

200600013728
Filed for Record in
BOONE COUNTY, INDIANA
MARY ALICE "SAM" BALDWIN
12-27-2006 At 09:36 am.
COVENANTS 80.00

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE TOWNHOMES AT ANSON**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE TOWNHOMES AT ANSON (the "Declaration") is made as of December 27th, 2006 by DUKE CONSTRUCTION LIMITED PARTNERSHIP, an Indiana limited partnership (the "Declarant").

RECITALS:

Declarant is the owner of the fee simple title to the real estate located in Boone County, Indiana, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

WHEREAS, the Declarant desires to create on the Property a residential community (the "Community") which shall have Common Areas for the benefit of the residents of the Community.

WHEREAS, the Property is part of the Business District at Anson, and subject to the terms and conditions of the Master Declaration of Covenants and Restrictions of Anson recorded in the Office of the Recorder of Boone County, Indiana as Instrument Number 200600000262, as amended by the First Amendment thereto recorded in the Office of the Recorder of Boone County, Indiana as Instrument Number 200600007848, and as further amended from time to time (the "Master Declaration") and the Supplemental Declaration of Covenants and Restrictions for the Business District at Anson recorded in the Office of the Recorder of Boone County, Indiana as Instrument Number 200600007849, as amended from time to time (the "Supplemental Declaration").

WHEREAS, the Declarant desires to provide for the preservation of the values of the Community and such other areas as may be subjected to this Declaration, and to provide for the maintenance of the Common Areas to the extent provided herein, and, to this end, declare and publish its intent to subject the Property to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, which shall be in addition to those contained in the Master Declaration and Supplemental Declaration, it being intended that they shall run with title to the Property and shall be binding on all persons or entities having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of each owner thereof.

WHEREAS, the Declarant has deemed it desirable for the efficient preservation of the values of the Community to create an association to be known as The Townhomes at Anson Homeowners Association, Inc., an Indiana not-for-profit corporation, and its successors and assigns (the "Townhome Association") to which shall be delegated and assigned the powers of administering and enforcing the covenants and restrictions made in and pursuant to this Declaration and collecting and disbursing the assessments and charges hereafter created.

NOW, THEREFORE, the Declarant hereby declares that, in addition to the covenants, restrictions, easements, charges and liens imposed by the Master Declaration and the

Supplemental Declaration, the Property shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE I

DEFINITIONS

Words, phrases and terms that are defined in the Master Declaration and the Supplemental Declaration have the same meaning in this Declaration except as herein otherwise provided. The following words, phrases and terms, as used in this Declaration, unless the context clearly requires otherwise, mean the following:

Section 1.1. "Common Area" shall mean and refer to such of the Limited General Community Area as is located on the Property, including Private Drives and concrete sidewalks adjacent to the Private Drives.

Section 1.2. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for The Townhomes at Anson, which is to be recorded in the Office of the Recorder of Boone County, Indiana.

Section 1.3. "Designated Builder" shall mean and refer, during such period as such designation by the Declarant may continue, any person or entity engaged in the construction of more than one Attached Living Unit who is designated by Declarant as a Designated Builder. Designated Builders shall include, without limitation, R.H. of Indiana, LP, an Indiana limited partnership. Declarant may make and revoke any such designation at any time and from time to time.

Section 1.4. "Eligible Mortgagee" shall be a Mortgagee who has given notice to the Townhome Association of its interest and requested all rights afforded Eligible Mortgagees under Article XII.

Section 1.5 "Federal Agencies" shall mean (by way of illustration but not limitation) the Federal Housing Authority, 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.

Section 1.6. "Local Governing Authorities" shall mean the appropriate governmental authorities of Boone County, Indiana or any municipality therein in which the Property is located.

Section 1.7. "Lot" shall mean a Lot, as that term is defined in the Master Declaration, within the Property, provided, however, that, for purposes of Lots within the Property, where an Attached Living Unit (i) is separated from an adjacent Attached Living Unit by a Party Wall, or (ii) shares a Party Wall with an adjacent Attached Living Unit, the center line of such Party Wall and its vertical extensions shall constitute the common boundary line (lot line) between adjacent Lots, and the closure of the boundary lines of such adjacent Lots shall be accomplished by extending

perpendicular lines from the horizontal extremities of such Party Wall to the closest boundary line or lines for such Lots as shown on any Plat or any part thereof; provided, further, that where any exterior wall of an Attached Living Unit is not a Party Wall, but extends outside the boundary lines (lot lines) of any Lot (as shown on any such Plat or part thereof) upon which such Attached Living Unit is primarily located, the boundary lines of such Lot shall be deemed extended to include all of the ground area occupied by such Attached Living Unit. It is the intent hereof that, in any and all events in which a boundary line as shown on any Plat or part thereof does not coincide with the actual location of the respective wall of the Attached Living Unit because of inexactness of construction, settling after construction, or for any other reason, this Declaration and any Plat or any part thereof shall be interpreted and construed so that all ground area underlying and lying beneath an Attached Living Unit shall be and constitute part of the Lot upon which such Attached Living Unit is primarily located to the end that all of such ground area shall be subject to fee simple ownership by the Owner of such Attached Living Unit; to the extent necessary to accomplish and implement such intention, interpretation and construction, the boundary lines of the Lots shall be determined in accordance with the foregoing definitional provisions and boundary lines as so determined shall supercede the boundary lines for Lots shown on any Plat or part thereof.

Section 1.8. "Member" shall mean and refer to every person or entity who holds a membership in the Townhome Association, as more particularly set forth in Article II below.

Section 1.9. "Party Wall" shall mean and refer to each wall which is built as part of the original construction of the Attached Living Units upon the Property and placed on the dividing line between Lots.

Section 1.10. "Private Drive" shall mean and refer to a private way so identified on a Plat of any portion of the Property as a "Private Drive," and providing pedestrian and vehicular access to abutting Lots. "Private Drive" does not include a driveway located entirely on a single Lot.

Section 1.11. "Property" shall mean and refer to that certain real property located in Boone County, Indiana, which is more specifically described in Exhibit A, which is attached hereto and incorporated herein by reference as the same may be duly subdivided and platted, and any additions thereto which, from time to time, may be subjected to the covenants, conditions, restrictions, reservations, easements, charges and liens of this Declaration.

Section 1.12. "Structure" shall mean and include, but not be limited to, any building or portion thereof, including, without limitation, walls, decks, patios, stairs, windows, window boxes, doors, fences, play equipment, greenhouses, skylights, address markers, mail boxes, name plates, flag poles, lawn ornaments, trees, hedges, shrubbery, solar panels, satellite dishes, antennae, shutters, awnings, fences, pools, hot-tubs, pavement, walkways, driveways, garages and/or garage doors, or appurtenances to any of the aforementioned.

ARTICLE II

MEMBERSHIP

In addition to being a member of The Business District at Anson Owners Association, Inc., an Indiana nonprofit corporation, (the "Business District Association"), every Owner of a Lot which is subject to this Declaration shall be a Member of the Townhome Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Townhome Association. Ownership of such Lot shall be the sole qualification for membership. No Owner shall have more than one (1) membership in the Townhome Association for each Lot it owns.

ARTICLE III

VOTING RIGHTS

Section 3.1. Classes. The Townhome Association shall have two (2) classes of voting membership as follows:

Class A: Class A Members shall be all Members with the exception of the Class B Member. A Class A Member shall be entitled to one (1) vote for each Lot in which it holds the interest required for membership pursuant to Article II herein.

Class B: The Class B Member shall be the Declarant. A Class B Member shall be entitled to five (5) votes for each Lot in which it holds the interest required for membership pursuant to Article II herein. The Declarant's Class B membership interest shall be converted to and shall become a Class A membership interest with one (1) vote for each Lot in which it holds an interest upon the happening of any of the following events, whichever occurs first (the "Property Applicable Date"):

(a) within four (4) months after the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) ten (10) years from the date of recordation of this Declaration; or

(c) sixty (60) days after both (i) the Declarant abandons construction and (ii) any Designated Builder abandons construction. For purposes hereof, the "abandonment of construction" shall not be deemed to have occurred unless and until there is no evidence of continuing construction and no new dwelling construction has been initiated for a period of eighteen (18) months.

Section 3.2: Multiple Ownership Interests. If more than one (1) person or entity holds an ownership interest in any Lot, the vote for such Lot shall be exercised as the owners of the Lot among themselves determine and may be exercised by any one (1) of the people or entities holding such ownership interest, unless any objection or protest by any other holder of such ownership

interest is made prior to the completion of a vote, in which case the vote for such membership interest shall not be counted, but the Member whose vote is in dispute shall be counted as present at the meeting for quorum purposes if the protest is lodged at such meeting. In no event shall more than one (1) vote be cast with respect to any Lot.

Section 3.3: Board of Directors. The Board of Directors shall be appointed and/or elected as prescribed by the Townhome Association's Articles and Bylaws. The Board of Directors shall manage the affairs of the Townhome Association.

ARTICLE IV

PROPERTY RIGHTS

Section 4.1. Member's Easements of Enjoyment. Every Occupant of an Attached Living Unit on the Property shall have a right and easement of enjoyment in and to the Common Area to the extent provided herein and in the Master Declaration and Supplement Declaration, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to:

(a) the right of the Townhome Association, with the consent of the Board of Directors of the Business District Association from and after the Property Applicable Date, to limit the number of guests of an Occupant on the Common Area or to make any part of the Common Area available to occupants of adjacent real estate or members of the general public;

(b) the right of the Townhome Association to adopt, with the consent of the Board of Directors of the Business District Association from and after the Property Applicable Date, and enforce rules and regulations governing the use of the Common Area and the personal conduct of Occupants and guests thereon adopted by the Townhome Association, including, without limitation, the imposition of fines for the violation thereof;

(c) the right of the Townhome Association to suspend the voting rights, the right to run for office within the Townhome Association, and rights of a Member to the use of any nonessential services offered by the Townhome Association, to the extent that access and the provision of utilities to the Lot through Common Area are not precluded, for any period during which any assessment against such Member's Lot remains unpaid or for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and

(d) all rights of Declarant, the Corporation and the Business District Association reserved herein or in the Master Declaration or Supplemental Declaration.

The Townhome Association, acting through its board of directors (the "Board of Directors"), may exercise these rights without the need for any approval from any Member, Mortgagee or any Federal Agency, unless provided otherwise in this Declaration.

Section 4.2. Delegation of Use. Any Member may delegate its right of enjoyment to the Common Area and facilities to Occupants of the Member's Lot. However, by accepting a deed to such Lot, every Owner covenants that should the Owner desire to rent its Lot, the rental agreement shall contain specific conditions which require the tenant to abide by all Townhome Association covenants, rules and regulations, and any Owner desiring to rent a Lot further covenants that the tenant will be provided a complete set of all Townhome Association covenants, rules and regulations.

ARTICLE V

ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, except the Declarant and/or a Designated Builder, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other instrument of conveyance, is deemed to covenant and agree to pay to the Townhome Association, in addition to the Assessments under the Master Declaration and Supplemental Declaration: (i) Annual Assessments (as hereinafter defined), (ii) Townhome Special Assessments (as hereinafter defined), and any other amounts as may be provided for hereunder to be due to the Townhome Association from any Owner in connection with his, her or its ownership of a Lot in the Community. Such assessments are to be established and collected as hereinafter provided. The Townhome Association's Annual Assessments and Townhome Special Assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on each applicable Owner's Lot (excluding Lots owned by the Declarant and/or a Designated Builder) and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due and shall not be the personal obligation of a successor in interest unless expressly assumed by such successor. The Annual Assessments and Townhome Special Assessments, when assessed upon resolution of the Board of Directors for each year, shall become a lien on the Lot in the amount of the entire Annual Assessment or Townhome Special Assessment, but shall be payable in equal installments, collected on a monthly, bi-monthly, quarterly, semi-annual or annual basis, as determined by the Board of Directors. Such lien shall be subject and subordinate to any lien of the Corporation or Business District Association for Assessments due under the Master Declaration or Supplemental Declaration.

