State of Indiana
Office of the Secretary of State

CERTIFICATE OF INCORPORATION

of

THE TOWNHOMES AT GUILFORD HOMEOWNERS NEIGHBORHOOD ASSOCIATION, INC.

I, TODD ROKITA, Secretary of State of Indiana, hereby certify that Articles of Incorporation of the above Non-Profit Domestic Corporation have been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions of the Indiana Nonprofit Corporation Act of 1991.

NOW, THEREFORE, with this document I certify that said transaction will become effective Wednesday, July 06, 2005.

In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, July 6, 2005.

TODD ROKITA,
SECRETARY OF STATE

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APPROVED AND FILED

ARTICLES OF INCORPORATION

OF

THE TOWNHOMES AT GUILFORD HOMEOWNERS NEIGHBORHOOD ASSOCIATION, INC.

The undersigned incorporator, desiring to form a corporation (the "Corporation") pursuant to the provisions of the Indiana Nonprofit Corporation Act of 1991, as amended (the "Act"), executes the following Articles of Incorporation:

ARTICLE I

Name

The name of the Corporation is The Townhomes at Guilford Homeowners Neighborhood Association, Inc.

ARTICLE II

Classification of Corporation

The Corporation is a mutual benefit corporation.

ARTICLE III

Purposes and Powers

Section 3.1. Purposes. The purposes for which the Corporation is formed are:

(a) For the management, maintenance and care of real and personal property and for the performance of all of its other duties and obligations as a "Neighborhood Association" pursuant to that Neighborhood Declaration of Covenants, Conditions and Restrictions for The Townhomes at Guilford recorded in the Office of the Hamilton County Recorder ("Neighborhood Declaration"); and

(b) In furtherance of the aforesaid purposes, to transact any and all lawful business for which corporations may be incorporated under the Act, provided such business is not inconsistent with the Corporation being organized and operated exclusively for charitable purposes.

Section 3.2. Nonprofit Purposes.

(a) The Corporation is organized and operated exclusively for charitable purposes and its activities shall be conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, director, or officer or other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 3.1.

(b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

(c) Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any other activities not permitted to be carried on:

(i) By a corporation exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, or

(ii) By a corporation, contributions to which are deductible under Section 170(c)(2), Section 2055(a)(2), or Section 2522(a)(2) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

Section 3.3. Powers. Subject to any limitation or restriction imposed by the Act, any other law, or any other provisions of these Articles of Incorporation, the Corporation shall have the power:

(a) To do everything necessary, advisable, or convenient for the accomplishment of any of the purposes hereinbefore set forth, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation and to do all of the things incidental thereto or connected therewith which are not forbidden by law; and

(b) To have, exercise and enjoy in furtherance of the purposes herein before set forth all the general rights, privileges, and powers granted to corporations by the Act, as now existing or hereafter amended, and by the common law.

ARTICLE IV

Distribution of Assets on Dissolution

In the event of the complete liquidation, dissolution of the Corporation, or the winding up of its affairs, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of the Corporation, distribute all the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or

organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Judge of the Circuit Court of Hamilton County, Indiana, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE V

Term of Existence

The Corporation shall have perpetual existence.

ARTICLE VI

Registered Office and Registered Agent

Section 6.1. The name and address of the Registered Agent in charge of the Corporation's principal office is David M. Compton, c/o Pulte Homes of Indiana, 11590 North Meridian Street, Suite 530, Carmel, Indiana 46032.

Section 6.2. Principal Office. The post office address of the principal office of the Corporation is David M. Compton, c/o Pulte Homes of Indiana, 11590 North Meridian Street, Suite 530, Carmel, Indiana 46032.

ARTICLE VII

Members

Section 7.1. Members. The Corporation shall have two (2) classes of members, as set forth in the Bylaws of the Corporation as the same are amended from time to time.

Section 7.2. Voting Rights of Members. Each member shall have the voting rights set forth in the Bylaws of the Corporation as the same are amended from time to time.

ARTICLE VIII

Board of Directors

Section 8.1. Number and Term of Office. Upon incorporation, the initial Board of Directors shall consist of three (3) directors. Thereafter, the number of directors shall be as specified in or fixed in accordance with the Bylaws of the Corporation; provided, however, that the minimum number of directors shall be three (3). The term of office of a director shall be as specified in the Bylaws; provided, however, that the term of an elected director

shall not exceed five (5) years. Directors may be elected for successive terms. Terms of office of directors may be staggered as specified in the Bylaws.

Section 8.2. Qualifications. Each director shall have such qualifications as may be specified from time to time in the Bylaws of the Corporation or required by law.

Section 8.3. Initial Board of Directors. The names and addresses of the initial Board of Directors of the Corporation are:

Names	Addresses
Gregory Huff	Pulte Homes of Indiana, LLC, 11590 North Meridian Street, Suite 530, Carmel, Indiana 46032
David M. Compton	Pulte Homes of Indiana, LLC, 11590 North Meridian Street, Suite 530, Carmel, Indiana 46032
Tony Barbee	Pulte Homes of Indiana, LLC, 11590 North Meridian Street, Suite 530, Carmel, Indiana 46032

Section 8.4. Removal of Member of Board of Directors. Prior to the Applicable Date, any Director(s) may be removed by the Declarant, with or without cause. After the Applicable Date, Directors may be removed by members of the Association, with or without cause, if the number of votes cast to remove would be sufficient to elect the Directors at a meeting to elect Directors. After the Applicable Date, a Director or Directors may be so removed by the Members only at a meeting called for the purpose of removing the Director(s). Any such meeting must state that the purpose of the meeting is for voting upon the removal of Director(s). In such case, the removed Director(s) successor(s) shall be elected at the same meeting to serve for the remainder of the term(s) of the removed Director(s).

ARTICLE IX

Name and Address of Incorporator

The name and address of the incorporator of the Corporation is Steven R. Edwards, LLC, 9551 Delegates Row, Indianapolis, Indiana 46240.

