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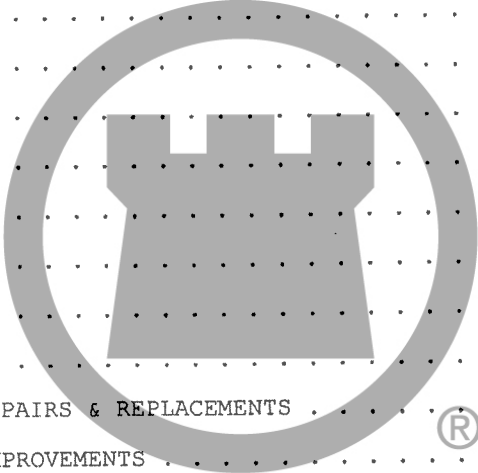
DECLARATION OF HORIZONTAL PROPERTY OWNERSHIP

BAYSHORE VILLAS

HORIZONTAL PROPERTY REGIME

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DECLARATION OF HORIZONTAL PROPERTY OWNERSHIP
BAYSHORE VILLAS
HORIZONTAL PROPERTY REGIME

THIS DECLARATION of Bayshore Villas Horizontal Property Regime ("Declaration") made this 27th day of JANUARY, 2000 by Rottlund Homes of Indiana Limited Partnership, a Minnesota Limited Partnership, an agent and subsidiary of The Rottlund Company Incorporated, a Minnesota Corporation, (the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the purchaser of certain real estate and improvements thereon, located in Marion County, Indiana, more particularly described in Exhibit "A" hereto (hereinafter called the "Real Estate"); and

WHEREAS, Declarant, by execution of this Declaration, hereby creates a Horizontal Property Regime (the "Regime") upon the Real Estate, subject to the provisions of the Horizontal Property Law of the State of Indiana, (the "Act") and the terms and conditions of this Declaration. ®

NOW, THEREFORE, Declarant hereby makes this Declaration, and declares that the Real Estate shall be a "Horizontal Property Regime" as provided in the Act, subject to and in accordance with the following terms and conditions:

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

- (a) "Act" means the Horizontal Property Law of the State of Indiana, Acts 1963, Chapter 349, Sections 1 through 31, as amended. The Act is incorporated herein by reference, and identified in the Indiana Code as 32-1-6 et seq.
- (b) "Association" means Bayshore Villas Co-Owners Association, Inc., an Indiana not-for-profit Corporation, being the Association of the Co-Owners of Bayshore Villas, more particularly described in Section 11 hereof.
- (c) "Board of Managers" means the governing body of the Association, being the initial Board of Managers referred to in the By-Laws or subsequent Board of Managers elected by the Co-Owners in accordance with the By-Laws. The term "Board of Managers", as used herein and in the By-laws, shall be synonymous with the term "Board of Directors" as used in the Act.
- (d) "Building" means any structure on the Real Estate in which Common Areas, Limited Areas or one or more Condominium Units are located. The buildings are more particularly described and identified on the Plans and in Section 2 of this Declaration.
- (e) "By-Laws" means the Code of By-Laws of Bayshore Villas Co-Owners Association, Inc., providing for the administration and management of the Association as required by and in conformity with the provisions of the Act. A true copy of the By-Laws is attached to this Declaration and incorporated herein by reference. ®
- (f) "Common Areas" and "Limited Areas" mean the common areas, limited common areas and facilities as defined in Sections 5 and 6 of this Declaration.

- (g) "Common Expenses" means expenses of administration of the Association, expenses for the upkeep, maintenance, repair and replacement of the Common Areas and Limited Areas and all other costs and expenses incurred by the Association for the benefit of Common Areas and Limited Areas or for the common benefit of all Owners; provided, however, that Common Expenses shall not include any costs of initial construction or initial renovation of any Building or other Property or improvements or any portion of the Tract, nor any costs of repairs covered by any Warranty of Declarant as builder of the Condominium Units, nor to any costs or repairs arising out of construction, renovation or other activities on any portion of the Real Estate.
- (h) "Condominium Units" means any one of the living units constituting Bayshore Villas, each individual living unit being more particularly described and identified on the Plans and in Sections 3 and 4 of this Declaration. "Condominium Unit" includes the undivided interest in the Common Areas and Limited Areas pertaining to such unit.
- (i) "Co-Owners" means all of the Owners of all of the Condominium Units in the Regime.
- (j) "Declarant" shall mean and refer to Rottlund Homes of Indiana Limited Partnership and any successors and assigns of Rottlund Homes of Indiana Limited Partnership, whom it designates in one or more recorded instruments to have the rights of Declarant hereunder, including, but not limited to, any mortgagee acquiring title to any portion of the Property pursuant to the exercise of the rights under, or foreclosure of, a mortgage executed by Declarant. ®
- (k) "Drainage System" means the storm sewers, subsurface drainage tiles, pipes and structures, and other structures, fixtures, properties, equipment and facilities located in, upon, or under the Common Areas, Easements, or Streets and designed for the purpose of expediting the drainage of surface

and subsurface waters from, over and across Bayshore Villas.

- (l) "Mortgagee" means the holder, insurer or guarantor of a first mortgage loan on a Condominium Unit.
- (m) "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns the fee simple title to a Condominium Unit; provided, however, that persons or entities owning a single Condominium Unit as tenants-in-common, joint tenants, tenants by the entirety, or any form of joint or divided ownership, shall be deemed one Owner for purposes of this Declaration. Persons or entities owning more than one Condominium Unit shall have the status of an Owner for each Condominium Unit owned.
- (n) "Percentage Interest" means that percentage of the total undivided interest accruing to all the Condominium Units which is appurtenant to each Condominium Unit and accrues to the Owner thereof. The formula for determining "Percentage Interest" is set forth in Section 15 hereof.
- (o) "Plans" means the floor and building plans of the Buildings and Condominium Units prepared and certified by Mark A. Smith, of MAS Associates, LLC, registered architects, dated 10-19, 1999, and the site plans, surveys, and elevation plans of the Real Estate and Buildings prepared by Maurer & Associates, Inc., a registered engineer under date of 8-2, 1999, all of which are incorporated herein by reference. And made a part of the Regime by such references. ®
- (p) "Property" means the Real Estate and appurtenant easements, the Condominium Units, the Buildings, improvements, and Property of every kind and nature whatsoever, real, personal or mixed, located upon the Real Estate and used in connection with the operation, use and enjoyment of Bayshore Villas, but does not include the personal property of the Owners.
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(q) "Bayshore Villas" means the name by which the Horizontal Property Regime shall be known.

(r) "Tract" means the Real Estate as herein defined.

SECTION 2. Description of Buildings. There are or will be built, Buildings containing Condominium Units on the Real Estate as shown on the Plans. As of the date of this Declaration, construction is not completed on the Condominium Units. A description of the Buildings and the Condominium Units contained or to be contained therein is set forth in Exhibit "B" attached hereto and hereby made a part hereof by this reference.

SECTION 3. Legal Description and Percentage Interest. Each Condominium Unit is identified on the Plans by a number. The Legal Description for each Condominium Unit shall consist of the identifying number for such Condominium Units as shown on the Plans, and shall be stated as "Condominium Unit" (with identifying number) in Bayshore Villas Horizontal Property Regime. The Percentage Interest of each Owner in the Common Areas and Limited Areas as hereinafter defined shall be the same percentage of interest as each Condominium Unit as set forth on Exhibit "C" attached hereto and hereby made a part hereof.

SECTION 4. Description Of Condominium Units.

(a) "Appurtenants". Each Condominium Unit shall consist of all space within the boundaries thereof, as hereinafter defined, and all portions of the Building situated within such boundaries, including, but not limited to, all fixtures, facilities, utilities, equipment, appliances, and structural components designed and intended solely and exclusively for the

enjoyment, use, and benefit of the Condominium Units wherein the same are located, or to which they are attached, but excluding therefrom that designed or intended for the use, benefit, support, safety or enjoyment of any other Condominium Unit or which may be necessary for the safety, support, maintenance, use, and operation of any of the Buildings, or which are normally designed for common use; provided, however, that all fixtures, equipment and appliances designed or intended for the exclusive enjoyment, use and benefit of a Condominium Unit shall constitute a part of such a Condominium Unit, whether or not the same are located within or partly within the boundaries of such Condominium Unit. Also, the interior sides and surfaces of all doors and interior and exterior or size and frames of all windows in the perimeter walls of the Condominium Unit, whether or not located within or partly within the boundaries of the Condominium Unit, and all interior walls and all floors and ceilings within the boundaries of the Condominium Unit, are considered part of the Condominium Unit.

- (b) "Boundaries". The boundaries of each Condominium Unit shall be as shown on the Plans and shall be measured between the interior unfinished surface of the floors, ceilings and perimeter walls of each Condominium Unit. In the event any horizontal or vertical or other boundary line as shown on the Plans does not coincide with the actual location of the respective wall, floor, or ceiling surface of the Condominium Unit because of inexactness of construction, settling after construction or for any other reason, the boundary lines of each Condominium Unit shall be deemed to be and treated for purposes of ownership, occupancy, possession, maintenance, declaration, use and enjoyment, as in accordance with the actual existing construction. In such case, permanent appurtenance easements for exclusive use shall exist in favor of the Owner of each Condominium Unit in and to such space lying outside of the actual boundary lines of the Condominium Unit, but within the appropriate wall, floor or ceiling surfaces of the

Condominium Unit.

SECTION 5. Common Areas And Facilities. "Common Areas" shall include the following, except to the extent otherwise specifically designated in this Declaration as being within a Condominium Unit or as a Limited Area:

- (a) The Real Estate, excluding the Condominium Units;
- (b) The foundations, columns, girders, beams, supports and exterior surfaces of roofs of the Buildings;
- (c) The yards, sidewalks, parks, pathways, ponds, lakes, trails, interior and exterior driveways, parking areas, entrances and exits;
- (d) Central electricity, gas, water, air conditioning and sanitary sewer mains serving the Buildings unless separately metered to a particular Condominium Unit;
- (e) Exterior lighting fixtures and electrical service lighting to the exterior of the Buildings unless separately metered to a particular Condominium Unit; and
- (f) Pipes, ducts, electrical wiring and conduits and public floors, roofs and exterior permanent walls of the Buildings, except to the extent the same are otherwise classified and defined herein as Limited Areas or as part of a Condominium Unit.

SECTION 6. Limited Areas and Facilities. Limited Areas and those Condominium Units to which use thereof is limited are as follows:

- (a) The front entrance ways, patios, porches, and all exterior sides and surfaces of doors and frames surrounding the same on each Condominium Unit shall be limited to the exclusive use of the Condominium Unit to which they appertain.

- (b) Any other areas designated and shown on the Plans as Limited Areas shall be limited to the Condominium Unit or Condominium Units to which they appertain as shown on the Plans.

SECTION 7. Ownership Of Common Areas and Percentage Interest.

Each Owner shall have an undivided interest in the Common Areas and Limited Areas, as tenants-in-common with all the other Owners, equal to his or her Condominium Units Percentage Interest. The Percentage Interest in the Common Areas applicable to each Condominium Unit shall be determined in accordance with the formula set forth in Section 15 hereof. The Percentage Interest in the Common Areas and Limited Areas presently pertaining to each Condominium Unit is specified in Exhibit "C" hereto. In any computation of Percentage Interests, the figure obtained shall be rounded to the nearest one-thousandth of a percent, and shall be so presented for all purposes of conveyance and for all purposes contemplated under this Declaration.

SECTION 8. Encroachments, Easements For Common Areas and Ingress and Egress Easements. If, by reason of the location, the construction, settling or shifting of a Building, any Common Area or Limited Area now encroaches or shall hereafter encroach upon any Condominium Unit, then in such event an easement shall be deemed to exist and run to the Co-Owners and the Association for the maintenance, use and enjoyment of such Common Area or Limited Area. Each Owner shall have an easement in common with each other Owner to use all pipes, wires, ducts, cables, conduits, utility lines and other common facilities located in any of the other Condominium

Units and serving his Condominium Unit. Each Owner shall have an easement over the Common Areas for the purpose of ingress and egress from his Condominium Unit, and to use all Common Areas wherever located, and such easement shall be perpetual and appurtenant to the Condominium Unit.

SECTION 9. Real Estate Taxes. Real Estate taxes are to be separately assessed and taxed to each Condominium Unit as provided in the Act. In the event that for any year Real Estate taxes are not separately assessed and taxed to each Condominium Unit, but are assessed and taxed on the property as a whole, then each Owner shall pay his or her proportionate share of such taxes to the extent attributable to the Property in accordance with his respective Percentage Interest.

SECTION 10. Utilities. Each Owner shall pay those utilities which are separately metered to his or her Condominium Unit. Utilities which are not separately metered shall be treated as and paid as a part of the Common Expenses unless otherwise agreed by the majority of the Percentage Interest.

SECTION 11. Association of Owners. Subject to the rights of Declarant reserved in Section 24 hereof, maintenance, repair, upkeep, replacement, administration, management and operation of the Property shall be by Bayshore Villas Co-Owners Association Inc., (the "Association"), a not-for-profit Corporation organized under the laws of the State of Indiana. Each Owner of a Condominium Unit shall, automatically upon becoming an Owner of a

Condominium Unit, be and become a member of the Association and shall remain a member until such time as his or her ownership ceases, the membership shall terminate when such person ceases to be an Owner, and shall be transferred to the new Owner.

The Association shall elect a Board Of Managers annually (except for an initial Board of Managers defined in the By-Laws) in accordance with and as prescribed by the By-Laws. Each Owner shall be entitled to cast a vote commensurate with the number of Condominium Units owned by that Owner for the election of the Board of Managers, except for such initial Board of Managers who shall serve on the initial Board of Managers, whether as an original member thereof or as a member thereof appointed by Declarant to fill a vacancy, and who shall be deemed a member of the Association and an Owner solely for the purpose of qualifying to act as a member of the Board of Managers and for no other purpose. A person serving on the initial Board of Managers shall not be deemed or considered a member of the Association nor an Owner of a Condominium Unit for any other purpose unless he is actually a Owner of a Condominium Unit and thereby is a member of the Association.

The Board of Managers shall be the governing body of the Association, representing all the Owners in providing for the management, administration, operation, maintenance, repair, replacement and upkeep of the Property exclusive of the Condominium Units.

