purpose is a number of Members, in person or by proxy, totaling more than twenty-five percent (25%) of all the votes of the Association.
- e) Due Date: Annual dues and annual, special or restoration assessments shall be due and payable as shall be fixed in the

resolution authorizing such amount. Annual dues shall be payable annually, unless the Association decides otherwise.

- f) Notice of Meetings: The requirement to give Members notice in writing no less than fifteen (15) days prior to a meeting may be satisfied by having a written notice in the mailbox of a Member fifteen (15) days prior to such meeting; or by mailing a written notice to a Member by first class mail, addressed to such Member's address last appearing on the books of the Association seventeen (17) days prior to such meeting; or by personally delivering a written notice to any person living in the Member's home fifteen (15) days prior to such meeting.

Section 7. Meetings of the Members:

- a) Annual Meeting: Annual meetings of the Members shall be held on the second (2nd) Tuesday in January each year at 10:00 o'clock a.m., provided, however, that the Board of Directors by resolution may fix a different date or time for the annual meeting.
- b) Special Meetings: Special, meetings of the Members may be held and called at any time by the President or by a Majority of the Board of Directors, or upon written demand of one-third (1/3) of the Members who are entitled to vote.
- c) Place of Meetings: Annual meetings and special meetings shall be held at such place as determined by the President or by the Board of Directors.
- d) Notice of Meetings: Notice in writing of each meeting of the Members shall be given at least thirty (30) days before such meeting at which the Articles of Incorporation or By-Laws of the Association are to be changed and fifteen (15) days before other meetings. The requirement to give Members notice in writing no less than fifteen (15) days prior to a meeting may be satisfied by having a written notice in the mailbox of a Member fifteen (15) days prior to such meeting; or by mailing a written notice to a Member by first class mail, addressed to such Member's address last appearing on the books of the Association seventeen (17) days prior to such meeting; or by personally delivering a written notice to any person living in the Member's home fifteen (15) days prior to such meeting. When the required notice is thirty (30) days instead of fifteen (15) days, the requirement to give Members notice in writing may be satisfied the same as above except by adding fifteen (15) days to each

option. Such notice shall specify the place, date and time of the meeting and the purpose of the meeting.

Section 8. Waiver of Notice:

- a) Member may waive a notice of any meeting, before or after the date and time stated in the notice.
- b) Member's attendance at a meeting, in person or by proxy, waives objection to lack or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.
- c) Quorum: The presence at the meetings of Members, or of proxies, entitled to cast a majority of all of the votes of the membership of the Association shall constitute a quorum. If the required quorum is not reached, in person or by proxy, at any such meeting, another meeting may be called, subject to the notice requirements above set forth, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting, provided that no such subsequent meeting shall be held less than fifteen (15) days or more than sixty (60) days following the preceding meeting. For example, if the required quorum of more than fifty percent (50%) (a simple majority) of all the votes of the membership of the Association is not reached at the first meeting the required quorum at the second meeting called for the same purpose is a number of Members, in person or by proxy, totaling more than twenty-five percent (25%) of all the votes of the membership of the Association.

Section 9. Voting:

- a) Member's Voting Rights: The Association shall have two (2) classes of membership. Each Lot shall be entitled to one (1) vote. If more than one (1) person holds an interest in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as a majority of them among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot. Voting rights may be exercised in person or by proxy.
- b) Developer's Voting Rights: The Developer will enjoy the right to vote three (3) votes for each Lot of which it is the Owner with respect to each matter submitted to a vote of the Association. The Developer shall always maintain two (2) voting seats on the

Board of Directors of the Association unless Developer voluntarily resigns from such Board membership

Section 10. Proxy Voting:

- a) A Member may vote in person or by proxy.
- b) An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes.
- c) An appointment of a proxy is revocable by the Member.

Section 11. Record Date and Closing Membership Roster: The Board of Directors may select any date, not more than sixty (60) days before the date of any meeting of the Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting, and in such case only Members of record on the date so selected shall be entitled to notice of and to vote at such Meeting, notwithstanding any transfer of any membership on the books of the Association after any record date is selected.