ARTICLE X

Indemnification

Section 10.1. Rights to Indemnification and Advancement of Expenses. The Corporation shall indemnify as a matter of right every person made a party to a proceeding because such person is or was

(a) a member of the Board of Directors of the Corporation,

(b) an officer of the Corporation,

(c) an incorporator of the Corporation, or

(d) while a director or officer of the Corporation, serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, whether for profit or not, (each an "Indemnitee") against all liability incurred by such person in connection with the proceeding; provided that it is determined in the specific case that indemnification of such person is permissible in the circumstances because such person has met the standard of conduct for indemnification specified in the Act. The Corporation shall pay for or reimburse the reasonable expenses incurred by an Indemnitee in connection with any such proceeding in advance of final disposition thereof in accordance with the procedures and subject to the conditions specified in the Act. The Corporation shall indemnify as a matter of right an Indemnitee who is wholly successful, on the merits or otherwise, in the defense of any such proceeding against reasonable expenses incurred by the person in connection with the proceeding without the requirement of a determination as set forth in the first sentence of this paragraph.

Upon demand by a person for indemnification or advancement of expenses, as the case may be, the Corporation shall expeditiously determine whether the person is entitled thereto in accordance with this Article and the procedures specified in the Act.

The indemnification provided under this Article shall be applicable to any proceeding arising from acts or omissions occurring before or after the adoption of this Article.

Section 10.2. Other Rights Not Affected. It is the intent of this Article to provide indemnification to directors and officers to the fullest extent now or hereafter permitted by law consistent with the terms and conditions of this Article. Nothing contained in this Article shall limit or preclude the exercise of, or be deemed exclusive of, any right under the law, by contract or otherwise, relating to indemnification of or advancement of expenses to any person who is or was a director, officer, employee, or agent of the Corporation, or the ability of the Corporation to otherwise indemnify or advance expenses to any such individual.

Notwithstanding any other provision of this Article, there shall be no indemnification with respect to matters as to which indemnification would result in inurement of net earnings of the Corporation "to the benefit of any private shareholder or individual," within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or similar provisions of any subsequent Federal tax laws. The provisions of, and the rights and obligations created by, this Article shall not give rise or be deemed to give rise to "compensation for personal services" as described in IC 34-4-11.5-1 et seq., as amended.

Section 10.3. Definitions. For purposes of this Article:

(a) A person is considered to be serving an employee benefit plan at the

Corporation's request if the person's duties to the Corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(b) The estate or personal representative of a person entitled to indemnification or advancement of expenses shall be entitled hereunder to indemnification and advancement of expenses to the same extent as the person.

(c) The term "expenses" includes all direct and indirect costs (including, without limitation, counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or out-of-pocket expenses) actually incurred in connection with the investigation, defense, settlement, or appeal of a proceeding or establishing or enforcing a right to indemnification under this Article, applicable law or otherwise.

(d) The term "liability" means the obligation to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(e) The term "party" includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

(f) The term "proceeding" means any threatened, pending, or completed action, suite, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

IN WITNESS WHEREOF, the undersigned incorporator executes these Articles of Incorporation and verifies subject to penalties of perjury that the facts contained herein are true to the undersigned's knowledge and belief.

Dated this 15th day of JUNE, 2005.

Steven R. Edwards

This instrument was prepared by Charles D. Frankenberger, Nelson & Frankenberger, 3105 East 98th Street, Suite 170, Indianapolis, IN 46280.

BYLAWS OF THE TOWNHOMES AT GUILFORD HOMEOWNERS NEIGHBORHOOD ASSOCIATION, INC.

ARTICLE I

IDENTIFICATION AND APPLICABILITY

Section 1.01. Identification and Adoption. These Bylaws are adopted to govern The Townhomes at Guilford Homeowners Neighborhood Association, Inc. (**"Corporation"**) in the conduct of its activities and duties pursuant to the Articles of Incorporation of the Corporation (together with any subsequent amendments, the **"Articles"**), and the Neighborhood Declaration of Covenants, Conditions and Restrictions for The Townhomes at Guilford, dated _____, 2005 and recorded in the Office of the Hamilton County Recorder (**"Neighborhood Declaration"**). The Neighborhood Declaration is incorporated herein by reference and all of the covenants, conditions, rights, restrictions, and liabilities therein contained shall apply to and govern the interpretation of these Bylaws. The definitions and terms as defined and used in the Neighborhood Declaration have the same meanings in these Bylaws unless otherwise specifically defined herein, and reference is hereby made to the definitions in the Neighborhood Declaration. The provisions of these Bylaws shall apply to the administration and conduct of the affairs of the Corporation. The term **"Neighborhood Association"**, in the Neighborhood Declaration is synonymous with the term **"Corporation"**, used herein.

Section 1.02. Individual Application. All of the Owners, tenants, their guests and invitees, or any other person who might now or hereafter use or occupy any portion of the property that is subject to the Neighborhood Declaration shall be subject to the rules, restrictions, terms and conditions set forth in the Neighborhood Declaration, the Articles, these Bylaws, and the Indiana Nonprofit Corporation Act of 1991, as the same may be amended from time to time (the "Act").

Section 1.03. Membership. The Members of the Corporation shall be the Owners. A Member shall be deemed to be in good standing so long as he, she or it remains in compliance with the covenants and obligations of an Owner under the Neighborhood Declaration, or as otherwise determined by the Board of Directors (herein collectively called the **"Board of Directors"** and individually called **"Directors"**).

ARTICLE II

MEETINGS OF THE MEMBERS

Section 2.01. Annual Meeting. The annual meeting shall be held on the first Tuesday of November, or at such other time as may be determined by the Board of Directors. At each annual Meeting, the Members shall elect the Board of Directors in accordance with the provisions of these Bylaws, approve the annual budget, provide for the collection of Assessments (as

hereinafter defined) and transact such other business as may be required by the Master Declaration, the Neighborhood Declaration, these Bylaws, the Act or as may properly come before the Members at such meeting.

Section 2.02. Special Meetings. A special meeting of the Members of the Corporation may be called by a majority of the Board of Directors, the President, or upon a written petition of the Owners of not less than twenty-five percent (25%) of the Votes (as hereinafter defined). The resolution or petition shall be presented to the President or Secretary of the Corporation and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the resolution or petition.