The Association and any aggrieved Condominium Unit Owner shall have a right to action against any Condominium Unit Owner for failure to comply with the provisions of the Declaration, By-Laws or decisions of the Association which are made pursuant to authority granted the Association in such documents. Condominium Unit Owners shall have a similar right of action against the Association.

SECTION 12. Use of Common Areas. The Board of Managers shall adopt rules and regulations concerning maintenance, repairs, use and enjoyment of the Common Areas and Limited Areas as it deems appropriate, and may amend and modify the same from time to time as it deems advisable, necessary or appropriate.

The Board of Managers or their designated agents shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency in which case no notice shall be required), to enter into each individual Condominium Unit for the purpose of inspection of the Common Areas and Limited Areas appurtenant thereto and replacement, repair and maintenance of such Common Areas and Limited Areas.

SECTION 13. Maintenance, Decoration, Repairs And Replacements.

- (a) Common Areas. The Association will be responsible for the maintenance, repair, decoration, restoration, and replacement of the Common Areas. Maintenance, decoration, repairs, and replacements of the Common Areas shall be furnished by the Association and the costs thereof shall be part of the Common Expenses. The Association may elect to

delegate such duties to a Managing Agent and may enter into a management contract for such purpose, provided that such agent and the terms of such contract are approved by a majority of the vote present or represented at any meeting of the Association. Declarant or an entity affiliated with Declarant may serve as the Managing Agent for the Association so long as Declarant retains control of the Association, and may perform all property management functions on behalf of the Association. Any management contract made or which is deemed to arise between the Association and Declarant (or any affiliate) shall be terminable by the Association without cause and without penalty upon thirty (30) days' written notice at any time after Declarant relinquishes control of the Association. The Board of Managers has the right to adopt such rules and regulations concerning the maintenance, repairs, use and enjoyment of the Common Areas as it deems appropriate, including the appointment of committees to oversee the same. The Board of Managers shall have the exclusive right to determine the outside decor of each Building, including without limitation the color and type of paint and other decor pertinent to the exterior of each Building.

- (b) Condominium Units. Each Owner shall control and have the right to determine the interior decor of his or her Condominium Unit, but this shall not include the right to make structural changes to the Unit, nor the right to use interior decor which in the discretion of the Board of Managers adversely affects the external appearance of the Condominium Unit, as more particularly set forth in the By-Laws of the Association. No act or omission which constitutes waste shall be committed or suffered in or upon any Condominium Unit, the Common Areas, or Limited Areas. Each Owner shall maintain and repair at his or her sole cost and expense all fixtures, appliances, equipment, and other improvements constituting a part of his or her Condominium Unit under Section 4 hereof, and each Owner shall promptly repair any condition or defect existing or occurring in his or her

Condominium Unit which, if not repaired, might adversely affect any Condominium Unit, Common Area or Limited Area. The Board of Managers and the Managing Agent shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency in which case no notice shall be required) to enter in the Condominium Units and Common Areas adjacent to each Condominium Unit to replace, repair, and maintain such Common Areas. In the event that any Owner fails or is unable to maintain or repair any condition or defect for which he or she is responsible and the Board of Managers or the Managing Agent have a reasonable basis for believing that such condition or defect has caused or threatens to cause immediate and/or substantial harm to any person or to any property outside such Owner's Condominium Unit, the Board of Managers and the Managing Agent shall each have the right to enter such Owner's Condominium Unit to remedy or repair such condition or defect, and any costs or expenses incurred in connection therewith (including attorney's fees) shall be payable by such Owner upon demand by the Board of Managers or the Managing Agent. Nothing herein contained shall be construed to represent a contractual liability to any Owner on the part of the Declarant, the Association, or the Board of Managers for maintenance, repair, or replacement of any Condominium Unit, Common Areas, or Limited Areas, and the liability of the Association, the Board of Managers and Managing Agent in this regard shall be limited to damages resulting from gross negligence, recklessness, or intentional misconduct, unless otherwise provided in the management contract in the case of the Managing Agent.

SECTION 14. Alterations, Additions and Improvements. No Owner shall make any alterations or additions to or which would affect, the Common Areas or Limited Areas without the prior written approval of the Board of Managers, nor shall any Owner make any alteration in or to his respective Condominium Unit and within the

boundaries thereof which would affect the safety and structural integrity of the Building in which Condominium Unit is located. Declarant reserves the right to change the interior design and arrangement of all Condominium Units and alter the boundaries between Condominium Units so long as Declarant owns the Condominium Units so altered. No such change shall increase the number of Condominium Units or change the Percentage Interest applicable to such Condominium Unit. If Declarant shall make any changes in the Condominium Units so authorized, such changes shall be reflected by a supplement to the Plans and such supplement to the Plans need not be approved by the Association or any other Owners.

Section 15. Percentage Interest. The Owner of each Condominium Unit shall have a Percentage Interest appurtenant to his Condominium Unit Ownership based upon the number of Condominium Units owned by that Owner divided by the total number of all of the Condominium Units existing in the Regime at that time in accordance with Section 7(a)(3) of the Act (hereinafter called the "Formula"). In order to determine the Percentage Interests in accordance with the Formula, the total number of all of the Condominium Units in the Regime shall be taken from the Plans, which are filed herewith, as such Plans may be amended from time to time. This method of calculating Percentage Interest shall result in an equal Percentage Interest to each Condominium Unit. The total Percentage Interests shall at all times equal one hundred percent (100%), or as close to one hundred percent (100%) as is mathematically possible, after

taking into account the rounding thereof as required by Section 7(a) of the Act.

Section 16. Insurance.

- (a) The Co-Owners, through the Association, shall purchase a master casualty insurance policy issued in the name of the Association for the use and benefit of the Owners affording fire and extended coverage insurance insuring the Property in an amount consonant with the full replacement value of the Property and improvements including the individual Condominium Units, the Common Areas and Limited Areas and facilities, and further including fixtures, building service equipment and common personal property and supplies belonging to the Association. For all Condominium Units which are subject to a first mortgage, the insurance must cover fixtures, equipment and other personal property inside individual Condominium Units if they are secured by a first mortgage. A Certificate of Insurance shall be issued to each Condominium Unit Owner and each Mortgagee upon request and no such policy shall be canceled or substantially modified without at least thirty (30) days prior written notice to the Association and to each Mortgagee listed as Mortgagee in the policies. The insurance policy must contain the standard mortgage clause and must name the Mortgagee or the servicer of the Mortgagee. If a servicer is named as Mortgagee, its name shall be followed by the phrase "Its successors and assigns." The Board of Managers shall also obtain "all risk" coverage if available. The Board of Managers shall be responsible for reviewing at least annually the amount and type of such insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. If deemed advisable by the Board of Managers, the Board may cause such full replacement value to be determined by a qualified appraiser. The cost of any such appraisal shall be a Common Expense. Such insurance coverage shall be for the benefit of each Owner, and if applicable, the Mortgagee of each Owner upon the following terms and conditions:
- (i) 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 Managers, who shall act as the insurance trustees and hold such

proceeds for the benefit of the insured parties. In the event that the Board of Managers has not posted surety bonds for the faithful performance of its duties as such Managers or if such bonds do not exceed the funds which will come into its hands, and there is a damage to a part or all of the Property resulting in a loss, the Board of Managers shall obtain and post a bond for the faithful performance of its duties as insurance trustee in an amount to be determined by the majority of the Owners but not to exceed one hundred twenty-five percent (125%) of the loss, before the Board of Managers shall be entitled to receive the proceeds of the insurance payable as a result of such loss. The sole duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose elsewhere stated herein, and for the benefit of the Owners and their respective Mortgagees. The proceeds shall be used or disbursed by the Association or Board of Managers, as appropriate, only in accordance with the provisions of this Declaration.

- (ii) The interest of each damaged Owner in the trust fund of insurance proceeds shall be the ratio of the direct damage of each damaged Owner to the damages of all Owners directly damaged by any event insured under said master casualty insurance policy.
- (b) 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 Managers, its agents and employees, Owners, their respective agents and guests, and (ii) waives any defense

based on invalidity arising from the acts or omissions of the individual Condominium Unit Owners that are not under the control of the Association, and providing further, (iii) that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual Owners as hereinafter permitted and (iv) that notwithstanding any provision thereof giving the insurer an election to restore damage in lieu of a cash settlement, such option shall not be exercisable in the event the Owners do not elect to restore pursuant to Section 17 of this Declaration.

- (c) The Co-Owners, through the Association shall also purchase a master comprehensive public liability insurance policy in such amount or amounts as the Board of Managers shall deem appropriate from time to time; however, such coverage shall be for at least Two Million Dollars (\$2,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Such compensation public liability insurance policy shall cover the Association, the Board of Managers, any committee or organ of the Association or Board of Managers, 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 Bayshore Villas, all Owners of Condominium Units and all other portions of Bayshore Villas. Coverage under this policy shall include, without limitation, legal liability of the insureds for the property damage, bodily injuries and deaths of the persons in connection with the operation, maintenance or the use of the Common Areas and Limited Areas, and if available, legal liability arising out of law suits related to employment contracts of the Association. No insurance coverage as described hereinabove shall be prejudiced by the act or neglect of an individual Condominium Unit Owner who was not in control of the Owners collectively. Such policies shall also provide that it may not be canceled or substantially modified by any party without at least thirty (30) days prior written notice to the Association and to

each holder of a first mortgage on any Condominium Unit in the Property which is listed as a scheduled holder of a first mortgage in the insurance policy.

- (d) The Co-Owners, through the Association, shall also obtain any other insurance required by law to be maintained, including but not limited to, worker's compensation insurance, flood insurance, and such other insurance as the Board of Managers shall from time to time deem necessary, advisable or appropriate, including but not limited to, comprehensive liability insurance on vehicles owned by the Association, officers' and directors' liability policies, contractual and all-written contract insurance, and employer's liability insurance. 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 Managers and any Managing Agent acting on behalf of the Association.
- (e) Each Owner shall be deemed to have appointed the Board of Managers to represent each Owner in any proceedings, negotiations, settlements or agreements with the insurance companies to adjust all losses under policies purchased by the Board of Managers.
- (f) The premiums for all such insurance hereinabove described shall be paid by the Association as part of Common Expenses. When any such policy of insurance hereinabove described has been obtained by or on behalf of the Association, written notice of the attainment 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.
- (g) In no event shall any distribution of proceeds be made by the Board of Managers directly to an Owner where there is a mortgage endorsement

on the Certificates of Insurance. In such event any remittance shall be to such Owner and Mortgagee jointly.

- (h) Each Owner shall be solely responsible for, and may obtain, such additional insurance as the Owner deems necessary or desirable at the Owner's own expense affording coverage upon his personal property, contents of the Owner's Condominium Unit (including, but not limited to, all floor, ceiling and wall coverings and fixtures, betterments and improvements installed by the Owner) and the Owner's personal property stored elsewhere on the Property, and for the Owner's personal liability, but all such insurance shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions of the master casualty insurance policy to be obtained by the Association. Each Owner may obtain casualty insurance at the Owner's own expense upon the Owner's Condominium Unit but such insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable in the insurance purchased by the Association pursuant to this paragraph, due to proration of insurance purchased by an Owner under this paragraph the Owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Association to be distributed as herein provided. Notwithstanding any other foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Association, an authorized representative, including any trustee with whom the Association may enter into an insurance trust agreement or any successor to such trustee who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. Each Condominium Unit Owner hereby appoints the Association as attorney-in-fact for the purpose of purchasing

and maintaining such insurance, and the following additional purposes: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability related thereto; the execution of all documents necessary in connection therewith; and the performance of all other acts necessary to accomplish such purposes.

- (i) All of the aforescribed insurance shall be procured by generally acceptable insurance carriers.

SECTION 17. Casualty and Restoration; Condemnation; and Termination.

- (a) Except as hereinafter provided, damage to or destruction of any Building due to fire or any other casualty or disaster shall be promptly repaired and reconstructed by the Association and the proceeds of insurance, if any, shall be applied for that purpose; provided, however, that repair and reconstruction shall not be compulsory in the event of "complete destruction of all the Buildings" (hereinafter defined) it shall only be done in accordance with provisions hereinafter set forth. As used herein, the term "complete destruction of all the Buildings" means a determination, made by a vote of two-thirds of all Co-Owners at a special meeting of the Association called for the purpose of making such determination, that total destruction of all of the Building has occurred. A special meeting of the Association shall be called and held within ninety (90) days after any fire or any other casualty or disaster damaging or destroying any of the Buildings. If such a meeting is not called and held within such ninety (90) day period, or if the determination of whether or not there has been a complete destruction of all the Buildings has not been made within such ninety (90) day period, then it shall be conclusively presumed that the Co-Owners determined that there was not a complete destruction of all the Buildings, and the Association shall proceed with repair and reconstruction as herein provided.

- (b) If the insurance proceeds, if any, received by the Association as a result of any such fire or any other casualty disaster are not adequate to cover the costs of repair and reconstruction, or in the event there are no insurance proceeds, and if the Property is not to be removed from the Horizontal Property Regime, the costs for restoring the damage, repairing or reconstructing the Building or Buildings so damaged or destroyed (or the costs thereof in excess of the insurance proceeds received, if any) shall be paid by all of the Owners of Condominium Units in proportion to the ratio that the Percentage Interest of each Condominium Unit bears to the total Percentage Interest of all Condominium Units. Any such amounts payable by the Co-Owners shall be assessed as part of the Common Expenses and shall constitute a lien from the time of assessment as provided herein the Act.
- (c) For purposes of Subsections (a) and (b) above, repair, reconstruction and restoration shall mean construction or rebuilding of the Condominium Units 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) If, under Subsection (a) above, it is determined by the Co-Owners at the special meeting of the Association referred to therein that there has been a complete destruction of all the Buildings, the Co-Owners shall, at such same special meeting, vote to determine whether or not such complete destruction of all the Buildings shall be repaired and reconstructed. The Buildings shall not be reconstructed or repaired if it is the determination of the Co-Owners at said special meeting that there has been a complete destruction of all of the Buildings, unless by a vote of two-thirds of all the Co-Owners a decision is made to rebuild, reconstruct and repair the Buildings. If two-thirds of all of the Co-Owners vote and decide that the Buildings are to be rebuilt, reconstructed and repaired, insurance proceeds, if any, received by the Association shall be applied and any excess of construction costs over insurance

proceeds, if any received by the Association shall be contributed and paid as hereinabove provided in Subsections (a) and (b).

