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**DECLARATION OF CONDOMINIUM
AND
CODE OF BY-LAWS
OF
THE RESERVE AT TIMBERS EDGE
CONDOMINIUM PROPERTY REGIME
AND OF
THE RESERVE AT TIMBERS EDGE
HOMEOWNERS ASSOCIATION, INC.**

DECLARATION OF HORIZONTAL
PROPERTY OWNERSHIP

FOR

THE RESERVE AT TIMBERS EDGE
CONDOMINIUM PROPERTY REGIME

TABLE OF CONTENTS

1. Definitions	1
2. Declaration	5
3. Description of Buildings	5
4. Legal Description and Percentage Interest	6
5. Description of Condominium Units	6
6. Common Areas and Facilities	7
7. Limited Areas and Facilities	8
8. Ownership of Common Areas and Percentage Interest	9
9. Encroachments and Easements for Common Areas	9
10. Real Estate Taxes	10
11. Utilities	10
12. Association of Owners	10
13. Maintenance, Repairs and Replacements	11
14. Alterations, Additions and Improvements	12
15. Insurance Coverage	13
16. Casualty and Restoration	20
17. Condemnation	25
18. Covenants and Restrictions	29
19. Sale, Lease or Other Transfer of Condominium Unit by Owner	30
20. Amendment of Declaration	30
21. Acceptance and Ratification	34
22. Expandable Condominium and Declarant's Reserved Rights	35
23. Negligence	40
24. Granting of Easements	40
25. Reservation of Rights to the Use of the Common Areas; Easements and Encumbrances	41
26. Initial Management	42
27. First Lien Holders' Rights	44
28. Declarant's Obligation to Pay Assessments	45
29. Right of Action	46
30. Exculpation	47
31. Costs and Attorneys' Fees	47
32. Waiver	47
33. Severability Clause	48
34. Pronouns	48

DECLARATION OF HORIZONTAL
PROPERTY OWNERSHIP

The Reserve at Timbers Edge
Condominium Property Regime

This Declaration, made this 7th day of April, 2003, by Premier Villages, LLC,
an Indiana limited liability company (the "Declarant"),

WITNESSETH:

WHEREAS, the following facts are true:

A. Declarant is the sole owner of fee simple title to certain real estate located in Johnson County, Indiana, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (hereinafter referred to as the "Real Estate").

B. Declarant is the sole owner of fee simple title to that portion of the Real Estate more particularly described in Exhibit "B" attached hereto and incorporated herein by reference (hereinafter referred to as "Tract 1"), which shall be the first phase of development of the expandable condominium project described herein. The legal description for Tract 1 is included in the legal description attached as Exhibit "A".

C. Declarant, by execution of this Declaration, hereby creates a condominium property regime upon Tract 1, subject to the provisions of the Condominium Property Law of the State of Indiana and the terms and conditions of this Declaration.

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

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

(a) "Act" means the Condominium Property Law of the State of Indiana, I.C. 32-25, as amended from time to time. The Act is incorporated herein by reference.

(b) "Association" means The Reserve at Timbers Edge Homeowners Association, Inc., an Indiana not-for-profit corporation, being the association of Co-owners of The Reserve at Timbers Edge, more particularly described in paragraph 12 hereof.

(c) "Board of Managers" means the governing body of the Association, being either the initial Board of Managers referred to in the By-Laws or the subsequent Board of Managers elected by the Co-owners in accordance with the By-Laws. The terms "Board of Managers" or "Board," 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 Tract in which one or more Condominium Units are located. The Buildings are more particularly described and identified on the Plans and in paragraph 3 of this Declaration. "Building" also includes any additional structure containing one or more Condominium Units which may be subjected to the Act and this Declaration by a Supplemental Declaration as herein provided, and will be identified in a Supplemental Declaration and on plans that will be filed therewith.

(e) "By-Laws" means the Code of By-Laws of The Reserve at Timbers Edge Condominium Property Regime and of The Reserve at Timbers Edge Homeowners Association, providing for the administration and management of the Property as required by and in conformity with the provisions of the Act. A true copy of the By-Laws is attached to this Declaration as "Exhibit F" and incorporated herein by reference.

(f) "Common Areas" means the common areas and facilities appurtenant to the Property as defined in paragraph 6 of this Declaration.

(g) "Common Expenses" means expenses of administration of the Association and expenses for the upkeep, maintenance, repair and replacement of the Common Areas and Limited Areas (to the extent provided herein) and all sums lawfully assessed against the Owners by the Association or as declared by the Act, this Declaration or the By-Laws.

(h) "Condominium Unit" means each one of the living units constituting The Reserve at Timbers Edge, each individual living unit being more particularly described and identified on the Plans and in paragraphs 4 and 5 of this Declaration, and each additional living unit that may be submitted to the Act and this Declaration by Supplemental Declarations as herein provided. "Condominium Unit" includes the undivided interest in the Common Areas and Limited Areas, if any, appertaining to such unit.

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

(j) "Declarant" shall mean and refer to Premier Villages, LLC, an Indiana limited liability company, and any successors and assigns of it whom it designates in one or more written 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 rights under, or foreclosure of, a mortgage executed by Declarant.

(k) "Insurance Trustee" means the bank with trust powers authorized to do business in Johnson County, Indiana, as the Board of Managers may designate for the custody and disposition, as provided herein or in the By-Laws, of insurance proceeds or condemnation awards

(l) "Limited Areas" means the limited common areas and facilities as defined in paragraph 7 of this Declaration.

(m) "Mortgagee" means the holder of a first mortgage lien on a Condominium Unit.

(n) "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.

(o) "Percentage Interest" means the percentage of undivided interest in the fee simple title to the Common Areas and Limited Areas appertaining to each Condominium Unit as specifically expressed in paragraphs 4 and 8 of this Declaration.

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

(q) "Plans" means the conceptual site plan (depicting the general plan of development), as prepared by Projects Plus, licensed professional engineers and surveyors, a copy of which is attached hereto as Exhibit "C", and the floor plans of the Condominium Units, copies of which are attached as Exhibit "D".

(r) "Property" means Tract 1 described in Paragraph B of the Recitals above and appurtenant easements, the Condominium Units, the Buildings, garages, improvements, the Common Areas, the Limited Areas, if any, and property of every kind and nature whatsoever, real, personal or mixed, located upon Tract 1 and used in connection with the operation, use and enjoyment of The Reserve at Timbers Edge, but does not include the personal property of the Owners.

(s) "The Reserve at Timbers Edge" means the name by which the Property and Condominium property regime shall be known.

(t) "Supplemental Declaration" means any supplement or amendment to this Declaration that may be recorded by Declarant and that extends the provisions of this Declaration to any part of the Real Estate and contains such complementary or supplementary provisions for such part of the Real Estate as are required or permitted by the Act or this Declaration.

(u) "Tract" means the real estate described in Exhibit "B" ("Tract 1") and shall include such other portions of the Real Estate to be identified as Tract 2, Tract 3, and continuing sequentially, as have, as of any given time, been subjected to the Act and this Declaration either by this Declaration or by a Supplemental Declaration as herein provided.

2. Declaration. Declarant hereby expressly, declares that the Property shall be a Condominium Property Regime in accordance with the provisions of the Act.

3. Description of Buildings. On Tract 1, there are nine (9) Buildings each containing four (4) Condominium Units and one (1) Building containing two (2) Condominium Units, for a projected total of thirty-eight (38) Condominium Units on Tract 1. If the Real Estate to be identified as Tract 2 and Tract 2 has been subjected to the Act and this Declaration by a

Supplemental Declaration as herein provided, there will be a projected total of twenty-five (25) Buildings each containing four (4) Condominium Units, three (3) Buildings each containing two (2) Condominium Units, for a projected total of one hundred six (106) Condominium Units on the entire Tract. A description of the Buildings and the Condominium Units contained therein is set forth in Exhibit "E" attached hereto and hereby made a part hereof by this reference.

4. Legal Description and Percentage Interest. Each Condominium Unit is identified on Exhibit "E" by a distinct alphanumeric code. The legal description for each Condominium Unit shall consist of the alphanumeric code for such Condominium Unit as shown on Exhibit "E", and shall be stated as "Condominium Unit (with identifying code) in The Reserve at Timbers Edge Condominium Property Regime."

5. Description of Condominium Units.

(a) Appurtenances. 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 Unit 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 Condominium Unit, whether or not the same are located within or partly within the boundaries of such Condominium Unit. The space within the garage connected to each of the

Condominium Units is considered a part of and for the exclusive use of the Condominium Unit to which it is connected. Also, the interior sides and surfaces of all doors and windows in the perimeter walls of a Condominium Unit, whether or not located within or partly within the boundaries of a Condominium Unit, and all interior walls and all of the floors and ceilings within the boundaries of a Condominium Unit, are considered part of the Condominium Unit.

(b) Boundaries. The boundaries of each Condominium Unit shall be as shown on the Plans without regard to the existing construction measured between the interior unfinished surface of the floors, roofs 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 roof surface of the Condominium Unit because of inexactness of construction, settling after construction, or for any other reasons, the boundary lines of each Condominium Unit shall be deemed to be and treated for purposes of ownership, occupancy, possession, maintenance, decoration, use and enjoyment, as in accordance with the actual existing construction. In such case, permanent appurtenant 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 roof surfaces of the Condominium Unit.

6. Common Areas and Facilities. "Common Areas" means (a) the Tract excluding the Condominium Units, (b) the foundations, columns, girders, beams, supports and exterior surfaces of roofs of the Buildings, (c) the yards, gardens, sidewalks and parking areas, except to the extent the same are otherwise classified and defined herein as part of the Condominium Unit or Limited Areas, (d) central electricity, gas, water, air conditioning and sanitary sewer mains serving the Condominium Units (unless owned by a utility), (e) exterior lighting fixtures and

electrical service lighting the exterior of the buildings unless separately metered to a particular Condominium Unit, (f) master television antenna or other telecommunications systems with connecting wiring and conduits that serve more than one Condominium Unit, (g) pipes, ducts, electrical wiring and conduits and public utilities lines which serve more than one Condominium Unit, (h) all streets, that are not dedicated public streets, (i) floors, roofs and exterior perimeter walls of the Buildings, except to the extent the same are otherwise classified and defined herein as part of the Condominium Unit or Limited Areas, (j) the swimming pool and clubhouse; and (k) all facilities and appurtenances located outside of the boundary lines of the Condominium Units, except those areas and facilities expressly classified and defined herein as Limited Areas or as part of the Condominium Unit. Each Owner shall have a right of ingress and egress from such Owner's Condominium Unit which shall be perpetual and appurtenant to the Condominium Unit.

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

(a) The halls, corridors, lobbies, stairs, stairways, entrances and exits of each Building, if any, (except those located within the interior of Condominium Units) shall be limited to the use of the Condominium Units of such Building.

(b) Patios and porches, together with an area, if any, around such patio or porch specifically shown and designated on the Plans and any fences and gates therein enclosing or surrounding the same, and the driveways and sidewalks serving a particular Condominium Unit, shall be limited to the exclusive use of the Condominium Unit to which they are attached or appertain.

(c) The exterior sides and surfaces of doors, windows and frames surrounding the same in the perimeter walls in each Condominium Unit shall be limited to the exclusive use of the Condominium Unit to which they appertain.

(d) 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.

8. 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 other Co-owners, equal to his Condominium Unit's Percentage Interest. The Percentage Interest of each Condominium Unit shall be equal for all purposes and shall be a percentage equal to the number one (1) divided by the total number of Condominium Units which have been subjected to the Act and this Declaration as herein provided and which constitute a part of The Reserve at Timbers Edge. Except as otherwise, provided or permitted herein, the Percentage Interest appertaining to each separate Condominium Unit in the Common Areas and Limited Areas shall be of a permanent nature and shall not be altered without the unanimous consent of all the Owners and then only if in compliance with all requirements of the Act.

The Percentage Interest appertaining to each Condominium Unit shall also be the Percentage Vote allocable to the Owner thereof in all matters with respect to The Reserve at Timbers Edge and the Association upon which the Co-owners are entitled to vote.

9. Encroachments and Easements for Common Areas. If, by reason of the location, 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.

10. Real Estate Taxes.

(a) 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 proportionate share of such taxes to the extent attributable to the Property in accordance with his respective Percentage Interest.

(b) Each Owner, by acceptance of a deed to a Condominium Unit, hereby grants to the Association a limited power of attorney authorizing the Association to execute petitions on behalf of Owner challenging the assessment of the Owner's Condominium Unit or challenging the assessment of property assessed in the name of the Association. The Association, in carrying out the authority granted herein, is authorized to execute limited powers of attorney on behalf of Co-owners and/or the Association granting appropriate authority to the attorneys to act on behalf of each Owner or the Association.

(c) Real estate taxes assessed for the Common Areas and Limited Common Areas shall be Common Expenses.

11. Utilities. Each Owner shall pay for his own utilities which are separately metered. Utilities which are not separately metered shall be treated as and paid as part of the Common Expenses, unless otherwise agreed by a majority of the Percentage Vote of Co-owners.

12. Association of Owners. Subject to the rights of Declarant reserved in paragraph 25 hereof, the maintenance, repair, upkeep, replacement, administration, management and operation of the Property shall be by the Association. 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 ownership ceases, but membership shall terminate when such person ceases to be an Owner, and will be transferred to the new Owner of such Condominium Unit.

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

13. Maintenance, Repairs and Replacements. Each Owner shall, at his expense, be responsible for the maintenance, repairs, decoration and replacement within his own Condominium Unit and Limited Areas reserved for his use, except as may be provided herein or in the By-Laws. Each Owner shall promptly perform all maintenance or repair any defect occurring in his Condominium Unit which, if not repaired, might adversely affect any Condominium Unit, Common Area or Limited Area. In the event that an Owner fails to perform any maintenance or repair that is reasonably necessary, in the discretion of the Board, to protect the Common Areas or the Limited Common Areas, or to preserve the appearance or value of the Property, or is otherwise in the interest of the general welfare of the Owners, the Board shall have the power to undertake such maintenance or repair, upon a resolution by the Board and reasonable written notice to the Owner of the Condominium Unit proposed to be repaired or maintained. The cost of any such maintenance or repair shall be assessed against the Condominium Unit on which such maintenance or repair is performed, and when so assessed, a

statement for the amount thereof shall be rendered promptly to the then Owner of the Condominium Unit, at which time such amount shall constitute an assessment and become immediately due and payable and a continuing lien and obligation of said Owner in all respects as provided in Article V of the By-Laws. Maintenance, repairs, replacements and upkeep of the Common Areas and Limited Areas shall be furnished by the Association as part of the Common Expenses, except as otherwise provided in this Declaration, a Supplemental Declaration, or the By-Laws.