Section 2.03. Notice and Place of Meetings. Written notice stating the date, time, and place of any meeting of the Members, and, in the case of special meetings or when otherwise required by law, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Corporation to each Member and, if applicable, to any Mortgagee (as hereinafter defined) not less than ten (10) days prior to the date of such meeting. If at any meeting an amendment to the Neighborhood Declaration or these Bylaws is to be considered, the notice of such meeting shall describe the nature of such proposed amendment. The notice shall be mailed by first class U.S. Mail, postage prepaid, or delivered to the Members at their respective addresses as the same shall appear upon the records of the Corporation, and by first class U.S. Mail to the Mortgagees at their respective addresses as they shall appear on the records of the Corporation. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting. Furthermore, notice of any meeting may be waived by any Member in writing filed with the Secretary of the Corporation.

Section 2.04. Voting.

(a) Two Classes of Ownership. The Corporation shall have two (2) classes of Members, as set forth in the Neighborhood Declaration, and the Articles.

(b) Number of Votes. Each Member shall be entitled to cast votes (each, a **"Vote"** and collectively, the **"Votes"**) as specified in the Declaration and as further specified below.

(c) Multiple Ownership. When the owner of a portion of Real Estate is comprised of more than one person or entity (each, a **"Co-Owner"**), there shall be only one voting representative entitled to cast the Votes allocable to that Real Estate. The Votes for such Real Estate shall be exercised by the person whom the Co-Owners with respect to such Real Estate may designate. If one of the Co-Owners casts the Votes allocable to its Real Estate, the Votes bind all Co-Owners of such Real Estate. In no event shall Co-Owners split their voting interest into fractional Votes; in other words, Co-Owners of Real Estate must cast all Votes allocable to such Real Estate in the aggregate only. The aggregate Votes of Co-Owners of Real Estate may be cast by any one of them unless an objection or protest is made by one of the Co-Owners, in which case the aggregate Votes of all Co-Owners of the Real Estate in question shall not be counted. In addition, the Corporation may reject a vote,

consent, waiver or proxy appointment if there is a reasonable basis to doubt the validity of a signature or the signatory's authority.

(d) Voting by Corporation or Trust. When a corporation or trust is an Owner or is otherwise entitled to one or more Votes, the trustees may cast the Votes on behalf of the trust and the agent or other representative of the corporation duly empowered by the board of directors of such corporation shall cast the Votes to which the corporation is entitled.

(e) Proxy. A Member may vote either in person or by his, her or its duly authorized and designated attorney-in-fact. When voting is by proxy, the Member shall duly designate his, her or its attorney-in-fact in writing, and deliver the proxy designation and proxy to an officer of the Corporation prior to the commencement of the meeting.

(f) Quorum. Except where otherwise expressly provided in the Neighborhood Declaration, these Bylaws, the Articles or the Act, the presence of Members or their duly authorized representatives holding in excess of twenty five percent (25%) of the total Votes entitled to be cast shall constitute a quorum at all meetings. The term "majority of Members", as used in these Bylaws, shall mean unless otherwise expressly indicated, more than fifty percent (50%) of the total Votes as determined by the applicable provisions set forth in the Neighborhood Declaration, and the term "majority of the vote" shall mean more than fifty percent (50%) of the total Votes present or represented at such meeting.

(g) Conduct of Meeting. Meetings of Members, including the order of business, shall be conducted in accordance with Roberts Rules of Order, Revised, except insofar as the Articles, these Bylaws, or any rule adopted by the Board of Directors or Members may otherwise provide. The Members present at such meeting may, by unanimous consent, waive the requirements of this Section 2.04(g), but such waiver shall not preclude any Member from invoking the requirements of this Section 2.04(g) at any subsequent meeting.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01. Number and Qualification. Until the Authority Transfer Date, the affairs of the Association shall be governed by the Initial Board of Directors and shall consist of not fewer than three (3) members nor more than five (5) members. After the Authority Transfer Date, the Board of Directors shall consist of five (5) members.

Section 3.02. Additional Qualifications. Where an Owner consists of more than one person, or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner or partner, officer or trustee, as the case may be, of the partnership, corporation, trust or other entity, Owner shall be eligible to serve on the Board of Directors of the Association, except that no Lot may be represented on the Board of Directors by more than one person at a time.

Section 3.03. Initial Board of Directors. The initial Board of Directors named in the Articles of Incorporation (the "Initial Board") shall maintain, manage and administer the affairs and the property of the Association until the Authority Transfer Date.

Section 3.04. Term of Office Generally. Such Directors shall hold office until the next annual meeting of members, or until their successors are elected, or until they are removed or resign.

Section 3.05. Duties. The Board of Directors shall have the following duties:

A. To cause to be kept a complete record of all 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 members holding twenty-five percent (25%) of the total votes of the membership entitled to vote;

B. To supervise all officers, agents and employees of the Association;

C. To establish the annual assessment period and fix the amount of the annual assessment against each member for each Lot owned, all in accordance with the terms of the Declaration and these Bylaws;

D. To fix the amount of any special assessment against each member for each Lot owned, all in accordance with the terms of the Declaration and these Bylaws;

E. To send written notice of each assessment to each Owner in accordance with the Declaration;

F. To foreclose the Association's lien for assessments against any property for which assessments are not paid within thirty (30) days after the due date thereof or to bring an action at law against the Owner or other person personally obligated to pay the same;

G. To issue, or to cause an appropriate officer to issue, upon demand by any person or entity, a certificate setting forth whether or not any assessment has been paid;

H. To procure and maintain the insurance coverages required by the Declaration and such other insurance coverages as the Board of Directors, in its sole discretion, deems necessary or advisable;

I. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, and at least as required by the Declaration; and,

J. To cause all of the Common Areas and all easements hereunder, including but not limited to Lake Easements, Landscape Easements, Drainage Easements, and Utility Easements to be maintained to the extent to the Association's responsibilities therefor as provided in the Declaration.

Section 3.06. Vacancies. Until the Authority Transfer Date any vacancy in the Board of Directors shall be filled by the Declarant. Thereafter, any vacancy in the Board of Directors shall be filled by vote of the majority of remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a director for the unexpired term of his predecessor, or until his successor is elected.

Section 3.07. Compensation. No Director shall receive compensation for any service he may render to the Association as such director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties, and any Director may be paid and compensated for services to the Association in a capacity other than as a director.