(e) If, in the case of the complete destruction of all of the Buildings, less than two-thirds of all of the Co-Owners vote in favor of the rebuilding, reconstruction and repair of the Buildings, the Buildings shall not be rebuilt, reconstructed and repaired, and, in such event, the Property shall be deemed and considered as to be removed from the provisions of the Act under Section 28 of the Act and in accordance with Section 21 of the Act:

- (i) The property shall be deemed to be owned in common by the Condominium Unit Owners;
- (ii) The undivided interest in the Property owned in common which shall appertain to each Condominium Unit Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Areas and facilities;
- (iii) Any liens affecting the Condominium Units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the Condominium Unit Owner in the Property; and
- (iv) The Property shall be subject to an action for partition at the suit of any Condominium Unit Owner, in which event the net proceeds of sale, together with the net proceeds of insurance on the Property, if any, shall be considered as one fund and shall be divided among all Condominium Unit Owners in a percentage equal to the percentage of undivided interest owned by each Owner of the Property after first paying out of the respective shares

of Condominium Unit Owners to the extent sufficient for the purpose, all liens on the undivided interest in the Property owned by each Condominium Unit Owner.

- (f) Immediately after a fire or other casualty or disaster causing damage to any Property for which the Board of Managers or Association has the responsibility of maintenance and repair, the Board of Managers shall obtain reliable and detailed estimates of the cost 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 Managers desires.
- (g) The proceeds of insurance collected on account of any such casualty, and the sums received by the Board of Managers from collections of assessments against Owners on account of such casualty, shall constitute a construction fund which shall be disbursed, if the Building to be reconstructed and repaired, in payment of the costs of reconstruction and repair in the following manner:
 - (i) If the amount of the estimated cost of reconstruction repair is less than Five Thousand Dollars (\$5,000.00) then the construction fund shall be disbursed in payment of such costs upon order of the Board of Managers; provided, however, that upon request of the Mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided in the following Subsection (ii).
 - (ii) If the estimated costs of reconstruction and repair of the Building or other improvement is more than Five Thousand Dollars (\$5,000.00), 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 Managers to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in connection with the work, (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 or materials furnished; (2) that there is no other outstanding indebtedness known to the architect for services and materials described; and (3) that the costs estimated by the 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 requested.

- (h) Encroachments upon or in favor of Condominium 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 which property such encroachment exists, provided that such reconstruction was either substantially in accordance with the plans and specifications or as the Building was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the Building stands.
- (i) In the event that there is any surplus of monies in the construction fund or the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Board of Managers as a reserve or may be used in the maintenance or operation of the Common Areas, or, in the discretion of the Board of Managers, it may be

distributed to the Owners in the Buildings affected and their Mortgagees who are the beneficial Owners of the fund. The action of the Board of Managers in proceeding to repair or reconstruction damage shall not constitute a waiver of any rights against an Owner for committing willful or malicious damage.

- (j) In the event of the condemnation of all or any part of the Common Areas or all or any part of the Building(s), Condominium Unit(s) or lot(s), the Board of Managers is hereby authorized to negotiate with the condemning authority and/or to contest an award made for the appropriation of such Common Areas, Buildings or Condominium Units. For the purpose of such negotiation and/or contest of such award to the Board of Managers as to Buildings and Condominium Units and lots, the Board of Managers is hereby declared to be the agent and attorney-in-fact of any Owners affected by the condemnation. This appointment of the Board of Managers shall be deemed coupled with an interest and shall be irrevocable. Nothing contained herein, however, shall preclude any Owner from asserting any rights or claims to compensation which cannot be legally asserted by the Board of Managers.

Awards for the taking of all or part of a Building, Condominium Unit or lot shall be collected by the Board of Managers and distributed to the affected Owner(s). To the extent possible, negotiated awards or awards resulting from a contest shall specify the allocation of the award among the Owner(s) affected. In the event that an Owner does not agree with the distribution of an award, said Owner shall be entitled to have the dispute settled by arbitration. The protesting Owner shall appoint one arbitrator, the Board of Managers acting as agent for all other affected Owners shall appoint one arbitrator and the two appointed arbitrators

shall appoint a third arbitrator. The majority decision of the arbitrators shall be binding on all Owners and shall be enforceable in a court of competent jurisdiction. The Association shall pay the costs and expenses incurred as a result of such arbitration. The Association shall then bill each Owner involved in the arbitration separately for his or her share of the costs and expenses which share shall be calculated by dividing the sum of the costs and expenses by a numerator which numerator will equal the number of Owners involved in the arbitration plus one for the Association. The Association shall be entitled to file and foreclose upon a lien against the Condominium Unit of any Owner who, within thirty (30) days of having been billed for same by the Association, shall fail to pay his or her share of the costs and expenses.

SECTION 18. Covenants and Restrictions. The covenants and restrictions applicable to the use and enjoyment of the Condominium Units and the Common Areas and Limited Areas are set forth in the By-Laws, including the limitation that each of the Condominium Units shall be limited to residential use. These covenants and restrictions are for the mutual benefit and protection of the present and future Owner or Owners. Present or future Owners or the Association shall be entitled to injunctive relief against any violation or attempted violation of these provisions and shall be entitled to damages for any injuries resulting from any violations thereof, but there shall be no right of reversion or forfeiture of

title resulting from such violation.

Notwithstanding anything to the contrary contained herein or in the By-Laws, including but not limited to, any covenants and restrictions set forth in the By-Laws, Declarant shall have, until the applicable date as defined in Article III of the By-Laws, the right to use and maintain any Condominium Unit owned by Declarant, such other portions of the Property (other than individual Condominium Units owned by persons other than Declarant) and any portions of the additional Real Estate not then part of the Regime, all of such number and size and at such locations as Declarant in its sole discretion may determine and as Declarant may deem advisable or necessary in its sole discretion to aid in the construction, reconstruction or rehabilitation of Condominium Units and sale of Condominium Units or for the conducting of any business or activity attendant thereto, including, but not limited to, model sales offices, management offices and business offices. At no time shall any facility so used or maintained by Declarant be or become part of the Common Areas, unless so designated by Declarant, and Declarant shall have the right to remove the same from the property at any time.

SECTION 19. Sale, Lease or Other Transfer of Condominium Unit By Owner. For the purpose of maintaining the congenial and residential character of Bayshore Villas, and for the protection of the Owners with regard to insuring having financially responsible residents, the lease of any Condominium Unit by an Owner shall be

subject to the following conditions and restrictions:

- (a) Lease. No Owner shall lease his or her Condominium Unit or enter into any other rental or letting agreement for his or her Condominium Unit for a term of less than one hundred eighty (180) days. In any event, Owner shall use a lease form which has been approved by the Board of Managers, and a copy of such lease shall be provided by Owner to the Board of Managers promptly after execution thereof.
- (b) Sale. The Association shall have no right of first refusal to purchase any Condominium Unit which an Owner wishes to sell and an Owner may sell his or her Condominium Unit free of any such restriction.

SECTION 20. Amendment of Declaration. Except as otherwise provided in this Declaration, amendments to this Declaration shall be proposed and adopted in the following manner:

- (a) Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which the proposed amendment is considered, including any annual meetings.
- (b) Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Managers or Owners having in the aggregate at least a majority of the Percentage Interest.
- (c) Meeting. The resolution concerning a proposed amendment must be adopted by the designated vote at a meeting duly called and held in accordance with the provisions of the By-Laws.
- (d) Adoption. Any proposed Material Amendment (as hereinafter defined) to this Declaration must be approved by a vote of not less than two-thirds of the Owners. In the event any Condominium Unit is subject to a first mortgage, the Mortgagee (hereinafter referred to as "Eligible Mortgagee") shall be notified of the meeting and the proposed Material Amendment in the same manner as an Owner if

the Eligible Mortgagee has given prior notice of its mortgage interest to the Board of Managers in accordance with the By-Laws, and any proposed Material Amendment must be approved by a vote of not less than a majority of the Eligible Mortgagees. An Eligible Mortgagee who receives a written request to approve amendments and does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

A change to any of the following shall be deemed to be a Material Amendment:

- (i) Voting rights;
- (ii) Assessments, assessment liens or subordination of assessment liens;
- (iii) Reserves for maintenance, repair and replacement of Common Areas;
- (iv) Responsibility for maintenance and repair;
- (v) Reallocation of interests in Common Areas or Limited Areas, or rights to their use;
- (vi) Boundaries of any Condominium Unit;
- (vii) Convertibility of Condominium Units into Common Areas or vice versa;
- (viii) Expansion or contraction of the Property, or the addition, annexation or withdrawal of property to or from the Property;
- (ix) Insurance or fidelity bonds;
- (x) Leasing of Condominium Units;
- (xi) Imposition of any restrictions on a Condominium Unit Owner's right to sell or transfer his or her Condominium Unit;

- (xii) A decision by the Association to establish self-management when a professional management agent had been required previously by an Eligible Mortgagee;
 - (xiii) Restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration;
 - (xiv) Any action to terminate the legal status of the Property after substantial destruction or condemnation occurs; or
 - (xv) Any provision that expressly benefits mortgage holders, insurers or guarantors.
- (e) Recording. Each amendment to the Declaration shall be executed by the President and Secretary of the Association, or the Declarant, if required, and shall be recorded in the Office of the Recorder of Marion County, Indiana, and such amendment shall not become effective until so recorded.
- (f) Amendments By Declarant Only. Notwithstanding the foregoing or anything elsewhere contained herein, the Declarant shall have the right acting alone and without the consent or approval of the Co-Owners, the Association, the Board of Managers, any Mortgagees or any other persons, to amend or supplement this Declaration, the By-Laws or other documents from time to time if (i) such amendment or supplement is necessary to conform this Declaration to the Act, as amended from time to time, (ii) such amendment or supplement is made to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Veterans Administration or any other governmental agency or any other public, quasi public or private entity which performs (or may in the future perform) functions similar

to those currently performed by such entities, (iii) to induce any such agencies or entities to make, purchase, sell, insure or guarantee first mortgages, or, (iv) if such amendment or supplement is made to correct clerical or typographical errors. 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 20 on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, or other instrument affecting a Condominium Unit and acceptance thereof shall be deemed to be grant and acknowledgment of, and a consent to the reservation of, the power of the Declarant to vote in favor of, make, execute and record any such amendments. The right of the Declarant to act pursuant to rights reserved or granted under this Section 20 shall terminate at such time as Declarant no longer holds or controls title to any part or portion of the Real Estate.

(g) Additional Restrictions On Amendments.

- (1) The consent of Owners of Condominium Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of the eligible holders of first mortgages on Condominium Units to which at least sixty-seven percent (67%) of the votes of the Condominium Units subject to a mortgage appertain shall be required to terminate the Condominium Regime for reasons other than substantial destruction or condemnation of the Property.
- (2) As used in this Section, the term "eligible holder" shall mean a holder, insurer or guarantor of a first mortgage on the Condominium Unit who has requested notice in accordance with the provisions of Section 8.03(a) of the By-Laws.

SECTION 21. Acceptance and Ratification. All present and future Owners, mortgagees, tenants and occupants of the Condominium Units shall be subject to and shall comply with the provisions of this Declaration, the Act, the By-Laws appended hereto, and the rules and regulations as adopted by the Board of Managers as each may be amended or supplemented from time to time. The acceptance of a deed of conveyance or the act of occupancy of any Condominium Unit shall constitute an agreement that the provisions of this Declaration, the Act, the By-Laws and rules and regulations as each may be amended or supplemented from time to time are accepted and ratified by each such Owner, 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 a Condominium Unit or the Property as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof. All persons, corporations, partnerships, trusts, associations, or other legal entities who may occupy, use, enjoy or control a Condominium Unit or Condominium Units or any part of the Property in any manner shall be subject to the Declaration, the Act, the By-Laws, and the rules and regulations applicable thereto as each may be amended or supplemented from time to time.

SECTION 22. Negligence. Each Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by the Owner's own negligence or by that of any member of

the Owner's family, their guests, employees, agents or lessees, to the extent that such expense is not covered by the proceeds of insurance carried by the Association. An Owner shall pay the amount of any increase in insurance premiums occasioned by such Owner's use, misuse, occupancy or abandonment of the Owner's Condominium Unit or its appurtenants or of the Common Areas or Limited Areas.

SECTION 23. Granting of Easements. The Board of Managers of the Association is granted the authority to grant easements to utility companies (excluding transportation companies) upon such terms and conditions and for such consideration as it deems appropriate.

SECTION 24. Reservation of Rights to Use the Common Areas. Declarant shall have, and hereby reserves, an easement over, across, upon, along, in, through and under the Common Areas and, to the extent necessary, the Limited Areas, for the purposes of installing, maintaining, repairing, replacing, relocating and otherwise servicing utility equipment, facilities and installations to serve the Real Estate, to provide access to and ingress and egress to and from the Real Estate, to make improvements to and within the Real Estate, and to provide for the rendering of public and quasi public services to the Real Estate. The foregoing easement shall be a transferable easement and Declarant may at any time and from time to time grant similar easements, rights or privileges to other persons and parties for the same purposes. By

way of example, but not in limitation of the generality of the foregoing, Declarant, and others to whom Declarant may grant such similar easement, easements or rights or privileges, may so use the Common Areas and, to the extent necessary, the Limited Areas, to supply utility services to the Real Estate and any portions of the Regime which are not part of the Real Estate and to permit public and quasi public vehicles, including, but not limited to, police, fire and other emergency vehicles, trash and garbage collection, post office vehicles and privately owned delivery vehicles, and their personnel to enter upon and use the streets, the Common Areas, and to the extent necessary, the Limited Areas of Bayshore Villas in the performance of their duties.