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 agent shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency in which case no notice shall be required), to enter into each individual 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.

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. No Owner shall make any alteration in or to his respective Condominium Unit and within the boundaries thereof which would affect the safety or structural integrity of the Building in which the Condominium Unit is located. No Owner shall change the color of any of the Common Areas or Limited Common Areas without the prior written approval of the Board of Managers. 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 nor 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 executed by Declarant and recorded in the Office of the Recorder of Johnson County, Indiana. Such supplement to the Plans need not be approved by the Association or any other Owners.

15. Insurance Coverage. The Board of Managers on behalf of the Co-Owners shall obtain, maintain and pay the premiums upon, as a Common Expense, and keep in full force and effect at all times the following insurance coverage underwritten by companies duly authorized to do business in Indiana:

(a) Casualty or physical damage insurance in an amount equal to the full insurable replacement cost of all buildings and property owned by the Association with either a "guaranteed replacement cost" endorsement or a "replacement cost" endorsement and inflation guard" endorsements, and if the policy includes a co-insurance clause an "agreed amount", without deduction or allowance for depreciation (as determined annually by the Board with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

(i) loss or damage by fire or other hazards covered by the standard extended coverage endorsement together with coverage for Common Expenses with respect to Condominium Units, during any period of repair or construction; and

(ii) such other risks as are customarily covered by an "all risk" endorsement or "broad form" coverage with respect to projects similar in construction, location

and use, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, machinery, explosion or damage, and such other insurance as the Board may from time to time determine.

(b) Comprehensive public liability insurance in such amounts as may be considered appropriate by the Board including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, and any and all other liability incident to the ownership and/or use of the Property or any portion thereof. Such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under the insurance policy shall include, without limitation, legal liability of the operation, maintenance or use of the Common Areas and Limited Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Association.

(i) Such liability insurance shall contain no provisions relieving the insurer from liability for loss occurring while the hazard is increased, whether or not within the knowledge or control of the Board, or because of any breach of any warranty or condition or any other act or neglect by the Board or any Owner or any other person under either of them.

(ii) Such liability insurance shall provide that such policy may not be canceled or substantially modified (whether or not requested by the Board) except by the insurer giving at least thirty (30) days prior written notice thereof to the Board, the Insurance Trustee, all Owners, all Mortgagees and every other Person in interest who shall have requested such notice of the insurer

(c) Workmen's compensation and employer's liability insurance in respect to employees of the Association in the amounts and in the form necessary to comply with any applicable law.

(d) Such other policies of insurance, including insurance for the other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Board of Managers.

(e) The provisions of this Paragraph 15 shall not be construed to limit the power or authority of the Board to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association or the Board may deem appropriate from time to time.

(f) Definitions. As used in Paragraph 15, the term "all buildings and improvements" means, without limitation, the Common Areas, Limited Common Areas, and the standard separation walls, fixtures, pipes, wires, conduits and installations installed in Condominium Units as of the date of the initial sale by Declarant, as shown on the Plans as amended from time to time, and replacements thereof, but does not mean any fixtures, alterations, installations or additions in or to a Condominium Unit made by an individual Owner of that Condominium Unit and not shown on the Plans.

(g) Form. Casualty insurance shall be carried in a form or forms naming as the insured the Association for the use and benefit of the Co-Owners according to the loss or damage to their respective Condominium Units and Percentage Interest and payable in case of loss to the Insurance Trustee. Each such policy of insurance shall:

(i) provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of any other insurance obtained by or for any Owner;

(ii) contain no provisions relieving the insurer from liability for loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Board, or because of any breach of warranty or condition or any other act or neglect by the Board or any Owner or any other Person under either of them;

(iii) provide that such Policy may not be canceled or substantially modified (whether or not requested by the Board) except by the insurer giving at least thirty (30) days' prior written notice thereof to the Board, the Insurance Trustee, all Owners, all Mortgagees and every other Person in interest who shall have requested such notice of the insurer;

(iv) contain a waiver by the insurer of any right of subrogation to any right of the Board or Owners against any of them or any other Person ~~under them~~ as herein provided;

(v) provide that notwithstanding any provisions thereof giving the insurer an election to restore damage in lieu of cash settlement, such option shall not be exercisable in the event the owners do not elect to restore pursuant to Paragraph 17 of the Declaration;

(vi) provide that the policy is primary in the event an Owner has other insurance covering the same loss;

(vii) contain a standard mortgagee clause which shall:

(1) provide that any reference to a mortgagee in such policy shall mean and include any Mortgagee, whether or not named therein and, where applicable,

name as Mortgagee Federal National Mortgage Association or Federal Home Loan Mortgage Corporation or their respective services, successors and assigns;

(2) provide that such insurance as to the interest to any Mortgagee shall not be invalidated by any act or neglect of the Board or any Owner, or any persons under any of them;

(3) waive any provisions invalidating such mortgagee clauses by reason of failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, and requirement that the Mortgagee pay premium thereon, and any contribution clause;

(4) provide that without affecting any protection afforded by such mortgage clause, any proceeds payable under such policy shall be payable to the Insurance Trustee; and

(5) Public liability and property damage insurance shall be carried in a form or forms naming as the insured the Board of Directors as trustee for each individual Owner, the Association, the Board of Directors, the Managing Agent, and any person acting on behalf of the Association, and providing for payment of any proceeds therefrom to the Insurance Trustee. The Board shall promptly upon effecting such insurance coverage give written notice to each Owner thereof a current certificate of such insurance, without prejudice to the right of the Owner to maintain additional public liability insurance for his Condominium Unit.

(h) Allocation of Insurance Proceeds. In the event of damage or destruction by fire or other cause to any part of the Property covered by insurance written in the name of the Board as trustee for the Co-owners and their Mortgagees, the following provisions shall apply:

(i) Common Areas and Limited Areas. Proceeds on account of damage to Common Areas and Limited Common Areas shall be allocated among the Owners in accordance with their respective Percentage Interests;

(ii) Condominium Units. Proceeds on account of damage to Condominium Units shall be allocated as follows:

(1) If the Building in which the damaged Condominium Unit is located is to be restored, insurance proceeds shall be allocated to such Condominium Unit in the proportion that the cost of restoration of such Condominium Unit bears to the cost of restoration to all damaged Condominium Units, such cost to be determined by the Board. In determining such cost, the Board shall not take into consideration the cost of repairing any items specifically excluded from insurance coverage pursuant to the provisions of Paragraph 15(b).

(2) If the Building in which the damaged Condominium Unit is located is not to be restored, insurance proceeds shall be allocated to such Condominium Unit in accordance with the agreed amount of the replacement cost of such Condominium Unit.

(3) In the event a mortgage endorsement has been issued with respect to a particular Condominium Unit, the amount of the insurance proceeds allocated to the Owner of such Condominium Unit shall be held in trust for the Mortgagee and the Owner of such as their interests may appear, but no Mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be restored or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of the mortgage debt any insurance proceeds except distributions thereof made to the Owner and Mortgagee pursuant to these provisions.

(i) Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Co-owners and their Mortgagees as their respective interests appear, in the following manner:

(i) Expense of Trust. All expenses of the Insurance Trustee shall be first paid or provision made therefor.

(ii) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof pursuant to the provisions hereof. Any proceeds remaining after defraying such costs shall be retained by the Association and added to the reserve for replacements established pursuant to the By-Laws except that, with respect to a Condominium Unit in which there was damage to items excluded from the insurance coverage pursuant to Paragraph 15(f), the Owner of such Condominium Unit shall be entitled to receive out of such remaining proceeds his pro-

rata share thereof determined according to his Percentage Interest therein.

(iii) Failure to Reconsider or Repair. If it is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed in accordance with I.C. 32-25-8-12.

(iv) Certificate. In making distributions to Co-owners and their Mortgagees, the Insurance Trustee may rely upon a certificate issued by the Board as to the names of the Co-owners and their respective shares of the distribution, and, with respect to the names of Mortgagees, may rely upon a certificate from an attorney-at-law who, or a title insurance company which, has examined the mortgage records in the office of the Recorder of Johnson County, Indiana, as to the names of the holders of mortgages of record.

(j) Association as Owner's Agent. The Association, acting by its Board of Managers, is hereby irrevocably appointed agent for each Owner of any interest in the Property to negotiate all claims arising under insurance policies purchased by the Board, and to execute and deliver releases upon the payment of claims.

(k) Individual Policies-Recommendation of Declarant. Any Owner or Mortgagee may obtain additional insurance (including a "condominium unit-owner's endorsement" acquired at the expense of the Lender) at his own expense. Such insurance shall provide that it shall be without contribution as against the insurance maintained by the Board. Such insurance shall contain the same waiver of subrogation provision as that set forth in Paragraph 15(g). If an insured loss is sustained on the Property and the amount of insurance proceeds that would otherwise be payable to the Insurance Trustee is reduced due to proration of insurance purchased pursuant to this Paragraph, the Owner shall assign the proceeds of the personally purchased insurance, to the extent of the amount of the ~~reduction, to the~~ Insurance Trustee to be distributed as provided in Paragraph 15(i). The Declarant recommends that each Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Managers, a policy insuring against loss or damage to personal property used or incidental to the occupancy of the Condominium Unit, vandalism or malicious mischief, theft, personal liability an the like. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the Condominium Unit made or acquired at the expense of the Owner.

(l) Certificates. The Board shall cause to be issued to each Owner, or Mortgagee, a certificate of insurance evidencing the insurance coverage maintained by the Association

16. Casualty and Restoration.

(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 of the Buildings" (hereinafter defined) and shall only be done in accordance with the provisions hereinafter set forth. As used herein, the term "complete destruction of all of the Buildings" means a determination, made by a vote of two-thirds (2/3) 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 Buildings 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 for the purpose of making the determination of whether or not there has been a complete destruction of all of the Buildings. If such a special 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 of 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 or disaster are not adequate to cover the cost of repair and reconstruction, or in the event there are no insurance proceeds, and if the Property is not to be removed from the Act, the cost for restoring the damage and repairing and reconstructing the Building or Buildings so damaged or destroyed (or the costs thereof in excess of insurance

proceeds received, if any) shall be paid by all of the Co-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 and in the Act.

(c) For purposes of subparagraph (a) and (b) above, repair, reconstruction and restoration shall mean construction or rebuilding of the Condominium Units to as near as possible the same condition as they existed immediately prior to the damage or destruction and with the same type of architecture.

(d) If, under subparagraph (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 of the Buildings, the Co-owners shall, at said same special meeting, vote to determine whether or not such complete destruction of 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 (2/3) or more of all of the Co-owners a decision is made to rebuild, reconstruct and repair the Buildings. If two-thirds (2/3) or more of all of the Co-owners vote and decide that the Buildings are to be rebuilt, reconstructed and repaired, the 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 subparagraphs (a) and (b).

(e) If, in any case of the complete destruction of all of the Buildings, less than two-thirds (2/3) 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 or repaired and, in such event, the Property shall be deemed and considered as to be removed from the provisions of the Act under I.C. 32-25-8-16 and, in accordance with I.C. 32-25-8-12:

(i) the Property shall be deemed to be owned in common by the Co-owners;

(ii) the undivided interest in the Property owned in common which shall appertain to each Owner shall be the Percentage interest previously owned by such Owner in the Common Areas;

(iii) any liens affecting any of the Condominium Units shall be deemed to be transferred in accordance with the existing Priorities to the percentage of the undivided interest of the Owner in the Property; and

(iv) the Property shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Property, if any, shall be considered as one (1) fund and shall be divided among all the Co-owners in a percentage equal to the percentage of undivided interest owned by each Owner in the Property, after first paying out of the respective shares of the Co-owners, to the extent sufficient for the purpose, all liens on the undivided interest in the Property owned by each 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 Co-owners on account of such casualty, shall constitute a construction fund which shall be disbursed, if the Building or Buildings are 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 and repair is less than Fifty Thousand Dollars (\$50,000.00), 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 a Mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided in the following paragraph (ii).

(ii) If the estimated cost of reconstruction and repair of the Building or other improvement is more than Fifty Thousand Dollars (\$50,000.00), 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 and materials furnished; (2) that there is no other outstanding indebtedness known to the said architect for the services and materials described; and (3) that the cost as estimated by said

~~architect~~ for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(iii) 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 whose property such encroachment exists, provided that such reconstruction was either substantially in accordance with the plans and specifications or as the Buildings were originally constructed. Such encroachments shall be allowed to continue in existence for so long as the Buildings stand.

(iv) In the event that there is any surplus of monies in the construction fund after the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Board of Managers as a reserve or may be used in the maintenance and 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 reconstruct damage shall not constitute a waiver of any rights against an Owner for committing willful or malicious damage.

17. Condemnation. If all or part of the Property shall be taken or condemned by any entity or organization with the power of eminent domain or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions shall be applicable.

(a) Representation. The Board of Managers, or the Insurance Trustee, if so appointed by the Board of Managers, shall represent the Co-owners in the condemnation

proceedings or in negotiations, settlements and agreements with the ~~condemning authority for~~ acquisitions of the Common Areas, or part thereof, by the condemning authority. Each Owner hereby appoints the Association or its designee as attorney-in-fact for the purposes described in the subparagraph.

(b) Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Insurance Trustee as trustee for all Owners and their Mortgagees according to their respective interests therein.