Section 12. Voting List: After fixing a record date for notice of a meeting, the Secretary shall prepare a list of names of Members who are entitled to notice of the meeting, complete with the address of each Member entitled to vote.

Section 13. Method of voting: Voting by Members and by proxy shall be conducted by written ballot.

Section 14. Action Without Meeting - Approval by Written Ballot:

- a) An action that may be taken at any meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter.
- b) A written ballot must do the following:
 - i) Set forth the proposed action.
 - ii) Provide an opportunity to vote for or against each proposed action.
- c) Approval by written ballot under this section is valid when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action.

- d) A solicitation for votes by written ballot must specify the time by which the ballot must be received by the Association to be counted.

Section 15. Board of Directors:

- a) The Board of Directors is composed of not less than one (1) nor more than seven (7) Members. The preferred number of Members on the Board of Directors is five (5). The initial Board of Directors shall be composed of five (5) Members.
- b) Directors shall be Members of the Association, who are elected by the Members at the annual meeting of the Members. Elected Directors shall serve two (2) year terms, except for the initial Board of Directors. The initial Board of Directors shall be composed of five (5) Members. In the election of the initial Board of Directors, the three (3) individuals receiving the highest number of votes shall have terms of two (2) years. The two (2) individuals receiving the fourth (4th) and fifth (5th) highest number of votes shall have terms of one (1) year. Thereafter, Members will elect Members to fill the terms which expire.
- c) Method of Nomination: Candidates for directorship must notify the Board of Directors at least thirty (30) days prior to the annual meeting of their desire to be a candidate. Additional nominations may be made by the Board of Directors, which may make as many nominations as it sees fit. All candidates must be Members of the Association. The Board of Directors shall provide all Members with a list containing the names of all candidates with the Notice of the annual meeting.
- d) Method of Election: Election of the Board of Directors shall be cast by written ballot at the annual meeting. A Member may cast up to one (1) vote per Director position to be elected and may cast only one (1) vote per individual candidate. In other words, if five (5) positions on the Board of Directors are available, a Member will have five (5) votes; however, the Member may cast no more than one (1) vote for any one (1) individual candidate. A Member is not required to cast all votes available to such Member. Those candidates receiving the largest number of votes shall be elected to the Board of Directors.
- e) Resignation and Removal: A Director may resign by giving notice to the Secretary. If a Director sells his interest of

ownership in all Lots for which he is an Owner or partial Owner, he shall be deemed as resigned, effective upon closing the sale of such Lot.

- f) Vacancies: In the event of the death, resignation, or removal of a Director, his successor shall be appointed by the remaining Directors, and shall serve for the unexpired term of his predecessor.

Section 16. Meetings of Directors:

- a) Regular meetings of the Board of Directors shall be held as often as necessary to reasonably transact the business of the Association, at such place, day and hour as may be fixed from time to time by the Board of Directors, with seven (7) days notice to each Board of Directors Member prior to the meeting, unless such notice is waived by all Board of Directors Members.
- b) Special meetings of the Board of Directors shall be held when called by the President, or by any two (2) Directors, after not less than twenty-four (24) hours notice to each Director of the date, time, and place of the meeting. A Director may waive a Notice of any special meeting. A Director's attendance at or participation in a meeting waives any required notice to the Director of the meeting unless the Director at the beginning of the meeting promptly upon the Director's arrival objects to holding the meeting or transacting business at the meeting and does not vote for or assent to action taken at the meeting.
- c) Notice to the Board of Directors may be in writing or may be verbal.

Section 17. Action by the Directors Without a Meeting: Action required to be taken with a meeting of a Board of Directors may be taken without a meeting if the action is unanimously approved by all Members of the Board of Directors. The action must be evidenced by a written consent:

- a) Describing the action taken.
- b) Signed by each Director.
- c) Included in the minutes or filed with the Corporate records reflecting the action taken.

Action taken under this section is effective when the last Director signs consent, unless the consent specifies a prior or subsequent effective date.

A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

Section 18. Quorum:

- a) A quorum of a Board of Directors consists of a majority of Directors in office immediately before a meeting begins.
- b) If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present when the act is taken is the act of the Board of Directors. In other words, if the Board of Directors is composed of five (5) Members, three (3) Members will constitute a quorum. When a vote is taken with a quorum of three (3), the vote will pass with a two (2) to one (1) decision, and such action will be the act of the Board of Directors.