Section 3.08. Removal of Directors. Prior to the Authority Transfer Date, any Director(s) may be removed by the Declarant, with or without cause. After the Authority Transfer Date, Directors may be removed by members of the Association, with or without cause, if the number of votes cast to remove would be sufficient to elect the Directors at a meeting to elect Directors. After the Authority Transfer Date, a Director or Directors may be so removed by the Members only at a meeting called for the purpose of removing the Director(s). Any such meeting must state that the purpose of the meeting is for voting upon the removal of Director(s). In such case, the removed Director(s) successor(s) shall be elected at the same meeting to serve for the remainder of the term(s) of the removed Director(s).

Section 3.09. Regular Meetings. Regular meetings of the Board of Directors shall be held at such regular intervals, without notice, at such place and hour as may be determined from time to time by resolution of the Board of Directors. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 3.10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two-thirds of the directors.

Section 3.11. Wavier of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent of the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

Section 3.12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which quorum is present shall be the acts of the Board of Directors except as otherwise provided in or required by the Declaration, Articles of Incorporation, these Bylaws or statute. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from

time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.13. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IV

OFFICERS

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

Section 4.02. Election of Officers. The Officers of the Corporation shall be elected annually by a majority vote of the Board of Directors at the first meeting of the Board of Directors following each election thereof. Officers may serve unlimited consecutive terms. Upon recommendation of a majority of all Members of the Board of Directors and upon an affirmative vote of a majority of all Members, any Officer maybe removed either with or without cause.

Section 4.03. Vacancies. Whenever any vacancies shall occur in any of the offices of the Corporation for any reason, the same may be filled by a majority vote of the Board of Directors at any meeting thereof and any Officer so elected shall hold office until the expiration of the term of the Officer causing the vacancy and until a successor shall be duly elected and qualified.

Section 4.04. Compensation. No Officer shall receive any compensation for his or her services as such, except as may be fixed by action of the Board of Directors.

Section 4.05. President. The President shall be elected from among the Directors and shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Corporation and of the Board of Directors, and shall have and discharge all the general powers and duties usually vested in the office of the president or chief executive officer of a corporation or a stock corporation organized under the laws of Indiana.

Section 4.06. Vice-President. The Vice-President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice-President shall also perform such other duties as these Bylaws may prescribe or as shall, from time to time, be imposed upon him by the Board of Directors or by the President.

Section 4.07. Secretary. The Secretary shall be elected from among the Members or Directors. The Secretary shall attend all meetings of the Corporation and of the Board of Directors and shall keep or cause to be kept a true and complete record of proceedings of such meetings, shall perform all other duties incident to the office of the Secretary, and such other duties as from time to time may be prescribed by the Board of Directors. If required, the Secretary shall attest the execution by the Corporation of deeds, leases, agreements and other official documents. The Secretary shall specifically see that all notices of the Corporation or the Board of Directors are duly given, mailed or delivered, in accordance with the provisions of these Bylaws.

Section 4.08. Treasurer. The Board of Directors shall elect from among the Members or Directors a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Corporation and such other duties incident to the office of Treasurer. The Treasurer shall be legal custodian of all monies, notes, securities, and other valuables, which may from time to time come into possession of the Corporation. The Treasurer shall immediately deposit all funds of the Corporation coming into the Treasurer's hands in a federally insured bank or other depository to be designated by the Board of Directors.

Section 4.09. Assistant Officers. The Board of Directors may from time to time designate and elect from among the Members an Assistant Secretary and Assistant Treasurer, who shall have such powers and duties as the Officers whom they are elected to assist shall delegate to them and such other powers and duties as these Bylaws or the Board of Directors may prescribe.

ARTICLE V

ACCOUNTING AND ASSESSMENTS

Section 5.01. Obligations of Owners. Each of the Owners shall automatically and mandatorily be Members in the Corporation and shall be entitled to all of the privileges and subject to all of the obligations thereof. All Owners, by acceptance of the deeds to the Real Estate owned by each of them, respectively covenant and agree to be bound by the conditions, restrictions, and obligations contained in the Articles, the Master Declaration, the Neighborhood Declaration, and the provisions of these Bylaws.

Section 5.02. Annual Accounting. Annually, and within six (6) months after the close of each calendar year, the Board of Directors shall cause a financial statement to be prepared, which statement shall show all receipts and expenses received, incurred, and paid by the Corporation during the preceding calendar year. Such statement need not be audited and shall be made available to Owners pursuant to Section 3.04 of these Bylaws.

Section 5.03. Annual Budget. The Board of Directors shall adopt an annual budget for each fiscal year as more particularly provided in the Neighborhood Declaration.

Section 5.04. Assessments. Owners shall pay Assessments as set forth in Article V of the Neighborhood Declaration or Article X of the Master Declaration.

Section 5.05. Status of Funds Collected by Corporation. All funds collected pursuant to this Article V shall be held and expended by the Corporation solely for the purposes designated herein, and, except for any Assessments that may be levied hereunder or under the Neighborhood Declaration against less than all of the Owners, and except for such adjustments as may be required to reflect delinquent or prepaid assessments, shall be deemed to be held for the use, benefit, and account of all of the Owners.

ARTICLE VI

NOTICES AND MORTGAGEES

Section 6.01. Notice to Corporation. Any Owner who places a first mortgage lien upon his, her or its Real Estate or the mortgagee thereof (a "**Mortgagee**") shall notify the Secretary of the Corporation and provide the name and address of the Mortgagee. A record of such Mortgagee and name and address shall be maintained by the Secretary of the Corporation and any notice required to be given to the Mortgagee pursuant to the terms of the Master Declaration, the Neighborhood Declaration or these Bylaws shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record in the time provided. Unless notification of any such mortgages and the name and address of the Mortgagee are furnished to the Secretary, either by the Owner or by the Mortgagee, no notice to any Mortgagee as may be otherwise required by the Master Declaration, the Neighborhood Declaration or these Bylaws shall be required, and no Mortgagee shall be entitled to vote on any matter on which it otherwise may be entitled to vote by virtue of the Master Declaration, the Neighborhood Declaration, these Bylaws or proxy granted to such Mortgagee in connection with the mortgage.