(c) Total Taking. In the event that the entire Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, this Declaration shall terminate. The Condemnation Award shall be apportioned among the Co-owners in accordance with their respective Percentage Interests and paid into separate accounts, each such account representing one Condominium Unit. Each such account shall remain in the name of the Insurance Trustee and shall be further identified by the legal description of the Condominium Unit and the name of the Owner. From each separate account the Insurance Trustee shall use and disburse the total amount of such accounts, without contribution from one account to the other, first to the payment of valid tax and special assessment liens on the Condominium Unit in favor of any governmental taxing or assessing authority, next to payment of any assessment made pursuant to this Declaration or the By-Laws, next to other holders of liens or encumbrances on the Condominium Unit in the order of priority of their liens, and the balance remaining, if any, to each respective Owner. The Insurance Trustee's compensation in the event of a Taking shall be conducted in a manner consistent with that detailed in Paragraph 15(i) hereof.

(d) Partial Taking. In the event that less than the entire Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, this Declaration shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: As soon as practicable the Insurance Trustee shall, reasonably and in good faith, allocate the Condemnation Award among compensation, damages, or other proceeds, and shall apportion the amounts so allocated among the Owners as follows:

(i) the total amount allocated to the taking of or injury to the Common Areas and Limited Common Areas shall be apportioned among the Co-owners in proportion to their respective Percentage Interests;

(ii) the total amount allocated to the severance damages shall be apportioned to the Owners of those Condominium Units that were not taken or condemned;

(iii) the respective amounts allocated to the taking of or injury to a particular Condominium Unit and/or improvements an Owner has made within his own Condominium Unit shall be apportioned to the Owner of the particular Condominium Unit involved; and

(iv) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Insurance Trustee determines to be equitable in the circumstances.

If any allocations of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Insurance Trustee shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by the Insurance Trustee by checks payable jointly to the respective Owners and their respective Mortgagees, provided that, with respect to an

Owner whose Condominium Unit was taken or condemned, there shall first be deducted therefrom and paid or applied by the Insurance Trustee as appropriate such Owner's pro-rata share of the expenses of the Insurance Trustee, the amounts of any valid tax or special assessment lien in favor of any governmental taxing or assessing authority and any assessments made pursuant of this Declaration of the By-Laws.

(e) Reorganization. In the event a partial taking results in the taking of a complete Condominium Unit, the Owner thereof shall automatically cease to be an Owner and a member of the Association. Thereafter, the Board of Managers shall reallocate to the remaining Owners, pro-rata, the Percentage Interest of such Owner. Such reallocation shall be submitted by the Board of Managers to the Owners of the remaining Condominium Units for approval by Owners eligible to cast not less than two-thirds of the Percentage Interests thereof and appropriate amendment of this Declaration, but any such amendment to be effective must be approved by at least fifty-one percent (51%) of Mortgagees.

(f) Restoration and Repair. Anything to the contrary in this Paragraph 17 notwithstanding, in the event that less than the entire Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof and any Condominium Unit, Common Area or Limited Common Area may reasonably be restored or repaired, as determined by an independent licensed architect or engineer employed by the Board of Managers for making such determination or by at least fifty-one percent (51%) of Mortgagees, the amount, if any, of the Condemnation Award allocable to the taking of or injury to the Common Areas and Limited Common Areas and to severance damages shall be applied to the cost of restoration or repair of such Common Area and/or Limited Common Area, and the amount, if any, allocable to the

taking of or injury to a particular Condominium Unit that may be restored or repaired shall be applied to the cost of such restoration or repair, the provisions of Paragraph 16(b) shall apply.

(g) Alternative Valuation in Event of Total Taking. In the event the amount of the Condemnation Award is determined in negotiation, judicial decree or otherwise according to the value of individual Condominium Units as separately determined, the Condominium Award shall be apportioned, with respect to such Condominium Units, according to the values so determined and not in accordance with the respective Percentage Interests of the Co-owners, but if the value of the Common Areas and/or Limited Common Areas is determined separately, the amount of the Condemnation Award attributable thereto shall be allocated among the Co-owners in accordance with their respective Percentage Interests.

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 Owners and shall run with the land and inure to the benefit of, and be enforceable by, any Owner or by the Association. 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, Declarant shall have, until the date described in Paragraph 22 hereof as the date upon which Declarant's right to expand the Property and The Reserve at Timbers Edge, the right to use and maintain any Condominium Units 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 Real Estate not then part of Tract 1 or a subsequent Tract subjected to this Declaration by a Supplemental Declaration, all of such number and size and at such locations as Declarant, in its sole discretion, may deem advisable or necessary to aid in the construction and sale of Condominium Units, or to promote or effect sales of Condominium Units or for the conducting of any business or activity attendant thereto, including, but not limited to, model Condominium Units, storage areas, construction yards, signs, construction offices, sales offices, management offices and business offices. Declarant shall have the right to relocate any or all of the same from time to time as it desires. At no time shall any of such facilities so used or maintained by Declarant be or become part of the Common Areas, unless so designated by Declarant, and Declarant shall have the right to remove the same from the Property at any time.

19. Sale, Lease or Other Transfer of Condominium Unit by Owner. For the purpose of the congenial and residential character of The Reserve at Timbers Edge, and for the protection of the Owners with regard to insuring having financially responsible residents, the lease of any Condominium Unit by any 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 three hundred sixty five (365) days. In any event, Owner shall use the 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) 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.

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.

(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 Vote.

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

(d) Adoption. Any proposed amendment to this Declaration must be approved by a vote of not less than sixty-seven percent (67%) in the aggregate of the Percentage Vote. In the event any Condominium Unit is subject to a first mortgage, the Mortgagee shall be notified of the meeting and the proposed amendment in the same manner as an owner, if the Mortgagee has given prior notice of its mortgage interest to the Board of Managers in accordance with the provisions of the By-Laws.

(e) Special Amendments.

(i) 100% Consent Requirement. No amendment to this Declaration shall be adopted which changes (1) the Percentage Interest with respect to any Condominium unit or the applicable share of an Owner's liability for the Common Expenses, without the approval of one hundred percent (100%) of the Co-owners, or (2) the provisions of paragraph 16 of this Declaration with respect to reconstruction or repair in the event of fire or any other casualty or disaster, without the unanimous approval of all Mortgagees whose mortgage interests

have been made known to the Board of Managers in accordance with the provisions of the By-Laws.

(ii) Two-Thirds Consent Requirement. Any proposed Material Amendment (as hereinafter defined) to this Declaration must be approved by a vote of not less than two-thirds (2/3) of the Percentage Interest. In the event any Condominium Unit is subject to a first mortgage, the Mortgagee shall be notified of the meeting and the proposed Material Amendment in the same manner as an Owner if the Mortgagee has given prior notice of the 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 Mortgagees. A 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 Material Amendment:

- (1) Voting rights;
- (2) Assessments, assessment liens or subordination of assessment liens;
- (3) Reserves for maintenance, repair and replacement of Common Areas;
- (4) Insurance or fidelity bonds;
- (5) Rights to use of the Common Areas or Limited Areas;
- (6) Responsibility for maintenance and repair;
- (7) Reallocation of interests in Common Areas or Limited Areas, or rights to their use;

- (8) Boundaries of any Condominium Unit;
- (9) Convertibility of Condominium Units into Common Areas or vice versa;
- (10) Expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project, except as provided for herein;
- (11) Leasing of Condominium Units;
- (12) Imposition of any restrictions on a Condominium Unit Owner's right to sell or transfer his or her Condominium Unit;
- (13) A decision by the Association to establish self-management when a professional manager had been required previously by a Mortgagee;
- (14) Restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration;
- (15) Any action to terminate the legal status of the Property after substantial destruction or condemnation occurs; or
- (16) Any provision that expressly benefits mortgage holders, insurers or guarantors.

(f) Recording. Each amendment to the Declaration shall be executed by the President and Secretary of the Association and shall be recorded in the office of the Recorder of Johnson County, Indiana, and such amendment shall not become effective until so recorded.

(g) 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 person, at any time prior to the Applicable Date (as defined in the By-Laws), to amend or supplement this Declaration from time to time if (i) such amendment or supplement is necessary to conform this Declaration to the Act, as amended from time to time, (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) such amendment or supplement is necessary to induce any such agencies or entities, to make, purchase, sell, insure or guarantee first mortgages, (iv) such amendment or supplement is made to correct clerical or typographical errors or clarify Declarant's original intent, (v) such amendment is made to implement expansion of the Property an The Reserve at Timbers Edge, pursuant to Declarant's reserved rights to expand the same as set forth in Paragraph 22 hereof, or (vi) such amendment is necessary to implement any changes in The Reserve at Timbers Edge permitted to be made by Declarant under this Declaration.

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 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.

22. Expandable Condominium and Declarant's Reserved Rights. The Reserve at Timbers Edge is and shall be an "expandable condominium," as defined in the Act, and Declarant expressly reserves the right and option to expand the Property and The Reserve at Timbers Edge in accordance with the provisions of the Act and the following provisions:

(a) The real estate described and defined herein as the Tract (in paragraph B of the introductory recitals of this Declaration) is the real estate being subjected to The Reserve at Timbers Edge Condominium Property Regime by this Declaration and constitutes the first phase of the general plan of development of the Real Estate. The balance of the Real Estate is the area into which the Declarant may expand The Reserve at Timbers Edge. The maximum number of Condominium Units which may be developed on the Real Estate, including Condominium Units on the Tract as defined in this original Declaration, shall be one hundred six (106) in twenty-eight (28) buildings, as depicted on the conceptual site plan attached as Exhibit "C". Subject to said limit as to the maximum number of Condominium Units to be developed on

the Real Estate, The Reserve at Timbers Edge may be expanded by Declarant to include additional portions of the Real Estate in one (1) or more additional phases by the execution and recording of one (1) or more amendments or supplements to this Declaration; provided, however, that no single exercise of such right and option of expansion as to any part or parts of the Real Estate shall preclude Declarant from thereafter from time to time further expanding The Reserve at Timbers Edge to include other portions of the Real Estate, and such right and option of expansion may be exercised by Declarant from time to time as to all or any portions of the Real Estate, so long as such expansion is done on or before seven (7) years after the date of recordation of this Declaration.

Such expansion is entirely at the discretion of the Declarant and nothing contained in this original Declaration or otherwise shall require Declarant to expand The Reserve at Timbers Edge beyond Tract 1 (as defined and described in paragraph B of the introductory recitals of this Declaration) or any other portions of the Real Estate, which Declarant may voluntarily and in its sole discretion from time to time subject to this Declaration by amendments or supplements to this Declaration as provided above.

(b) The Percentage Interest which will appertain to each Condominium Unit in The Reserve at Timbers Edge may be changed to reflect any expansion from time to time by Declarant in accordance with the terms hereof (including the Percentage Interest which appertains to each of the Condominium Units included in this original Declaration). The Percentage Interest shall be equal to the number one (1) divided by the total number of all the Condominium Units which, from time to time, have been subjected and submitted to this Declaration and then constitute a part of The Reserve at Timbers Edge.

(c) Simultaneously with the recording of amendments or supplements to this Declaration expanding The Reserve at Timbers Edge, Declarant shall record new Plans as required by the Act. Such amendments or supplements to this Declaration shall include provisions reallocating Percentage Interests in the Common Areas on the same basis as the Condominium Units depicted in the prior Plans. Such reallocation of Percentage Interests shall vest when the amendment or supplement to the Declaration incorporating those changes has been recorded.

174

(d) When the amendment or supplement to the Declaration incorporating the addition of Condominium Units or expansion of Common Areas, or both, is recorded, all liens including, but not limited to, mortgage liens shall be released as to the Percentage Interests in the Common Areas described in the Declaration and shall attach to the reallocated Percentage Interests in the Common Areas as though the liens had attached to those Percentage Interests on the date of the recordation of the mortgage or other lien. The Percentage Interest appertaining to additional Condominium Units being added by the amendment or supplement to the Declaration are subject to mortgage liens upon the recordation of the amendment or supplement to the Declaration.

(e) In furtherance of the foregoing, a power coupled with an interest is hereby granted to the Declarant, as attorney-in-fact, to shift the Percentage Interest in the Common Areas appurtenant to each Condominium Unit to the percentages set forth in each such amendment or supplement to this Declaration recorded pursuant to this Paragraph 22. Each deed, mortgage or other instrument with respect to a Condominium Unit and acceptance thereof shall be deemed a grant and acknowledgement of and consent to such power to said attorney-in-fact and shall be deemed to reserve to said attorney-in-fact the power to shift and reallocate from

time to time the percentages of ownership in the Common Areas appurtenant to each Condominium Unit to the percentages set forth in each such recorded amendment or supplement to this Declaration.

(f) Each Owner of a Condominium Unit by acceptance of a deed thereto, further acknowledges, consents and agrees, as to each such amendment or supplement to this Declaration that is recorded as follows:

(i) The portion of the Real Estate described in each such amendment or supplement to this Declaration shall be governed in all respects by the provisions of this Declaration.

(ii) The Percentage Interest in the Common Areas appurtenant to each Condominium Unit shall automatically be shifted and reallocated to the extent set forth in each such recorded amendment or supplement to this Declaration and upon the recording of each such amendment or supplement to this Declaration, shall thereby be deemed to be released and divested from such Owner and reconveyed and reallocated among the other Owners as set forth in each such recorded amendment or supplement to this Declaration.

(iii) Each deed, mortgage or other instrument affecting a Condominium Unit shall be deemed given subject to the conditional limitation that the Percentage Interest in the Common Areas appurtenant to each Condominium Unit shall, upon the recording of each amendment or supplement to this Declaration, be divested pro tanto to the reduced percentage set forth in such amendment or supplement to this Declaration and vested among the other Owners, Mortgagees and others owning an interest in the other Condominium Units in accordance with the terms and percentages of each such recorded amendment or supplement to this Declaration.

(iv) A right of revocation is hereby reserved by the grantor in each such deed, mortgage or other instrument of a Condominium Unit to so amend and reallocate the Percentage Interest in the Common Areas appurtenant to each Condominium Unit.

(v) The Percentage Interest in the Common Areas appurtenant to each Condominium Unit shall include and be deemed to include any additional Common Areas included in land to which The Reserve at Timbers Edge is expanded by a recorded amendment or supplement to this Declaration and each deed, mortgage or other instrument affecting a Condominium Unit shall be deemed to include such additional Common Areas as such amendments or supplements to this Declaration are recorded.