Section 5.2. Purpose of Assessment. The assessments levied by the Townhome Association shall be used for the following purposes:

- (a) the improvement, maintenance, and repair of all Common Areas to the extent not performed by the Business District Association;
- (b) the maintenance, repair, irrigation, and fertilizing of all landscaping located within the Common Area including, without limitation, trees, lawns, shrubbery, and other plantings to the extent not performed by the Business District Association;

- (c) to paint and maintain the hardi-plank siding and exterior wood trim of the Attached Living Units;
- (d) to fulfill the duties of the Townhome Association specified in Article XI below; and
- (e) to carry out such other purposes as the Board of Directors may, in its sole discretion, determine to be appropriate.

Section 5.3. Establishment of Annual Assessment.

(a) The Townhome Association must levy in each of its fiscal years an annual assessment (the "Annual Assessment"), against each Lot. The amount of such Annual Assessment shall be established by the Board of Directors, subject to the limitations imposed by Section 5.4, below, and written notice of such shall be sent to every Owner at least thirty (30) days in advance of the commencement of each Annual Assessment period. The Annual Assessment shall become applicable as to all Lots in the Property (as shown on a recorded subdivision plat) on the first day of the month following the first conveyance of a Lot to an Owner who is not the Declarant or a Designated Builder. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year.

(b) The amount of the Annual Assessment shall be determined by the Board of Directors according to its estimate of the cost of providing services or rights of use which are common to all of the Lots.

Section 5.4. Basis and Maximum Annual Assessment. Until January 1 of the year immediately following conveyance of the first Lot to an Owner other than the Declarant, the maximum Annual Assessment shall be One Thousand Five Hundred Dollars (\$1,500.00).

(a) From and after January 1 of the year immediately following the first conveyance of a Lot to an Owner other than the Declarant, the maximum Annual Assessment shall increase, effective January 1 of each year, without the need for a vote of the Members, by an amount equal to (i) the anticipated increase in costs of insurance, taxes payable by the Townhome Association with respect to Common Area, snow removal and mowing, plus (ii) an amount equal to the amount of the prior year's Annual Assessment times ten percent, (10%).

(b) The Board of Directors may determine not to increase the maximum Annual Assessment to the full extent of the automatic increase provided by subparagraph (a) of this Section, in which case the Board of Directors may determine to increase the Annual Assessment by any lesser amount.

(c) From and after January 1 of the year immediately following the first conveyance of a Lot to an Owner other than the Declarant, the maximum Annual Assessment may be increased above that established by subparagraph (a) annually, provided that, to be effective, any such change shall have the assent of more than fifty percent (50%) of the votes of each class of Members who are entitled to vote and who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present, written notice of which (setting forth the purpose of the meeting) shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 5.5. Townhome Special Assessments. In addition to the Annual Assessment authorized above, the Townhome Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements upon the Common Area, including the fixtures and personal property related thereto, to the extent not performed by the Business District Association or for any other specified purpose (the "Townhome Special Assessment"). Any such Townhome Special Assessment shall be levied against all of the Lots which benefit from the construction, reconstruction, repair or replacement of capital improvements giving rise to the Townhome Special Assessment, as reasonably determined by the Board of Directors, which determination shall be final. From and after the Property Applicable Date, to be effective, any such assessment shall have the assent of more than two-thirds (2/3) of the votes of each class of Members who are entitled to vote and who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present, written notice of which setting forth the purpose of the meeting having been sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 5.6. Quorum for any Action Authorized Under Sections 5.4 or 5.5. At the first calling of a meeting under Section 5.4 or Section 5.5 of this Article, the presence at the meeting of Members or proxies entitled to cast sixty percent (60%) of all the votes of each class of Members shall constitute a quorum. If the required quorum does not exist at any such meeting, another meeting may be called subject to the notice requirements set forth in Section 5.4 and Section 5.5 and to applicable law, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.7. Rate of Assessment. The Annual Assessment shall be fixed at a uniform rate and due and owing for all Lots, except for Lots owned by the Declarant or a Designated Builder, and the Townhome Special Assessments shall be fixed at a uniform rate and due and owing for all Lots subject to the Townhome Special Assessment, except for unoccupied Lots owned by the Declarant or a Designated Builder.

Section 5.8. Declarant and Designated Builder Exempt. Notwithstanding anything in this Declaration to the contrary, under no circumstances shall the Declarant or a Designated Builder be liable for or obligated to pay any Annual Assessments or Townhome Special Assessments.

Section 5.9. Notice of Assessment and Certificate. Written notice of the Annual Assessments and any Townhome Special Assessments shall be sent to every Member. The due dates for payment of the Annual Assessments and any Townhome Special Assessments shall be established by the Board of Directors. The Townhome Association shall, upon demand at any time, furnish a certificate in writing signed by an officer or authorized agent of the Townhome Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 5.10. Remedies of the Townhome Association in the Event of Default. If any assessment pursuant to this Declaration is not paid within thirty (30) days after its due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum. In addition, in its discretion, the Townhome Association may:

- (a) impose a penalty or late charge as previously established by rule;
- (b) bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. A suit to recover a money judgment for nonpayment of any assessment levied pursuant to this Declaration, or any installment thereof, may be maintained without perfecting, foreclosing or waiving the lien provided for herein to secure the same;
- (c) suspend a Member's voting rights, right to hold an office within the Townhome Association, and right to use nonessential services offered by the Townhome Association to the extent that access and the provision of utilities to the Lot through the Common Area are not precluded. An Owner, whose rights have been suspended in this manner, shall have no right to any refund or suspension of his, her or its obligations to pay such assessments for the duration of such suspension or otherwise; and
- (d) accelerate the due date of the unpaid assessment so that the entire balance shall become immediately due, payable and collectible.

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or facilities, abandonment of its Lot, or the failure of the Townhome Association or the Board of Directors to perform their duties.

Section 5.11. Subordination of the Lien to Mortgages. The lien for the assessments provided for herein shall be subordinate to the lien of any properly recorded *bona fide* first mortgage or deed of trust encumbering a Lot. Notwithstanding anything contained in this Section 5.11 or elsewhere in this Declaration, any sale or transfer of a Lot to a Mortgagee pursuant to a foreclosure of its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid assessments (or periodic installments, if applicable) which became due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien shall not relieve the

prior Owner from personal liability therefore. No such sale, transfer or conveyance shall relieve the Lot, or the purchaser thereof at such foreclosure sale, or the grantee in the event of conveyance in lieu thereof, from liability for any Annual Assessments or Townhome Special Assessments (or periodic installments of such assessments, if applicable) thereafter becoming due or from the lien for such assessments.

Section 5.12. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein: (a) all property dedicated to and accepted by a Permitted Title Holder; and (b) the Common Area; however, no developed or undeveloped Lot, land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 5.13. Reserves for Replacements. The Townhome Association shall establish and maintain a reserve fund for (a) the maintenance, repair and replacement of the Common Area, including Private Drives, and improvements located thereon and for (b) the painting of the hardi-plank siding and exterior wood trim of the Attached Living Units, by the allocation and payment to such reserve fund of an amount to be designated from time to time by the Board of Directors, which reserve fund shall be sufficient, in the sole opinion of the Board of Directors, to accommodate such future maintenance, repair and replacement and which shall be a component of the Annual Assessment. Such fund shall be conclusively deemed to be a common expense of the Townhome Association and may be deposited with any banking institution, the accounts of which are insured by any state or by any agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve for replacement of the Common Area and the painting of the hardi-plank siding and exterior wood trim of the Attached Living Units may be expended only for the purpose of effecting the replacement of the Common Area, major repairs to, replacement and maintenance of any improvements within the Common Area, including but not limited to sidewalks, landscape improvements, street or common area lighting, streets or roadways developed as a part of the Property, equipment replacement, painting of the hardi-plank siding and exterior wood trim of the Attached Living Units, and for start-up expenses and operating contingencies of a nonrecurring nature relating to the Common Area. The Townhome Association may establish such other reserves for such other purposes as the Board of Directors may from time to time consider to be necessary or appropriate. The proportional interest of any Member in any such reserves shall be considered an appurtenance of the Member's Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

ARTICLE VI

RESTRICTIVE COVENANTS

Section 6.1. Supplementary Restrictions. The restrictive covenants contained in this Article VI shall be in addition to, and not in lieu of, restrictions on use of Lots in the Property contained in the Master Declaration and Supplemental Declaration, and in the event of a conflict between this Article VI and the Master Declaration or Supplemental Declaration, the more restrictive provision shall apply. Without limiting the foregoing, no Structure shall be erected, altered, placed or permitted to remain on any Lot other than one Attached Living Unit and appurtenant Structures approved by the Design Review Board established pursuant to Paragraph 6 of the Supplemental Declaration.

Section 6.2. Design Review Board Approval. No Structure or addition to a Structure shall be erected, placed, painted, altered or externally modified or improved on any Lot until the plans and specifications, including design, elevation, material, shape, height, color and texture, and a site plan showing the location of all improvements with grading modifications, shall be filed with and approved in writing by the Design Review Board, and, if required, by appropriate Local Governing Authorities and, where required, appropriate construction permits obtained.

Section 6.3. Laundry. No clothing, laundry or wash shall be aired or dried on any portion of the Property within public view.

Section 6.4. Sight Lines. No fence, wall, tree, hedge or shrub shall be maintained in such a manner as to obstruct sight lines for vehicular traffic.

Section 6.5. Maintenance. Other than as specifically and expressly set forth in Section 11.1 below, an Owner shall, at all times, maintain its Attached Living Unit and all appurtenances thereto in good repair and in a state of neat appearance from all exterior vantage points. Prior to landscaping any Lot (other than flowers within approved flower beds), the Owner of such Lot must submit a written landscape plan to the Design Review Board for its review and approval or disapproval. The Owner shall not be permitted to remove any trees or shrubs on the Lot without the approval of the Design Review Board, except as may be ordered by Local Governing Authorities or by the Design Review Board to maintain proper sight lines. No approval for removal of any trees or shrubs will be granted by the Design Review Board unless appropriate provisions are made for replacing the removed trees or shrubs.

Section 6.6. Signs. The only signs permitted on the Property shall be customary home and address signs and real estate sale or lease signs which have received the prior written approval of the Design Review Board ("Permitted Signs"). No more than one (1) Permitted Sign shall be displayed to public view on any Lot and must be less than or equal to two (2) square feet in total surface area and may not be illuminated. All Permitted Signs advertising the property for sale or rent shall be removed within three (3) days from the date of the conveyance of the Lot or of the execution of the lease agreement, as applicable.

Section 6.7. Animals. No domesticated or wild animal shall be kept or maintained on any Lot, except for common household pets such as dogs and cats which may be kept or maintained, provided that they are not kept, bred or maintained for commercial purposes and do not create a nuisance or annoyance to surrounding Lots or the neighborhood and are kept in compliance with applicable laws and ordinances of the Local Governing Authorities. Pets will not be permitted outside of an Attached Living Unit unless on a leash and any Owner walking a pet within the Community or on any Common Area will immediately clean up any solid animal waste and properly dispose of the same. Law enforcement and animal control personnel shall have the right to enter the Property to enforce local animal control ordinances. Unless permitted by the Board of Directors of the Townhome Association, no Owner shall maintain more than two (2) of the same type (dog, cat, bird) of pet nor more than four (4) total pets; provided, however, that fish which are located in indoor aquariums and which pose no risk to the public health shall not be considered pets for the purpose of this restriction.