Section 19. Conduct of Meetings: The President, or in his absence the Vice President, or in his absence the Treasurer, shall preside over all meetings of the Board of Directors, and the Secretary shall keep minutes of the meeting recording all resolutions adopted by the Board of Directors.

Section 20. Duties: Without limiting the generality of its powers, it shall be the duty of the Board of Directors to provide for the following items:

- a) Exercise all of the duties of the Board of Directors in accordance with the Declaration of Covenants, Article of Incorporation, Bylaws and State law.
- b) Cause to be prepared an annual budget and statement of the Association's financial receipts, expenditures, and condition and to present a statement thereof to the Members at the annual meeting of the Member's.
- c) To appoint and remove all officers, agents, and employees of the Association, prescribe their duties, fix their compensation. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, officer, or Director of the Association in any capacity whatsoever.
- d) To collect the dues and assessments from Members.

- e) To exercise for the Association all powers, duties, and authority vested in or delegated to this Association.

Section 21. Officers and Their Duties:

- a) Enumeration of Officers: The officers of the Association shall be President, Vice President, and Treasurer, who shall at all times be Members of the Board of Directors, and a Secretary who may be a Director, and such other officers as the Board of Directors from time to time by resolution create.
- b) Election of Officers: The election of officers should take place at the first meeting of the Board of Directors following each annual meeting of the Members.
- c) Term: The officers shall be elected annually by the Board of Directors and each shall hold office for one (1) year or until his successor is elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.
- d) Special Appointments: The Board of Directors may elect such other officers or committees as the Association requires, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.
- e) Resignation and Removal: Any officer may be removed from office with or without cause by the Board of Directors; however, such individual will still be a Member of the Board of Directors, unless such individual is no longer a Member. Any officer may resign as officer or as Board of Directors Member at any time by giving written Notice to the Board of Directors, the President or the Secretary. If a Director sells his Lot(s) or share in such Lots so that he is no longer a Member, he will be removed from office.
- f) Vacancies: A vacancy in any office may be filled by appointment by the Board of Directors from the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the office he replaced.
- g) The duties of the officers are as follows:
 - i) President: The President shall preside at all meetings of the Members and of the Board of Directors.

- ii) Vice President: The Vice President shall act in place and stead of the President in the event of his absence or inability to act.
- iii) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; serve notice of meetings of the Board of Directors and of the Members; and keep appropriate current records showing the Members of the Association together with their addresses.
- iv) Treasurer. The Treasurer and/or such other person(s) as may be authorized by the Board of Directors shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; however, a resolution of the Board of Directors shall not be necessary for payment of the legal debts of the Association or for disbursements made in the ordinary course of business conducted within the limits of a budget approved by the Board of Directors. The Treasurer and/or such other person(s) as may be authorized by the Board of Directors shall sign all checks and drafts for and on the behalf of the Association; keep proper books of account; and shall prepare an annual budget, statement of income and expenditures, and a balance sheet statement to be presented to the Board of Directors to be considered by it, and the budget balance sheet statement shall be presented to the membership at its regular annual meeting.

Section 22. Execution of Documents: Unless otherwise provided by the Board of Directors, all contracts, leases, commercial papers, deeds, notes, security agreements, and other instruments in writing and legal documents shall be signed by the President and attested by the Secretary. All checks, drafts, notes and orders for the payment of money shall be signed by those officers or other individuals as the Board of Directors may from time to time designate.

Section 23. Committees: The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes.

Section 24. Record and Report Requirements:

- a) The Association shall keep as permanent records a record of the following:
 - i) Minutes of meetings of the Association's Members and Board of Directors, including number of Lots represented in person or by persons, and vote results.
 - ii) A record of actions taken by the Members or Directors without a meeting.
- b) The Association shall maintain appropriate accounting records.
- c) The Association or the Association's agent shall maintain a record of the Association's Members in a form that permits preparation of a list of the names and addresses of all Members entitled to vote.