SECTION 25. Initial Management. As set forth in the By-Laws, the initial Board of Managers shall consist of persons selected by Declarant. Prior to the Applicable Date, as defined in Article III of the By-Laws, all contracts or leases including any management agreement entered into by the Board of Managers shall provide a right of termination without cause or penalty, at any time after the Applicable Date upon no more than sixty (60) days notice to the other party. The Board of Managers has entered or will hereafter enter into a management agreement with R and G Management Company, Inc. (the "Managing Agent") for a term beginning April 1, 2000 and which will expire not later than March 31, 2001, unless earlier terminated or extended by agreement of the parties under which the Managing Agent will provide supervision, fiscal and general

management and maintenance of the Common Areas, and, to the extent the same is not otherwise the responsibility of Owners of individual Condominium Units, the Limited Areas, and, in general, perform all the duties and obligations of the Association. Such Management Agreement is or will be subject to termination by Declarant at any time prior to the expiration of its term, in which event the Association shall upon and thereafter resume performance of all of its duties and obligations and functions. Notwithstanding anything to the contrary contained herein, so long as such management agreement remains in effect, Declarant shall have, and Declarant hereby reserves to itself, the exclusive right to oversee the Managing Agent and if necessary manage the Property and to perform all the functions of the Association.

SECTION 26. Costs and Attorneys' Fees. In any proceeding arising because of failure of an Owner to make any payments required by this Declaration, the By-Laws or the Act, or to comply with any provision of the Declaration, the Act, the By-Laws, or the rules and regulations adopted pursuant thereto as each may be amended from time to time, the Association shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with the default or failure.

SECTION 27. Failure of Owner to Pay Assessments.

- (a) No Owner may become exempt from liability for contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or Limited Areas or by abandonment of the Owner's Condominium Unit.

Each Owner shall be personally liable for the payment of all assessments by the Association.

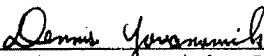
- (b) Upon failure by any Owner to make any payment of assessment on the date when due, the lien against the Owner's Condominium Unit may be foreclosed against as provided for by Section 5.06 of the By-Laws and applicable law. Any lien for assessments becoming payable after the recordation of a first mortgage on Owner's Condominium Unit shall be subordinate to the first mortgage on the Owner's Condominium Unit as more fully set forth in Section 5.06(b) of the By-Laws.

SECTION 28. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provision of this Declaration or by the By-Laws filed herewith shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration or the attached By-Laws.

SECTION 29. Pronouns. Any reference to the masculine, feminine or neuter gender herein shall, unless the context clearly requires the contrary, be deemed to refer to and include the masculine, feminine and neuter genders. Words in the singular shall include and refer to the plural, and vice versa, as appropriate.

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

BY: ROTTLUND HOMES OF INDIANA LIMITED
PARTNERSHIP, A MINNESOTA LIMITED
PARTNERSHIP



Dennis Yovanovitch, President

STATE OF INDIANA)
) SS:
COUNTY OF Hamilton)

Subscribed and sworn to before me, a Notary Public in and for said County and State, personally appeared Dennis Yovanovich, who first having been sworn upon his oath, states the foregoing statements are true and accurate, this 26th day of January, 2000.

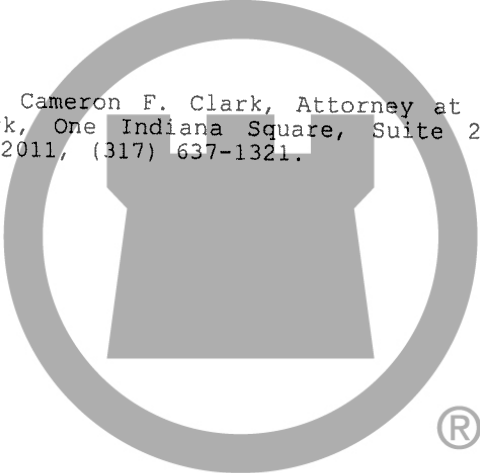
Janice P. Vollmer
Notary Public
Janice P. Vollmer
Printed

County of Residence:
Marion

My Commission Expires:
02-09-08

This instrument prepared by Cameron F. Clark, Attorney at Law, Clark, Quinn, Moses & Clark, One Indiana Square, Suite 2200, Indianapolis, Indiana 46204-2011, (317) 637-1321.

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CHICAGO TITLE

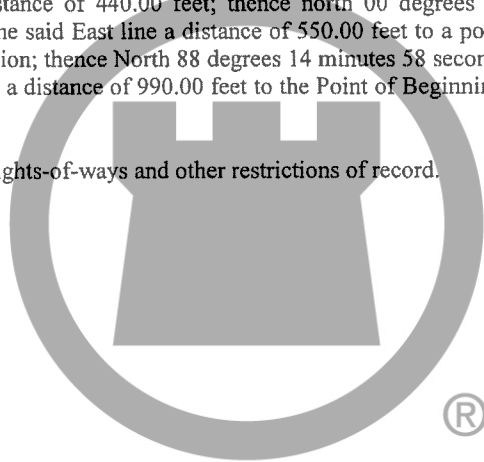
EXHIBIT A

Legal Description

A part of the East half of the Northeast Quarter of Section 22, Township 14 North, Range 4 East of the Second Principal Meridian, Franklin Township, Marion County, Indiana, more particularly described as follows:

Beginning at the Northeast corner of the East Half of the Northeast Quarter of said Section 22, thence South 00 degrees 26 minutes 13 seconds West on and along the East line of said Half Quarter Section a distance of 1150.00 feet; thence South 88 degrees 14 minutes 50 seconds West parallel to the North line of said Half Quarter Section a distance of 550.00 feet; thence north 00 degrees 26 minutes 13 seconds East parallel to the said East line a distance of 600.00 feet; thence South 88 degrees 14 minutes 58 seconds West parallel to the said North line a distance of 440.00 feet; thence north 00 degrees 26 minutes 13 seconds East parallel to the said East line a distance of 550.00 feet to a point on the North line of said Quarter Section; thence North 88 degrees 14 minutes 58 seconds East on and along the said North line a distance of 990.00 feet to the Point of Beginning, containing 20.061 acres more or less.

Subject to all easements, highways, rights-of-ways and other restrictions of record.



CHICAGO TITLE

EXHIBIT B

BAYSHORE VILLAS ADDRESSES

BLDG	UNIT	UNIT STYLE	ADDRESS
1	1	Aspen	5847 Shipwatch Lane
	2	Breckenridge	5843 Shipwatch Lane
	3	Breckenridge	5839 Shipwatch Lane
	4	Aspen	5835 Shipwatch Lane
	5	Aspen	5836 Shipwatch Place
	6	Breckenridge	5840 Shipwatch Place
	7	Breckenridge	5844 Shipwatch Place
	8	Aspen	5848 Shipwatch Place
2	9	Aspen	5825 Shipwatch Lane
	10	Dunhill	5821 Shipwatch Lane
	11	Dunhill	5817 Shipwatch Lane
	12	Aspen	5813 Shipwatch Lane
	13	Aspen	5814 Shipwatch Place
	14	Dunhill	5818 Shipwatch Place
	15	Dunhill	5822 Shipwatch Place
	16	Aspen	5826 Shipwatch Place
3	17	Aspen	5849 Shipwatch Place
	18	Breckenridge	5845 Shipwatch Place
	19	Breckenridge	5841 Shipwatch Place
	20	Aspen	5837 Shipwatch Place
	21	Aspen	5838 Beacon Cove Way
	22	Breckenridge	5842 Beacon Cove Way
	23	Breckenridge	5846 Beacon Cove Way
	24	Aspen	5850 Beacon Cove Way
4	25	Aspen	5827 Shipwatch Place
	26	Dunhill	5823 Shipwatch Place
	27	Dunhill	5819 Shipwatch Place
	28	Aspen	5815 Shipwatch Place
	29	Aspen	5816 Beacon Cove Way
	30	Dunhill	5820 Beacon Cove Way
	31	Dunhill	5824 Beacon Cove Way
	32	Aspen	5828 Beacon Cove Way
5	33	Aspen	5847 Beacon Cove Way
	34	Breckenridge	5843 Beacon Cove Way
	35	Breckenridge	5839 Beacon Cove Way
	36	Aspen	5835 Beacon Cove Way
	37	Aspen	5836 Beacon Cove Place
	38	Breckenridge	5840 Beacon Cove Place
	39	Breckenridge	5844 Beacon Cove Place
	40	Aspen	5848 Beacon Cove Place

CHICAGO TITLE

EXHIBIT B

**BAYSHORE VILLAS
ADDRESSES**

6	41	Aspen	5825 Beacon Cove Way
	42	Dunhill	5821 Beacon Cove Way
	43	Dunhill	5817 Beacon Cove Way
	44	Aspen	5813 Beacon Cove Way
	45	Aspen	5814 Beacon Cove Place
	46	Dunhill	5818 Beacon Cove Place
	47	Dunhill	5822 Beacon Cove Place
	48	Aspen	5826 Beacon Cove Place
7	49	Aspen	8017 Harbor Walk Lane
	50	Breckenridge	8021 Harbor Walk Lane
	51	Breckenridge	8025 Harbor Walk Lane
	52	Aspen	8029 Harbor Walk Lane
	53	Aspen	8030 Harbor Walk Place
	54	Breckenridge	8026 Harbor Walk Place
	55	Breckenridge	8022 Harbor Walk Place
	56	Aspen	8018 Harbor Walk Place
8	57	Aspen	8015 Seabrook Drive
	58	Breckenridge	8019 Seabrook Drive
	59	Breckenridge	8023 Seabrook Drive
	60	Aspen	8027 Seabrook Drive
	61	Aspen	8028 Harbor Walk Lane
	62	Breckenridge	8024 Harbor Walk Lane
	63	Breckenridge	8020 Harbor Walk Lane
	64	Aspen	8016 Harbor Walk Lane
9	65	Aspen	8039 Harbor Walk Lane
	66	Breckenridge	8043 Harbor Walk Lane
	67	Breckenridge	8047 Harbor Walk Lane
	68	Aspen	8051 Harbor Walk Lane
	69	Aspen	8052 Harbor Walk Place
	70	Breckenridge	8048 Harbor Walk Place
	71	Breckenridge	8044 Harbor Walk Place
	72	Aspen	8040 Harbor Walk Place
10	73	Aspen	8037 Seabrook Drive
	74	Breckenridge	8041 Seabrook Drive
	75	Breckenridge	8045 Seabrook Drive
	76	Aspen	8049 Seabrook Drive
	77	Aspen	8050 Harbor Walk Place
	78	Breckenridge	8046 Harbor Walk Place
	79	Breckenridge	8042 Harbor Walk Place
	80	Aspen	8038 Harbor Walk Place

CHICAGO TITLE

EXHIBIT B

BAYSHORE VILLAS ADDRESSES

11	81	Aspen	5919 Seabrook Lane	
	82	Breckenridge	5915 Seabrook Lane	
	83	Breckenridge	5911 Seabrook Lane	
	84	Aspen	5907 Seabrook Lane	
	85	Aspen	5908 Marina View Drive	
	86	Breckenridge	5912 Marina View Drive	
	87	Breckenridge	5916 Marina View Drive	
	88	Aspen	5920 Marina View Drive	
12	89	Aspen	5945 Marina View Drive	
	90	Breckenridge	5941 Marina View Drive	
	91	Breckenridge	5937 Marina View Drive	
	92	Aspen	5933 Marina View Drive	
	93	Aspen	5934 Marina View Lane	
	94	Breckenridge	5938 Marina View Lane	
	95	Breckenridge	5942 Marina View Lane	
	96	Aspen	5946 Marina View Lane	
13	97	Aspen	5921 Marina View Drive	
	98	Dunhill	5917 Marina View Drive	
	99	Dunhill	5913 Marina View Drive	
	100	Aspen	5909 Marina View Drive	
	101	Aspen	5910 Marina View Lane	
	102	Dunhill	5914 Marina View Lane	
	103	Dunhill	5918 Marina View Lane	
	104	Aspen	5922 Marina View Lane	
	14	105	Aspen	5943 Marina View Lane
		106	Dunhill	5939 Marina View Lane
107		Dunhill	5935 Marina View Lane	
108		Aspen	5931 Marina View Lane	
109		Aspen	5932 Streamwood Lane	
110		Dunhill	5936 Streamwood Lane	
111		Dunhill	5940 Streamwood Lane	
15	112	Aspen	5944 Streamwood Lane	
	113	Aspen	5919 Marina View Lane	
	114	Dunhill	5915 Marina View Lane	
	115	Dunhill	5911 Marina View Lane	
	116	Aspen	5907 Marina View Lane	
	117	Aspen	5908 Streamwood Lane	
	118	Dunhill	5912 Streamwood Lane	
	119	Dunhill	5916 Streamwood Lane	
	120	Aspen	5920 Streamwood Lane	