(vi) Each Owner shall have a perpetual easement, appurtenant to his Condominium Unit for the use of any such additional Common Areas described in any recorded amendment or supplement to this Declaration, for the purposes therein set forth, except as to any portion the use of which is limited by exclusive easements granted to the Owners of specific Condominium Units (also known as Limited Common Areas) as may be provided in any such amendment or supplement to this Declaration.

(vii) The recording of any such amendment or supplement to this Declaration shall not alter the amount of the lien for Common Expenses assessed to or against a Condominium Unit prior to such recording.

(viii) Each Owner, by acceptance of the deed conveying his Condominium Unit, agrees for himself and all those claiming under him, including Mortgagees, that this Declaration and each amendment or supplement to this Declaration and the Act, that any changes in the respective Percentage Interest in the Common Areas as set forth in each such

amendment or supplement to this Declaration shall be deemed to be made by agreement of all Owners

(ix) Each Owner agrees to execute and delivery such documents necessary or desirable to cause the provisions of this paragraph 23 to comply with the Act as it may be amended from time to time.

(g) In the event Declarant elects to expand the Property and The Reserve at Timbers Edge, all improvements constructed on that portion of the Real Estate added to Tract 1 (one or more of which may be referred to herein in the singular as the "Expansion Parcel") shall be consistent with the improvements then located on Tract 1 in terms of structure type and the quality of construction. No lien arising in connection with Declarant's ownership of, and construction of improvements on, any such Expansion Parcel shall adversely affect the rights of existing Owners or the priority of first mortgages on Condominium Units in the existing Property. All taxes and other assessment relating to the Expansion Parcel covering any period prior to the addition of the Expansion Parcel to this Declaration shall be paid by or otherwise satisfactorily provided for by Declarant.

23. Negligence. Each Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by the negligence of any member of his family or his or 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 his use, misuse, occupancy or abandonment of his Condominium Unit or its appurtenances or of the Common Areas or Limited Areas.

24. Granting of Easements. The Board of Managers of the Association is granted the authority to grant and amend easements to utility companies (excluding transportation companies) upon such terms and conditions and for such consideration as they deem appropriate.

25. Reservation of Rights to the Use of the Common Areas; Easements and Encumbrances. (a) 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 Property and any portions of the Real Estate which are not part of the Property, to provide access to and ingress and egress to and from the Property and to any such portions of the Real Estate which are not part of the Property, to make improvements to and within the Property and any such portions of the Real Estate which are not part of the Property, and to provide for the rendering of public and quasi-public services to the Property and such portions of the Real Estate which are not part of the Property. 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 easements, rights or privileges, may so use the Common Areas and, to the extent necessary, the Limited Areas, to supply utility services to the Property and any portions of the Real Estate which are not part of the Property 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 The Reserve at Timbers Edge

in the performance of their duties. (b) If, at any time, and from time to time, any portion of the Real Estate has not been subjected and submitted to this Declaration or to the Act by a Supplemental Declaration and such portion of the Real Estate not so subjected to this Declaration or to the Act is/are developed with single or multi-family dwelling units (whether for rent or otherwise), then the owner or owners of such portions of the Real Estate, including without limitation their families, tenants and guests, shall have the benefit of such portion of the Common Areas comprising the streets, driveways and other roads and utilities for the use of the persons occupying such dwelling units upon the same terms and conditions as the owners of the Condominium Units, their families, tenants and guest. The owner or owners of such portions of the Real Estate shall then pay for the use of such facilities based on the cost of operation and maintenance of such facilities for the year of such usage and based on the number of dwelling units so entitled to use such facilities in the proportion that the number of dwelling units on the Real Estate bears to the sum of (j) such number of dwelling units plus (ii) the number of Condominium Units. The owner or owners of such dwelling units shall make payments for the usage provided herein to the Association at the same time and in the same manner as the Co-Owners of Condominium Units pay their assessment to the Association.

26. Initial Management. As set forth in the By-Laws, the Initial Board of Managers consists and will consist of persons selected by Declarant until the Applicable Date (as defined in the By-Laws). The Board of Managers has entered or will hereafter enter, into a management agreement with Declarant (or a corporation or other entity affiliated with Declarant) for a term which will expire not later than the Applicable Date, under which Declarant (or such affiliate of Declarant, as appropriate) 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 of the duties and obligations of the Association. Such management agreement is or will be subject to termination by Declarant (or its affiliate, as appropriate) at any time prior to the expiration of its term, in which event the Association shall thereupon 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 (or its affiliate, as appropriate) shall have, and Declarant hereby reserves to itself (or to its affiliate, as appropriate), the exclusive right to manage the Property and to perform all the functions of the Association. (b) If, at any time, and from time to time, any portion of the Real Estate has not been subjected and submitted to this Declaration or to the Act by a Supplemental Declaration and such portion of the Real Estate not so subjected to this Declaration or to the Act is/are developed with single or multi-family dwelling units (whether for rent or otherwise), then the owner or owners of such portions of the Real Estate, including without limitation their families, tenants and guests, shall have the benefit of such portion of the Common Areas comprising the streets, driveways and other roads and utilities for the use of the persons occupying such dwelling units upon the same terms and conditions as the owners of the Condominium Units, their families, tenants and guest. The owner or owners of such portions of the Real Estate shall then pay for the use of such facilities based on the cost of operation and maintenance of such facilities for the year of such usage and based on the number of dwelling units so entitled to use such facilities in the proportion that the number of dwelling units on the Real Estate bears to the sum of (i) such number of dwelling units plus (ii) the number of Condominium Units. The owner or owners of such dwelling units shall make payments for the

usage provided herein to the Association at the same time and in the same manner as the Co-Owners of Condominium Units pay their assessment to the Association.

27. First Lien Holders' Rights.

(a) Notices of Action. Notwithstanding anything to the contrary contained in this paragraph or any other provision of this Declaration, the By-Laws or the Act, a holder, insurer or guarantor of a first mortgage, upon written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the unit number), will be entitled to timely written notice of:

(i) 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 unit or (iv) the purposes to which any Condominium Unit or the Common Areas are restricted;

(ii) Any proposed termination of the condominium regime;

(iii) 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 held, insured or guaranteed by such eligible holder;

(iv) Any delinquency in the payment of assessments or charges owed by an Owner of a Condominium Unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days;

(v) Any lapse, cancellation or material modification of any insurance policy maintained by the Association.

(b) Other Provisions for First Lien Holders.

(i) 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.

(ii) Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of the Property requires the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the Percentage Votes of the Condominium Units subject to mortgages held by such eligible holders are allocated.

(iii) Unless the formula for reallocation of interests in the Common Areas after a partial condemnation or partial destruction of the condominium project is fixed in advance by the Declaration or by applicable law, no reallocation of interests in the Common Areas resulting from a partial condemnation project may be effected without the approval of the eligible holders of first mortgages on units to which at least fifty-one percent (51%) of the votes of units subject to mortgages held by such eligible holders are allocated.

(iv) As used in this section, the term "eligible holder, insurer or guarantor" shall mean a holder, insurer or guarantor of a first mortgage on a Condominium Unit which has requested notice in accordance with the provisions of Section 25(a) above.

28. Declarant's Obligation to Pay Assessments. Declarant (or Declarant's successor in interest) is excused from paying regular or special assessments or otherwise contributing

toward expenses referred to herein or in I.C. 32-25-4-4, as amended from time to time, for those Condominium Units titled in their names from the date of recordation of this Declaration until the first day of the twenty-fourth calendar month following the month in which the closing of the sale of the first Condominium Unit occurs.

If, however, the expenses referred to herein or in I.C. 32-25-4-4, as amended from time to time, incurred during the stated period exceed the amount assessed against other Co-owners, then Declarant, or Declarant's successor, shall pay the excess in proportion to the number of Lots owned by Declarant to Lots owned determined as of the date a deficit is created.

29. Right of Action. Subject to the provisions of Paragraph 30, the Association and any Aggrieved Owner (as further defined herein) shall have a right of action against any Owner or Owners for failure to comply with the provisions of the Declaration, By-Laws or any decision of the Association or its Board of Managers which are made pursuant to authority granted to the Association or its Board of Managers in such documents. Owners shall have a similar right against the Association.

For purposes of this Declaration an "Aggrieved Owner" shall mean an Owner whose rights are affected or infringed by any such alleged failure to comply with the provisions of the Declaration, By-Laws or any decision of the Association or its Board of Directors in a manner different from the rights of all other Condominium Unit owners. Any Owner who alleges that he is an "Aggrieved Owner" shall first notify the Board of Directors to be held within thirty (30) days of such request (or within five (5) days in an emergency situation) to establish to the Board and the Association that such Owner is "Aggrieved" within the meaning hereof, prior to the commencement of any right of action commenced hereunder.

30. Exculpation. The instrument is executed and delivered on the express condition that everything herein to the contrary notwithstanding, each and all of the representations, covenants, undertakings and agreements herein made on the part of Declarant ("Representations"), while in form purporting to be the Representations of Declarant, are nevertheless each and every one of them, made and intended not as personal Representations by Declarant or for the purpose or with the intention of binding Declarant personally but are made and intended for the purpose of binding only Tract 1; and no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against Declarant personally of its members or managers, on account of this instrument or on account of, in connection with or arising out of any Representations of Declarant in this instrument contained, either express or implied, all such personal liability, if any, being expressly waived and released by each Person who acquires any interest in a Condominium Unit as a condition to the acquisition thereof.

31. 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 such default or failure.


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

33. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provision of this Declaration or 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.

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

PREMIER VILLAGES, LLC,
an Indiana limited liability company

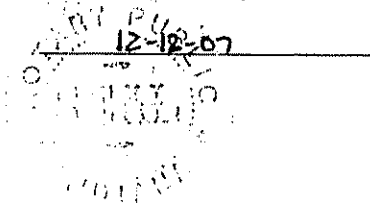
By: 
Richard O. Westlake, Managing Member

STATE OF INDIANA)
) SS:
COUNTY OF Johnson)

Before me, a Notary Public in and for said County and State, personally appeared Richard O. Westlake, the Managing Member of Premier Villages, LLC, an Indiana limited liability company, who acknowledged the execution of the above and foregoing Declaration of Condominium Property Regime for and on behalf of said limited liability company.

WITNESS my hand and Notarial Seal this 7th day of April, 2003.

My Commission Expires:



Branda S. Woods
Printed Branda S. Woods
Notary Public
A resident of Maciea County, Indiana

This instrument was prepared by Rex E. Bennett, Attorney at Law, Locke Reynolds LLP, 201 North Illinois Street, Suite 1000, P.O. Box 44961, Indianapolis, Indiana 46244-0961.

CONSENT OF MORTGAGEE

The undersigned, HomeFederal Bank, a commercial bank chartered under the laws of the State of Indiana ("Mortgagee"), is the mortgagee pursuant to a mortgage encumbering the Tract, as defined in the above and foregoing Declaration, which mortgage is dated August 8, 2002, 2002 and recorded on February 13, 200³ as Instrument Number 2003-006615, in the Office of the Recorder of Johnson County, Indiana (the "Mortgage") Mortgagee hereby consents to the recording of the above and foregoing Declaration and the submission of the Tract to the provisions of the Condominium Property Law of the State of Indiana, and further agrees that its Mortgage and other security with respect to the Tract shall be subject to the provisions of the Act and the above and foregoing Declaration and Exhibits attached thereto and the documents incorporated therein; provided, however, except and to the extent that the Mortgage and other security are modified by this Consent, such Mortgage and other security shall remain in full force and effect, unaltered, and enforceable in accordance with their terms.

EXECUTED this 4th day of April, 2003.

HomeFederal Bank

By: John F. Schilling
John F. Schilling, Senior Vice President

STATE OF INDIANA)
) SS:
COUNTY OF BARTHOLOMEW)

Before me, a Notary Public in and for said County and State, personally appeared John F. Schilling, the Senior Vice President of Home Federal Savings Bank, a commercial bank chartered under the laws of the State of Indiana, who acknowledged the execution of the above and foregoing Consent for and on behalf of said bank.

WITNESS my hand and Notarial Seal this 4th day of April, 2003.

My Commission Expires:

2/19/08

Brenda K. Buchanan
Printed Brenda K. Buchanan
Notary Public



BRENDA K. BUCHANAN, NOTARY PUBLIC
County Of Bartholomew, State of Indiana
My Commission Expires Feb. 19, 2008

A resident of Bartholomew County, Indiana

This instrument was prepared by Rex E. Bennett, Attorney at Law, Locke Reynolds LLP, 201 North Illinois Street, Suite 1000, P.O. Box 44961, Indianapolis, Indiana 46244-0961.

EXHIBIT "A"

Legal Description – Real Estate

A part of the Northwest Quarter of Section 30, Township 14 North, Range 4 East of the Second Principal Meridian, described as follows:

Beginning at the Southwest corner of said Quarter Section; thence along the South line thereof North 90 degrees 00 minutes 00 seconds East (previous deed bearing) 1497.25 feet; thence perpendicular to said South line North 00 degrees 00 minutes 00 seconds West 200.00 feet to a rebar (rebar in this description means a 5/8 inch rebar with a yellow plastic cap marked "Projects Plus-0029"); thence North 74 degrees 12 minutes 37 seconds East 374.12 feet to a rebar; thence parallel with the South line Quarter Section North 90 degrees 00 minutes 00 seconds East 259.94 feet to a rebar; thence North 00 degrees 13 minutes 31 seconds West 109.98 feet to a rebar; thence parallel with the South line in Imperial Hills South, Second Section as per plat thereof recorded in Plat Book 5, page 70 in the Office of the Recorder of Johnson County, Indiana, North 89 degrees 28 minutes 29 seconds East 386.02 feet to the east line extended of said Imperial Hills; thence along said East line extended North 00 degrees 45 minutes 39 seconds East 557.43 feet to the Southeast corner of said Imperial Hills; thence along the South line of said Imperial Hills South 89 degrees 28 minutes 29 seconds West 1999.47 feet (1999.19 plat); thence continuing along the said South line of Imperial Hills North 80 degrees 48 minutes 31 seconds West 252.06 feet to the centerline of the Indianapolis Power & Light Company easement as recorded in Deed Record 102, page 218 in the office of the Recorder of Johnson County, Indiana; thence along said centerline South 36 degrees 35 minutes 51 seconds West 434.30 feet to the West line of said Quarter Section; thence along said West line South 00 degrees 16 minutes 09 seconds West 645.96 feet to the place of beginning, containing 47.037 acres, more or less.