Section 25. Right of Member to Inspect and Copy Records: A Member is entitled to inspect and obtain copies, at a reasonable time and location and cost, specified by the Association, the records of the Association if the Member gives the Association written notice or a written demand at least five (5) business days before the date on which the Member desires to inspect and copy.

Section 26. Liability and Indemnification:

- a) Liability of the Board of Directors, Officers, Members, Members of committees and the Association and the Developer and the Association as pertains to actions taken for the Association and the Members:
 - i) The officers, Members of the Board of Directors, Members of committees and the Developer shall not be liable to the Association or any Member for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct of bad faith. The Association shall indemnify and hold harmless each of such persons from and against all contractual liability to others arising out of contracts made by such person on behalf of the Association unless any such contract shall have been made in bad faith, except to the extent that such liability is satisfied by liability insurance. Officers, Members of the Board of Directors, committee Members and the Developer shall have no personal liability with respect to any contract

approved by the Board of Directors on behalf of the Association. The Association shall indemnify and hold harmless each of the Members of any committees established by the Board of Directors from and against all liability to others arising out of the exercise of their responsibilities, unless their action shall have been taken in bad faith.

b) Rules and Regulations; Hold Harmless:

- i) General Rules and Regulations: The Association may adopt rules and regulations concerning the maintenance, repairs, replacements and upkeep of all Lots and the improvements thereon, including the exteriors of all Dwelling Units. The Members, Owners, Occupants, Renters, their family, visitors, guests and invitees agree to and shall be subject to such rules and regulations as they may be adopted or amended from time to time.
- ii) Hold Harmless: The Owners, Occupants, Renter, his family, visitors, guests, or invitees assume all responsibility for all actions they undertake while on any of the Properties or facilities. Owners and Members, jointly and severally, shall and will indemnify and hold harmless the Developer, the Association, the Board of Directors, the other Owners of Property in Villas of Stonecrest Subdivision, the other Members in the Villas of Stonecrest Homeowners Association, Inc., and the Properties, and the family Members and agents of each, from and against any and all liability, claims, demands, damages, expenses, fees, fines, penalties, suits, proceedings, actions and costs of actions of any kind and nature, including attorneys' fees, for injury (including death) to person or damage to property or property right occurring in on or about any Lot or Common Area in Villas of Stonecrest Subdivision, or any part thereof. Furthermore, Owner and Member, jointly and severally shall and will indemnify and hold harmless the Developer, the Association, the Board of Directors, the other Owners of property in Villas of Stonecrest Subdivision, the other Members in the Villas of Stonecrest Homeowners Association, Inc., and the Properties, and the family Members and agents of each, as aforesaid, from and against all liability, claims and other items above mentioned, arising or growing out of or connected with any breach, violation, nonperformance, or failure to abide by any covenant, condition, rule, agreement or provision

contained in the Bylaws of Villas of Stonecrest Homeowners Association, Inc., and the Association, as each may be amended from time to time, to be kept, performed, complied with or abided by on the part of the Owner, Member, or any of its or their agents, servants, employees, family Members, visitors, guests, licensees, invitees, tenants, or by any person under the control or direction of Owner or Member.

Section 27. Fiscal year: The fiscal year of the Association shall be January 1 through December 31 of each year, unless otherwise established by the Board of Directors.

Section 28. Amendments: These By-Laws may be amended at a regular or special meeting of the Members by a vote of two-thirds (2/3) of the Members present in person or by proxy, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation may not be amended except as provided in the Article of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration of Covenants may not be amended except for as provided in such Declaration of Covenants.

Adopted by: Joseph M. Thompson
Joseph M. Thompson, President, VSHA

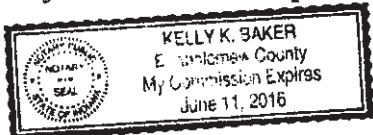
STATE OF INDIANA)
) SS:
COUNTY OF Bethel)

Before me, a Notary Public in and for said County and State, personally appeared Joseph M. Thompson, President of VSHA, who acknowledged the execution of the foregoing Bylaws of Villas of Stonecrest Homeowners Association, Inc, and who, having been duly sworn, stated that the representations therein contained are true.