Section 6.8. Trash Storage. Trash shall be collected and stored in trash receptacles only and not solely in plastic bags. Trash and garbage receptacles shall not be permitted to remain in public view and shall remain inside of each Owner's garage except on days of trash collection, except those receptacles designed for trash accumulation located in the Common Area. No accumulation or storage of litter, new or used building materials, or trash of any kind shall be permitted on the exterior of any Attached Living Unit.

Section 6.9. Antennae Systems. To the extent not inconsistent with federal law, exterior television and other antennae, including satellite dishes, are prohibited, unless approved in writing by the Design Review Board. The Design Review Board shall adopt rules for the installation of such antennae and/or satellite systems, which rules shall require that antennae and satellite dishes be placed as inconspicuously as possible and only when fully screened from public view on the rear and above the eave line of any Attached Living Unit. Satellite dishes will not exceed 18 inches in diameter. It is the intent of this provision that the Design Review Board shall be able to strictly regulate exterior antennae and satellite dishes to the fullest extent of the law and should any regulations adopted herein or by the Design Review Board conflict with federal law, such rules as do not conflict with federal law shall remain in full force and effect.

Section 6.10. Painting. No person shall paint the exterior of any building, or portion thereof. All Attached Living Units in the Community will, at all times, be painted in a uniform color, without variation.

Section 6.11. Finished Exteriors. The exteriors of all Structures, including, without limitation, walls, doors, windows and roofs, shall be kept in good maintenance and repair. No Structure shall be permitted to stand with its exterior in an unfinished condition for longer than six (6) months after the commencement of construction. In the event of fire, windstorm or other damage, the exterior of a Structure shall not be permitted to remain in a damaged condition for longer than three (3) months, unless expressly excepted by the Board in writing. Absent approval from the Design Review Board to the contrary, all maintained, repaired, or replaced roofs and other structure exterior shall be the same color and texture as the original roof and other structure exterior.

Section 6.12. Fences. Except for any fencing installed by Declarant or a Designated Builder on any Lot or in any Common Areas, no fence or similar enclosure shall be erected or built on any Lot.

Section 6.13. Vehicles. No inoperable, junk, unregistered or unlicensed vehicle shall be kept on the Property. No portion of the Property shall be used for the repair of a vehicle.

Section 6.14. Commercial Vehicles. No commercial or industrial vehicle, such as but not limited to moving vans, trucks, tractors, trailers, vans, wreckers, tow trucks, hearses and buses, shall be regularly or habitually parked or parked overnight on the Property, except upon the prior written approval of the Design Review Board.

Section 6.15. Recreational Vehicles. No recreational vehicles or equipment, such as but not limited to boats, boating equipment, jet-skis, wave runners, all terrain vehicles ("ATVs"), recreation vehicles ("RVs"), travel trailers, camping vehicles or camping equipment shall be parked on the Property without the prior, written approval of the Design Review Board, as to location, size, screening and other relevant criteria. Neither the Business District Association or the Townhome Association shall not be required to provide a storage area for these vehicles.

Section 6.16. Towing. The Board of Directors shall have the right to tow any vehicle parked or kept in violation of the covenants contained within this Article, upon twenty-four (24) hours' notice and at the vehicle owner's sole expense.

Section 6.17. Garage Usage. Any conversion of any garage that will preclude the parking of vehicles within that garage is prohibited. Owners shall keep their garages at all times in a manner that will permit the usage of such garage for parking of passenger automobiles, vans and/or trucks.

Section 6.18. Rental Agreements. Any rental agreement for an Attached Living Unit must be for an initial period of at least six (6) months, must be in writing and must be subject to the rules and regulations set forth in this Declaration and in the other Townhome Association documents. Every such rental agreement must include a provision stating that any failure by the tenant, its household members or guests, to comply with the terms of this Declaration shall be a default under the rental agreement, and the Owner shall be responsible for enforcing that provision.

Section 6.19. Initial Construction and Marketing. The Declarant or its assigns, or any Designated Builder, may, during its construction and/or sales period, erect, maintain and operate real estate sales and construction offices, model homes, awnings, flag poles, trap fencing, displays, signs and special lighting on any part of the Property and on or in any building or Structure now or hereafter erected thereon and shall not be bound by the provisions of this Article to the extent application thereof would delay, hinder or increase the cost of construction and/or marketing of Attached Living Units for sale in the Community.

Section 6.20. Holiday and Seasonal Decorations. Any holiday or seasonal decorations or ornamentation that is placed on the exterior of an Attached Living Unit or Structure, or that is

otherwise visible from the exterior of such Attached Living Unit or Structure, shall be first approved by the Design Review Board.

Section 6.21. Window Boxes. No window boxes containing flowers or any other vegetation shall be erected or attached to any Attached Living Unit.

Section 6.22. Dusk to Dawn Coach Lights. Each Owner shall maintain any and all coach lights installed as a part of the initial construction of each Attached Living Unit in good order, condition and repair, including, without limitation, any necessary repairs or maintenance as may be required for the effective operation of all "dusk to dawn" photocell switches and replacement of light bulbs so that those coach lights remain continuously operational from dusk to dawn.

Section 6.23. General Prohibition. All swing sets, playground equipment, hot tubs, above and below-ground pools, basketball goals, trampolines, flag poles, outbuildings, storage buildings, exterior storage structures, attached or detached kennels, dog runs, electric bug killers, awnings (except those used by Declarant or a Designated Builder) and temporary storage structures are prohibited.

Section 6.24. Signs. Permitted Signs shall include only those professionally constructed signs which advertise a home on a Lot for sale by a licensed and registered real estate broker/company, and which are non-illuminated and less than or equal to 6 square feet in size ("Permitted Signs"). With the exception of Permitted Signs, all signs including, but not limited to those advertising a garage sale or a Lot "For Lease", must be approved by the Design Review Board before being placed upon any Lot or Common Area or displayed from an Attached Living Unit. No more than one Permitted Sign may be displayed on a Lot or from an Attached Living Unit at one time. In addition, no more than one Permitted Sign may be displayed in the Community by an entity owning multiple Lots. All Permitted Signs advertising a Lot for sale shall be removed within three (3) business days of the conveyance of the Lot. Signs advertising a Lot for "Rent to Own", or something similar, are prohibited and may not be placed on any Lot or displayed from an Attached Living Unit constructed thereon. The Declarant and Designated Builder(s) are expressly exempt from the requirements of this Section 6.24 and may post any signs on Common Areas and Lots owned by Declarant and/or Designated Builder(s), as they deem necessary.

Section 6.25. Nuisance. No noxious or offensive activity shall be carried on or permitted to be carried on upon the Property, nor shall anything be done or placed thereon which is or may become an annoyance or nuisance to the neighborhood. Nothing shall be done or kept or permitted to be done or kept by an Owner in any Attached Living Unit, or on any Lot, or on any of the Common Areas, which will cause an increase in the rate of insurance paid by the Townhome Association or any other Owner. No Owner shall permit anything to be done or kept in his Attached Living Unit or on his Lot which will result in a cancellation of insurance on any part of the Common Area or any other Owner, or which would be a violation of any law or ordinance or the requirements of any insurance underwriting or rating bureau. No Attached Living Unit or Lot shall be used in any unlawful manner or in any manner which might cause injury to the reputation of the Community or which might be a nuisance, annoyance, or inconvenience, or which might cause

damage, to other Owners and occupants of Attached Living Units or neighboring property, including, without limiting the generality of the foregoing, noise by the use of any musical instrument, radio, television, loud speakers, electrical equipment, amplifiers or other equipment or machinery. No exterior lighting on a Lot shall be directed outside the boundaries of the Lot. No outside toilets shall be permitted on any Lot (except during a period of construction and then only upon obtaining prior written consent of the Design Review Board), and no sanitary waste or other wastes shall be permitted to be exposed.

Section 6.26. Additional Rules and Regulations. The Townhome Association shall have the authority to adopt such rules and regulations regarding this Article as it may from time to time consider necessary or appropriate. From and after the Property Applicable Date, such rules and regulations must be approved by the Board of Directors of the Business District Association.

ARTICLE VII

[Intentionally Omitted]

ARTICLE VIII

EASEMENTS AND OTHER AREAS

Section 8.1. Emergency Easement Rights. The Declarant hereby grants a blanket easement to the Townhome Association, its directors, officers, agents and employees, to any manager employed by or on behalf of the Townhome Association, and to all police, fire, ambulance personnel and all similar persons, to enter upon the Property in the exercise of the functions provided for by this Declaration, Articles of Incorporation, By-Laws and rules of the Townhome Association, and in the event of emergencies and in the performance of governmental functions.

Section 8.2. General Easements. The Declarant hereby reserves unto itself and its assigns, any governmental or municipal agency, and any public or private utility, a general easement upon all Lots for the installation, maintenance, repair, and use of any drainage, utility, and sewer lines or infrastructure so as to permit the installation, maintenance, repair, and use of all electrical, telephone, water, gas, sanitary and storm sewer and other utility services, including all necessary lines, pipes, wires, cables, ducts, antenna, and other facilities to serve any Attached Living Unit constructed on the Property. This general easement shall be on all areas of a Lot not occupied by an Attached Living Unit, with the exception of areas covered by chimneys or patios. This general easement shall not be exercised, after the conveyance of any Lot, in a manner that (i) unreasonably or adversely affects any Attached Living Unit or portion hereof located upon such Lot, or (ii) unreasonably restricts the right of ingress and egress to such Lot.

Section 8.3. Limitation on General Easement Rights. When not an emergency situation or a governmental function, the rights accompanying the easements provided for in Section 8.1 of this Article shall be exercised only during reasonable daylight hours and then, whenever practicable, only after advance notice to, any Owner or tenant directly affected.

Section 8.4. Encroachments. If any improvement on the Property now or hereafter encroaches on any other portion of the Property by reason of (a) the original construction thereof by the Declarant or its assigns or a Designated Builder, which shall include, but not be limited to, any party wall or driveway which encroaches over a Lot's boundary line and any drainage of stormwater from roofs and gutters, (b) deviations within normal construction tolerances in the maintenance, repair, replacement or reconstruction of any improvement, or (c) the settling or shifting of any land or improvement, an easement is hereby granted to the extent of any such encroachment for the period of time the encroachment exists. The owner of the encroaching improvement shall also have an easement for the limited purpose of maintenance of the encroaching improvement. This easement does not relieve any Owner or any other person from liability for such Owner's or other person's negligence or willful misconduct.

Section 8.5. Ingress Egress Easement. The Declarant and its agents and employees, and any Designated Builder and its agents and employees, shall have a right of ingress and egress, as required for construction on and development of the Property and otherwise over (i) Common Areas and (ii) portions of any Lots not occupied by an Attached Living Unit; provided, however, that any person or entity exercising such easement rights upon a Lot shall promptly repair any resulting damage so that the Lot is restored to the condition in which it existed immediately prior to the exercise of such easement rights.

Section 8.6. Bonds and/or Dedication Requirements. There is reserved to the Declarant an easement and the right to grant and reserve easements or to vacate or terminate easements across all Lots and Common Area as may be required by any governmental agency or authority or utility in connection with the release of improvement bonds or the acceptance of public streets for state maintenance with respect to the Property.