CHICAGO TITLE

EXHIBIT B

**BAYSHORE VILLAS
ADDRESSES**

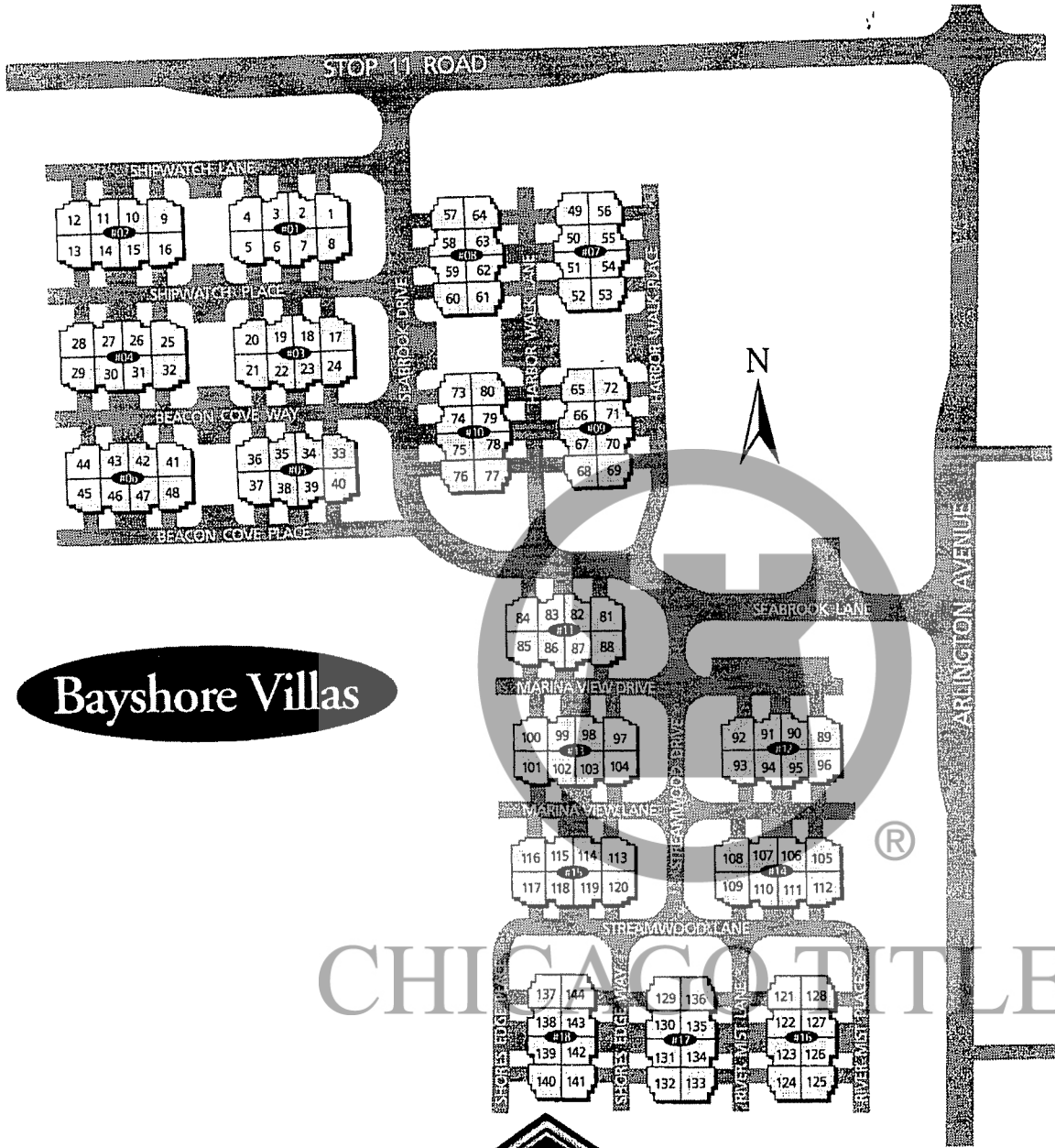
16	121	Aspen	8147 River Mist Lane
	122	Dunhill	8151 River Mist Lane
	123	Dunhill	8155 River Mist Lane
	124	Aspen	8159 River Mist Lane
	125	Aspen	8160 River Mist Place
	126	Dunhill	8156 River Mist Place
	127	Dunhill	8152 River Mist Place
	128	Aspen	8148 River Mist Place
17	129	Aspen	8149 Shores Edge Way
	130	Dunhill	8153 Shores Edge Way
	131	Dunhill	8157 Shores Edge Way
	132	Aspen	8161 Shores Edge Way
	133	Aspen	8162 River Mist Lane
	134	Dunhill	8158 River Mist Lane
	135	Dunhill	8154 River Mist Lane
	136	Aspen	8150 River Mist Lane
18	137	Aspen	8147 Shores Edge Place
	138	Dunhill	8151 Shores Edge Place
	139	Dunhill	8155 Shores Edge Place
	140	Aspen	8159 Shores Edge Place
	141	Aspen	8160 Shores Edge Way
	142	Dunhill	8156 Shores Edge Way
	143	Dunhill	8152 Shores Edge Way
	144	Aspen	8148 Shores Edge Way



CHICAGO TITLE

EXHIBIT B

The Site



Bayshore Villas

Your Builder for Life

ROSSLUND HOMES™

IN-5081 (12/99)

EQUAL HOUSING OPPORTUNITY

12/03/99 ROTTLUND HOMES OF INDIANA, INC. ©1999 Specifications subject to change without notice 99319

EXHIBIT C

Percentage Interest

All units have 1/144th percentage interest.



CHICAGO TITLE

CODE OF BY-LAWS
OF
BAYSHORE VILLAS
HORIZONTAL PROPERTY REGIME
AND OF
BAYSHORE VILLAS CO-OWNERS ASSOCIATION, INC.

ARTICLE I

Identification and Applicability

Section 1.01 Identification and Adoption. These By-Laws are adopted simultaneously with the execution of a certain Declaration creating Bayshore Villas Horizontal Property Regime (hereinafter sometimes referred to as "Bayshore Villas") to which these By-Laws are attached and made a part thereof. The Declaration is incorporated herein by reference, and all of the covenants, rights, restrictions and liabilities therein contained shall apply to and govern the interpretation of these By-Laws. The definitions and terms as defined and used in the Declaration shall have the same meaning in these By-Laws. The provisions of these By-Laws shall apply to the Property and the administration and conduct of the affairs of the Association. These By-Laws shall also constitute the By-Laws of the Association.

Section 1.02 Individual Application. All of the Owners, future owners, tenants, future tenants, or their guests and invitees, or any other person who might use or occupy a Condominium Unit or any part of the Property, shall be subject to the restrictions, terms and conditions set forth in the Declaration, these By-Laws and the Act, and to any rules and regulations adopted by the Board of Managers as herein provided.

ARTICLE II

Meetings of the Association

Section 2.01 Purpose of Meetings. At least annually, and at such other times as may be necessary, a meeting of the Co-Owners shall be held for the purpose of electing the Board of Managers (subject to the provisions of Section 3.02 hereof), approving the annual budget, providing for the collection of Common Expenses and for such other purposes as may be required by the Declaration, these By-Laws or the Act.

Section 2.02 Annual Meetings. The first annual meeting of

the members of the Association shall be held within one year after the recording of the Declaration on a date established by the first Board of Managers. Each subsequent regular annual meeting of the members shall be held at least once each year on the same day of the same month of each year thereafter (unless the Board of Managers designates a different date for annual meetings), at such hour as may be designated by the Secretary in the notice of said meeting, as hereafter provided. At the annual meeting the Owners shall (subject to the provisions of Section 3.02 hereof) elect the Board of Managers of the Association in accordance with the provisions of these By-Laws and transact such other business as may properly come before the meeting.

Section 2.03 Special Meetings. A special meeting of the members of the Association may be called by resolution of the Board of Managers or upon a written petition of Owners who have not less than a majority of the Percentage Interest. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose or purposes for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.04 Notice and Place of Meetings. All meetings of the members of the Association shall be held at any suitable place in Marion County, Indiana, as may be designated by the Board of Managers. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each member entitled to vote thereat not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the Owners at their designated addresses. A copy of each such written notice shall also be delivered or mailed simultaneously by the Secretary of the Association to each Mortgagee (a) which requests in writing that such notices be delivered to it, and (b) which has furnished the Association with its name and address in accordance with Section 8.01 of these By-Laws.

Section 2.05 Waiver of Notice. A member, either before or after a meeting of the members of the Association, may waive notice of the meeting, and his waiver shall be deemed the equivalent of giving notice. Attendance at a meeting of the members, either in person or by proxy, of a person entitled to notice shall constitute a waiver of notice of the meeting unless he attends expressly for the purpose of objecting to the transaction of business on the ground that the meeting was not properly called in accordance with these By-Laws.

Section 2.06 Voting.

(a) Number of Votes. Each Owner shall be allocated votes commensurate with the number of Condominium Units owned by that Owner and shall be entitled to cast said number of votes on each matter coming before the meeting as to which he is entitled to vote.

(b) Multiple Owner. Where the Owner of a Condominium Unit constitutes or consists of more than one person, or is a partnership, there shall be only one voting representative entitled to cast the vote allocable to that Condominium Unit. At the time of the acquisition of title to a Condominium Unit by a multiple Owner or a partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Association an irrevocable proxy appointing one of such persons or partners as the voting representative for such Condominium Unit, which shall remain in effect until all of such parties constituting such multiple Owner or the partners in such partnership designate another voting representative in writing, or such appointed representative relinquishes such appointment in writing, becomes incompetent, dies or such appointment is otherwise rescinded by order of a court of competent jurisdiction or the Owner no longer owns such Condominium Unit. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.06, which shall not constitute a permanent relinquishment of his right to act as voting representative for the Condominium Unit.

(c) Voting by Corporation or Trust. Where a corporation or trust is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of a trust and the agent or other representative of a corporation duly empowered by the board of directors of such corporation may cast the vote to which the corporation is entitled. The secretary of the corporation or trustee of the trust so entitled to vote shall deliver or cause to be delivered, prior to the commencement of the meeting, a certificate signed by such person to the Secretary of the Association stating who is authorized to vote on behalf of said corporation or trust.

(d) Proxy. An Owner may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the owner shall duly designate his attorney-in-fact in writing, which writing shall be delivered to the Secretary of the Association prior to the commencement of any meeting at which such proxy shall be effective.

Section 2.07 Quorum. Except where otherwise expressly provided in the Declaration, these By-laws, the Act or the Indiana Not-For Profit Corporation Act of 1971 (hereinafter referred to as the "Statute"), the Owners representing a majority of the Percentage Interest shall constitute a quorum at all meetings. The term "majority of Owners" or "majority of Percentage Interest", as used in these By-Laws, shall mean the Owners entitled to more than fifty percent (50%) of the Percentage Interest in accordance with the applicable percentage set forth in the Declaration, as such may be amended from time to time.

Section 2.08 Conduct of Annual Meeting. The President of the Association shall act as the Chair of all annual meetings of the Association if he or she is present. At all annual meetings, the Chair shall call the meeting to order at the duly designated time and business will be conducted in the following order:

(a) Quorum. The Secretary shall present the voting register and proxy certifications and thereafter determine if a quorum is established.

(b) Reading of the Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto, unless such reading is waived by a majority of the Percentage Interest.

(c) Reports. Officers and any special committees shall give their reports.

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

(e) Budget. The proposed budget for the current fiscal year shall be presented to the Owners for approval or

amendment.

(f) Election of Board of Managers. Nominations for the Board of Managers may be made by any Owner from those persons eligible to serve. Such nominations must be in writing and presented to the Secretary of the Association at least seven (7) days prior to the date of the annual meeting. Voting for the Board of Managers will be by paper ballot. The ballot shall contain the name of each person nominated to serve as a Board member. Each Owner may cast the total number of votes to which he is entitled for as many nominees as are to be elected; however, Owners shall not be entitled to cumulate their votes. Those persons receiving the highest number of votes shall be elected. Each voting Owner shall sign his ballot. The foregoing provisions are subject to the provisions of Section 3.02 hereof.

(g) Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least seven (7) days prior to the date of the meeting; provided, however, that such written request may be waived at the meeting if agreed by a majority of the Percentage Interest.

(h) Adjournment. Any meeting of the Association may be adjourned. Notice of the adjourned meeting, or the business to be transacted there, other than by announcement at the meeting at which the adjournment is taken, shall not be necessary. At any adjourned meeting at which a quorum is present or represented, any business may be transacted which could have been transacted at the meeting originally called.

Section 2.09 Conduct of Special Meetings. The President of the Association shall act as Chair of any special meetings of the Association if he or she is present. The Chair shall call the meeting to order at the duly designated time and the only business to be considered at such meeting shall be consideration of the matters for which such meeting was called, as set forth in the notice of such special meeting.

Section 2.10 Power of Attorney. Each Owner, by acceptance of a deed to a Condominium Unit, or by acquisition of any interest in a Condominium Unit by any type of juridic act inter vivos or causa mortis, or otherwise, shall be deemed to have appointed Declarant as such Owner's agent, attorney-in-fact and proxy, which

shall be deemed coupled with an interest and be irrevocable until the Applicable Date determined as provided below, to exercise all of said Owner's right to vote, and to vote as Declarant determines on all matters as to which members are entitled to vote under the Declaration, these By-Laws, the Act, the Statute or otherwise. This appointment of Declarant as such Owner's agent, attorney-in-fact and proxy shall not be affected by the subsequent incompetence of the Owner granting the same.

ARTICLE III

The Board of Managers

Section 3.01 Management. The affairs of the Association of Bayshore Villas shall be governed and managed by a Board of Managers (herein collectively called "Board" or "Managers" and individually called "Manager"). The Board of Managers shall be composed of six (6) persons. No person shall be eligible to serve as a Manager unless he or she is, or is deemed in accordance with the Declaration to be, an Owner, including a person appointed by Declarant as provided in Section 3.02 hereof.

Section 3.02 Initial Board of Managers. The members of the Initial Board of Managers (hereinafter referred to as the "Initial Board"), have been appointed by Declarant. Notwithstanding anything to the contrary contained in, or any other provisions of, these By-Laws, the Declaration, the Act or the Statute (a) the Initial Board shall hold office from the date of the first conveyance of a Condominium Unit to an Owner other than Declarant until that date which is five (5) years later; or until that date which is sixty (60) days after the conveyance of seventy-five percent (75%) of the Condominium Units designated on the Plan to Owners other than Declarant; or a recording of a written surrender of control of the Association by the Declarant, which ever occurs first (the applicable date being herein referred to as the "Applicable Date"), and (b) in the event of any vacancy or vacancies occurring in the Initial Board for any reason or cause whatsoever, prior to the Applicable Date determined as provided above, each such vacancy shall be filled by a person appointed by Declarant, who shall thereafter be deemed a member of the Initial Board.

The Initial Board shall consist of three (3) members, those persons being Dennis Yovanovich, President; Matthew Ochs, Vice President; and Jan Vollmer, Secretary/Treasurer.

Section 3.03 Additional Qualification. Where an Owner consists of more than one person, or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner, or a partner, officer or trustee (as applicable) shall be eligible to serve on the Board of Managers, except that no single Condominium Unit may be represented on the Board of Managers by more than one person at a time.

Section 3.04 Term of Office and Vacancy. Subject to the provisions of Section 3.02 hereof, two (2) members of the Board of Managers shall be elected at each annual meeting of the Association. The Initial Board shall be deemed to be elected and re-elected as the Board of Managers at each annual meeting until the Applicable Date provided in Section 3.02 hereof. After the Applicable Date, each member of the Board of Managers shall be elected for a term of three (3) years, except that at the first election after the Applicable Date, two (2) members of the Board of Managers shall be elected for a three (3) year term, two (2) for a two (2) year term, and two for a one (1) year term, so that the terms of one-third (1/3) of the Managers shall expire annually. There shall be separate nominations for the office of each Manager to be elected at such first election after the Applicable Date. Each Manager shall hold office throughout the term of his election and until his successor is elected and qualified. Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Managers, or by vote of the Owners if a Manager is removed in accordance with Section 3.05 of this Article III. The Manager so filling a vacancy shall serve until the next annual meeting of the members and until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Manager shall be elected for the balance of the term of the Manager so removed or in respect to whom there has otherwise been a vacancy.