Witness my hand and Notarial Seal this 21st day of August, 2008.

Kelly K. Baker
Signature of Notary Public
Kelly K. Baker
Printed Name of Notary Public
Bethel
County of Residence

My Commission Expires:



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.

Jaysh M. Thompson

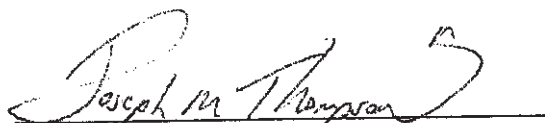
This instrument was prepared by Peter C. King of Cline, King & King, P.C., Attorneys at Law, 675 Reeves Way, Suite B, P.O. Box 250, Columbus, IN 47201

**POLICY REGARDING
ANNUAL ASSESSMENT**

It is the policy of the Villas of Stonecrest Homeowners Association, Inc. that the Annual assessment set by the Association will be limited to not more than three percent (3%) increase per year absent extraordinary catastrophic circumstances beyond the control of the Association.

VILLAS OF STONECREST
HOMEOWNERS ASSOCIATION, INC.

Date: 9-14-12


Joseph M. Thompson, President

201100001130
Filed for Record in
BARTHOLOMEW COUNTY, IN
ANITA L HOLE, COUNTY RECORDER
01-27-2011 At 12:47 pm.
AMENDMENT 13.00

**AMENDMENT
TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
VILLAS OF STONECREST**

Article XI, Section 1, first paragraph, and Section 6, of the Declaration of Covenants, Conditions and Restrictions of Villas of Stonecrest, August 2008, filed for record in Bartholomew County, Indiana, as Instrument no. 200800010711 on August 26, 2008, for Plat recorded in Plat Book R, Page 166C, are amended to read as follows:

Section 1. Casualty Insurance. The Association shall purchase a master casualty insurance policy affording fire and extended coverage insurance and shall insure the outside dwelling wall and roof of the Dwelling Units and the Common Area in an amount consonant with the full replacement value of the outside wall and roof of each Dwelling Unit which, in whole or in part, comprise the Dwelling Units and Common Area. If the Board of Directors can obtain such coverage for reasonable amounts, they shall also obtain "all risk" coverage. The Board of Directors shall be responsible for reviewing at least annually the amount and type of insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. Such insurance coverage shall be for the benefit of each Owner, and if applicable, the Mortgagee of each Owner, upon the terms and conditions hereinafter set forth.

Section 6. Insurance by Owners. Each Owner shall be solely responsible for loss or damage to the contents of such Owner's Dwelling Unit (including, but not limited to, inside walls; all floor, ceiling and wall coverings and fixtures, i.e. carpet, tile, wood flooring, wallpaper, ceiling fans, window blinds, etc., betterments and improvements installed by him) and such Owner's personal property stored elsewhere on the Tract regardless of how said loss or damage was caused; and the Association shall have no liability to the Owner for loss or damage to the contents of any Dwelling Unit or any personal property stored elsewhere on the Tract. Each Owner shall be solely responsible for

obtaining its own insurance to cover any such loss and risk. Each Owner shall have the right to purchase such additional insurance at its own expense as such Owner may deem necessary, but all such insurance obtained shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions for the master casualty insurance policies to be obtained by the Corporation.

Said amendments were adopted by a majority vote of the membership of the Villas of Stonecrest Homeowners Association, Inc., at a duly noted and authorized meeting held on Tuesday, December 7, 2010.

IN WITNESS WHEREOF, the President and Secretary of the Villas of Stonecrest Homeowners Association, Inc., have caused this instrument to be executed as of the 7 day of December, 2010.

VILLAS OF STONECREST HOMEOWNERS
ASSOCIATION, INC.

By: Joseph M. Thompson
Joseph M. Thompson
Its President

ATTEST:

Bret Prouty
Bret Prouty, Secretary

I affirm, under the penalties for perjury, that I have taken reasonable care to redact all Security number in this document, unless required by law. Peter Campbell King

This instrument prepared by, and should be returned to:

Peter C. King of CLINE, KING & KING, P.C., Attorneys at Law, 675 Reeves Way,
P.O. Box 250, Columbus, IN 47202