Section 8.7. Easements for Corrective Work. There is reserved to the Declarant a non-exclusive easement over all Lots and the Common Area for the purposes of (i) correcting, repairing or maintaining any drainage, drainage infrastructure, utility infrastructure, grading or regrading, maintenance, landscaping, (ii) mowing, (iii) erecting street intersection signs, directional signs, temporary promotional signs, entrance features, lights and wall features, and (iv) executing any of the powers, rights, or duties granted to or imposed on the Townhome Association herein. This easement shall automatically expire as to any Lot seven (7) years from the date of submission of such Lot to this Declaration.

Section 8.8. Private Drives. The surface of that portion of the Common Area occupied by Private Drives is reserved not only for the use of the Occupants, and their guests and invitees, of Attached Living Units, but also for the use by the general public, for vehicular ingress and egress in the manner for which streets are customarily used.

Section 8.10. Additional Rights. The rights reserved to Declarant herein are in addition to and not in lieu of those rights reserved to Declarant in the Master Declaration and Supplemental Declaration.

ARTICLE IX

PARKING

Parking of any type of vehicle in any Common Area is prohibited in areas other than areas specifically identified as parking areas, adjacent to Private Drives. Parallel parking within Private Drives is prohibited. The Board of Directors may promulgate such rules and regulations as it deems appropriate to regulate the use of any Common Areas to permit temporary parking for purposes of loading and unloading passengers and materials. Those rules and regulations may include the towing of any vehicles parked in violation of this Declaration, with no notice of towing required and at the vehicle owner's sole expense. Temporary parking of vehicles on adjacent public rights-of-way will be subject to applicable limitations and fees imposed by the Local Governing Authorities.

ARTICLE X

PARTY WALLS

Section 10.1. General Rules. The provisions of Paragraph 12 of the Supplemental Declaration shall apply to any Party Walls.

Section 10.2. Dispute. Without limiting the provisions of Section 10.1 above, in the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of one of such Owners addressed to the Townhome Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute.

ARTICLE XI

POWERS AND DUTIES OF THE TOWNHOME ASSOCIATION

Section 11.1. Discretionary Powers and Duties. The Townhome Association shall have the following powers and duties which may be exercised in its discretion:

(a) to enforce any covenants or restrictions which are imposed by the terms of this Declaration. Nothing contained herein shall be deemed to prevent the Owner of any Lot from enforcing any building restriction in its own name. The right of enforcement shall not serve to prevent such changes, releases or modifications of the restriction or reservations placed upon any part of the Property by any party having the right to make such changes, releases or modifications in the deeds, contracts, declarations or plats in which such restrictions and reservations are set forth; and the right of enforcement shall not have the effect of preventing the assignment of those rights by the proper parties wherever and whenever such right of assignment exists. Neither the Townhome Association nor the Board of Directors shall have a duty to enforce the covenants by an action at law or in equity if, in its or their opinion, such an enforcement is not in the Townhome Association's best interest. The expenses and costs of any enforcement proceedings shall be paid out of the general fund of the Townhome Association as herein provided for; provided, however, that the foregoing

authorization to use the general fund for such enforcement proceedings shall not preclude the Townhome Association from collecting such costs from the offending Owner;

(b) to provide such light as the Townhome Association may deem advisable on streets and the Common Area and to, to the extent not maintained by the Business District Association, to maintain any and all improvements, Structures or facilities which may exist or be erected from time to time on the Common Area;

(c) to use the Common Area and any improvements, Structures or facilities erected thereon, subject to the general rules and regulations established and prescribed by the Townhome Association and subject to the establishment of charges for their use;

(d) to mow and re-sow or re-seed or re-sod lawn areas and fertilize lawn areas within the Common Areas;

(e) to the extent not done by the Business District Association, to care for, spray, trim, protect, plant, replant and prune trees, shrubs and other landscaping, maintenance and upkeep of the Common Area and to pick up and remove from the Common Area all loose material, rubbish, filth and accumulation of debris; and to do any other thing necessary or desirable in the judgment of the Townhome Association to keep the Common Area in neat appearance and in good order, including, but not limited to, cleaning the Private Drives and maintaining the street lights located in the Common Areas;

(f) to exercise all rights, responsibilities and control over any easements which the Townhome Association may from time to time acquire, including but not limited to those easements specifically reserved to the Townhome Association in Article VIII herein;

(g) to employ counsel and institute and prosecute such suits as the Townhome Association may deem necessary or advisable, and to defend suits brought against the Townhome Association;

(h) to retain as an independent contractor or employee a manager of the Townhome Association and such other employees or independent contractors as the Board deems necessary, and to prescribe the duties of employees and scope of services of independent contractors;

(i) to enter on any Lot to perform emergency repairs or to do other work reasonably necessary for the proper maintenance or protection of the Property, including without limitation (i) maintenance and repairs of all storm water drainage infrastructure, including without limitation retaining walls, and (ii) all utility repairs, and erosion control repairs.

(j) to enter (or have the Townhome Association's agents or employees enter) on any Lot to repair, maintain or restore the Lot, all improvements thereon, and the exterior of the Attached Living Unit and any other improvements located thereon if such is not

performed by the Owner of the Lot, and to assess the Owner of the Lot the costs thereof, such assessment to be a lien upon the Lot equal in priority to the lien provided for in Article V herein; provided, however, that the Board of Directors shall only exercise this right after giving the Owner written notice of its intent at least fourteen (14) days prior to such entry;

(k) to adopt, publish and enforce rules and regulations governing the use of the Common Area and facilities and with respect to such other areas of responsibility assigned to it by this Declaration, except where expressly reserved herein to the Members. Such rules and regulations may grant to the Board of Directors the power to suspend a Member's voting rights and the Member's right to use non-essential services for non-payment of assessments and to assess charges against Members for violations of the provisions of the Declaration or rules and regulations; and

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

Section 11.2. Mandatory Powers and Duties. The Townhome Association shall exercise the following powers, rights and duties:

(a) to accept title to any portion of the Common Area which Declarant, the Corporation or the Association desire to convey to the Townhome Association, and to hold and administer such Common Area for the benefit and enjoyment of the Owners and occupiers of Lots, and to cause such Common Area and facilities therein to be maintained in accordance with the standards adopted by the Board of Directors;

(b) to transfer part of the Common Area owned by the Townhome Association to or at the direction of the Declarant, for the purpose of adjusting boundary lines or otherwise in connection with the orderly subdivision or development of the Property, but only to the extent such re-subdivision or adjustment does not contravene the requirements of zoning and other ordinances applicable to the Property;

(c) after the termination of the Class B membership, to obtain and maintain without interruption liability coverage for any claim against a director or officer for the exercise of its duties and fidelity coverage against dishonest acts on the part of directors, officers, trustees, managers, employees or agents responsible for handling funds collected and held for the benefit of the Townhome Association. The fidelity bond shall cover the maximum funds that will be in the custody of the Townhome Association or its management agent at any time while the bond is in place. The fidelity bond coverage shall be in an amount as may be determined to be reasonably prudent by the Board of Directors;

(d) to obtain and maintain without interruption a comprehensive coverage of public liability and hazard insurance covering any Common Area owned by the Townhome Association, including Private Drives existing on the Property or shown on any Plat, and other easements of which the Townhome Association is a beneficiary, if available at

reasonable cost. Such insurance policy shall contain a severability of interest clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Townhome Association or other Owners. The scope of coverage shall include all coverage in kinds and amounts commonly obtained with regard to projects similar in construction, location and use as determined by the Board of Directors. Further, the public liability insurance must provide coverage of at least \$1,000,000.00 for bodily injury and property damage for any single occurrence;

(e) to the extent not performed by the Business District Association, provide for the maintenance and repair of any and all (i) Common Areas and improvements which may exist or be erected from time to time on the Common Area, including but not limited to street lights (including the payment of utility costs therefor), recreational facilities, entrance features, entrance ways, entrance areas, stormwater management facilities, including sand filters, retaining walls and sound walls, (ii) easement areas of which the Townhome Association is the beneficiary and for which it has the maintenance responsibility, (iii) any private streets or access easements (AE) existing on the Property or shown on any Plat; (iv) facilities, including but not limited to fences and signs authorized by the Townhome Association and erected on any easements granted to the Townhome Association, and (v) street lights that may be constructed within the rights-of-way of any public streets within or adjacent to the Property, including those, if any, required to be maintained by Local Governing Authorities (including the payment of utility costs therefor);

(f) to arrange for plowing and/or removal of snow from (i) Private Drives, (ii) community walkways located within Common Areas, and (iii) driveways located upon Lots. It shall be each Owner's responsibility, however, to remove snow from the walkway extending from the community walkways to the front door of the Owner's Attached Living Unit.

(g) to mow, trim, and fertilize grass located on each Lot; provided, however, that the Townhome Association shall not be required to maintain, replace, irrigate, or fertilize any flowers, plants, trees, shrubs, or any landscaping other than grass;

(h) to maintain, replace, irrigate, and fertilize the flowers, plants, trees and shrubs in the Common Area;

(i) to paint all hardi-plank siding and wood exterior trim, but shall not be responsible for any other maintenance of the exterior of an Attached Living Unit;

(j) to pay all proper bills, taxes, charges and fees payable by the Townhome Association on a timely basis; and

(k) to maintain its corporate status.

Section 11.3. Board Authority to Act. Unless otherwise specifically provided in the Townhome Association's documents, all rights, powers, easements, obligations and duties of the

Townhome Association may be performed by the Board of Directors. Notwithstanding anything to the contrary contained herein, any rules or regulations which are promulgated by the Board may be repealed or amended by a majority vote of the Members cast, in person or by proxy, at a meeting convened for such purpose in accordance with the By-Laws.

Section 11.4. Compensation. No director or officer of the Townhome Association shall receive compensation for services as such director or officer except to the extent expressly authorized by a majority vote of the Class A Members.

Section 11.5 Non-liability of Directors, Officers and Board Members. The directors and officers of the Townhome Association and members of the Design Review Board shall not be liable to the Owners or any other persons for any error or mistake of judgment in carrying out their duties and responsibilities as directors or officers of the Townhome Association or members of the Design Review Board, except for their own individual willful misconduct or gross negligence. It is intended that the directors and officers of the Townhome Association and members of the Design Review Board shall have no personal liability with respect to any contract made by them on behalf of the Townhome Association except in their capacity as Owners.

Section 11.6. Indemnity of Directors and Officers and Members of the Design Review Board. The Townhome Association shall indemnify, hold harmless and defend any person, his or her heirs, assigns and legal representatives (collectively, the "Indemnitee") made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a director or officer of the Townhome Association or member of the Design Review Board, against all costs and expenses, including attorneys fees, actually and reasonably incurred by the Indemnitee in connection with the defense of such action, suit or proceeding, or in connection with any appeal thereof, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Indemnitee is guilty of gross negligence or willful misconduct in the performance of his or her duties. The Townhome Association shall also reimburse any such Indemnitee for the reasonable costs of settlement of or for any judgment rendered in any action, suit or proceeding, unless it shall be adjudged in such action, suit or proceeding that such Indemnitee was guilty of gross negligence or willful misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against an Indemnitee, no director or officer or member of the Design Review Board shall be considered or deemed to be guilty of or liable for gross negligence or willful misconduct in the performance of his or her duties where, acting in good faith, such director, officer or member of the Design Review Board relied on the books and records of the Townhome Association or statements or advice made by or prepared by any managing agent of the Townhome Association or any director or officer of the Townhome Association, or any accountant, attorney or other person, firm or corporation employed by the Townhome Association to render advice or service, unless such director or officer had actual knowledge of the falsity or incorrectness thereof; nor shall a director be deemed guilty of gross negligence or willful misconduct by virtue of the fact that he or she failed or neglected to attend a meeting or meetings of the Board of Directors of the Townhome Association. The costs and expenses incurred by an Indemnitee in defending any action, suit or proceeding may be paid by the Townhome Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the Indemnitee to repay the amount paid by the Townhome Association if it shall

ultimately be determined that the Indemnitee is not entitled to indemnification or reimbursement as provided in this Section.