Section 6.02. Notice of Assessments. Upon ten (10) days' written notice to the Corporation and the payment of a reasonable fee, the Corporation shall deliver to any Owner, Mortgagee, prospective Mortgagee, title insurance company, purchaser or other prospective transferee of any portion of Real Estate, a written statement setting forth the amount of all unpaid Assessments, if any, with respect to the subject Real Estate, together with the amount of the current Assessments and the date(s) such Assessments become due and payable. Any such written statement shall be binding upon the Corporation in favor of any person relying thereon in good faith.

Section 6.03. Financial Statements. The Corporation, upon the request of any Mortgagee, shall provide to said Mortgagee the most recent financial statement prepared on behalf of the Corporation pursuant to Section 5.02.

Section 6.04. Notices to Mortgagees. The Corporation shall promptly provide to any Mortgagee, of whom the Corporation has been provided notice under Section 6.01, notice of any of the following:

(a) Any condemnation or casualty loss that affects either a material portion of the Corporation property or the building(s) or improvements on any Real Estate securing its mortgage;

(b) Any delinquency in the payment of Assessments owed by the Owner of any Real Estate on which said holder, insurer, or guarantor holds a mortgage, if said delinquency continues for more than sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Corporation; and

(d) Any proposed action that requires the consent of a specified percentage of Mortgagees.

Section 6.05. Availability of Information. The Corporation shall keep and shall make available to prospective purchasers of Real Estate, upon request at reasonable business hours, copies of the Neighborhood Declaration, these Bylaws, current rules and regulations, if any, and the most recent financial statement of the Corporation.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Execution of Contracts and Other Documents. The Corporation shall have no seal. Unless otherwise ordered by the Board of Directors, all written contracts and other documents entered into by the Corporation shall be executed on behalf of the Corporation by the President, and, if required, attested by the Secretary.

Section 7.02. Fiscal Year. The fiscal year of the Corporation shall begin on January 1 of each year and end on the immediately following December 31.

ARTICLE VIII

AMENDMENT TO BYLAWS

These Bylaws may be amended in the same manner and to the same extent as the Neighborhood Declaration.

THE TOWNHOMES AT
GUILFORD HOMEOWNERS NEIGHBORHOOD ASSOCIATION, INC.

WRITTEN CONSENT OF DIRECTORS

***

The undersigned, being all the Directors of the THE TOWNHOMES AT GUILFORD HOMEOWNERS NEIGHBORHOOD ASSOCIATION, INC., a corporation organized under the laws of the State of Indiana (herein called "Corporation"), hereby consent to the following action being taken by the Corporation without a meeting of the Board of Directors of the Corporation as permitted by the Indiana Nonprofit Corporation Act of 1991, as amended.

ADOPTION OF BYLAWS

RESOLVED, that the Bylaws submitted to the Board of Directors are hereby adopted as the Bylaws of the Corporation.

ELECTION OF OFFICERS

RESOLVED, that the following named persons be elected to the offices set forth opposite their respective names, to serve until the first annual meeting of the Board of Directors or until their successors are elected and qualified:

Names	Office
Gregory Huff	President
David M. Compton	Secretary
Tony Barbee	Treasurer

DESIGNATION OF DEPOSITORY

RESOLVED, that the Treasurer be and it hereby is authorized to designate a depository in which the funds of this Corporation may be deposited by its officers, agents and employees.

FURTHER RESOLVED, that the Secretary/Treasurer of the Corporation furnish to said Bank a certified copy of resolutions or a form of resolution or resolutions as herein authorized and satisfactory to such Bank as its authority in the premises.

INSURANCE AND BONDS

RESOLVED, that the officers of the Corporation are authorized to procure any necessary liability insurance for and on behalf of the Corporation and also procure bonding, letters of credit, and any and all other similar items in order to establish and maintain the financial responsibility of the Corporation from time to time as the officers see fit.

PAYMENT OF ORGANIZATIONAL EXPENSES

RESOLVED, that the officers of the Corporation are authorized and directed to pay all organizational expenses of the Corporation out of the funds of the Corporation.

PRIOR ACTIONS

RESOLVED, that the Corporation ratify, affirm and adopt as its own, any and all actions taken on its behalf by or at the direction of any of the incorporators, directors and officers, including but not limited to, all contracts signed by any of the directors and officers in the Corporation's name.

EXECUTED this 15 day of JUNE, 2005.

Gregory Huff Director

David M. Compton Director

Tony Barbee Director

DULY ENTERED FOR TAXATION
Subject to final acceptance for transfer
7 day of July, 2005
Robin N Mills Auditor of Hamilton County
Parcel #

NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE TOWNHOMES AT GUILFORD

THIS NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE TOWNHOMES AT GUILFORD (the "Neighborhood Declaration") is made this 15th day of JUNE, 2005, by PPV, LLC, an Indiana limited liability company (the "Title Holder").

RECITALS:

A. The Title Holder is the owner of certain real property located in Hamilton County, Indiana, which is more specifically described on Exhibit A attached hereto and incorporated herein by reference (the "Neighborhood Property"); and

B. The Title Holder desires to create on the Neighborhood Property a residential neighborhood (the "Neighborhood") which shall have permanent open spaces and other common facilities for the benefit of the residents of the Neighborhood; and

C. The Title Holder desires to provide for the preservation of the values of the Neighborhood and such other areas as may be subjected to this Neighborhood Declaration, and to provide for the maintenance of the open spaces and other facilities, and, to this end, declares and publishes its intent to subject the Neighborhood Property to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, it being intended that they shall run with title to the Neighborhood Property and shall be binding on all persons or entities having or acquiring any right, title or interest in the Neighborhood Property or any part thereof and shall inure to the benefit of each owner thereof; and

D. The Title Holder has deemed it desirable for the efficient preservation of the values of the Neighborhood to create an association to be known as The Townhomes at Guilford Homeowners Neighborhood Association, Inc., an Indiana nonprofit corporation (the "Neighborhood Association"), to which shall be delegated and assigned the powers of owning, maintaining and administering the common areas and facilities located within the Neighborhood Property, administering and enforcing the covenants and restrictions made in and pursuant to this Neighborhood Declaration with respect to the Neighborhood Property, collecting and disbursing the assessments and charges hereafter created with respect to the Neighborhood Property, and promoting the recreation, health, safety and welfare of the owners of the Neighborhood Property and all parts thereof; and