EXHIBIT "B"

Legal Description – Tract 1

A part of the Northwest Quarter of Section 30, Township 14 North, Range 4 East of the Second Principal Meridian, described as follows:

Beginning at the Southwest corner of said Quarter Section; thence along the south line thereof North 90 degrees 00 minutes 00 seconds East (previously deed bearing) 1497.25 feet; thence perpendicular to said south line North 00 degrees 00 minutes 00 seconds West 200.00 feet to a rebar (rebar in this description means a 5/8-inch rebar with a yellow plastic cap marked "Projects Plus-0029"); thence North 07 degrees 59 minutes 47 seconds East 208.84 feet; thence North 00 degrees 00 minutes 00 seconds East 198.09 feet to a curve concave southeasterly the radius of said curve bears South 89 degrees 59 minutes 57 seconds East 120.00 feet; thence Northeasterly along said curve through a central angle of 58 degrees 11 minutes 47 seconds 121.89 feet; thence North 00 degrees 31 minutes 31 seconds West 257.31 feet to the south line of Imperial Hill South, Second Section as per plat thereof recorded in Plat Book 5, page 70 in the office of the Recorder of Johnson County, Indiana; thence along the south line of said Imperial Hills South 89 degrees 28 minutes 29 seconds West 1069.97 feet; thence continuing along the said south line of Imperial Hills North 80 degrees 48 minutes 31 seconds West 252.06 feet to the centerline of the Indianapolis Power & Light Company easement as recorded in Deed Record 102, page 218 in the office of the Recorder of Johnson County, Indiana; thence along said centerline South 36 degrees 35 minutes 51 Seconds West 434.30 feet to the west line of said Quarter Section; thence along said west line South 00 degrees 16 minutes 09 seconds West 645.96 feet to the place of beginning, containing 32.987 acres, more or less, subject to easements and rights of ways.

EXHIBIT "C"

Conceptual Site Plan



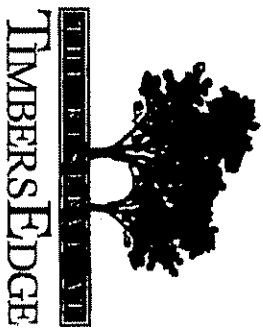
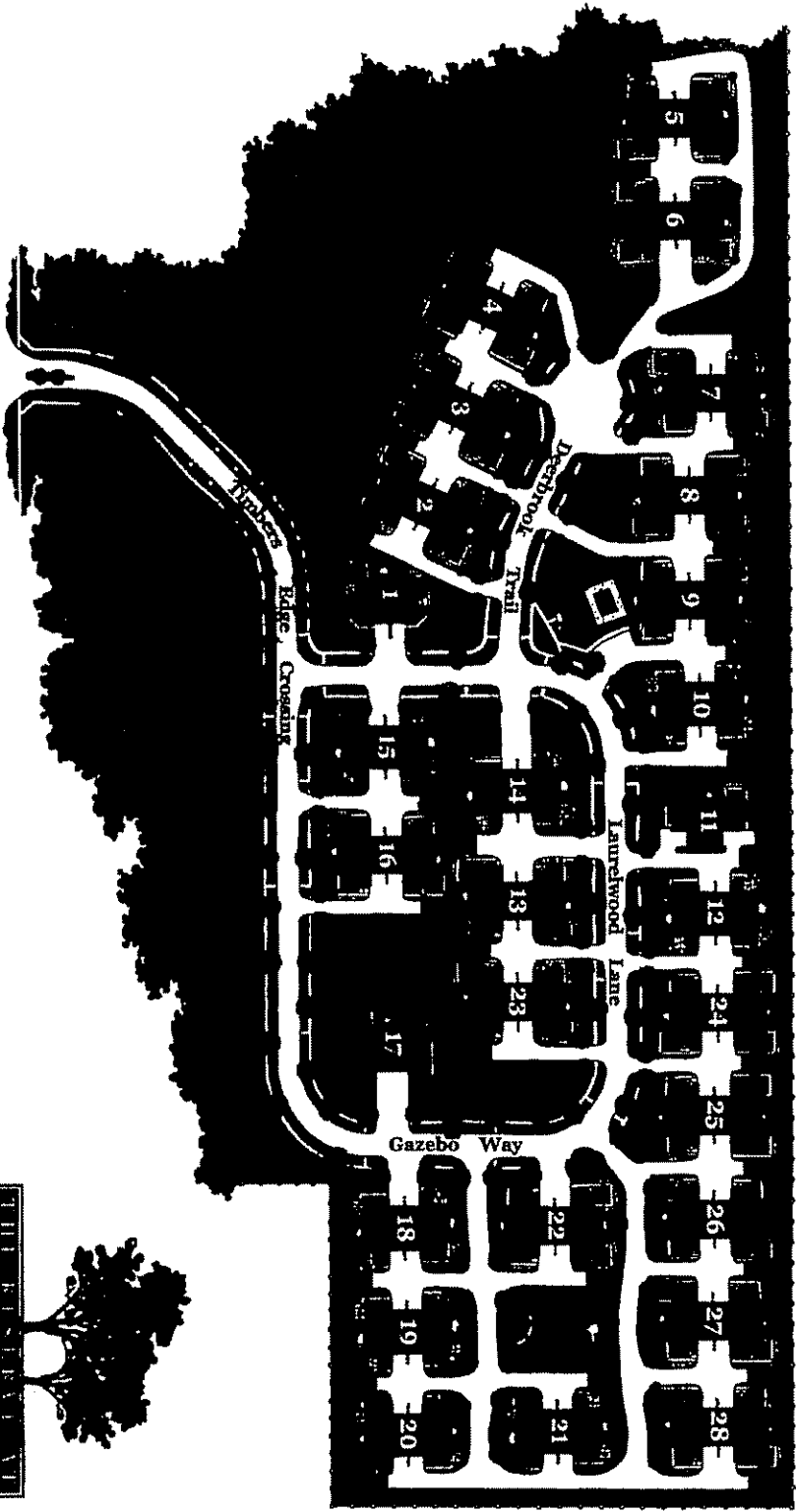


EXHIBIT "D"

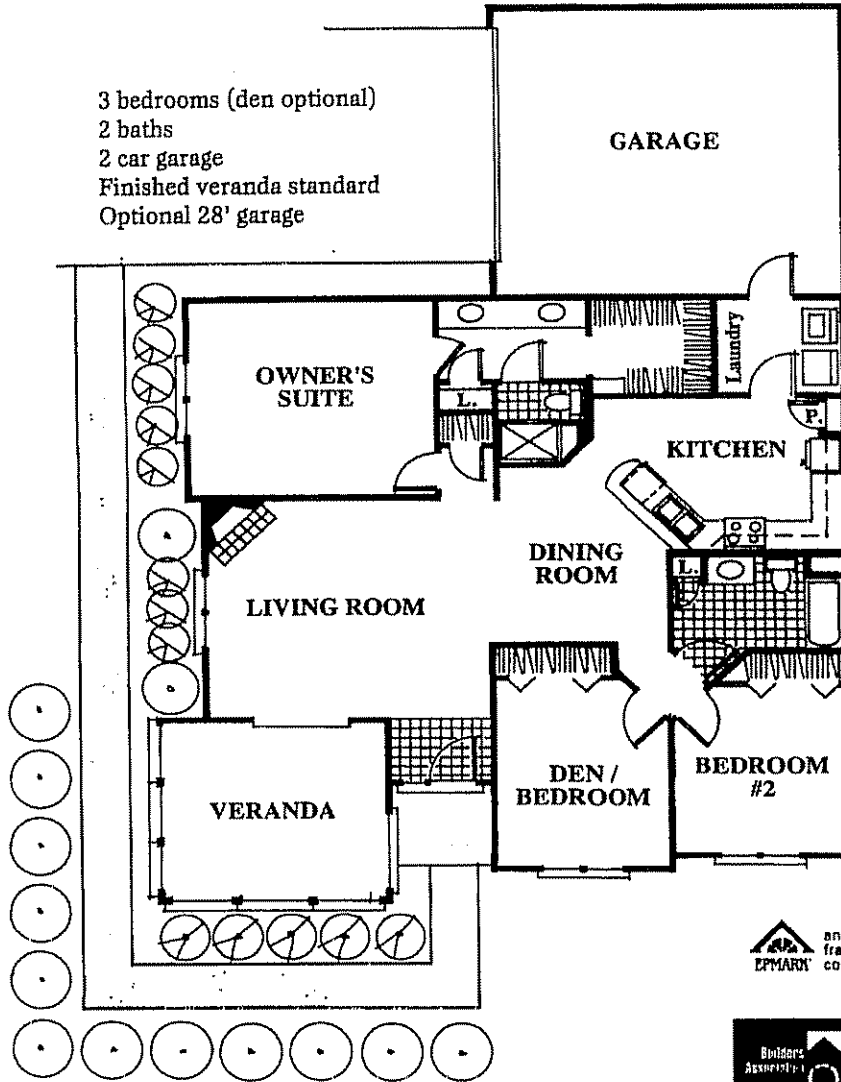
Floor Plans



THE CATHEDRAL COLLECTION:

CANTERBURY

3 bedrooms (den optional)
2 baths
2 car garage
Finished veranda standard
Optional 28' garage



 another Epmark
franchisee
community





Compare. . .

There's nothing *standard* about our standards. Every Cathedral Collection Model offers the following standard quality features.

Exterior

The new Cathedral Collection designs combine only four residences into each building. The architecture actually looks like a large "single family" home from all four sides! Materials have been carefully selected to create a high quality appearance yet minimize future maintenance.

- Richly coordinated exterior colors with stone and durable Hardiplank™ lap siding
- Custom address plaque
- High roof pitch common with expensive single family
- Double glass, insulated windows, screens and special "round top" design
- Steel, insulated, raised panel garage door
- Insulated steel entry doors with security peephole
- Ornamental light fixtures at entry and garage
- Glass sun room with cathedral ceilings
- Beautifully landscaped and sodded lawn areas

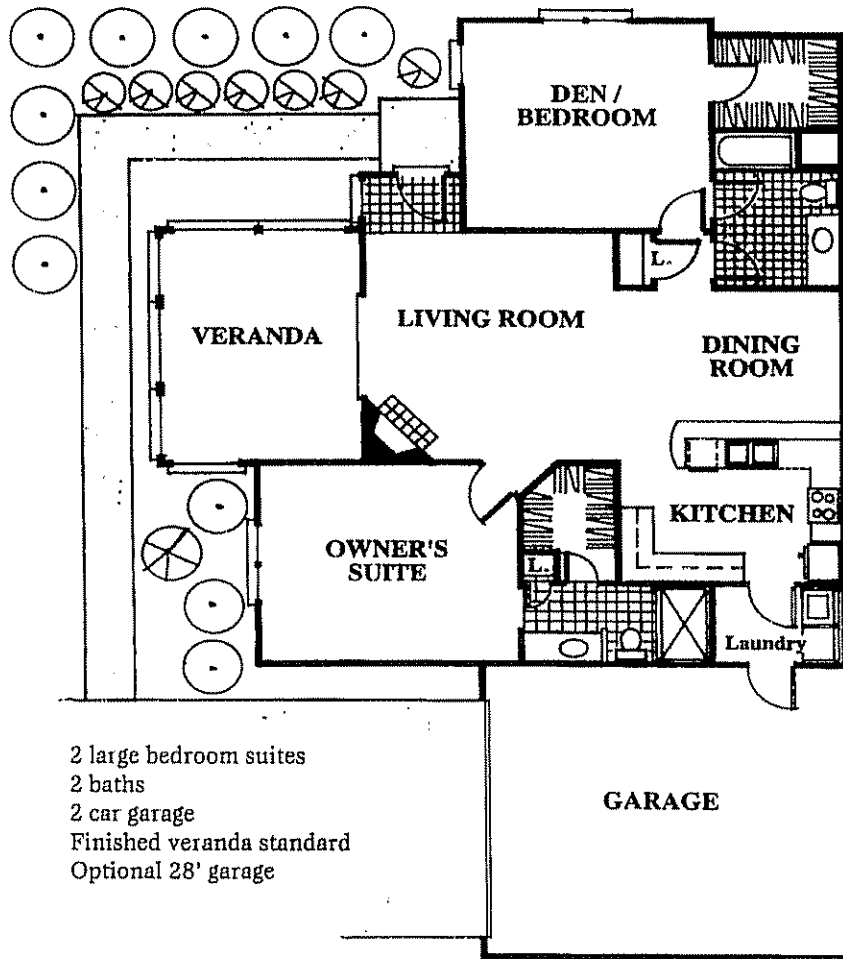
Interior

Every home combines the convenience of single story, ranch-style living with a collection of quality features. The unique design offers exclusive privacy for each resident.