ARTICLE XII

RIGHTS OF MORTGAGEES

Unless a right is waived by the appropriate Federal Agency, all Mortgagees shall have the following rights:

Section 12.1 Veterans Administration. If any of the Lots are security for a loan guaranteed by the Veteran's Administration (the "VA") and if there is a Class B Member:

(a) The Declarant must provide a copy of all amendments to the VA. The Townhome Association may not make any Material Amendment or take any Extraordinary Action as such terms are defined in Article XII without the approval of the VA.

(b) Eligible Mortgagees shall have the following rights:

(i) the right to inspect Townhome Association documents and records on the same terms as the Members;

(ii) notice of any Material Amendment to the Townhome Association documents;

(iii) notice of any extraordinary Action of the Townhome Association;

(iv) notice of any property loss, condemnation or eminent domain proceeding affecting the Common Area resulting in a loss greater than ten percent (10%) of the annual budget or affecting any Lot insured by the Townhome Association in which the Eligible Mortgagee has an interest;

(v) notice of any termination, lapse or material modification of an insurance policy held by the Townhome Association;

(vi) notice of any default by an Owner of a Lot subject to a mortgage held by the Eligible Mortgagee in paying assessments or charges to the Townhome Association which remains uncured for sixty (60) consecutive days;

(vii) notice of any proposal to terminate the Declaration or dissolve the Townhome Association at least thirty (30) days before any action is taken;

(viii) the right of a majority of the Eligible Mortgagees to demand professional management; and

(ix) the right of a majority of the Eligible Mortgagees to demand an audit of the Townhome Association's financial records.

Section 12.2. Federal Housing Authority. If any of the Lots are security for a loan insured by Federal Housing Authority (the "FHA") and if there is a Class B Member, the following actions will require the prior approval of the FHA:

- (a) annexation of additional properties;
- (b) mergers, consolidations and dissolution of the Townhome Association;
- (c) mortgaging or conveyance of the Common Area; and
- (d) amendment of this Declaration.

Section 12.3. Freddie Mac. Assuming that Mortgagees may securitize pools of mortgages, including mortgages on Lots and/or Attached Living Units in the Community, with the Federal Home Loan Mortgage Corporation (a/k/a "Freddie Mac"), the following requirements shall apply to all Lots and Attached Living Units in the Community:

(a) Unless at least two-thirds (2/3rds) of the first Mortgagees (based on one vote for each first mortgage owned) or two-thirds of the Class A Members have given their prior written approval, the Townhome Association shall not take any of the following actions:

(i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. The re-subdivision and/or adjustment of boundary lines of the Common Area and the granting of easements by the Townhome Association shall not be deemed a transfer or subdivision within the meaning of this clause.

(ii) change the method of determining the obligations, assessments, dues, or other charges that may be levied against an Owner.

(iii) by act or omission waive or abandon any scheme of regulations or their enforcement pertaining to the architectural design or the exterior appearance of Attached Living Units and their appurtenances, the exterior maintenance of Attached Living Units and their appurtenances, the maintenance of the Common Area, common fences and driveways, and the upkeep of lawns and plantings in the Property.

(iv) fail to maintain fire and extended coverage insurance on insurable parts of the Common Area or other Townhome Association property on a current

replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value, based on current replacement costs, not including land value.

(v) use hazard insurance proceeds for losses to the Common Area or other Townhome Association property for other than the repair, replacement or reconstruction of such property.

(b) A Mortgagee shall be given written notification from the Townhome Association of any default in the performance of any obligation under this Declaration or related Townhome Association documents by the Owner of a Lot that is the security for the indebtedness due the Mortgagee which is not cured within sixty (60) days after the Owner's receipt of notice of the default.

(c) A Mortgagee may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for such Common Area. The Mortgagee making such payments shall be owed immediate reimbursement therefor from the Townhome Association.

(d) The assessments imposed by the Townhome Association shall include an adequate reserve fund for maintenance, repairs and replacements for those parts of the Common Area which may be replaced or require maintenance on a periodic basis. Such reserves shall be payable in regular installments rather than by Townhome Special Assessment.

Section 12.4. Fannie Mae. Assuming that Mortgagees may secure funding for mortgage loans by selling mortgage loans, including mortgages on Lots and/or Attached Living Units in the Community, to the Federal National Mortgage Association (a/k/a "Fannie Mae"), the following requirements shall apply to all Lots and Attached Living Units in the Community:

(a) A Mortgagee shall be given written notification from the Townhome Association of the following:

(i) any condemnation or casualty loss that affects either a material portion of the Common Area or the Lot that is the security for the indebtedness due the Mortgagee;

(ii) any default in the performance of any obligation under this Declaration or related Townhome Association documents by the Owner of a Lot that is the security for the indebtedness due the Mortgagee which is not cured within sixty (60) days after the Owner's receipt of notice of the default;

(iii) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Townhome Association;

(iv) any proposed action that would require the consent of a specified percentage of Mortgagees.

(b) Provided that improvements have been constructed in the Common Area and provided that a Mortgagee gives written notice to the Townhome Association that it has relied on the value of the improvements in making a loan on a portion or all of the Property, then subject to the right of the Declarant to annex additional areas as provided in Article XIII herein, unless at least sixty-seven percent (67%) of the Members and Mortgagees representing at least fifty-one percent (51%) of those Lots that are subject to mortgages or deeds of trust have given their prior written approval, the Townhome Association shall not add or amend any material provision of this Declaration or related Townhome Association documents concerning the following:

- (i) voting rights of any Member;
- (ii) assessments, assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair and replacement of those parts of the Common Area that may be replaced or require maintenance on a periodic basis;
- (iv) responsibility for maintenance and repair of the Property;
- (v) reallocation of interests in the Common Area or rights to its use;
- (vi) converting Lots into Common Area or vice versa;
- (vii) annexation or withdrawal of property to or from the Property (other than annexation of those properties referred to in Article XII);
- (viii) insurance or fidelity bonds;
- (ix) leasing of Attached Living Units;
- (x) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey its property;
- (xi) a decision by the Townhome Association to establish self-management when professional management has been required previously by a Mortgagee;
- (xii) restoration or repair of the Property after a hazard damage or partial condemnation;
- (xiii) any provisions that are for the express benefit of Mortgagees; and

(xiv) termination of the legal status of the Townhome Association after substantial destruction or condemnation of the subdivision occurs.

An addition or amendment to this Declaration or related Townhome Association documents shall not be considered material if it is for the purpose of clarification or correcting errors. A Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days of receipt of such request shall be deemed to have approved such request.

Section 12.5. General.

(a) **Condemnation.** In the event that there is a condemnation or destruction of the Common Area or other Townhome Association property, to the extent practicable, condemnation or insurance proceeds shall be used to repair or replace the condemned or destroyed property.

(b) **Unpaid Assessments.** Any Mortgagee, who obtains title to a Lot pursuant to the remedies provided in its mortgage or deed of trust or foreclosure of the mortgage or deed of trust or deed in lieu of foreclosure, will not be liable for such Lot's unpaid dues or charges which accrue prior to the acquisition of title to the Lot by the Mortgagee.

(c) **Books and Records.** A Mortgagee shall have the right to examine and copy at its expense the books and records of the Townhome Association during normal business hours and upon reasonable notice to the Townhome Association.

(d) **Notice.** As set forth in this Article, Mortgagees shall have the right, upon request, to receive notice of (a) the decision of the Owners to abandon or terminate the Planned Unit Development (as defined by Fannie Mae); (b) any material amendment to the Declaration, the By-Laws or the Articles of Incorporation; and (c) if professional management has been required by a Mortgagee, the decision of the Townhome Association to terminate such professional management and assume self-management.

(e) **Excess Proceeds.** Should there be excess insurance or condemnation proceeds after the renovation, repair or reconstruction called for herein, such excess proceeds may be distributed equally to the Owners, apportioned equally by Lot; subject, however, to the priority of a Mortgagee with regard to the proceeds applicable to the Lot securing said Mortgagee and in accordance with Indiana law.

(f) **Termination.** Eligible Mortgagees representing at least sixty-seven percent (67%) of the votes of the mortgaged Lots must consent to the termination of the legal status of the Townhome Association for reasons other than substantial destruction or condemnation of the Property.

(g) **Damage to Common Area.** The Townhome Association shall cause the immediate repair, reconstruction or renovation of any damage to the Common Area unless a decision not to repair, reconstruct or renovate is approved by a majority of the Mortgagees.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1. Enforcement and Declarant's Exemption. The Townhome Association or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens and charges now or hereafter imposed by the provisions of this Declaration or other Townhome Association documents unless such right is specifically limited. Failure by the Townhome Association or by any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration shall not constitute a waiver of the right of the Townhome Association or an Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Townhome Association or any Owner pursuant to any term, provision, covenant or condition of the Declaration shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by this Declaration or at law or in equity.

Notwithstanding anything in this Declaration to the contrary, (i) the Declarant and any Designated Builder reserves a right to carry on construction, development, and sales activities, to place equipment, machinery, supplies and signs, construct and maintain models or other structures, and park vehicles of prospective or actual purchasers, lessees, or employees and personnel of the Declarant, on any part of the Property owned by the Declarant, a Designated Builder, or the Townhome Association and (ii) none of the terms, conditions, provisions, and restrictions set forth in this Declaration shall be construed, in any manner, to limit any activity of the Declarant or a Designated Builder in the construction, development, and sales activities pertaining to the Property.

Section 13.2. Severability; Headings; Conflict. Invalidation of any one of the provisions of this Declaration by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect. Titles of paragraphs are for convenience only and are not intended to limit or expand the covenants, rights or obligations expressed therein. In the case of any conflict between the Articles of Incorporation and this Declaration, the Declaration shall control; in the case of any conflict between this Declaration and the By-Laws, this Declaration shall control.

Section 13.3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Townhome Association or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, unless such right is specifically limited, for a term of twenty (20) years from the date this Declaration is recorded, after which time the covenants and restrictions of this Declaration shall be automatically extended for successive periods of twenty (20) years each, unless terminated by a written and recorded instrument approved of in advance by the

affirmative and unanimous vote of all Members of the Townhome Association and their respective Mortgagees.

Section 13.4. Material Amendment/Extraordinary Action.

(a). **Approval Requirements.** In accordance with Federal Agencies' requirements, material amendments ("Material Amendments") or extraordinary actions ("Extraordinary Actions") must be approved by Members entitled to cast at least sixty-seven percent (67%) of the votes of Members present and voting, in person or by proxy, at a meeting held in accordance with the notice and quorum requirements for Material Amendments and Extraordinary Actions contained in the By-Laws, such vote including the vote of a majority of the Class A Members present and voting, in person or by proxy, at such meeting.

(b) **Material Amendment.** A Material Amendment includes adding, deleting or modifying any provision regarding the following:

- (i) assessment basis or assessment liens;
- (ii) any method of imposing or determining any charges to be levied against individual Owners;
- (iii) reserves for maintenance, repair or replacement of common area improvements;
- (iv) maintenance obligations;
- (v) allocation of rights to use Common Areas;
- (vi) any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Lots;
- (vii) reduction of insurance requirements;
- (viii) restoration or repair of common area improvements;
- (ix) the annexation or withdrawal of land to or from the Property other than annexation or withdrawal of those properties referred to in this Article XIII;
- (x) voting rights;
- (xi) restrictions affecting leasing or sale of a Lot; or
- (xii) any provision which is for the express benefit of Mortgagees.