Section 3.05 Removal of Managers. A Manager or Managers, except the members of the Initial Board, may be removed with or without cause by vote of a majority of the Owners at a special meeting of the Owners duly called and constituted for such purpose. In such case, his successor shall be elected at the same meeting from eligible Owners nominated at the meeting. A Manager so elected shall serve until the next annual meeting of the Owners and until his successor is duly elected and qualified.

Section 3.06 Duties of the Board of Managers. The Board of Managers shall provide for the administration of Bayshore Villas Horizontal Property Regime, the maintenance, upkeep and replacement

of the Common Areas and Limited Areas and the collection and disbursement of the Common Expenses. The Board shall, on behalf of the Association, be entitled to employ a reputable and recognized professional property management agent (herein called the "Managing Agent") upon such terms as the Board shall find, in its discretion, reasonable and customary. The Managing Agent, if employed, shall assist the Board in carrying out its duties, which include, but are not limited to:

(a) protection, surveillance and replacement of the Common Areas and Limited Areas, unless the same are otherwise the responsibility or duty of Owners of Condominium Units; provided, however, that this duty shall not include or be deemed or interpreted as a requirement that the Association, the Board or any Managing Agent provide any on-site or roving guards, security service or security system for protection or surveillance, and the same need not be furnished;

(b) procuring of utilities used in connection with Bayshore Villas, removal of garbage and waste, and snow removal from the Common Areas;

(c) landscaping, painting, decorating, furnishing, maintenance and upkeep of the Common Areas and, where applicable, the Limited Areas;

(d) surfacing, paving and maintaining private streets, common driveways, parking areas and sidewalks to the extent the same are not included in a Condominium Unit or constitute Limited Areas;

(e) assessment and collection from each Owner of the Owner's share of the Common Expenses;

(f) preparation of the proposed annual budget, a copy of which will be mailed or delivered to each Owner at the same time as the notice of annual meeting is mailed or delivered;

(g) preparing and delivering annually to the Owners a full accounting of all receipts and expenses incurred in the prior year; such accounting shall be delivered to each Owner simultaneously with delivery of the proposed annual budget for the current year;

(h) keeping a current, accurate and detailed record of

receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses; all records and vouchers shall be available for examination by an Owner at any time during normal business hours; payment vouchers for all expenditures shall, prior to payment, be approved by a member of the Board or such other person (which may include the Managing Agent) as the Board may delegate;

(i) procuring and maintaining for the benefit of the Owners, the Association and the Board all insurance coverage required under the Declaration and such other insurance coverage as the Board, in its sole discretion, may deem necessary or advisable; and

(j) making available to Owners and Mortgagees current copies of the Declaration, By-Laws and other rules governing the Regime and any other books, records and financial statements of the Association. The Association shall also make available to prospective purchasers current copies of the Declaration, By-Laws, other rules governing the Regime, and the most recent annual audited financial statement, if such statement has been prepared. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. Upon written request by the United States Department of Housing and Urban Development the Veterans Administration or Federal National Mortgage Association, the Association shall also prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year.

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

(a) to employ a Managing Agent to assist the Board in performing its duties; provided, that after the Applicable Date any employment agreement with the Declarant (or a corporation or other entity affiliated with the Declarant) either as Managing Agent or for any other service shall be subject to termination by either party without cause and without payment of a termination fee, upon sixty (60) days prior written notice to the other party, and shall be terminable for cause by the

Association on thirty (30) days written notice;

(b) to purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board of Managers;

(c) to employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board of Managers may be necessary or desirable in connection with the business and affairs of Bayshore Villas;

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

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

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

(g) to adopt, revise, amend and alter from time to time rules and regulations with respect to use, occupancy, operation and enjoyment of the Property.

Section 3.08 Limitation on Board Action. Prior to the Applicable Date all contracts or leases entered into by the Board of Managers shall provide a right of termination without cause or penalty at any time after the Applicable Date upon sixty (60) days written notice to the other party. After the Applicable Date, the authority of the Board of Managers to enter into a contract shall be limited to contracts involving a total expenditure of less than Five Thousand Dollars (\$5,000) without obtaining the prior approval of a majority of the Owners, except that in the following cases such approval shall not be necessary:

(a) contracts for replacing or restoring portions of the Common Areas or Limited Areas damaged or destroyed by fire or other casualty where cost thereof is payable out of insurance proceeds actually received;

(b) proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Owners at the annual meeting; and

(c) expenditures necessary to deal with emergency conditions in which the Board of Managers reasonably believes there is insufficient time to call a meeting of the Owners.

Section 3.09 Compensation. No Manager shall receive any compensation for his or her services as a Manager, except to such extent as may be expressly authorized by a majority of the Owners. The Managing Agent, if one is employed, shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 3.10 Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the Managers. The Secretary shall give notice of regular meetings of the Board to each Manager personally or by United States mail at least five (5) days prior to the date of such meeting.

Special meetings of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail, and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain a statement of the purpose or purposes for which the meeting is called. Such meeting shall be held at such place and at such time within or without Marion County, Indiana, as shall be designated in the notice.

Section 3.11 Waiver of Notice. Before any meeting of the Board, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Manager at a meeting or his subsequent consent to the actions taken thereat, shall, as to such Manager, constitute a waiver of notice of the time, place and purpose thereof. If all Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted as such meeting.

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

Section 3.13 Non-Liability of Managers. The Managers shall not be liable to the Owners or any other persons for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Managers, except for their own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify and hold harmless and defend each of the Managers against any and all liability to any person, firm or corporation arising out of contracts made by the Board on behalf of Bayshore Villas or the Association, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or By-Laws. It is intended that the Managers shall have no personal liability with respect to any contract made by them on behalf of Bayshore Villas or the Association and that in all matters the Board is acting for and on behalf of the Owners as their agent. The liability of any Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Managers shall be limited to such percentage of the total liability or obligation thereunder as is equal to his Percentage Interest. Every contract made by the Board or Managing Agent on behalf of Bayshore Villas shall provide that the Board of Managers and the Managing Agent, as the case may be, are acting as agent for the Owners and shall have no personal liability thereunder, except in their capacity as Owner (if applicable) and then only to the extent of their Percentage Interest.

Section 3.14 Additional Indemnity of Managers. The Association shall indemnify, hold harmless and defend any person, his heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Manager of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relating to matters as to which it shall be adjudged in such action, suit or proceeding that such Manager is liable for gross negligence or misconduct in the performance of his or her duties. The Association shall also reimburse to any such Manager the reasonable costs of settlement of or judgment rendered in any action, suit or proceeding, if it shall be found by a majority of the Owners that such Manager was not guilty of gross negligence or misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against a Manager, no Manager shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of his or her duties where, acting in good faith, such Manager relies on the books and records of the Association or statements or advice made

by or prepared by the Managing Agent of Bayshore Villas or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Association to render advice or service, unless such Manager had actual knowledge of the falsity or incorrectness thereof; nor shall a misconduct by virtue of the fact that he or she failed or neglected to attend a meeting or meetings of the Board of Managers.

Section 3.15 Bond. The Board of Managers shall provide blanket fidelity bonds for all officers, directors, trustees and employees of the Association and shall require the Managing Agent, its officers, employees and agents handling or responsible for funds of or administered on behalf of the Association and such other persons handling or responsible for funds of or administered by the Association, indemnifying the Association against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, and other acts of fraud or dishonesty, in such sum and with such sureties as may be approved by the Board of Managers, and any such bond shall specifically include protection for any insurance proceeds received for any reason by the Board. The premium of any such bonds (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a Common Expense. Such fidelity bonds shall name the Association as a obligee and shall not be less than the estimated maximum of funds, including reserve funds, in custody of the Association or the Managing Agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such fidelity bonds be less than a sum equal to three (3) months' aggregate assessments on all Units plus reserve funds. The bonds shall contain waivers by the issuers of the Bonds of all defenses based upon the definition of "employees", or similar terms or expressions. The bonds shall also provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association, and any insurance trustee and to each holder of a first mortgage, or its mortgage servicer.

ARTICLE IV

Officers

Section 4.01 Officers of the Association. The principal officers of the Association shall be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Managers may appoint an assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be

necessary. Any two or more offices may be held by the same persons, except that the duties of the President and Secretary shall not be performed by the same person.

Section 4.02 Election of Officers. The officers of the Association shall be elected annually by the Board at the initial meeting of each new Board. Upon an affirmative vote of a majority of all members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.03 The President. The President shall be elected from among the Managers and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board, and shall have and discharge all the general powers and duties usually vested in the office of the President or Chief Executive Officer of an association or a stock corporation organized under the laws of Indiana, including but not limited to the power to appoint committees from among the Owners as he or she may deem necessary to assist in the affairs of the Association and to perform such other duties as the Board may from time to time prescribe.

Section 4.04 The Vice President. The Vice President shall be elected from among the Managers and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice President shall also perform such other duties as these By-Laws may prescribe or as shall, from time to time, be imposed upon him or her by the Board or by the President.

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

Section 4.06 The Treasurer. The Board shall elect from among the Managers a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and who shall perform such other duties incident to the office of the Treasurer. The Treasurer shall be the legal custodian of all monies, notes,

securities and other valuables which may from time to time come into possession of the Association, and shall immediately deposit all funds of the Association coming into his or her hands in a reliable bank or other depository to be designated by the Board and shall keep such bank account or accounts in the name of the Association. The Treasurer may permit the Managing Agent to handle and account for monies and other assets of the Association to the extent appropriate as part of its duties.

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

ARTICLE V

Assessments and Maintenance and Repairs

Section 5.01 Annual Accounting. Annually, after the close of each fiscal year of the Association and prior to the date of the annual meeting of the Association next following the end of such fiscal year, the Board shall cause to be prepared and furnished to each Owner an unaudited financial statement, which statement shall show all receipts and expenses received, incurred and paid during the preceding fiscal year. Any Mortgagee or guarantor of a mortgage shall be entitled to have an audited financial statement prepared at its own expense.

Section 5.02 Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Association, the Board of Managers shall cause to be prepared a proposed annual budget for the current fiscal year, estimating the total amount of the Common Expenses for the current fiscal year, and shall furnish a copy of such proposed budget to each Owner at or prior to the time the notice of such annual meeting is mailed or delivered to such Owners. The annual budget shall be submitted to the Owners for adoption at the annual meeting of the Association and, if so adopted, shall be the basis for the Regular Assessments (hereinafter defined) for the current fiscal year. At the annual meeting of the Owners, the budget may be approved in whole or in part or may be amended in whole or in part by a vote of a majority of the Owners; provided, however, that in no event shall the annual meeting of the Owners be adjourned until an annual budget is approved and adopted at such meeting, either the proposed annual budget or the proposed annual budget as amended. The annual

budget, the Regular Assessments and all sums assessed by the Association shall be established by using generally accepted accounting principles, applied on a consistent basis. The annual budget and the Regular Assessments shall, in addition, include the establishment and maintenance of a replacement reserve fund for capital expenditures and replacement and repair of the Common Areas and Limited Areas, which replacement reserve fund shall be used for those purposes and not for usual and ordinary repair expenses of the Common Areas and Limited Areas. An amount of Two Hundred Dollars (\$200.00) shall be collected at the time the sale of a Condominium Unit is closed to fund that Unit's initial share of the replacement reserve fund. Such replacement reserve fund for capital expenditures and replacement and repair of the Common Areas and Limited Areas shall be maintained by the Association in a separate interest bearing account or accounts with one or more banks or savings and loan associations authorized to conduct business in Marion County, Indiana, selected from time to time by the Board. The annual budget and the Regular Assessments shall also be established to include an allowance or reserve to meet unforeseen contingencies or expenditures. Any amounts paid into this fund shall not be considered as advance payment of Regular Assessments. Each Condominium Unit's share of the working capital fund will be collected at the time the sale of the Unit is closed and transferred to the Association for deposit to a segregated fund. The failure or delay of the Board of Managers to prepare a proposed annual budget and to furnish a copy thereof to the Owners shall not constitute a waiver or release in any manner of the obligations of the Owners to pay the Common Expenses as herein provided, whenever determined. Whenever, whether before or after the annual meeting of the Association, there is no annual budget approved by the Owners as herein provided for such current fiscal year, the Owners shall continue to pay Regular Assessments based on the last approved budget or, at the option of the Board, based upon one hundred ten percent (110%) of such last approved budget, as a temporary budget.

Section 5.03 Regular Assessments. The annual budget as adopted by the Owners shall, based on the estimated cash requirement for Common Expenses in the current fiscal year as set forth in said budget, contain a proposed assessment against each Condominium Unit based on the Percentage Interest of each Condominium Unit. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessment against his respective Condominium Unit (herein called the "Regular Assessment"). In the event the Regular Assessment for a particular fiscal year is initially based upon a temporary budget, such Regular Assessment shall be revised, within fifteen (15) days

following adoption of the final annual budget by the Owners, to reflect the assessment against each Condominium Unit based upon such annual budget as finally adopted by the Owners. The aggregate amount of the Regular Assessments shall be equal to the total amount of expenses provided and included in the final annual budget, including reserve funds as hereinabove provided. The Regular Assessment against each Condominium Unit shall be paid in advance in equal monthly installments, commencing on the first day of the first month of each fiscal year and monthly thereafter through and including the first day of the last month of each fiscal year. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Managers or the Managing Agent, as directed by the Board of Managers; provided, however, Owners may elect to pay monthly assessments semi-annually or annually, in advance. In the event the Regular Assessment for a particular fiscal year of the Association was initially based upon a temporary budget,

(a) if the Regular Assessment based upon the final annual budget adopted by the Owners exceeds the amount of the Regular Assessment based upon the temporary budget, that portion of such excess applicable to the period from the first day of the current fiscal year to the date of the next payment of the Regular Assessment which is due shall be paid with such next payment and such next payment, and all payments thereafter during such fiscal year shall be increased so that the Regular Assessment as finally determined shall be paid in full by the remaining payments due in such fiscal year, or

(b) if the Regular Assessment based upon the temporary budget exceed the Regular Assessment based upon the final annual budget adopted by the Owners, such excess shall be credited against the next payment or payments of the Regular Assessment coming due until the entire amount of such excess has been so credited; provided, however, that if an Owner had paid his or her Regular Assessment either semi-annually or annually in advance, then the adjustments set forth under (a) or (b) above shall be made by a cash payment by, or refund to, the Owner on the first day of the second month following the determination of the Regular Assessment based upon the annual budget finally adopted by the Owners.