- Entry foyer with ceramic foyer
- Large great room features cathedral ceiling with ceiling fan rough-in, round top window, and gas log fireplace with wood mantle and convenient "on-off" switch
- Dining area with decorative trim and cathedral ceilings
- Kitchen features
 - Beautifully crafted oak frame cabinetry
 - Breakfast bar
 - Cathedral ceiling, including dinette area
 - Direct entry into kitchen from laundry
 - Frostfree refrigerator/freezer with icemaker
 - Gas or electric self-cleaning range
 - Multi-cycle dishwasher
 - Garbage disposal
 - Range hood
 - Large, convenient pantry
 - Designer formica counter tops
 - Double stainless steel sink
- Large master bedroom with private bath and spacious walk-in closet and cathedral ceilings
- Master bath with "custom home" features
 - Private entry from master bedroom
 - Large vanity with full mirror
 - Accent lighting
 - Linen storage
- Second master bedroom suite with bath and walk-in closet (Abbey model only)
- Second bath includes
 - Cathedral ceiling
 - Vanity with full mirror
 - Tub/shower combination
 - Accent lighting
 - Linen closet
- Special laundry room with hook-ups for full size washer/dryer with additional storage
- An interior designer has carefully coordinated all decorating package which features:
 - Ceramic entry flooring
 - Quality wall-to-wall carpeting
 - Durable vinyl flooring
 - Paints, counter tops, and all interior finish details
- Attached 2-car garage, oversized for extra storage and convenience
- Automatic garage door opener
- Pull down stairs to lighted attic storage area
- Efficient gas heating and electric central air conditioning
- Quick recovery natural gas hot water heater
- Economizer insulation package with R-30 ceiling and R-13 sidewalls in living areas
- Pre-wired for ceiling fans and microwave
- Pre-wired for cable television
- Standard CAT-5 communication wiring
- Pre-plumbed for water softener

THE CATHEDRAL COLLECTION:

ABBHEY



2 large bedroom suites
2 baths
2 car garage
Finished veranda standard
Optional 28' garage





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- Glass sun room with cathedral ceilings
- Beautifully landscaped and sodded lawn areas

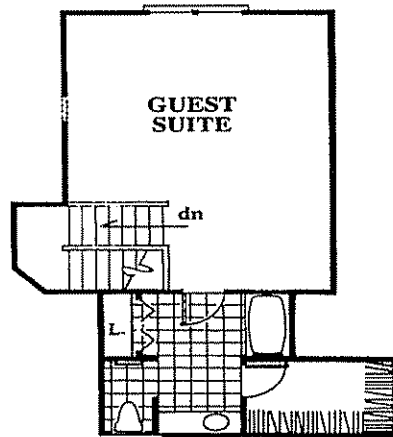
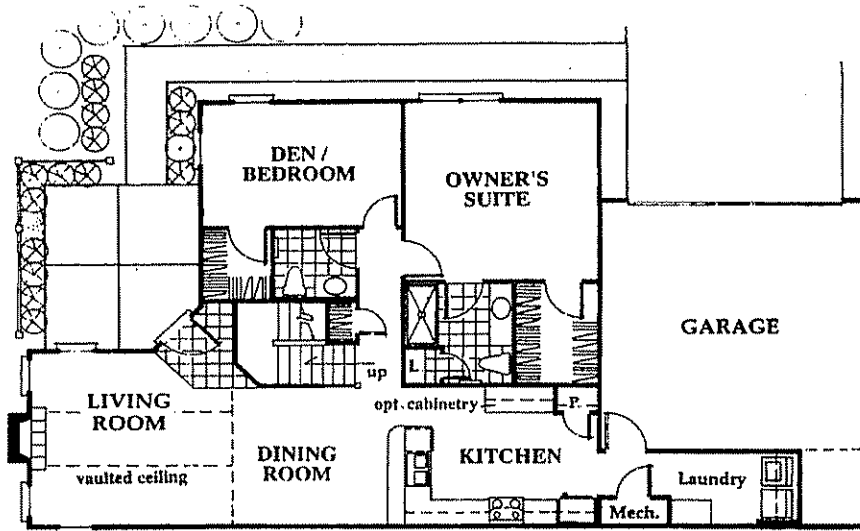
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 - Master bath with "custom home" features
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 - Large vanity with full mirror
 - Accent lighting
 - Linen storage
 - Second master bedroom suite with bath and walk-in closet (Abbey model only)
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 - Durable vinyl flooring
 - Paints, counter tops, and all interior finish details
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 - Automatic garage door opener
 - Pull down stairs to lighted attic storage area
 - Efficient gas heating and electric central air conditioning
 - Quick recovery natural gas hot water heater
 - Economizer insulation package with R-30 ceiling and R-13 sidewalls in living areas
 - Pre-wired for ceiling fans and microwave
 - Pre-wired for cable television
 - Standard CAT-5 communication wiring
 - Pre-plumbed for water softener
-

THE CLASSIC COLLECTION:

CHATEAU



3 bedrooms
2 1/2 baths
2 car garage
Patio



another Epmark
franchised
community



Compare. . .

There's nothing *standard* about our standards. Every Classic Collection Model offers the following standard quality features.

Exterior

The all new Classic Collection designs combines only four residences into each building. The architecture actually looks like a large "single family" home from all four sides! Materials have been carefully selected to create a high quality appearance yet minimize future maintenance.

- Richly coordinated exterior colors with brick and durable Hardiplank™ lap siding
- Custom address plaque
- High roof pitch common with expensive single family
- Double glass, insulated windows, screens and special "round top" design
- Steel, insulated, raised panel garage door
- Insulated steel entry doors with security peephole
- Ornamental light fixtures at entry and garage
- Private garden patio with ornamental fencing
- Beautifully landscaped and sodded lawn areas

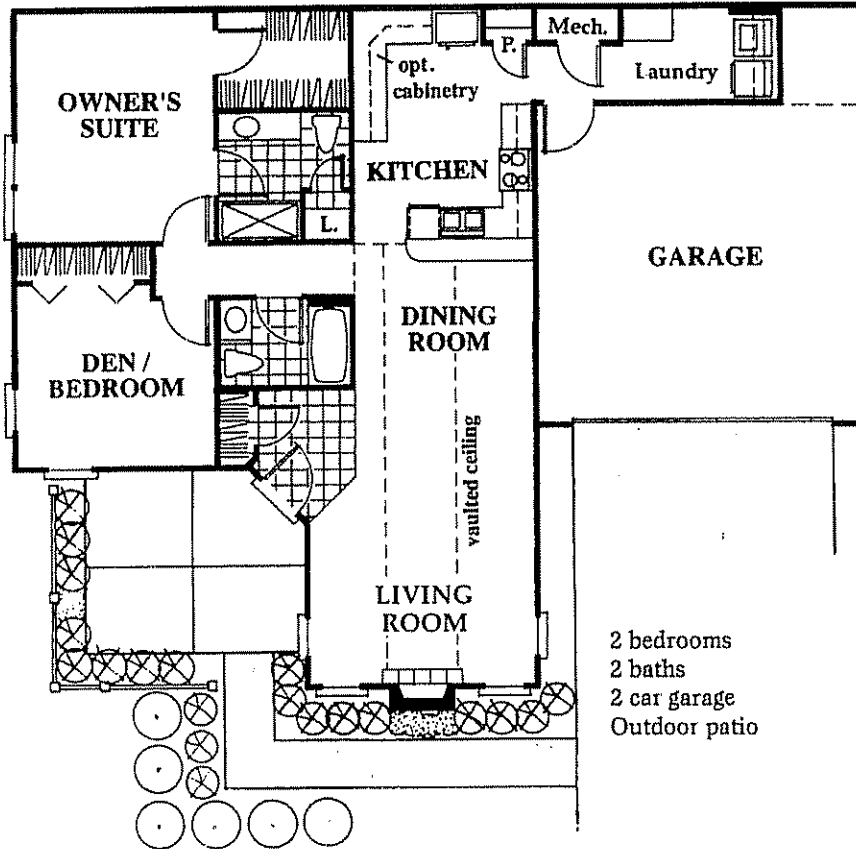
Interior

Every home combines the convenience of single story, ranch-style living with a collection of quality features. The unique design offers exclusive privacy for each resident.

- Entry foyer with ceramic foyer
 - Large great room features vaulted ceiling with ceiling fan rough-in, round top window, and gas log fireplace with wood mantle and convenient "on-off" switch
 - Formal dining area with decorative trim
 - Kitchen features
 - Beautifully crafted oak frame cabinetry
 - Breakfast bar
 - Direct entry into kitchen from laundry
 - Frostfree refrigerator/freezer with icemaker
 - Gas or electric self-cleaning range
 - Multi-cycle dishwasher
 - Garbage disposal
 - Range hood
 - Large, convenient pantry
 - Designer formica counter tops
 - Double stainless steel sink
 - Large master bedroom with private bath and spacious walk-in closet
 - Flexible den/bedroom with closet
 - Master bath with "custom home" features
 - Private entry from master bedroom
 - Large vanity with full mirror
 - Accent lighting
 - Linen storage
 - Large guest suite located upstairs with walk-in closet and full bath (Chateau model only)
 - Second bath includes (1/2 bath in Chateau)
 - Vanity with full mirror
 - Tub/shower combination
 - Linen closet
 - Special laundry room with hook-ups for full size washer/dryer with additional storage
 - An interior designer has carefully coordinated all decorating package which features:
 - Ceramic entry flooring
 - Quality wall-to-wall carpeting
 - Durable vinyl flooring
 - Paints, counter tops, and all interior finish details
 - Attached 2-car garage, oversized for extra storage and convenience
 - Automatic garage door opener
 - Pull down stairs to lighted attic storage area
 - Efficient gas heating and electric central air conditioning
 - Quick recovery natural gas hot water heater
 - Economizer insulation package with R-30 ceiling and R-13 sidewalls in living areas.
 - Pre-wired for ceiling fans and microwave
 - Pre-wired for cable television
 - Standard CAT-5 communication wiring
 - Pre-plumbed for water softener
-

THE CLASSIC COLLECTION:

VILLA



2 bedrooms
2 baths
2 car garage
Outdoor patio





Compare. . .

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 - Attached 2-car garage, oversized for extra storage and convenience
 - Automatic garage door opener
 - Pull down stairs to lighted attic storage area
 - Efficient gas heating and electric central air conditioning
 - Quick recovery natural gas hot water heater
 - Economizer insulation package with R-30 ceiling and R-13 sidewalls in living areas
 - Pre-wired for ceiling fans and microwave
 - Pre-wired for cable television
 - Standard CAT-5 communication wiring
 - Pre-plumbed for water softener
-

EXHIBIT "E"

Description of Buildings and Condominium Units



The Reserve At Timbers Edge

Unit #	Planned Floorplan	Street Address	Approx Size	Unit Description
1a	Canterbury	840 Ravenwood Drive	1670	3 Br / 2 Ba 2 Car Gar
1b	Abbey	844 Ravenwood Drive	1530	2 Br / 2 Ba 2 Car Gar
2a	Canterbury	1121 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
2b	Canterbury	1119 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
2c	Abbey	1115 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
2d	Canterbury	1117 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
3a	Canterbury	1129 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
3b	Abbey	1127 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
3c	Abbey	1123 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
3d	Canterbury	1125 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
4a	Canterbury	1137 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
4b	Abbey	1135 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
4c	Canterbury	1131 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
4d	Canterbury	1133 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
5a	Canterbury	1154 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
5b	Canterbury	1152 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
5c	Abbey	1148 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
5d	Canterbury	1150 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
6a	Canterbury	1146 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
6b	Abbey	1144 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
6c	Canterbury	1140 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
6d	Abbey	1142 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
7a	Chateau	1138 Deerbrook Trail	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
7b	Chateau	1136 Deerbrook Trail	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
7c	Chateau	1132 Deerbrook Trail	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
7d	Chateau	1134 Deerbrook Trail	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
8a	Canterbury	1130 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
8b	Abbey	1128 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
8c	Canterbury	1124 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
8d	Abbey	1126 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
9a	Canterbury	1122 Deerbrook Trail	1670	3 Br / 2 Ba 2 Car Gar
9b	Abbey	1120 Deerbrook Trail	1530	2 Br / 2 Ba 2 Car Gar
9c	Canterbury	888 Ravenwood Drive	1670	3 Br / 2 Ba 2 Car Gar
9d	Abbey	884 Ravenwood Drive	1530	2 Br / 2 Ba 2 Car Gar
10a	Chateau	885 Ravenwood Drive	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
10b	Villa	889 Ravenwood Drive	1230	2 Br / 2 Ba / 2 Car Gar
10c	Chateau	1084 Laurelwood Lane	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
10d	Villa	1088 Laurelwood Lane	1230	2 Br / 2 Ba / 2 Car Gar
11a	Canterbury	1080 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
11b	Abbey	1076 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
12a	Chateau	1072 Laurelwood Lane	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
12b	Villa	1068 Laurelwood Lane	1230	2 Br / 2 Ba / 2 Car Gar
12c	Chateau	1060 Laurelwood Lane	1810	2 Br w Den / 2 1/2 Ba / 2 Car Gar
12d	Villa	1064 Laurelwood Lane	1230	2 Br / 2 Ba / 2 Car Gar
13a	Canterbury	1065 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
13b	Abbey	1061 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
13c	Canterbury	1053 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar

NOTE: This is the anticipated marketing mix of units. Actual market conditions may dictate that the mix be modified