(c) **Extraordinary Action.** Alternatively, an Extraordinary Action includes:

(i) merging or consolidating the Townhome Association (other than with another non-profit entity formed for purposes similar to this Townhome Association);

(ii) determining not to require professional management if that management has been required by the Townhome Association documents, a majority of eligible Mortgagees or a majority vote of the Members;

(iii) expanding the Townhome Association to include land not previously described as annexable which increases the overall land area of the project or number of Lots by more than ten percent (10%);

(iv) abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring the Common Area except for (i) granting easements; (ii) dedicating Common Area as required by a public authority; (iii) re-subdividing or adjusting the boundary lines of the Common Area or (iv) transferring Common Area pursuant to a merger or consolidation with a non-profit entity formed for purposes similar to the Townhome Association;

(v) using insurance proceeds for purposes other than reconstruction or repair of the insured improvements; or

(vi) making capital expenditures (other than for repair or replacement of existing improvements) during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.

(d) **Class Amendments.** Any Material Amendment which changes the rights of any specific class of Members must be approved by Members entitled to cast at least fifty-one percent (51%) of the votes of all Members of such class present and voting, in person or by proxy, at a meeting held in accordance with the requirements contained in the By-Laws.

(e) **Material Amendment and/or Extraordinary Actions Amendments.** The following Material Amendments and Extraordinary Actions must be approved by Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Townhome Association, including at least a majority of the total authorized votes entitled to be cast by Class A Members:

(i) termination of this Declaration or the termination of the project;

(ii) dissolution of the Townhome Association except pursuant to a consolidation or merger; and

(iii) conveyance of all Common Areas.

(f) **VA Amendments.** If the VA has guaranteed any loans secured by a Lot, so long as there is a Class B Member all Material Amendments and Extraordinary Actions must have the approval of the VA.

Section 13.5. Amendment. Amendments other than Material Amendments or Extraordinary Actions shall be approved by at least sixty-seven percent (67%) of the votes entitled to be cast by all Members present and voting, in person or by proxy, at any duly called and conveyed meeting, or in writing by Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members.

Any amendment must be properly executed and acknowledged by the Townhome Association (in the manner required by law for the execution and acknowledgment of deeds) and recorded among the appropriate land records.

Section 13.6. Special Amendment. Notwithstanding anything herein to the contrary, the Declarant may unilaterally amend this Declaration for any reason prior to the first conveyance of a Lot to an Owner other than the Declarant and/or a Designated Builder and thereafter may make any amendment required by any of the Federal Agencies or by the Local Governing Authorities, as a condition of the approval of this Declaration, by the execution and recordation of such amendment following notice to all Members.

Section 13.7. Waiver. The Declarant, as the present most interested party in maintaining the high quality of development which by these covenants is sought to be assured for the Property, hereby expressly reserves unto itself (so long as these restrictions are in effect), the unqualified right to waive or alter from time to time such of the herein contained restrictions as it may deem best, as to any one or more of the Lots, which waiver or alteration shall be evidenced by the mutual written consent of the Declarant and the then-Owner of the Lot as to which some or all of said restrictions are to be waived or altered; such written consent to be duly acknowledged and recorded in the Office of the Recorder of Boone County, Indiana.

Section 13.8. Casualty Insurance. Notwithstanding anything to the contrary contained in this Declaration, each and every Owner shall maintain the insurance required by Paragraph 13 of the Supplemental Declaration and will furnish to the Townhome Association, at or prior to the closing of its acquisition of that Lot or Attached Living Unit, a certificate of insurance, in form and content acceptable to the Townhome Association, evidencing the insurance coverage described therein. Each such Owner shall, prior to the expiration of the term of any such insurance policy, procure and deliver to the Townhome Association a renewal or replacement policy in form and content acceptable to the Townhome Association. If any such Owner fails to provide evidence of such coverage satisfactory to the Townhome Association, the Townhome Association will have the right, but no obligation, to procure such coverage at the expense of the applicable Owner, and the cost of procuring such insurance will be assessed to that Owner as a Townhome Special Assessment and shall be immediately due and payable upon demand.

Section 13.9. Additions to Or Withdrawals from the Property.

(a) Provided that not more than eight (8) years have lapsed since the date of the recordation of this Declaration and notwithstanding anything herein to the contrary, Declarant shall have the right, and hereby reserves unto itself the right, at any time, and from time to time, to add to the Property and subject to this Declaration any other real estate within the Parcel (as defined in the Supplemental Declaration) that Declarant elects to divide into Lots for the purposes of constructing Attached Living Units thereon (the "Additional Real Estate") by executing and placing of record an amendment or supplement to this Declaration, which may contain such modifications, additional terms, conditions, restrictions, maintenance obligations and assessments as may be necessary to reflect the different character, if any, of the Additional Real Estate. Upon recording of such supplement or amendment, the real estate described therein shall, for all purposes, thereafter be deemed a part of the Property and the Owners of any Lots within such real estate shall be deemed for all purposes, to have and be subject to all of the rights, duties, privileges, and obligations of Owners of Lots within the Property. No single exercise of Declarant's right and option to add and expand the Property as to any part or parts of the Additional Real Estate, shall preclude Declarant from thereafter from time to time further expanding and adding to the Property to include other portions of the Additional 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 Additional Real Estate so long as such expansion is accomplished on or before the lapse of eight (8) years since the date of recordation of this Declaration. Such expansion of the Property is entirely at the sole discretion of the Declarant and nothing contained in this Declaration or otherwise shall require Declarant to expand the Property.

(b) Provided that not more than eight (8) years have lapsed since the date of the recordation of this Declaration and notwithstanding anything herein to the contrary, the Declarant shall have the unilateral right, without the consent of the Class A Members or any Mortgagee, to execute and record an amendment to this Declaration withdrawing any portion of the Property on which Attached Living Units have not been constructed.

(c) Upon the dedication or the conveyance to any public entity or authority of any portion of the Property for public street purposes, this Declaration shall no longer be applicable to the land so dedicated or conveyed.

Section 13.10. Management Contracts. For such time as the Declarant has Class B membership status, the Declarant shall have the right to enter into professional management contracts on behalf of the Townhome Association for the management of the Property for terms not to exceed one (1) year; provided, however, that the Townhome Association shall have the right to terminate such contracts, with or without cause, upon thirty (30) days' written notice to the other party and without payment of a termination fee.

Section 13.11. Dissolution. The Townhome Association may be dissolved with the assent given in writing and signed by at least two-thirds (2/3) of each class of Members and in accordance with Article 13 of the Act. Upon dissolution of the Townhome Association, other than incident to a

merger or consolidation, the assets of the Townhome Association, both real and personal, shall be granted, conveyed or assigned to a Permitted Title Holder.

Section 13.12. Relation to Master Declaration and Supplemental Declaration. This Declaration is not a Supplemental Declaration, but an additional declaration of covenants and restrictions applicable to the Property. Each Owner shall continue to have all the rights and obligations set forth in the Master Declaration and Supplemental Declaration, including, without limitation, the obligations to pay the Initial Assessment, General Assessments, Parcel Assessments, Special Assessments and Architectural Control Assessments due thereunder. The rights and duties of the Townhome Association hereunder shall be supplementary to the rights and duties of the Corporation and the Business District Association. Except as provided in Section 6.1 above, in the event of a conflict between this Declaration and the Master Declaration or Supplemental Declaration, the terms of the Master Declaration or the Supplemental Declaration, as the case may be, shall apply unless the Corporation or Business District Association, acting in its sole unfettered discretion determines otherwise. Notwithstanding anything in the Master Declaration or Supplemental Declaration to the contrary, the Townhome Association shall be solely responsible for the maintenance, repair and replacement of any Private Drive.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions has been executed as of the date first above written.

**DUKE CONSTRUCTION LIMITED PARTNERSHIP, an
Indiana limited partnership**

By: Duke Business Centers Corporation, its sole general partner

By: Thomas A. Dickey
(Signature)

Thomas A. Dickey
(Printed Name)

Its: Vice President & General Manager,
(Title) *ANISH*

STATE OF INDIANA)
) SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said County and State, personally appeared Thomas A. Dickey, by me known to be the Vice President, & General Manager of Duke Business Centers Corporation, an Indiana corporation, the general partner of Duke Construction Limited Partnership, an Indiana limited partnership, who acknowledged the execution of the foregoing Declaration of Covenants, Conditions and Restrictions of The Townhomes at Anson on behalf of said partnership.

Witness my hand and Notarial Seal this 22 day of December, 2006.

My Commission Expires:
10/27/2013

Julie D. Hoblit
(Signature)
Notary Public Residing in Hamilton County, INDIANA
Julie D. Hoblit
(Printed Name)

I affirm, under the penalties of perjury that I have taken reasonable care to redact each Social Security Number in this document, unless required by law.

David R. Warshauer

This instrument prepared by David R. Warshauer, Attorney-at-Law
Barnes & Thornburg, 11 South Meridian Street, Indianapolis, Indiana 46204.

EXHIBIT A

Legal Description

THE TOWNHOMES AT ANSON
BLOCK "F" SECTION 2

A part of Block F of the Anson Development – Phase 1 South as Recorded in Instrument Number 2006-1996, Plat Book 16, Page 63-70 in the Office of the Recorder, Boone County, Indiana, more particularly described as follows:

Commencing at the Northeast corner of said Block F, said corner being marked by a capped rebar; North 88 degrees 22 minutes, 38 seconds East along the North line of said Block F 130.52 to a capped rebar; thence 88 degrees 09 minutes 48 seconds East along said North line 159.97 to a 4"x4"x36" concrete monument with a cross cast in the top (hereafter referred to as a concrete monument) and to the POINT OF BEGINNING of this description; thence South 01 degrees 49 minutes 26 seconds East 284.92 feet to a concrete monument on the South line of said Block F; thence South 88 degrees 09 minutes 07 seconds West along said South line 529.52 feet to a concrete monument; thence North 01 degrees 49 minutes 26 seconds West 285.03 feet to a concrete monument on the North line of said Block F; thence North 88 degrees 09 minutes 48 seconds East along said North line 529.52 feet to the place of beginning, containing 3.464 acres, more or less, subject to all legal highways, rights-of-ways, easements, and restrictions of record.

THE TOWNHOMES AT ANSON
BLOCK "E" SECTION 2

A part of Block E of the Anson Development – Phase 1 South as Recorded in Instrument Number 2006-1996, Plat Book 16, Page 63-70 in the Office of the Recorder, Boone County, Indiana, more particularly described as follows:

Commencing at the Northeast corner of said Block E, said corner being marked by a capped rebar; South 88 degrees 09 minutes 07 seconds West along the North line of the said Block E, 294.29 feet to a 4"x4"x36" concrete monument with a cross cast in the top (hereafter referred to as a concrete monument) and the POINT OF BEGINNING of this description; thence South 01 degrees 49 minutes 26 seconds 115.00 feet to a concrete monument; thence South 88 degrees 09 minutes 07 seconds West 551.00 feet to a concrete monument; thence North 01 degrees 49 minutes 26 seconds West 115.00 feet to a concrete monument on the North line of said Block E; thence North 88 degrees 09 minutes 07 seconds East along said North Line 551.00 feet to the place of beginning, containing 1.455 acres, more or less, subject to all legal highways, rights-of-ways, easements, and restrictions of record.