The Regular Assessment for the current fiscal year of the Association shall become a lien on each separate Condominium Unit as of the first day of each fiscal year of the Association, even

though the final determination of the amount of such Regular Assessment may not have been made by that date. The fact that an Owner has paid his Regular Assessment for the current fiscal year in whole or in part based upon a temporary budget and thereafter, before the annual budget and adjusted as herein provided, sells, conveys or transfers his Condominium Unit or any interest therein, shall not relieve or release such Owner or his successor as Owner of such Condominium Unit from payment of the Regular Assessment for such Condominium Unit as finally determined, and such Owner and his successor as Owner of such Condominium Unit shall be jointly and severally liable for the Regular Assessment as finally determined. Any statement of unpaid assessments furnished by the Association pursuant to Section 8.02 hereof prior to the final determination and adoption of the annual budget and Regular Assessment for the year in which such statement is made shall state that the matters set forth therein are subject to adjustment upon determination and adoption of the final budget and Regular Assessment for such year, and all parties to whom any such statement may be delivered or who may rely thereon shall be bound by such final determinations. Monthly installments of the Regular Assessments shall be due and payable automatically on their respective due dates without any notice from the Board or the Association, and neither the Board nor the Association shall be responsible for providing any notice or statements to Owners for the same.

Section 5.04 Special Assessments. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the Owners, unless otherwise provided in these By-Laws, the Declaration or the Act, the Board of Managers shall have the full right, power and authority to make special assessments which, upon resolution of the Board, shall become a lien on each Condominium Unit, prorated in accordance with the Percentage Interest of each Condominium Unit (herein called "Special Assessment"). Without limiting the generality of the Board of Managers from time to time to pay for capital expenditures, to pay for the cost of any repair or reconstruction of damage caused by fire or other casualty or disaster to the extent insurance proceeds are insufficient therefor under the circumstances described in the Declaration.

Section 5.05 Declarant Excused. If the Declarant is the Owner of an unoccupied Condominium Unit offered for the first time for sale, then the Declarant is excused from contributing toward the Common Expenses for those Units during the period of time that shall begin on the date of the recordation of the Declaration and shall terminate twenty-three (23) months and one (1) day following the month in which the closing of the sale of the first Condominium

Unit within Bayshore Villas Horizontal Property Regime occurs. However, if the Common Expenses incurred during a fiscal year while the Declarant is excused from contributing towards same exceed the amount assessed against the other Owners, then the Declarant shall pay the excess.

Section 5.06 Failure of Owner to Pay Assessments.

(a) No Owner may become exempt from paying Regular Assessments and Special Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and, in the proper case, of the Limited Areas, of the Buildings, and toward any other expenses lawfully agreed upon, by waiver of the use or enjoyment of the Common Areas or by abandonment of his or her Condominium Unit. Each Owner shall be personally liable for the payment of all Regular and Special Assessments. Where the Owner constitutes more than one person, the liability of such persons shall be joint and several. The Board shall cause to be notified in writing any mortgage holder, insurer or guarantor of a Condominium Unit which has a delinquency of sixty (60) days or more of the assessments or charges. If any Owner shall fail, refuse or neglect to make any payment of any Regular Assessments or Special Assessments when due, the lien for such Assessments on the Owner's Condominium Unit may be filed and foreclosed by the Board for and on behalf of the Association as provided by law. Upon the failure of an Owner to make timely payment of any Regular Assessments or Special Assessments, when due, the Board may, in its discretion, accelerate the entire balance of the unpaid Assessments and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. In any action to foreclose the lien for any Assessments, the Owner and any occupant of the Condominium Unit shall be jointly and severally liable for the payment to the Association of reasonable rental for such Condominium Unit, and the Board shall be entitled to the appointment of a receiver for the purpose or preserving the Condominium Unit and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular Assessments or Special Assessments. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular Assessment or Special Assessment without foreclosing or waiving the lien securing the same. In any action to recover a Regular Assessment or

Special Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover interest at a rate of eight percent (8%) per annum from the due date, costs and expenses of such action incurred, including but not limited to reasonable attorneys' fees, from the Owner of the respective Condominium Unit.

(b) Notwithstanding anything contained in this Section or elsewhere in the Declaration and these By-Laws, any lien for Common Expenses and Assessments becoming payable after the recordation of a first mortgage on a Condominium Unit shall be subordinate to the first mortgage on the Condominium Unit, and any sale or transfer of a Condominium Unit to a Mortgagee pursuant to a foreclosure on its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid installment of any Regular Assessment or Special Assessment as to such installments which 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 therefor. No such sale, transfer or conveyance shall relieve the Condominium Unit or the purchaser at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any installments of Regular Assessments or Special Assessment thereafter becoming due or from the lien therefor. Such unpaid share of any Regular Assessments or Special Assessments, the lien for which has been divested as aforesaid, shall be deemed to be a Common Expense, collectible from all Owners (including the party acquiring the subject Condominium Unit from which it arose), as provided in the Act.

Section 5.07 Initial Budgets and Assessments. Notwithstanding anything to the contrary contained herein, in the Declaration, in the Act, in the Statute or otherwise, until the Applicable Date, the annual budget and all Regular Assessments and Special Assessments shall be established by the Initial Board without meetings with or the concurrence of the Co-Owners. The agency, power of attorney and proxy granted to the Declarant by each Owner pursuant to Section 2.10 hereof shall be deemed to cover and include each Owner's right to vote on and approve the annual budget and any Regular Assessments and Special Assessments until the Applicable Date.

Section 5.08 Maintenance and Repairs. Every Owner shall promptly perform all maintenance and repair within his own Condominium Unit which, if neglected, would affect the value of the Property. In addition, each Owner shall furnish, and shall be responsible at his own expense for, the maintenance, repairs and replacements of his Condominium Unit and certain portions of the Limited Areas as may be established by rules. Such maintenance, repairs and replacements which each Owner is responsible to make personally and at his own expense include, but are not necessarily limited to, water lines, gas lines, plumbing and electric lines which service the Owner's Condominium Unit only and are located within exterior walls of the Condominium Unit, including any lines in the area from below the floor to above the roof if they are within an extension of the exterior walls of the Condominium Unit; all partitions and interior walls, ceiling and floors; appliances, to include garbage disposal, dishwashers, stove, ranges and refrigerators, telephones, air conditioning and heating equipment (whether located wholly or partially inside or outside the Condominium Unit), doors, screens and windows (including window frames, casings, and the exterior and interior of all glass and screen surfaces), lamps and interior and exterior grouting and/or caulking, and all other accessories appurtenant to the Condominium Unit or belonging to the Owner thereof.

If due to the willful, intentional or negligent acts or omissions of an Owner or of a member of his family or of a guest, tenant or other occupant or visitor of such Owner, damage shall be caused to the Common Areas or to a Condominium Unit or Limited Area owned by or reserved for the use of others, or if maintenance, repairs or replacements shall be required thereby which would otherwise be at the Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Association, unless such loss is covered by the Association's insurance with such policy having a waiver of subrogation clause. Maintenance, repairs and replacements to the Common Areas or the Condominium Units or Limited Areas shall be subject to the rules and regulations adopted from time to time by the Board.

To the extent that equipment facilities and fixtures within any Condominium Unit shall be connected to similar equipment, facilities or fixtures affecting or serving other Condominium Units or any Common Areas or Limited Areas, then the use thereof by the Owner of such Condominium Unit shall be subject to the rules and regulations adopted from time to time by the Board. The authorized representatives of the Association or Board of Managers or the Managing Agent for the Association, shall be entitled to reasonable

access to any Condominium Unit as may be required in connection with maintenance, repairs or replacements of or to the Common Areas or Limited Areas or any parts thereof, or any equipment facilities or fixtures affecting or serving other Condominium Units or any Common Areas or Limited Areas.

ARTICLE VI

Restrictions, Entry and Rules and Regulations

Section 6.01 Restriction on Use. The following restrictions on the use and enjoyment of the Condominium Units, Common Areas, Limited Areas and the Property shall be applicable to Bayshore Villas in addition to those set forth in the Declaration. These are as follows:

(a) All Condominium Units shall be used exclusively for residential purposes and no Condominium Unit may be partitioned or subdivided.

(b) No additional buildings shall be erected or located on the Tract other than the Buildings designated in the Declaration without the consent of the Board of Managers.

(c) Nothing shall be done or kept in any Condominium Unit or in the Common Areas or Limited Areas which will cause an increase in the rate of insurance on any Building or the contents thereof. No Owner shall permit anything to be done or kept in his Condominium Unit or the Common Areas or Limited Areas which will result in a cancellation of insurance on any Building or any part of the Common Areas or contents thereof, or which would be in violation of any law or ordinance or other requirements of any insurance underwriting or rating bureau.

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

(e) No Owner shall cause or permit anything to be hung or displayed on the outside of the windows or placed on the outside walls of any Building, and no sign, awning, canopy, shutter or radio or television antenna or other attachment or thing shall be affixed to or placed upon the exterior walls or roofs or any other parts of

any Building without the prior consent of the Board. This restriction shall not apply to any seasonal or holiday display or decoration so placed at the appropriate time of the year and so located on temporary and/or limited basis.

(f) No animals, livestock or poultry of any kind shall be raised bred or kept in any Condominium Unit or in the Common Areas or Limited Areas or on the Property, except that pet dogs, cats or customary household pets may be kept in a Condominium Unit, provided that such pet is not kept, bred or maintained for any commercial purpose, or does not create a nuisance. Pets shall be taken outdoors only under leash or other restraint and while attended by its owner and an Owner shall be fully liable for any injury or damage to persons or property, including the Common Areas or Limited Areas, caused by his pet. The tethering of pets in any area outside an Owner's Condominium Unit does not constitute "attended". Pets shall be walked only in an area not common to residents and pet leavings on the main ground and walks shall be picked up immediately by the pet's owner and disposed of in a proper receptacle. 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 a pet on the Property 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. Any requirement for the depositing of such a security deposit shall not be deemed to release or in any way limit an Owner's responsibility and liability for injury and damage caused by his pets. Any pet which, in the judgment of the Board, is causing or creating a nuisance or unreasonable disturbance or noise, shall be permanently removed from the Property within ten (10) days after written notice from the Board to the respective Owner to do so. ®

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

of Bayshore Villas or which might be a nuisance, annoyance, inconvenience or damage to other Owners and occupants or Condominium Units or neighboring property, including without limitation the generality of the foregoing, noise by the use of any musical instruments, radio, television, loud speakers, electrical equipment, amplifiers or other equipment or machines or loud persons.

(h) No clothes, sheets, blankets, rugs, laundry or other things shall be hung out or exposed on, or so as to be visible from any part of the Common Areas. The Common Areas shall be kept free and clear of rubbish, debris and other unsightly materials.

(i) No industry, trade, or other commercial or religious activity, educational or otherwise, designed for profit, altruism or otherwise, shall be conducted, practiced or permitted on the Property.

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

(k) All Owners and members of their families, their guests, or invitees, and all occupants of any Condominium Unit or other persons entitled to use the same and to use and enjoy the Common Areas and the Limited 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 Condominium Units, the Common Areas, and Limited Areas.

(l) No boats, campers, trailers of any kind, buses, mobile homes, trucks, or any other vehicles of any description other than normal passenger automobiles, shall be permitted, parked or stored anywhere within the Property. No repair work shall be done on the Property on any vehicles, including passenger automobiles.

(m) No Owner shall be allowed to plant trees, landscape or do any gardening in any of the Common Areas or Limited Areas, except with express permission from the Board.

(n) All garbage, trash, and refuse shall be stored in appropriate containers inside the Condominium Unit and shall be kept therein until not earlier than sundown of the evening before scheduled trash collection. Garbage, trash and refuse shall be placed in sealed disposable plastic bags or other containers approved by the Board for scheduled trash collection and shall be placed at such locations for trash collection as are designated by the Board.

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

Section 6.02 Right of Entry. All Owners and occupants of a Condominium Unit shall be deemed to have granted the right of entry thereto to the Managing Agent or any other person authorized by the Board in case of any emergency originating in or threatening his or her Condominium Unit or the Building in which it is located, whether the Owner is present at the time or not. Any Owner shall permit other persons, or their representatives when so required, to enter his or her Condominium Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, or to make structural repairs, provided that request for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of emergencies, such right of entry shall be immediate.

Section 6.03 Right of Board to Adopt Rules and Regulations. The Board may promulgate such additional rules and regulations regarding the operation of the Property, including but not limited to the use of the Common Areas and Limited Areas, as it may deem necessary from time to time and such rules as are adopted may be amended by a vote of a majority of the Board, and the Board shall cause copies of such rules and regulations and all amendments thereto to be delivered or mailed promptly to all Owners.

CHICAGO TITLE

ARTICLE VII

Amendment to By-Laws.

Section 7.01 Subject to any contrary, overriding or superseding provisions set forth herein or in the Declaration, these By-Laws may be amended in the same manner, and subject to the same limitations and requirements, as amendments to the Declaration, as set forth in Section 20 of the Declaration. Amendment to these By-Laws shall be considered as amendments of the Declaration and shall be recorded in the office of the Recorder of Marion County, Indiana, as required by the Declaration and the Act. Notwithstanding anything to the contrary contained herein or in the Declaration, there shall be no amendment of the Declaration or these By-Laws prior to the Applicable Date without the Consent and approval of the Declarant.

ARTICLE VIII

Mortgages

Section 8.01 Notice to Association. Any Owner who places a first mortgage lien upon his Condominium Unit shall notify the Secretary of the Association thereof and provide the name and address of the Mortgagee. A record of such Mortgagee and name and address shall be maintained by the Secretary and any notice required to be given to the Mortgagee pursuant to the terms of the Declaration, these By-Laws or the Act shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record within the time provided. Unless notification of any such mortgage and the name and address of Mortgagee are furnished to the Secretary, either by the Owner or the Mortgagee, no notice to the Mortgagee as may otherwise be required by the Declaration, these By-Laws or the Act shall be required, and no Mortgagee shall be entitled to vote on any matter to which he or she otherwise may be entitled by virtue of the Declaration, these By-Laws, the Act, or any proxy granted to such Mortgagee in connection with the mortgage.