NOW, THEREFORE, the Title Holder, for and in consideration of the premises and the covenants contained herein, hereby (i) appoints Pulte Homes of Indiana, LLC, an Indiana limited liability company, to be the Declarant in this Declaration, to have, hold, and possess all of the rights, powers, and authority of the Declarant, as set forth in this Declaration and (ii) grants, establishes and conveys to each owner of each Lot (as herein defined), mutual, non-exclusive rights, privileges and easements of enjoyment on equal terms and in common with all other owners of Lots in and to the use of any common areas and facilities, and (iii) declares that the Neighborhood Property shall be held, transferred, sold, conveyed, hypothecated, encumbered, leased, rented, used, improved, and occupied subject to the provisions, agreements, covenants, conditions, restrictions, reservations, easements, assessments, charges and liens as hereinafter set forth, all of which are for the purpose of protecting the value and desirability of, and shall run with, the Neighborhood Property and be binding on all parties having

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Filed for Record in
HAMILTON COUNTY, INDIANA
JENNIFER J HAYDEN
07-07-2005 At 03:06 pm.
DEC COV RES 91.00

any right, title or interest in the Neighborhood Property or any part thereof, their respective successors and assigns, and shall inure to the benefit of the Title Holder and the Declarant and its successors in title to the Neighborhood Property or any part or parts thereof.

ARTICLE I

DEFINITIONS

Unless otherwise defined in this Neighborhood Declaration, all terms and words in this Neighborhood Declaration and its recorded exhibits shall have the meanings stated below unless the context clearly requires otherwise:

Section 1.1. "Articles" shall mean and refer to the Articles of Incorporation of the Neighborhood Association, as the same may be amended from time to time.

Section 1.2. "Authority Transfer Date" shall have the meaning ascribed thereto in Section 4.1 of this Neighborhood Declaration.

Section 1.3. "Board of Directors" shall mean an elected body having its normal meaning under Indiana corporate law.

Section 1.4. "Builder" shall mean any firm or entity regularly engaged in the business of constructing Dwelling Units including, without limitation, Pulte Homes of Indiana, LLC.

Section 1.5. "Bylaws" shall mean and refer to the Code of Bylaws of the Neighborhood Association, as the same may be amended from time to time.

Section 1.6. "City" shall mean Carmel, Indiana.

Section 1.7. "Committee" means and refers to the Committee described in Article VIII of this Neighborhood Declaration.

Section 1.8. "Common Area" or "Common Areas" shall mean and refer to all real property (including the improvements thereto) owned by the Neighborhood Association for the common use and enjoyment of the Members including, without limitation, Private Streets and all areas identified on the Plat as Common Areas. All of the Neighborhood Property which is not a public street or included in any particular Lot, as shown on current or future approved plats of the Neighborhood Property and/or as described herein, shall be considered to be a part of the Common Area.

Section 1.9. "Common Expenses" shall mean and refer to expenses of administration of the Neighborhood Association and expenses incurred in the fulfillment of the obligations of the Neighborhood Association as specified in Section 10.2 below and elsewhere in this Declaration, and all sums lawfully assessed against the Owners by the Neighborhood Association, and all sums, costs and expenses declared by this Neighborhood Declaration to be Common Expenses.

Section 1.10. "County" shall mean the County of Hamilton, Indiana.

Section 1.11. "Declarant" shall mean Pulte Homes of Indiana, LLC, or any other entity appointed by the Title Holder to replace Pulte Homes of Indiana, LLC.

Section 1.12. "Development Period" means the period of time commencing with the Title Holder's acquisition of the Neighborhood Property and ending when neither the Title Holder nor the Declarant still own any Lot or any portion of the Neighborhood Property.

Section 1.13. "Dwelling Unit" shall mean and refer to any improvement to the Neighborhood Property intended for any type of independent ownership for use and occupancy as a residence by a single household and shall, unless otherwise specified, include within its meaning (by way of illustration but not limitation) a townhouse.

Section 1.14. "Federal Agencies" shall mean (byway 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 1.15. "Local Governing Authority" shall mean the City and/or the County, individually or collectively.

Section 1.16. "Lot" means one or more of the platted parcels located within the Neighborhood Property into which the Neighborhood Property has been subdivided, upon which a single Dwelling Unit has been or is intended to be constructed; provided, however, that where a Dwelling Unit (i) is separated from an adjacent Dwelling Unit by a Party Wall, or (ii) shares a Party Wall with an adjacent Dwelling Unit, the center line of such Party Wall shall constitute the segment of the common boundary line (lot line) existing between adjacent Dwelling Units; provided, further, that where any exterior wall of a Dwelling 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 Dwelling Unit is primarily located, the boundary lines of such Lot shall be deemed extended to include all of the ground area occupied by such Dwelling 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 Dwelling 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 a Dwelling Unit shall be and constitute part of the Lot upon which such Dwelling 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 Dwelling 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 definition provisions and boundary lines as so determined shall supercede the boundary lines for Lots shown on any Plat or part thereof. Wherever herein the term "Lot" is used, it shall be interpreted as if followed by the words "and Dwelling Unit constructed thereon," except where the context clearly requires otherwise.

Section 1.17. "Maintenance Costs" means all of the costs necessary to keep the facilities to which the term applies operational and in good condition, including but not limited to the cost of all upkeep, maintenance, repair, replacement, of all or any part of any such facility, payment of all insurance with respect thereto, all taxes imposed on the facility and on the underlying land, leasehold, easement or right-of-way, and any other expense related to continuous maintenance, operation or improvement of the facility.

Section 1.18. "Member" means and refers to all persons who are members of the Neighborhood Association as provided in this Neighborhood Declaration, and the Articles of Incorporation and Bylaws of the Neighborhood Association.

Section 1.19. "Mortgagee" shall mean and refer to any person or entity holding a first mortgage on any Lot or the Common Area who has notified the Neighborhood Association of this fact in writing. An "Eligible Mortgagee" shall be a Mortgagee who has given notice to the Neighborhood Association of its interest and requested all rights afforded Eligible Mortgagees under Article XI.