ARTICLE VI

RESTRICTIVE COVENANTS

Section 6.1. Supplementary Restrictions. The restrictive covenants contained in this Article VI shall be in addition to, and not in lieu of, restrictions on use of Lots in the Property contained in the Master Declaration and Supplemental Declaration, and in the event of a conflict between this Article VI and the Master Declaration or Supplemental Declaration, the more restrictive provision shall apply. Without limiting the foregoing, no Structure shall be erected, altered, placed or permitted to remain on any Lot other than one Attached Living Unit and appurtenant Structures approved by the Design Review Board established pursuant to Paragraph 6 of the Supplemental Declaration.

Section 6.2. Design Review Board Approval. No Structure or addition to a Structure shall be erected, placed, painted, altered or externally modified or improved on any Lot until the plans and specifications, including design, elevation, material, shape, height, color and texture, and a site plan showing the location of all improvements with grading modifications, shall be filed with and approved in writing by the Design Review Board, and, if required, by appropriate Local Governing Authorities and, where required, appropriate construction permits obtained.

Section 6.3. Laundry. No clothing, laundry or wash shall be aired or dried on any portion of the Property within public view.

Section 6.4. Sight Lines. No fence, wall, tree, hedge or shrub shall be maintained in such a manner as to obstruct sight lines for vehicular traffic.

Section 6.5. Maintenance. Other than as specifically and expressly set forth in Section 11.1 below, an Owner shall, at all times, maintain its Attached Living Unit and all appurtenances thereto in good repair and in a state of neat appearance from all exterior vantage points. Prior to landscaping any Lot (other than flowers within approved flower beds), the Owner of such Lot must submit a written landscape plan to the Design Review Board for its review and approval or disapproval. The Owner shall not be permitted to remove any trees or shrubs on the Lot without the approval of the Design Review Board, except as may be ordered by Local Governing Authorities or by the Design Review Board to maintain proper sight lines. No approval for removal of any trees or shrubs will be granted by the Design Review Board unless appropriate provisions are made for replacing the removed trees or shrubs.

Section 6.6. Signs. The only signs permitted on the Property shall be customary home and address signs and real estate sale or lease signs which have received the prior written approval of the Design Review Board ("Permitted Signs"). No more than one (1) Permitted Sign shall be displayed to public view on any Lot and must be less than or equal to two (2) square feet in total surface area and may not be illuminated. All Permitted Signs advertising the property for sale or rent shall be removed within three (3) days from the date of the conveyance of the Lot or of the execution of the lease agreement, as applicable.

Section 6.7. Animals. No domesticated or wild animal shall be kept or maintained on any Lot, except for common household pets such as dogs and cats which may be kept or maintained, provided that they are not kept, bred or maintained for commercial purposes and do not create a nuisance or annoyance to surrounding Lots or the neighborhood and are kept in compliance with applicable laws and ordinances of the Local Governing Authorities. Pets will not be permitted outside of an Attached Living Unit unless on a leash and any Owner walking a pet within the Community or on any Common Area will immediately clean up any solid animal waste and properly dispose of the same. Law enforcement and animal control personnel shall have the right to enter the Property to enforce local animal control ordinances. Unless permitted by the Board of Directors of the Townhome Association, no Owner shall maintain more than two (2) of the same type (dog, cat, bird) of pet nor more than four (4) total pets; provided, however, that fish which are located in indoor aquariums and which pose no risk to the public health shall not be considered pets for the purpose of this restriction.

Section 6.8. Trash Storage. Trash shall be collected and stored in trash receptacles only and not solely in plastic bags. Trash and garbage receptacles shall not be permitted to remain in public view and shall remain inside of each Owner's garage except on days of trash collection, except those receptacles designed for trash accumulation located in the Common Area. No accumulation or storage of litter, new or used building materials, or trash of any kind shall be permitted on the exterior of any Attached Living Unit.

Section 6.9. Antennae Systems. To the extent not inconsistent with federal law, exterior television and other antennae, including satellite dishes, are prohibited, unless approved in writing by the Design Review Board. The Design Review Board shall adopt rules for the installation of such antennae and/or satellite systems, which rules shall require that antennae and satellite dishes be placed as inconspicuously as possible and only when fully screened from public view on the rear and above the eave line of any Attached Living Unit. Satellite dishes will not exceed 18 inches in diameter. It is the intent of this provision that the Design Review Board shall be able to strictly regulate exterior antennae and satellite dishes to the fullest extent of the law and should any regulations adopted herein or by the Design Review Board conflict with federal law, such rules as do not conflict with federal law shall remain in full force and effect.

Section 6.10. Painting. No person shall paint the exterior of any building, or portion thereof. All Attached Living Units in the Community will, at all times, be painted in a uniform color, without variation.

Section 6.11. Finished Exteriors. The exteriors of all Structures, including, without limitation, walls, doors, windows and roofs, shall be kept in good maintenance and repair. No Structure shall be permitted to stand with its exterior in an unfinished condition for longer than six (6) months after the commencement of construction. In the event of fire, windstorm or other damage, the exterior of a Structure shall not be permitted to remain in a damaged condition for longer than three (3) months, unless expressly excepted by the Board in writing. Absent approval from the Design Review Board to the contrary, all maintained, repaired, or replaced roofs and other structure exterior shall be the same color and texture as the original roof and other structure exterior.

Section 6.12. Fences. Except for any fencing installed by Declarant or a Designated Builder on any Lot or in any Common Areas, no fence or similar enclosure shall be erected or built on any Lot.

Section 6.13. Vehicles. No inoperable, junk, unregistered or unlicensed vehicle shall be kept on the Property. No portion of the Property shall be used for the repair of a vehicle.

Section 6.14. Commercial Vehicles. No commercial or industrial vehicle, such as but not limited to moving vans, trucks, tractors, trailers, vans, wreckers, tow trucks, hearses and buses, shall be regularly or habitually parked or parked overnight on the Property, except upon the prior written approval of the Design Review Board.

Section 6.15. Recreational Vehicles. No recreational vehicles or equipment, such as but not limited to boats, boating equipment, jet-skis, wave runners, all terrain vehicles ("ATVs"), recreation vehicles ("RVs"), travel trailers, camping vehicles or camping equipment shall be parked on the Property without the prior, written approval of the Design Review Board, as to location, size, screening and other relevant criteria. Neither the Business District Association or the Townhome Association shall not be required to provide a storage area for these vehicles.

Section 6.16. Towing. The Board of Directors shall have the right to tow any vehicle parked or kept in violation of the covenants contained within this Article, upon twenty-four (24) hours' notice and at the vehicle owner's sole expense.

Section 6.17. Garage Usage. Any conversion of any garage that will preclude the parking of vehicles within that garage is prohibited. Owners shall keep their garages at all times in a manner that will permit the usage of such garage for parking of passenger automobiles, vans and/or trucks.

Section 6.18. Rental Agreements. Any rental agreement for an Attached Living Unit must be for an initial period of at least six (6) months, must be in writing and must be subject to the rules and regulations set forth in this Declaration and in the other Townhome Association documents. Every such rental agreement must include a provision stating that any failure by the tenant, its household members or guests, to comply with the terms of this Declaration shall be a default under the rental agreement, and the Owner shall be responsible for enforcing that provision.

Section 6.19. Initial Construction and Marketing. The Declarant or its assigns, or any Designated Builder, may, during its construction and/or sales period, erect, maintain and operate real estate sales and construction offices, model homes, awnings, flag poles, trap fencing, displays, signs and special lighting on any part of the Property and on or in any building or Structure now or hereafter erected thereon and shall not be bound by the provisions of this Article to the extent application thereof would delay, hinder or increase the cost of construction and/or marketing of Attached Living Units for sale in the Community.

Section 6.20. Holiday and Seasonal Decorations. Any holiday or seasonal decorations or ornamentation that is placed on the exterior of an Attached Living Unit or Structure, or that is

otherwise visible from the exterior of such Attached Living Unit or Structure, shall be first approved by the Design Review Board.

Section 6.21. Window Boxes. No window boxes containing flowers or any other vegetation shall be erected or attached to any Attached Living Unit.

Section 6.22. Dusk to Dawn Coach Lights. Each Owner shall maintain any and all coach lights installed as a part of the initial construction of each Attached Living Unit in good order, condition and repair, including, without limitation, any necessary repairs or maintenance as may be required for the effective operation of all "dusk to dawn" photocell switches and replacement of light bulbs so that those coach lights remain continuously operational from dusk to dawn.

Section 6.23. General Prohibition. All swing sets, playground equipment, hot tubs, above and below-ground pools, basketball goals, trampolines, flag poles, outbuildings, storage buildings, exterior storage structures, attached or detached kennels, dog runs, electric bug killers, awnings (except those used by Declarant or a Designated Builder) and temporary storage structures are prohibited.

Section 6.24. Signs. Permitted Signs shall include only those professionally constructed signs which advertise a home on a Lot for sale by a licensed and registered real estate broker/company, and which are non-illuminated and less than or equal to 6 square feet in size ("Permitted Signs"). With the exception of Permitted Signs, all signs including, but not limited to those advertising a garage sale or a Lot "For Lease", must be approved by the Design Review Board before being placed upon any Lot or Common Area or displayed from an Attached Living Unit. No more than one Permitted Sign may be displayed on a Lot or from an Attached Living Unit at one time. In addition, no more than one Permitted Sign may be displayed in the Community by an entity owning multiple Lots. All Permitted Signs advertising a Lot for sale shall be removed within three (3) business days of the conveyance of the Lot. Signs advertising a Lot for "Rent to Own", or something similar, are prohibited and may not be placed on any Lot or displayed from an Attached Living Unit constructed thereon. The Declarant and Designated Builder(s) are expressly exempt from the requirements of this Section 6.24 and may post any signs on Common Areas and Lots owned by Declarant and/or Designated Builder(s), as they deem necessary.

Section 6.25. Nuisance. No noxious or offensive activity shall be carried on or permitted to be carried on upon the Property, nor shall anything be done or placed thereon which is or may become an annoyance or nuisance to the neighborhood. Nothing shall be done or kept or permitted to be done or kept by an Owner in any Attached Living Unit, or on any Lot, or on any of the Common Areas, which will cause an increase in the rate of insurance paid by the Townhome Association or any other Owner. No Owner shall permit anything to be done or kept in his Attached Living Unit or on his Lot which will result in a cancellation of insurance on any part of the Common Area or any other Owner, or which would be a violation of any law or ordinance or the requirements of any insurance underwriting or rating bureau. No Attached Living Unit or Lot shall be used in any unlawful manner or in any manner which might cause injury to the reputation of the Community or which might be a nuisance, annoyance, or inconvenience, or which might cause

damage, to other Owners and occupants of Attached Living Units or neighboring property, including, without limiting the generality of the foregoing, noise by the use of any musical instrument, radio, television, loud speakers, electrical equipment, amplifiers or other equipment or machinery. No exterior lighting on a Lot shall be directed outside the boundaries of the Lot. No outside toilets shall be permitted on any Lot (except during a period of construction and then only upon obtaining prior written consent of the Design Review Board), and no sanitary waste or other wastes shall be permitted to be exposed.

Section 6.26. Additional Rules and Regulations. The Townhome Association shall have the authority to adopt such rules and regulations regarding this Article as it may from time to time consider necessary or appropriate. From and after the Property Applicable Date, such rules and regulations must be approved by the Board of Directors of the Business District Association.