The Reserve At Timbers Edge

Unit #	Planned Floorplan	Street Address	Approx Size	Unit Description
13d	Abbey	1057 Laurelwood Lane	1530	2 Br / 2 Ba / 2 Car Gar
14a	Chateau	873 Ravenwood Drive	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
14b	Villa	877 Ravenwood Drive	1230	2 Br / 2 Ba / 2 Car Gar
14c	Chateau	1069 Laurelwood Lane	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
14d	Villa	1073 Laurelwood Lane	1230	2 Br / 2 Ba / 2 Car Gar
15a	Chateau	841 Ravenwood	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
15b	Villa	845 Ravenwood	1230	2 Br / 2 Ba / 2 Car Gar
15c	Chateau	1078 Timbers Edge Crossing	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
15d	Villa	1082 Timbers Edge Crossing	1230	2 Br / 2 Ba / 2 Car Gar
16a	Canterbury	1074 Timbers Edge Crossing	1670	3 Br / 2 Ba / 2 Car Gar
16b	Abbey	1070 Timbers Edge Crossing	1530	2 Br / 2 Ba / 2 Car Gar
16c	Canterbury	1062 Timbers Edge Crossing	1670	3 Br / 2 Ba / 2 Car Gar
16d	Canterbury	1068 Timbers Edge Crossing	1670	3 Br / 2 Ba / 2 Car Gar
17a	Canterbury	842 Gazebo Way	1670	3 Br / 2 Ba / 2 Car Gar
17b	Abbey	846 Gazebo Way	1530	2 Br / 2 Ba / 2 Car Gar
18a	Chateau	843 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
18b	Villa	847 Gazebo Way	1230	2 Br / 2 Ba / 2 Car Gar
18c	Chateau	839 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
18d	Villa	835 Gazebo Way	1230	2 Br / 2 Ba / 2 Car Gar
19a	Chateau	827 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
19b	Villa	831 Gazebo Way	1230	2 Br / 2 Ba / 2 Car Gar
19c	Chateau	823 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
19d	Villa	819 Gazebo Way	1230	2 Br / 2 Ba / 2 Car Gar
20a	Chateau	811 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
20b	Villa	815 Gazebo Way	1230	2 Br / 2 Ba / 2 Car Gar
20c	Chateau	807 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
20d	Villa	803 Gazebo Way	1230	2 Br / 2 Ba / 2 Car Gar
21a	Chateau	859 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
21b	Chateau	863 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
21c	Chateau	855 Gazebo Way	1810	2 Brw Den / 2 1/2 Ba / 2 Car Gar
21d	Villa	851 Gazebo Way	1230	2 Br / 2 Ba / 2 Car Gar
22a	Canterbury	875 Gazebo Way	1670	3 Br / 2 Ba / 2 Car Gar
22b	Abbey	879 Gazebo Way	1530	2 Br / 2 Ba / 2 Car Gar
22c	Canterbury	871 Gazebo Way	1670	3 Br / 2 Ba / 2 Car Gar
22d	Abbey	867 Gazebo Way	1530	2 Br / 2 Ba / 2 Car Gar
23a	Canterbury	1049 Laurelwood Lane	1670	3 Br / 2 Ba / 2 Car Gar
23b	Abbey	1045 Laurelwood Lane	1530	2 Br / 2 Ba / 2 Car Gar
23c	Canterbury	1037 Laurelwood Lane	1670	3 Br / 2 Ba / 2 Car Gar
23d	Abbey	1041 Laurelwood Lane	1530	2 Br / 2 Ba / 2 Car Gar
24a	Canterbury	1056 Laurelwood Lane	1670	3 Br / 2 Ba / 2 Car Gar
24b	Abbey	1052 Laurelwood Lane	1530	2 Br / 2 Ba / 2 Car Gar
24c	Canterbury	1044 Laurelwood Lane	1670	3 Br / 2 Ba / 2 Car Gar
24d	Abbey	1046 Laurelwood Lane	1530	2 Br / 2 Ba / 2 Car Gar
25a	Canterbury	1040 Laurelwood Lane	1670	3 Br / 2 Ba / 2 Car Gar
25b	Abbey	1036 Laurelwood Lane	1530	2 Br / 2 Ba / 2 Car Gar
25c	Canterbury	1028 Laurelwood Lane	1670	3 Br / 2 Ba / 2 Car Gar
25d	Abbey	1032 Laurelwood Lane	1530	2 Br / 2 Ba / 2 Car Gar

NOTE: This is the anticipated marketing mix of units. Actual market conditions may dictate that the mix be modified.



The Reserve At Timbers Edge

Unit #	Planned Floorplan	Street Address	Approx Size	Unit Description
26a	Canterbury	1024 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
26b	Abbey	1020 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
26c	Canterbury	1012 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
26d	Abbey	1016 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
27a	Canterbury	1008 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
27b	Abbey	1004 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
27c	Canterbury	996 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
27d	Abbey	1000 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
28a	Canterbury	992 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
28b	Abbey	988 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
28c	Canterbury	980 Laurelwood Lane	1670	3 Br / 2 Ba 2 Car Gar
28d	Abbey	984 Laurelwood Lane	1530	2 Br / 2 Ba 2 Car Gar
Clubhouse	Clubhouse	880 Ravenwood Drive		

NOTE: This is the anticipated marketing mix of units. Actual market conditions may dictate that the mix be modified.

EXHIBIT "F"

Code of By-Laws

CODE OF BY-LAWS

OF

THE RESERVE AT TIMBERS EDGE CONDOMINIUM PROPERTY REGIME

AND OF

THE RESERVE AT TIMBERS EDGE HOMEOWNERS ASSOCIATION, INC.

TABLE OF CONTENTS

ARTICLE I Identification and Applicability	1
Section 1.01 Identification and Adoption	1
Section 1.02. Individual Application	1
ARTICLE II Meetings of Association	2
Section 2.01. Purpose of Meetings	2
Section 2.02. Annual Meetings	2
Section 2.03. Special Meetings	2
Section 2.04. Notice and Place of Meetings	3
Section 2.05. Voting	3
ARTICLE III Board of Managers	7
Section 3.01. Management	7
Section 3.02. Initial Board of Managers	7
Section 3.03. Additional Qualifications	8
Section 3.04. Term of Office and Vacancy	9
Section 3.05. Removal of Managers	9
Section 3.06. Duties of the Board of Managers	9
Section 3.07. Powers of the Board of Managers	11
Section 3.08. Limitation on Board Action	12
Section 3.09. Board of Manager Compensation	12
Section 3.10. Board of Manager Meetings	12
Section 3.11. Waiver of Notice	13
Section 3.12. Quorum	13
Section 3.13. Non-Liability of Managers	13
Section 3.14. Additional Indemnity of Managers	14
Section 3.15. Bond	15
ARTICLE IV Officers	16
Section 4.01. Officers of the Association	16
Section 4.02. Election of Officers	16
Section 4.03. The President	16
Section 4.04. The Vice President	16
Section 4.05. The Secretary	17
Section 4.06. The Treasurer	17
Section 4.07. Assistant Officers	17
ARTICLE V Assessments	18
Section 5.01. Annual Accounting	18
Section 5.02. Proposed Annual Budget	18
Section 5.03. Regular Assessments	19
Section 5.04. Special Assessments	22
Section 5.05. Failure of Owner to Pay Assessments or Failure to Pay When Due	22
Section 5.06. Initial Budgets and Assessments	25
Section 5.07. Maintenance and Repairs	25

ARTICLE VI Restrictions, Entry and Rules and Regulations	27
Section 6.01. Restrictions on Use	27
Section 6.02. Right of Entry	32
Section 6.03. Right of Board to Adopt Rules and Regulations	33
ARTICLE VII Amendment to By-Laws	33
Section 7.01. Amendment to By-Laws	33
ARTICLE VIII Mortgages	33
Section 8.01. Notice to Association.....	33
Section 8.02. Notice of Unpaid Assessments	34
ARTICLE IX Miscellaneous.....	35
Section 9.01. Fiscal Year	35
Section 9.02. Seal	35
Section 9.03. Membership Certificates	35
Section 9.04. Personal Interests	35

CODE OF BY-LAWS

OF

THE RESERVE AT TIMBERS EDGE CONDOMINIUM PROPERTY REGIME

AND OF

THE RESERVE AT TIMBERS EDGE HOMEOWNERS 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 The Reserve at Timbers Edge Condominium Property Regime (hereinafter sometimes-referred to as "The Reserve at Timbers Edge"), 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 and reference is specifically made to paragraph 1 of the Declaration containing definitions of terms. 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 Co-owners, future Owners, tenants, future tenants, or their guests and invitees, or any other person that 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 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 annual meeting of the Co-owners shall be held on a date established by the Board of pursuant to notice provided in accordance with these By-Laws within six (6) months after the close of each fiscal year of the Association. At the annual meeting, the Co-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 Co-owners may be called by resolution of the Board of Managers or upon a written petition of Owners who have not less than ten percent (10%) of the Percentage Vote. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.04. Notice and Place of Meetings. Except with respect to meeting of the Initial Board, all meetings of the Co-owners shall be held at any suitable place in Johnson or 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 Owner entitled to vote at such meeting not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to each Owner at the address of his respective Condominium Unit and not otherwise. A copy of each such written notice shall also be delivered or mailed simultaneously by the Secretary of the Association to each Mortgagee (a) who requests in writing that such notices be delivered to it, and (b) who has furnished the Association with its name and address in accordance with Section 8.01 of these By-Laws. Attendance at any meeting in person, by agent or by proxy shall constitute a waiver of notice of such meeting.

Section 2.05. Voting

- (a) Number of Votes. Each Owner shall be entitled to cast one vote for each Condominium Unit on each matter coming before the meeting as to which the Owner 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, who shall be entitled to all of the Percentage Vote allocable to that Condominium Unit. At the time of acquisition of title to a Condominium Unit by multiple persons or by a partnership, those persons constituting such Owner or the partners of the partnership 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: (i) all of such persons or the partners in such partnership designate another voting representative in writing, (ii) such appointed representative relinquishes such appointment in writing, becomes incompetent, dies, (iii) such appointment is otherwise rescinded by order of a court of competent jurisdiction, or (iv) 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 2.05, 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, limited liability company or trust is an Owner, or is otherwise entitled to vote, the trustee may cast the vote on behalf of the trust and the agent or other representative of the corporation duly empowered by the board of directors of such corporation or the manager of the limited liability company may cast the vote to which the entity is entitled. The secretary of the corporation, the manager of the limited liability company, or a 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, limited liability company, 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, delivered to the Secretary of the Association prior to the commencement of the meeting.
- (e) Quorum. Except where otherwise expressly provided in the Declaration, these By-Laws, the Act or the Indiana Non-Profit Corporation Act of 1991 (hereinafter referred to as the "Statute"), the Owners representing twenty (20) percent of the Percentage Vote shall constitute a quorum at all meetings and shall qualify as a majority of Percentage Vote as hereafter defined. The term majority of Owners or majority of Percentage Vote, as used in these By-Laws, shall mean the Owners entitled to more than twenty percent (20%) of the Percentage Votes in accordance with the applicable percentage set forth in the Declaration, as such may be amended from time to time. Notwithstanding the language herein, wherever a super majority is required, such super majority vote shall still be applicable.
- (f) Conduct of Annual Meeting. The President of the Association shall act as the Chairman of all annual meetings of the Association if he is present. At all annual meetings, the Chairman shall call the meeting to order at the duly designated time and business will be conducted in the following order:
- (1) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of meetings held subsequent thereto, unless such reading is waived by a majority of the Percentage Vote.

- (2) 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.
- (3) Budget. The proposed budget for the current fiscal year shall be presented to the Owners for approval or amendment.
- (4) 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, he shall not be entitled to cumulate his votes. Those persons receiving the highest number of votes shall be elected. Each voting Owner shall sign his ballot. The foregoing provisions are subject to the provisions of Section 3.02 hereof.
- (5) 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 Vote.
- (6) Adjournment.
- (g) Conduct of Special Meeting. The President of the Association shall act as Chairman of any special meetings of the Association if he is present. The Chairman shall call the meeting to order at the duly designated time and the only business to be considered at such meeting shall be consideration of the matters for which such meeting was called, as set forth in the notice of such special meeting.

ARTICLE III

Board of Managers

Section 3.01. Management. The affairs of the Association and The Reserve at Timbers Edge shall be governed and managed by the Board of Managers (herein collectively referred to as the "Board" or "Managers", and each individual member of the Board is referred to hereinafter as a "Manager"). The Initial Board (as hereinafter defined) shall be composed of two (2) persons. After the Applicable Date, the Board of Managers shall be composed of five (5) persons. No person shall be eligible to serve as a Manager unless he 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 initial Board of Managers shall be Richard O. Westlake and Charles E. Crouse, Jr. (herein referred to as the "Initial Board"), each of whom have been or shall be appointed by Declarant. Notwithstanding anything to the contrary contained in, or any other provisions of, these By-Laws, or the Declaration or the Act (i) the Initial Board shall hold office until the earliest of:

- (1) The date seven (7) years from the date of recording of the Declaration;
- (2) One hundred twenty (120) days after the date on which seventy-five percent (75%) of the Condominium Units that may be developed on the Real Estate have been conveyed by Declarant to Owners;
- (3) The date all of the Real Estate has been subjected and submitted to the Act and the Declaration by Declarant and Declarant does not own any Condominium Units; or

(4) The date Declarant files for record in the office of the Recorder of Johnson County, Indiana, an instrument waiving and releasing its reserved right, as set forth in paragraph 22 of the Declaration, to expand or further expand The Reserve at Timbers Edge (the applicable date being herein referred to as the or "Applicable Date").

(ii) in the event of any vacancy or vacancies occurring in the Initial Board for any reason or cause whatsoever, prior to the Applicable Date, each such vacancy shall be filled by a person appointed by Declarant, who shall thereafter be deemed a member of the Initial Board; and
(iii) the foregoing requirements shall not affect the Declarant's right, as an Owner, to exercise the votes allocated to all Condominium Units which Declarant owns, regardless of whether the Applicable Date passed. 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 acts 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 irrevocable until the Applicable Date 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 incompetence of the Owner granting the same.

Section 3.03. Additional Qualifications. Where an Owner consists of more than one person or is a partnership, corporation, trust or other legal entity, then one of the persons constituting such Owner, a partner of the partnership, an officer of the corporation, or the trustee

of the trust shall be eligible to serve on the Board of Managers. In no event shall a single Condominium Unit be represented on the Board of Managers by more than one person at a time.

Section 3.04. Term of Office and Vacancy. The Initial Board shall be deemed to be elected and re-elected as the Board of Directors at each annual meeting until the Applicable Date. After the Applicable Date, each member of the Board of Directors shall be elected for a term of two (2) years, except that at the first election after the Applicable Date, two (2) Directors shall be elected for a one (1) year term, and three (3) for a two (2) year term, so that the terms of at least two (2) of the Directors shall expire annually. Each Director shall hold office throughout the term of his election and until his successor is elected and qualified. Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors. The Director filling such a vacancy shall serve until the next annual meeting or until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Director shall be elected for the balance of the term of the Director.