Section 1.20. "Neighborhood" shall mean The Townhomes at Guilford, comprising the Neighborhood Property, which is committed by this Neighborhood Declaration to the provisions hereof and all improvements made to such land, including Dwelling Units, Neighborhood Common Areas, if any, and Lots.

Section 1.21. "Neighborhood Association" shall mean and refer to The Townhomes at Guilford Homeowners Neighborhood Association, Inc., an Indiana nonprofit corporation, and its successors and assigns.

Section 1.22. "Neighborhood Declaration" shall mean and refer to this Neighborhood Declaration of Covenants, Conditions and Restrictions for The Townhomes at Guilford, which is to be recorded in the Office of the Recorder of Hamilton County, Indiana.

Section 1.23. "Neighborhood Property" shall mean that certain real property located in Hamilton County, Indiana, which is more specifically described on Exhibit A 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 Neighborhood Declaration.

Section 1.24. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of the fee simple title to any Lot, including a contract seller but excluding those holding such interest in a Lot solely by virtue of a contract to purchase a Lot or as security for the performance of an obligation. If more than one (1) person or entity is the record owner of a Lot, the term Owner as used herein shall mean and refer to such owners collectively, so that there shall be only one (1) Owner of each Lot. Unless specifically indicated to the contrary, the term "Owner" shall include the Title Holder and the Declarant.

Section 1.25. "Permitted Signs" shall mean customary real estate sale signs which have received the prior written approval of the Committee and which are located on the inside of a window of a Dwelling Unit and not outside on a Lot or Common Area.

Section 1.26. "Person" shall mean an individual, firm, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

Section 1.27. "Plat" shall mean any of the subdivision Plats of the Neighborhood Property recorded with the Recorder of Hamilton County, Indiana.

Section 1.28. "Private Street(s)" shall mean any street within the Property which is created by the Title Holder, the Declarant or the Neighborhood Association and which is not dedicated to the public and/or maintained by the Local Governing Authority.

Section 1.29. "Recorder's Office" shall mean the Office of the Recorder of Hamilton County, Indiana.

Section 1.30. "Regular Assessments" shall mean and refer to assessments levied against all Lots to fund Common Expenses.

Section 1.31. "Restrictions" shall mean and refer to the agreements, conditions, covenants, restrictions, easements, assessments, charges, liens, and other provisions set forth in this Neighborhood Declaration with respect to the Neighborhood Property, as the same may be amended from time to time.

Section 1.32. "Special Assessments" shall mean and refer to assessments levied in accordance with Section 6.7 of this Neighborhood Declaration.

Section 1.33. "Structure" shall mean any temporary or permanent improvement or building or portion thereof, including, without limitation, walls, decks, patios, stairs, windows, window boxes, doors, pavement, walkways, driveways, garages and/or garage doors, or appurtenances to any of the aforementioned.

ARTICLE II

EASEMENTS

Section 2.1 Designated Easements. The following are easements designated or to be designated, in the Title Holder's sole discretion, upon a plat:

(a) Designated Drainage, Utility, and Sewer Easements. There are strips of ground designated on the Plat as drainage easements, utility easements, sewer easements, sanitary sewer easements and storm sewer easements, or any combination thereof, which are hereby reserved to the Declarant, the Title Holder, the Neighborhood Association, appropriate governmental entities, public utilities, and private utilities for the installation and maintenance of swales, ditches, pipes, drains, sanitary sewers, manholes, detention and retention areas or other drainage facilities and other utility infrastructure. Purchasers of Lots in this subdivision shall take title subject to such easements hereby created and subject at all times to the rights of proper authorities to service and maintain such drainage facilities and easements, and no permanent structure of any kind and no part thereof shall be built, erected or maintained on said drainage easements, except by the Title Holder and their assigns. It shall be the responsibility of the Neighborhood Association and the Owners of the areas enclosed within such easements to maintain such areas in such conditions that the flow of storm drainage waters on, across and from said areas shall not be impeded, diverted or accelerated. Such use for storm water movement or retention or detention is hereby declared to be an easement and servitude upon said land for the benefit of the Owners of other land included within the Plat, upstream or downstream, affected by such use and for any proper governmental agency or department or any private or public utility. All proper governmental agencies or departments and public and private utilities are hereby given the right to obtain access to such areas to perform maintenance and to perform such maintenance as may be necessary to protect that easement and servitude rights. It shall be the responsibility of the Neighborhood Association and the Owner of any Lot or parcel of land within the Plat to comply at all times with the provisions of the drainage plan as approved for the applicable Plat by the appropriate governmental agency or department and the requirements of all drainage permits for such Plat issued by those agencies. Failure to so comply shall operate as a waiver and release of the Declarant, the Title Holder, or their engineers and agents from all liability as to damage caused by storm waters or storm drainage.

Further, there are easements and servitudes upon the land within the Plat in favor of surface water runoff along natural valleys and drainage channels running to Owners of other land contained within the Plat, upstream and downstream. It shall be the responsibility of the Neighborhood Association and the Owners of these natural valleys and channels to use their land and maintain said natural valleys and channels in such manner and condition that the flow of storm drainage waters on, across, from and to such areas shall not be impeded, diverted or accelerated.

(b) Designated Landscape Easements. Any strips of grounds shown or designated on the Plat for landscaping including, but not limited to, landscape easements, are hereby reserved unto Declarant and the Title Holder, during the Development Period, and, thereafter, unto the Neighborhood Association, for the purposes of (i) providing signs which either advertise the Neighborhood Property and the availability of Lots or identify the Neighborhood Property or, (ii) installing landscaping, mounding, and screening. Declarant reserves unto itself during the Development Period and thereafter unto the Neighborhood Association, the exclusive and sole right to erect signs and install landscaping, mounding, and screening within these strips of ground. Notwithstanding anything in this Neighborhood Declaration to the contrary, no planting shall be done, and no hedges, walls, fences or other improvements shall be erected or maintained in the area of such easements, except by the Declarant and the Title Holder during the Development Period, and thereafter by the Neighborhood Association. Furthermore, notwithstanding anything in this Neighborhood Declaration to the contrary, no planting shall be done, and no hedges, walls, fences, structures, or other improvements shall be erected between (i) any landscape easement or landscape maintenance easement, and (ii) any perimeter roadway, public highway or right-of-way along the perimeter or boundary of the Neighborhood Property, except by the Declarant and the Title Holder during the Development Period and thereafter by the Neighborhood Association.