Section 8.02 Notice of Unpaid Assessments. The Association shall, upon request of a Mortgagee, a proposed mortgagee, or a proposed purchaser who has a contractual right to purchase a Condominium Unit, furnish to such Mortgagee or purchaser a statement setting forth the amount of the unpaid Regular Assessments or Special Assessments against the Condominium Unit, which statement shall be binding upon the Association and the Owners, and any Mortgagee or grantee of the Condominium Unit shall

not be liable for nor shall the Condominium Unit conveyed be subject to a lien for any unpaid assessments in excess of the amount set forth in such statement or as such assessments may be adjusted upon adoption of the final annual budget, as referred to in Section 5.03 hereof.

Section 8.03 Mortgagee's Rights.

(a) An eligible holder of a first mortgage, upon written request to the Association, (such request to state the name and address of the eligible holder and the Condominium Unit number), shall be entitled to timely written notice of:

(1) any proposed amendment of the Declaration or By-Laws effecting a change in (i) the boundaries of any Condominium Unit or the exclusive easement rights appertaining thereto, (ii) the interests in the Common Areas or Limited Areas appertaining to any Condominium Unit or the liability for Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Condominium Unit or (iv) the purposes to which any Condominium Unit or the Common Areas are restricted;

(2) any proposed termination of the Regime;

(3) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Condominium Unit on which there is a first mortgage;

(4) any delinquency in the payment of assessments or charges owed by an Owner of a Condominium Unit subject to the mortgage, where such delinquency has continued for a period of sixty (60) days;

(5) any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to the Declaration; and

(6) any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

(b) Other Provisions for Mortgages.

(1) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original Plans and specifications, unless the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the votes of Condominium Units subject to mortgages held by such eligible holders are allocated is obtained.

(2) Any election to terminate the Condominium Regime after substantial destruction or a substantial taking in condemnation of the Property must require the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the votes of Condominium Units subject to mortgages held by such eligible holders are allocated.

(3) No reallocation of interests in the Common Areas resulting from a partial condemnation or partial destruction of the Property may be affected without the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the votes of the Condominium Units subject to mortgages held by such eligible holders are allocated.

(4) As used in this Section, the term "eligible holder" shall mean a holder, insurer or guarantor of a first mortgage on a Condominium Unit who has requested notice in accordance with the provisions of Section 8.03(a) above.

ARTICLE IX

Miscellaneous

Section 9.01 Fiscal Year. The fiscal year of the Association shall begin on the first day of January in each year and end on the last day of December next following.

Section 9.02 Seal. The Association shall have no corporate seal.

Section 9.03 Membership Certificates. Each member of the Association shall receive a certificate from the Association, signed by the President or Vice President, and Secretary or Assistant Secretary thereof, stating that he or she is a member of the Association. Such certificates shall be non-transferable, and a member's certificate shall become void and of no force and effect upon sale by a member of his or her Condominium Unit. Such membership certificate shall be in a form and style determined by the Board.

Section 9.04 Personal Interest. No member of the Association shall have or receive any earnings from the Association, except that a member who is an officer, director or employee of the Association may receive fair and reasonable compensation for his or her services as officer, director or employee, and a member may also receive principal and interest on monies loaned or advanced to the Association as provided in the Statute.

Section 9.05 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws or the intent of any provision hereof.

Section 9.06 Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 9.07 Election Under Internal Revenue Code. The Board shall make and file all elections and documents required pursuant to the Internal Revenue Code, and any other applicable statute or regulation, in order to exempt from taxation, insofar as possible, the income of the Association consisting of assessments paid by Unit Owners.

Section 9.08 Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

The undersigned hereby certifies that the foregoing Code of By-Laws were adopted as the By-Laws of Bayshore Villas Co-Owners Association, a not-for-profit corporation under the laws of the State of Indiana, by action of the Board of Managers at the first meeting thereof, effective this 26th day of January, 2000.

Janice P. Vollmer
Secretary

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CHICAGO TITLE

**SUPPLEMENTAL DECLARATION OF HORIZONTAL PROPERTY OWNERSHIP
BAYSHORE VILLAS
HORIZONTAL PROPERTY REGIME**

8

THIS SUPPLEMENTAL DECLARATION made this 10th day of May, 2000 by Rottlund Homes of Indiana Limited Partnership, a Minnesota Limited Partnership, an agent and subsidiary of the Rottlund Company, Incorporated, a Minnesota Corporation (the "Declarant").

W I T N E S S E T H:

WHEREAS, the following facts are true:

A. Declarant is the sole owner of the fee simple estate in the following described real estate located in Marion County, Indiana, to-wit: See attached Exhibit "A" for legal description

B. On the 20th day of JANUARY, 2000

Declarant executed a Declaration of Horizontal Property Ownership for Bayshore Villas Horizontal Property Regime which was recorded in the Office of the Recorder of Marion County, Indiana ~~on the~~ day of as Instrument No. 000-0012693 (the "Declaration"). Attached to the Declaration is the Code of By-Laws of Bayshore Villas Horizontal Property Regime. The Declaration and By-Laws are incorporated herein by reference and all of the terms and definitions as described therein are hereby adopted and shall have the same meaning in this Supplemental Declaration.

Phase 1 as described in Exhibit "A" attached hereto as part of the Real Estate described in Exhibit "A" of the recitals of the Declaration. The Declaration provides that all or part of the Real Estate may be annexed to Bayshore Villas Horizontal Property Regime, incorporated into the Declaration and the Owners thereof become members of Bayshore Villas Horizontal Property Regime and the filing of the Supplemental Declaration by execution of this Supplemental Declaration, hereby incorporates Phase 1 into Bayshore Villas Horizontal Property Regime.

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

1. Declaration. Declarant hereby expressly declares that Phase 1 and all apartment units, Condominium Units, Buildings, Improvements and property every kind and nature whatsoever, real, personal and mixed, located thereon is hereby annexed to and becomes a part of Bayshore Villas Horizontal Property Regime as if such originally has been included in the Declaration, and shall hereafter be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions and provisions of the Declaration, the Act, the By-Laws, and the rules and regulations as adopted by the Board of Managers, as each may be amended from time to time. Phase 1 hereafter and for all purposes shall be included in the definition of "Tract" as defined in Section 1. (f) of the Declaration.

C. Phase 1 as described in Exhibit "A" attached hereto as part of the Real Estate described in Exhibit "A" of the recitals of the Declaration. The Declaration provides that all or part of the Real Estate may be annexed to Bayshore Villas Horizontal Property Regime, incorporated into the Declaration and the Owners thereof become members of Bayshore Villas Horizontal Property Regime and the filing of the Supplemental Declaration by execution of this Supplemental Declaration, hereby incorporates Phase 1 into Bayshore Villas Horizontal Property Regime.

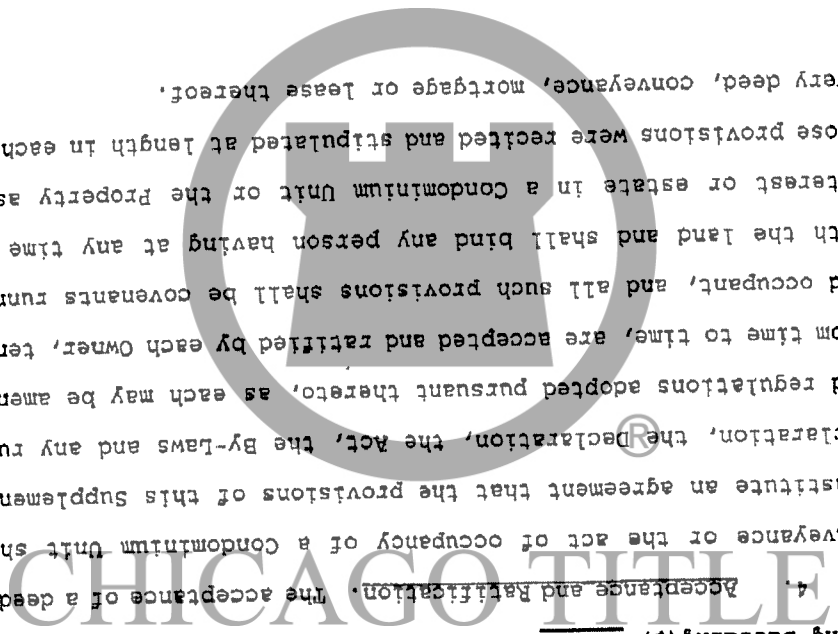
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1. Declaration. Declarant hereby expressly declares that Phase 1 and all apartment units, Condominium Units, Buildings, Improvements and property every kind and nature whatsoever, real, personal and mixed, located thereon is hereby annexed to and becomes a part of Bayshore Villas Horizontal Property Regime as if such originally has been included in the Declaration, and shall hereafter be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions and provisions of the Declaration, the Act, the By-Laws, and the rules and regulations as adopted by the Board of Managers, as each may be amended from time to time. Phase 1 hereafter and for all purposes shall be included in the definition of "Tract" as defined in Section 1. (f) of the Declaration.

2. Description of Buildings. There shall be 1 Building(s) containing Eight (8) Condominium Units in each Building in Phase 1 as shown on the Supplemental Plans for Phase 1. The Building(s) is/are identified and referred to in the Supplemental Plans and in this Supplemental Declaration as Building(s) 1. Bayshore Villas Horizontal Property Regime or the Tract now has 1 Building(s).

3. Percentage Interest. The Percentage Interest of each Condominium Unit in the Tract (as now defined) is as set forth in Exhibit "B" attached hereto and made a part hereof. Exhibit "C" as attached hereto is the correct listing of the Building(s) and Units in Bayshore Villas Horizontal Property Regime, such Building(s) being Building(s) 1.

4. Acceptance and Ratification. The acceptance of a deed of conveyance or the act of occupancy of a Condominium Unit shall constitute an agreement that the provisions of this Supplemental Declaration, the Declaration, the Act, the By-Laws and any rules and regulations adopted pursuant thereto, as each may be amended from time to time, are accepted and ratified by each Owner, tenant and 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 a Condominium Unit or the Property as if those provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof.



5. Supplemental Plans. The supplemental Plans, prepared by MAUER & ASSOCIATES, LLC, including floor

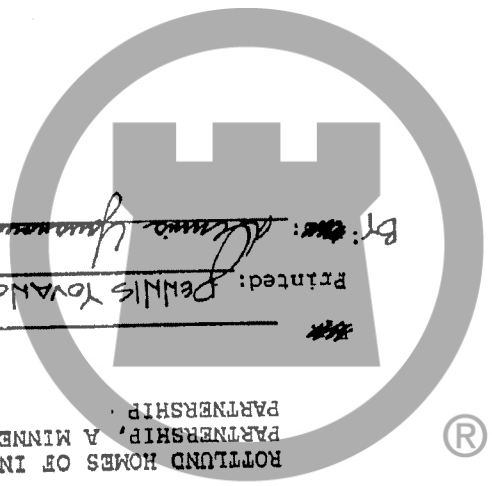
and building plans and elevations of the buildings and condominium units certified by PAUL MAUER, registered LAND SURVEYOR, and a site plan of phase 1 and the buildings thereon certified by PAUL MAUER

a registered professional surveyor under date of MAY 10th, 2000 are incorporated herein by reference. The Supplemental Plans setting forth the layout, location, identification and dimension of the Condominium. Units identified in this supplemental Declaration are incorporated into the Declaration, added to the plans filed with the Declaration, and have been filed

in the Office of the Recorder of Marion County, Indiana, as of MAY 11, 2000, as Instrument No. 2000-0072692 EXECUTED the day and year first above written.

ROTTLUND HOMES OF INDIANA LIMITED PARTNERSHIP, A MINNESOTA LIMITED PARTNERSHIP

Printed: DENNIS KOVACHOVICH
By: *[Signature]*



STATE OF ILLINOIS)
COUNTY OF MADISON)
SS:)

Before me, a Notary Public in and for said County and State, personally appeared Dennis Yovanovitch, as Joint and Several of him, and acknowledged the execution of the foregoing "Supplemental Declaration" for Bayshore Villas as his/her voluntary act and deed.

WITNESS my hand and Notarial seal this 10 day of May, 2008.

Dennis Yovanovitch
Notary Public

Kathleen Harker
Printed signature

My Commission Expires: 3-20-2008
My County of Residence: Madison

This instrument prepared by Cameron F. Clark, Attorney at Law, Clark, Quinn, Moses & Clark, One Indiana Square, Suite 2200, Indianapolis, IN 46204.

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FILED
MAY 10 2008
FRANKLIN TOWNSHIP
ASSESSOR

EXHIBIT "A"

LEGAL DESCRIPTION BUILDING # 1 - BAYSHORE VILLAS

A part of the East Half of the Northeast Quarter of Section 22, Township 14 North, Range 4 East of the Second Principal Meridian, Franklin Township, Marion County, Indiana, being more particularly described as follows:

COMMENCING at the Northeast Corner of said East Half Quarter Section; thence South 88 degrees 14 minutes 55 seconds West along the North line of said East Half Quarter Section 564.14 feet; thence South 01 degrees 45 minutes 05 seconds East 243.76 feet; thence South 88 degrees 14 minutes 55 seconds West 213.37 feet to the **POINT OF BEGINNING** of the herein described parcel; thence South 01 degrees 45 minutes 05 seconds East 128.76 feet; thence South 88 degrees 14 minutes 55 seconds West parallel with the North line of said East Half Quarter Section 226.72 feet; thence North 00 degrees 26 minutes 13 seconds East parallel with the East line of said East Half Quarter Section 128.85 feet; thence North 88 degrees 14 minutes 55 seconds East parallel with the North line of said East Half Quarter Section 221.80 feet to the **Point of Beginning**, containing 0.66 acres, more or less.

SUBJECT TO all easements, restrictions, and right-of-ways.





CHICAGO TITLE

EXHIBIT B

Percentage Interest

All units have 1/8th percentage interest.



CHICAGO TITLE

ADDRESS	UNIT	BLDG.
5847 Shipwatch Lane	1	1
5843 Shipwatch Lane	2	
5839 Shipwatch Lane	3	
5835 Shipwatch Lane	4	
5836 Shipwatch Place	5	
5840 Shipwatch Place	6	
5844 Shipwatch Place	7	
5848 Shipwatch Place	8	

EXHIBIT C