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 Percentage Vote 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 Co-owners nominated at the meeting. A Manager so elected shall serve until the next annual meeting of the Co-owners or 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 The Reserve at Timbers Edge Condominium Property Regime, the maintenance, upkeep and replacement of the Common Areas and Limited Areas (unless the same

are otherwise the responsibility or duty of an Owner of a Condominium Unit), and the collection and disbursement of the Common Expenses. After the Applicable Date, the Board shall, on behalf of the Association, employ a reputable and recognized professional property management agent (herein called the "Managing Agent") upon such terms as the Board shall find, in its discretion reasonable and customary. The Managing Agent shall assist the Board in carrying out its duties, which include, but 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 an Owner of a Condominium Unit; 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 must provide any on-site or roving guards, security service or security system for protection or surveillance, and the same need not be furnished;
- (b) procurement of utilities used in connection with The Reserve at Timbers Edge, 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, parking areas and sidewalks, to the extent the same are not included in a Condominium Unit and do not constitute Limited Areas;
- (e) assessment and collection from the Co-owners of each 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 Co-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, mortgagee, or insurer of a first mortgage 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) to whom the Board may delegate such duty and authority;

- (i) procuring and maintaining, for the benefit of the Owners, the Association and the Board, the insurance coverages required under the Declaration and such other insurance coverages as the Board, in its sole discretion, may deem necessary or advisable; and
- (j) making available to Co-owners, Mortgagees, insurers of first mortgages and prospective purchasers current copies of the Declaration, By-Laws, other rules governing the Property, and the most recent financial statements of the Association.

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, designate, discharge and remove a Managing Agent to assist the Board in performing its duties;
- (b) to purchase for the benefit of the Co-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 The Reserve at Timbers Edge;
- (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 costs of all of the above and foregoing as Common Expenses and to pay all of such costs therefrom;
- (f) to open and maintain a bank account or accounts in the name of the Association;

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

Section 3.08. Limitation on Board Action After the Applicable Date, the authority of the Board of Managers to enter into contracts shall be limited to contracts involving a total expenditure of less than \$2,500.00, unless the prior approval of a majority of the Percentage Vote is obtained. However, such approval of a majority of the Percentage Vote shall not be necessary in the following situations:

- (a) contracts for replacing or restoring portions of the Common Areas or Limited Areas damaged or destroyed by fire or other casualty where the 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 Co-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 Co-owners.

Section 3.09. Board of Manager Compensation. No Manager shall receive any compensation for his services as such, except to such extent as may be expressly authorized by a majority of the Percentage Vote. The Managing Agent shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 3.10. Board of Manager 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 for which the meeting is called. Such meeting shall be held at such place and at such time within Johnson County, Indiana, or any of the contiguous counties, as shall be designated in the notice.

Section 3.11. Waiver of Notice. Before any meeting of the Board, 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 at any meeting, 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 at 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. A Manager shall not be liable to the Co-owners or any other persons for any error or mistake of judgment exercised in carrying out his duties and responsibilities as Manager, except for his 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 The Reserve at Timbers Edge 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 The Reserve at Timbers Edge 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 the Managing Agent on behalf of The Reserve at Timbers Edge shall provide that the Board of Managers and the Managing Agent, as the case may be, are acting as agent for the Co-owners and shall have no personal liability thereunder, except in their capacity as Owners (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 is or was a Manager of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Manager is liable for bad faith, gross negligence or willful misconduct in the performance of his 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 Percentage Vote that such Manager was not guilty of bad faith, gross negligence or willful misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against a manager, no Manager shall be or deemed to be guilty of or liable for gross negligence or misconduct in the performance of his duties where, acting in good faith, such Manager relied on the books and records of the Association or statements or advice made by or prepared by the

Managing Agent of The Reserve at Timbers Edge 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 Manager be deemed guilty of or liable for bad faith, gross negligence or willful misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Managers.

Section 3.15. Bond. The Board of Managers shall provide surety bonds and shall require the Managing Agent, Treasurer and such other officers as the Board deems necessary to provide surety bonds, indemnifying the Association against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, and other acts of fraud or dishonesty, in such sums as may be approved by the Board of Managers, provided that in no event shall the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Condominium Units, plus replacement reserve funds. Such bonds shall be provided by such sureties as may be approved by the Board of Managers, and all such bonds shall specifically include protection for any insurance proceeds received for any reason by the Board. The expense of any such bonds shall be a Common Expense. The bonds shall contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of employees. All such bonds shall contain a provision that the bond may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

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

Section 4.02. Election of Officers. The officers of the 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. He shall preside at all meetings of the Association and of the Board, shall have and discharge all the general powers and duties usually vested in the office of 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 Co-owners as he 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 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, and 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. The Treasurer shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and shall perform such other duties incident to the office of Treasurer. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Association. He shall immediately deposit all funds of the Association coming into his hands in some 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.

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

ARTICLE V

Assessments

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 a financial statement prepared by a certified public accountant or firm of certified public accountants then serving the Association, which statement shall show all receipts and expenses received, incurred and paid during the preceding fiscal year.

Section 5.02. Proposed Annual Budget. Annually, on or before the 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 at the annual meeting of the Association for adoption 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 Co-owners, the budget may be approved in whole or in part, or may be amended in whole or in part, by a majority of the Percentage Vote; provided, however, that in no event shall the annual meeting of the Co-owners be adjourned until an annual budget is approved and adopted at such meeting. The annual budget, the Regular Assessments and all sums assessed by the Association shall be established using generally accepted accounting principles applied on a consistent basis. The annual budget and the Regular Assessments shall, in addition, be established to include the establishment and maintenance of a

replacement reserve fund for capital expenditures and replacement and repair of the Common Areas, which replacement reserve fund shall be used for those purposes and not for usual and ordinary repair expenses of the Common Areas. Such replacement reserve for capital expenditures and replacement and repair of the Common 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 Johnson County, Indiana, selected from time to time by the Board. The replacement reserve fund shall be invested in the same manner and in the same types of investments in which the funds of a political subdivision may be invested under I.C. 5-13-9 or as otherwise provided by law. The failure or delay of the Board of Managers to prepare a proposed annual budget and to furnish a copy thereof to the Co-owners shall not constitute a waiver or release in any manner of the obligations of the Co-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 Co-owners as herein provided for such current fiscal year, the Co-owners shall continue to pay Regular Assessments based upon the last approved budget or, at the option of the Board, based upon one hundred and ten percent (110%) of such last approved budget, as a temporary budget.

Section 5.03. Regular Assessments. The annual budget as adopted by the Co-owners shall, based on the estimated cash requirement for the 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 Co-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 quarterly installments, commencing on the first day of the first month of each fiscal year and quarterly thereafter through and including the first day of the last quarter of such fiscal year. Payment of the quarterly 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, an Owner may elect to pay quarterly assessments semi-annually or annually, in advance. At the election and option of the Board, the Regular Assessment may be required to be paid by the Co-owners in advance in equal monthly installments rather than quarterly installments. 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 Co-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, whether quarterly or monthly, 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 exceeds the Regular Assessment based upon the final annual budget adopted by the Owner, such excess shall be credited against the next payment or payments of the Regular Assessment coming due, whether quarterly or monthly, until the entire amount of such excess has been so credited; provided, however, that if an Owner had paid his 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 Regular Assessment are finally determined, approved 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. Quarterly or monthly (if so determined by the Board) installments of 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 required by 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 foregoing provisions, Special Assessments may be made by 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. Failure of Owner to Pay Assessments or Failure to Pay When Due.

- (a) No Owner may exempt himself from paying Regular Assessments and Special Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and, in the proper case, of the Limited Areas, of the Buildings, and toward any other expense lawfully agreed upon, by waiver of the use or enjoyment of

the Common Areas or by abandonment of his 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. 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 Assessment 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 payments of any Regular Assessments or Special Assessments, when due, a late fee may be imposed as set forth in Section 5.05(c) hereof. In addition, 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 of 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 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 sale or transfer of a Condominium Unit to a Mortgagee pursuant to a foreclosure on its mortgage or deed 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 became due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien shall not relieve the prior Owner from personal liability therefor. No such sale, transfer, deed or conveyance shall relieve the Condominium Unit or the purchaser at such foreclosure sale, or grantee in the event of a deed in lieu thereof, from liability for any installments of Regular Assessments or Special Assessments thereafter becoming due or from the lien therefor. Such unpaid share of any Regular Assessments or Special Assessments, the lien for which has been divested as aforesaid, shall be deemed to be a Common Expense, collectible from all Owners (including the party acquiring the subject Condominium Unit from which it arose), as provided in the Act.

- (c) In addition to the Regular Assessments and the Special Assessments, the Board of Managers may assess a late fee for failure to pay a Regular Assessment or Special Assessment within five (5) days following the date when such assessment is due. The amount of the late fee shall be determined by the Board of Managers; provided no such late fee shall be established without ten (10) days written notice to all members that establishment of the late fee will be on the agenda of a regularly scheduled or special meeting of the Board of Managers.

Section 5.06. Initial Budgets and Assessments. Notwithstanding anything to the contrary contained herein, in the Declaration, in the Act, 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 of or concurrence of the Co-owners. The agency, power of attorney and proxy granted to the Declarant by each Owner pursuant to Section 3.02 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 5.07. Maintenance and Repairs. Each 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 Limited Areas, and all equipment serving the same. Such maintenance, repairs and replacements which each Owner is responsible to make personally and at his own expense include, but are not necessarily limited to, water lines, gas lines, plumbing and electric lines which service the Owner's 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, ceilings and floors; appliances, to include garbage disposals, dishwashers, stoves, 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 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, the 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. Restrictions 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 The Reserve at Timbers Edge and are in addition to those restrictions set forth in the Declaration:

- (a) All Condominium Units shall be used exclusively for residential purposes. No Condominium Unit may be partitioned or subdivided. Notwithstanding the foregoing, home occupations permissible under applicable zoning regulations shall be permitted.
- (b) No additional buildings shall be erected or located on the Tract other than the Buildings designated in the Declaration or a supplement or amendment to the Declaration, and shown on the Plans or plans filed with such a supplement or amendment to 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 in 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 the requirements of any insurance underwriting or rating bureau.

- (d) No nuisance, as determined in the sole judgment of the Board, shall be permitted. No waste shall be committed in any Condominium Unit or in the 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. 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; provided, nothing contained herein shall prohibit Declarant or Declarant's successor from erecting and maintaining any sign or other advertising medium on the Property which is permitted by applicable zoning regulations so long as Declarant is the Owner of a Condominium Unit held for sale.
- (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 elsewhere on the Property. Notwithstanding the foregoing, 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 and does not create a nuisance. Pets shall be taken outdoors only under leash or other restraint and while attended by its Owner. 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 fenced Limited Area does not constitute "attended." Pets shall be walked only in an area not common to residents and pet leavings on the main grounds and walks shall be picked up 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 to the Common Areas. Any such security deposit shall be returned to the Owner when the pet is permanently removed from the Property, except to the extent said deposit has been used to repair damage caused by such pet. Any requirement for the depositing of such a security deposit shall not be deemed to release or in any way limit an Owners 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, would structurally change

any Building, or 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 The Reserve at Timbers Edge, or which might be a nuisance, annoyance, inconvenience or damage to other Owners and occupants of Condominium Units or neighboring property, including without limiting 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, except those home occupations permitted by applicable zoning regulations.
- (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 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, motor cycles, mini bikes, mopeds, or any other vehicles of any description other than normal passenger automobiles, shall be permitted, parked or stored anywhere within the Property; provided, however, that nothing herein shall prevent the parking or storage of such vehicles completely enclosed within a garage. 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) No Owner shall be allowed to place or cause to be placed in the lobbies, vestibules, stairways, hallways or areas of a similar nature and used for a similar purpose, both Common Areas and Limited Areas, any furniture,

packages or objects of any kind, without the consent of the Board of Managers.

- (o) All garbage, trash and refuse shall be stored in appropriate containers inside the Condominium Unit (including garage) 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.
- (p) Common Areas shall be used only for the purposes for which they are designed and intended, and shall be used subject to the rules and regulations from time to time adopted by the Board. For example, play areas for children shall be restricted to those areas of the Common Areas, if any, so designated 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 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 Condominium Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, or to make structural repairs, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of emergencies, such right of entry shall be immediate.

Section 6.03. 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. Such rules as are adopted may be amended by a vote of a majority of the Board. The Board shall cause copies of such rules and regulations and all amendments thereto to be delivered or mailed promptly to all Owners.

ARTICLE VII

Amendment to By-Laws

Section 7.01. Amendment to By-Laws. 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 paragraph 20 of the Declaration. Amendments to these By-Laws shall be considered as amendments of the Declaration and shall be recorded in the office of the Recorder of Johnson 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 Declarant.

ARTICLE VIII

Mortgages

Section 8.01. Notice to Association. Any Owner who places a first mortgage lien upon his Condominium Unit or the Mortgagee 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 in the time provided. Unless notification of any such mortgage and the name and address of Mortgagee are furnished to the Secretary, either by the Owner or the Mortgagee, no notice to any Mortgagee as may be otherwise required by the Declaration, these By-Laws or the Act shall be required and no Mortgagee shall be entitled to vote on any matter to which he otherwise may be entitled by virtue of the Declaration, these By-Laws, the Act, or proxy granted to such Mortgagee in connection with the mortgage.

The Association shall, upon request of a Mortgagee who has furnished the Association with its name and address as hereinabove provided, furnish such Mortgagee with written notice of any default in the performance by its borrower of any obligations of such borrower under the Declaration or these By-Laws which is not cured within sixty (60) days.

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, proposed 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. No Mortgagee or grantee of the Condominium Unit shall 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 (except as such assessments may be adjusted upon adoption of the final annual budget, as referred to in Section 5.03 hereof).

ARTICLE IX

Miscellaneous

Section 9.01. Fiscal Year. The fiscal year of the 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 may have and use (but is not required to have and use) a corporate seal, which seal (if one is adopted) shall be circular in form and mounted upon a metal die, suitable for impressing the same upon paper. About the upper periphery of the seal shall appear the words "THE RESERVE AT TIMBERS EDGE HOMEOWNERS ASSOCIATION, INC." and about the lower periphery thereof the word "Indiana." In the center of the seal shall appear the word "Seal." PROVIDED, HOWEVER, that the use of said seal or an impression thereof shall not be required upon, and shall not affect the validity of, any instrument whatsoever.

Section 9.03. Membership Certificates. Each Member of the Association may receive a certificate from the Association, signed by the president or vice-president and secretary or assistant secretary thereof, stating that he is a member of the Association. Such certificates shall be nontransferable and a member's certificate shall become void and of no force and effect upon sale by a Member of his Condominium Unit. Such membership certificates shall be in a form and style determined by the Board.

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