ARTICLE VII

[Intentionally Omitted]

ARTICLE VIII

EASEMENTS AND OTHER AREAS

Section 8.1. Emergency Easement Rights. The Declarant hereby grants a blanket easement to the Townhome Association, its directors, officers, agents and employees, to any manager employed by or on behalf of the Townhome Association, and to all police, fire, ambulance personnel and all similar persons, to enter upon the Property in the exercise of the functions provided for by this Declaration, Articles of Incorporation, By-Laws and rules of the Townhome Association, and in the event of emergencies and in the performance of governmental functions.

Section 8.2. General Easements. The Declarant hereby reserves unto itself and its assigns, any governmental or municipal agency, and any public or private utility, a general easement upon all Lots for the installation, maintenance, repair, and use of any drainage, utility, and sewer lines or infrastructure so as to permit the installation, maintenance, repair, and use of all electrical, telephone, water, gas, sanitary and storm sewer and other utility services, including all necessary lines, pipes, wires, cables, ducts, antenna, and other facilities to serve any Attached Living Unit constructed on the Property. This general easement shall be on all areas of a Lot not occupied by an Attached Living Unit, with the exception of areas covered by chimneys or patios. This general easement shall not be exercised, after the conveyance of any Lot, in a manner that (i) unreasonably or adversely affects any Attached Living Unit or portion hereof located upon such Lot, or (ii) unreasonably restricts the right of ingress and egress to such Lot.

Section 8.3. Limitation on General Easement Rights. When not an emergency situation or a governmental function, the rights accompanying the easements provided for in **Section 8.1** of this Article shall be exercised only during reasonable daylight hours and then, whenever practicable, only after advance notice to, any Owner or tenant directly affected.

CODE OF BY-LAWS FOR
THE TOWNHOMES AT ANSON
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is **THE TOWNHOMES AT ANSON HOMEOWNERS ASSOCIATION, INC.**, an Indiana not-for-profit corporation (the "Corporation"). The principal office of the Corporation shall be located at 600 East 96th Street, Suite 100, Indianapolis, Indiana 46240, but meetings of Members and Directors may be held at such places within the State of Indiana as may be designated by the Board of Directors. These By-Laws are adopted simultaneously with the execution of a Declaration of Covenants Conditions and Restrictions for The Townhomes at Anson (hereinafter referred to as the "Declaration") 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.

ARTICLE II

DEFINITIONS

Unless otherwise provided herein, any initially capitalized terms used but not defined in these By-Laws will have the meanings for such terms as set forth in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Corporation, and each subsequent regular annual meeting of the Members shall be held within ten (10) to twelve (12) months after the previous annual meeting, at such day and time as shall be set by the Board of Directors; provided, however, that no annual meeting shall be held on a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President of the Corporation, the Board of Directors, or upon written request of Members who are entitled to vote at least one-fourth (1/4) of all of the votes of either class of Members. Only business within the purpose or purposes described in the written notice of special meeting may be conducted at any such special meeting of the Members.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Corporation or person authorized to call the meeting, by delivering or mailing a copy of such notice, postage prepaid, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Corporation for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. Such notice shall be given at least seven (7) days before a meeting, except for a special meeting to approve an Extraordinary Action or Material Amendment (as defined in Section 13.4 of the Declaration) in which case notice shall be given at least twenty-five (25) days before such meeting.

Section 4. Waiver of Notice. A Member may waive any notice required by the Articles of Incorporation of the Corporation, these By-Laws or the Indiana Nonprofit Corporation Act of 1991 (the "Act") before or after the date and time of the meeting that is the subject of such notice. In order for any such waiver to be effective, the waiver must be in writing, be signed by the Member entitled to such notice and be delivered to the Secretary for inclusion in the minutes or filing with the Corporation's records. A Member who attends a meeting (a) waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 5. Quorum. Except to the extent otherwise provided in the Declaration with respect to voting on matters described in Section 5.5, Section 5.6 and Section 13.4 of the Declaration, or except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws, the presence at the meeting of Members or their proxies entitled to cast at least twenty percent (20%) of the votes of Members shall constitute a quorum for any action to be taken by the Corporation. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting and to call another meeting without notice other than announcement at the meeting prior to adjournment, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, in the form required by law and otherwise in such form as may be mandated by the Corporation, and filed with the Secretary of the Corporation. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of its Lot.

Section 7. Action Taken without Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if, prior to such action, written consents setting forth the action to be so taken shall be signed by a number of Members equivalent to the percentage or number of Members required to approve such action under the Declaration, the Articles of Incorporation and/or these By-Laws. Any and all such written consents shall be filed with the minutes of the proceedings of the Corporation.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; OFFICE

Section 1. Number and Qualification. The affairs of this Corporation shall be managed by a Board of Directors (on occasion referred to individually as a "Director" and collectively as the "Board") who need not be Members. No Member whose Lot's Annual Assessment and/or Townhome Special Homehome (as defined in Article V of the Declaration) is more than thirty (30) days past due shall be eligible to serve on the Board. Any Director whose Lot's Annual Assessment and/or Townhome Special Homehome is more than thirty (30) days past due shall be subject to removal by a majority vote of the other Directors. The initial Board shall be appointed by the Declarant or its designee, and shall serve until the first annual meeting of Members after the termination of the Class B membership. The initial Board shall consist of three (3) Directors, which number may be increased to as many as five (5) by a majority vote of the Directors so long as there is a Class B membership, or after the termination of the Class B membership may be changed in accordance with the Declaration and these By-Laws.

Section 2. Election. At the first annual meeting of Members after the termination of the Class B membership, the Members shall elect one (1) Director for a term of one (1) year; one (1) Director for a term of two (2) years; and one (1) Director for a term of three (3) years; and, as the terms of such Directors expire, new Directors shall be elected by the Members at each annual meeting thereafter for terms of three (3) years each. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and the Articles of Incorporation. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Nomination. Nomination for election to the Board of Directors may be made by a nominating committee (the "Nominating Committee"), if one is formed. Nominations may also be made from the floor at the annual meeting. If a Nominating Committee is created, it shall consist of a chairperson, who shall be a member of the Board of Directors, and two (2) or more Members of the Corporation. The Nominating Committee shall be appointed by the Board of Directors sixty (60) to ninety (90) days prior to each annual meeting of the Members, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 4. Replacement. Any Director may be removed from office, with or without cause, by the vote of a majority of the Directors present and voting at a meeting of the Board of Directors called expressly for that purpose. In the event of death, resignation or removal of a Director, that Director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he/she may render to the Corporation in his/her capacity as a Director. However, any Director may be reimbursed for his/her actual, reasonable expenses incurred in the performance of his/her duties as a Director, as permitted by Indiana law.

Section 6. Action Taken Without a Meeting. The Board shall have the right, in the absence of a meeting, to take any action which they could take at a meeting by obtaining the written approval of all of the Directors in accordance with Indiana law. Any action so taken shall have the same effect as though taken at a meeting of the Board.

Section 7. Indemnification. Each Director, in consideration of his/her services to the Board as a Director shall be indemnified by the Corporation, to the extent provided for under the Articles of Incorporation and otherwise as permitted by law, against expenses and liabilities reasonably incurred by him/her in connection with the defense of any action, suit or proceeding, civil or criminal, to which he/she may be a party by reason of his/her past or present role in the Corporation, unless such action was a result of gross neglect or willful misconduct of the Director.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held on a regular basis and at least four (4) times per year without notice and at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Corporation or by any two (2) Directors after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to exercise for the Corporation all powers, duties and authority vested in or delegated to the Corporation, not reserved to the Members by other provisions of these By-Laws, the Articles of Incorporation or the Declaration.

Section 2. Duties. It shall be the duty of the Board of Directors:

(a) to cause to be kept a complete written record of all of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting, when such statement is requested in writing by at least one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) to supervise all officers, agents and employees of the Corporation in the performance of their respective duties.

(c) as more fully provided herein and in the Declaration:

(i) to fix the amount of Annual Assessments (as defined in Article V of the Declaration) against each Lot at least thirty (30) days in advance of the Annual Assessment period;

(ii) to fix the amount of any Townhome Special Homehomes (as defined in Article V of the Declaration) against each Lot; and

(iii) to send or cause to be sent written notice of each and any such Annual Assessment to every Owner subject thereto at least thirty (30) days in advance of the Annual Assessment period; and

(iv) to send or cause to be sent written notice of each and any such Townhome Special Homehome to any Owner subject thereto;

(d) at the request of a Member or Mortgagee, to issue, or cause an appropriate officer or authorized agent to issue, a certificate setting forth whether any such Annual Assessment and/or Townhome Special Homehome (as the case may be) has been paid. A reasonable charge may be made by the Board for the issuance of such a certificate. Such certificate shall be conclusive evidence that any Annual Assessment and Townhome Special Homehome therein stated to have been paid has been paid.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Corporation shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer and such other officers as the Board may elect from time to time.

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

Section 3. Term. The officers of this Corporation shall be elected annually by the Board and each shall hold office for one (1) year unless such officer shall sooner resign, be removed or otherwise be disqualified or unable to serve.

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

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

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to this Article.

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

(a) **President:** The President shall preside at all meetings of the Board of Directors, see that orders and resolutions of the Board are carried out, and sign all contracts, leases, mortgages, promissory notes, deeds and other written instruments on behalf of the Corporation;

(b) **Vice President:** The Vice President shall act in the place and stead of the President in the event of the latter's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board;

(c) **Secretary:** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members, together with their addresses, and perform such other duties as required by the Board;

(d) **Treasurer:** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Corporation and disburse such funds as directed by resolution of the Board of Directors, sign all checks of the Corporation, keep proper books of account, cause an audit of the Corporation books to be made by a public accountant if so required by

a Mortgagee, and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting.

Section 9. Delegation. The officers may delegate any of their duties to an agent hired for that purpose.

ARTICLE VIII

COMMITTEES

The Board of Directors may appoint committees as it deems appropriate in carrying out its responsibilities. It shall be the duty of each committee to receive complaints from Members on any matter involving Corporation functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such committee, Director or officer of the Corporation as is further concerned with the matter presented.

ARTICLE IX

BOOKS AND RECORDS

The Corporation shall keep records of its governing documents (e.g., Corporation documents, rules and regulations, design standards), its actions (e.g., Board resolutions, meeting minutes), and its financial condition (e.g., receipts and expenditures affecting the finances, operation and administration of the Corporation, budget, financial statements). Notwithstanding the foregoing, the Corporation is not required to maintain records in excess of three (3) years, unless otherwise required under applicable law. The Corporation documents and all books and records kept on behalf of the Corporation shall be available for examination and copying by a Member or such Member's authorized agent during normal business hours and upon reasonable notice to the Corporation and for a reasonable charge, except for privileged or confidential information.

ARTICLE X

AMENDMENTS

These By-Laws may be amended at a duly noticed regular or special meeting of the Members where a quorum is present by a majority vote of Members entitled to vote and voting at the meeting in person or by proxy, except that if any of the Lots are security for a loan guaranteed or insured by the Veterans Administration ("VA") or the Federal Housing Administration ("FHA") and if there is a Class B Member, the FHA or the VA shall have the right to veto amendments.

ARTICLES XI

SPECIAL AMENDMENTS

Notwithstanding anything herein to the contrary, the Declarant may unilaterally amend these By-Laws for any reason prior to the conveyance of a Lot to an Owner other than the Declarant, and thereafter may make any amendment required by any of the federal mortgage agencies, such as the Veterans Administration, Federal Housing Administration, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or by the City of Carmel, Indiana, or the County of Hamilton, Indiana as a condition of the approval of these By-Laws, and shall give written notice of any such amendments to the Members.

ARTICLE XII

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on January 1 and end on December 31 of every year, except that the first fiscal year shall begin on the date of incorporation of the Corporation. The dates fixing the fiscal year may be adjusted at the discretion of the Board.

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