(c) Easement Work. Notwithstanding any architectural approval under Article VIII below, during the course of any maintenance, service, repair or work upon any easement, the Declarant, the Title Holder, the Neighborhood Association, any private utility, any public utility, and/or any governmental entity shall have the right and the authority, without any obligation or liability whatsoever to any owner, to remove, damage, or destroy any fence or other structure or landscaping built, erected, maintained or planted in any easement described in Section 2.1(a) above and without any obligation of replacement.

Section 2.2 General Drainage Utility Sewer and other Development Easements. The following rights reserved in this Section shall not be exercised, after the conveyance of any Lot, in a manner that (i) unreasonably and adversely affects any Dwelling Unit or portion thereof located upon such Lot or the Owner's use or enjoyment thereof, or (ii) unreasonably restricts the rights of ingress and egress to such Lot. The following rights and easements reserved by Declarant in this Section shall run with the land, and Declarant's and the Title Holder's right to further alter or grant easements shall automatically terminate and pass to the Neighborhood Association one (1) year after Declarant shall have conveyed to an Owner the last Lot within the Neighborhood Property.

(a) Declarant and the Title Holder hereby reserve unto themselves during the Development Period, and thereafter unto any governmental entity and public or private utility, a general easement ("Drainage, Utility and Sewer Easement") for drainage, utility and sewer purposes in, on and over all of the Common Area and any Lot, so as to permit Declarant and the Title Holder to properly install and allow to be maintained all electrical, telephone, water, gas, sanitary and storm sewer, television (including but not limited to cable and/or satellite) transmission facilities, security systems and other utility services (including all necessary lines, pipes, wires, cables, ducts, antennae and other equipment and facilities) to serve any Dwelling Unit. Any Drainage, Utility, Sewer and

other Development Easement shall include all areas of the Neighborhood Property outside any Dwelling Unit, with the exception of any areas covered by chimneys, or patios. Improvements or permanent structures installed within the Common Area are subject to the rights (including the right to remove where reasonably necessary without duty of replacement or reimbursement) of the Declarant, the Title Holder and any public or private utility to construct, maintain, repair or remove any necessary facilities. By virtue hereof, Declarant and the Title Holder reserve the right to install a lake(s) or pond(s) on any Common Area. The rights hereunder and easements hereby reserved survive the conveyance, by the Title Holder to the Neighborhood Association, of any Common Area. This easement shall be in addition to any easement defined upon a Plat as a drainage, sewer, utility, cable, landscape, sign, transmission, flowage or similar type easement.

(b) Declarant and the Title Holder reserve unto themselves during the Development Period, and thereafter unto the Neighborhood Association, the right and the sign and facilities easement ("Sign and Facilities Easement") to install, erect, construct and maintain an entryway sign or signs, directional signs, advertising signs advertising the Neighborhood Property or the Lots therein, lighting, walkways, pathways, fences, walls and any other landscaping, architectural and recreational features or facilities considered necessary, appropriate, useful or convenient, anywhere upon the Neighborhood Property (except upon any Lot after the first conveyance thereof). Any such signs shall comply with any applicable zoning requirements and all such facilities shall be maintained by the Neighborhood Association as a part of its maintenance obligations.

(c) Declarant reserves unto itself during the Development Period, and thereafter unto the Neighborhood Association, the full right, title and authority to:

(i) Relocate, alter or otherwise change the location of any Drainage, Flowage, Utility, Sewer and Lake, Sign and Facilities Easement, or any facility at any time located therein or thereon;

(ii) Grant such further easements, licenses and rights-of-way, temporary or permanent, exclusive or non-exclusive, surface or otherwise, as Declarant or the Title Holder may deem necessary or appropriate, for ingress and egress, utility and similar purposes on or within any portion of the Neighborhood Property, for the benefit of the Neighborhood Property or any portion thereof; and,

(iii) Describe more specifically or to change the description of any Drainage, Flowage, Utility, Sewer, Lake, Sign and Facilities Easement or any other easement, license or right-of-way now or hereafter existing on the Neighborhood Property, by written instrument, amended Plat or amendment to the Plat recorded in the Office of the Recorder of Hamilton County, Indiana.

(d) The title of the Neighborhood Association as to any Common Area, and of any Owner of any Lot shall be subject to the rights and easements reserved herein.

ARTICLE III

MEMBERSHIP

Every Owner of a Lot which is subject to this Neighborhood Declaration shall be a Member of the Neighborhood Association. Membership shall be appurtenant to and may not be separated

from ownership of any Lot which is subject to assessment by the Neighborhood Association. Ownership of such Lot shall be the sole qualification for membership. No Owner shall have more than one (1) membership in the Neighborhood Association for each Lot it owns.

ARTICLE IV

VOTING RIGHTS

Section 4.1. Classes. The Neighborhood 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 IV herein with respect to each matter submitted to a vote of Members upon which the Class A Members are entitled to vote.

Class B: The Class B Member shall be Declarant and all successors and assigns of Declarant designated by Declarant as Class B Members in a written notice mailed and delivered to the resident agent of the Neighborhood Association. A Class B Member shall be entitled to five (5) votes for each Lot owned by the Declarant, and also to five (5) votes for each Lot owned by the Title Holder. 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 "Authority Transfer Date"):

(a) when neither the Declarant nor the Class B Member own any Lots;

(b) December 31, 2020; or

(c) when the Declarant executes and records, with the Recorder's Office, a written instrument by which the Declarant terminates the Class B membership.

Section 4.2. Multiple Ownership Interests. When more than one (1) Person constitutes the Owner of a particular Lot, all of such Persons shall be Members of the Neighborhood Association, but all of such Persons, collectively, shall have only one (1) vote for such Lot. The vote for such Lot shall be exercised as such Persons constituting the Owner of the Lot determine among themselves, and may be exercised by any one (1) of the Persons 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 cast for such Lot 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.

ARTICLE V

DECLARATION OF RESTRICTIONS AND STATEMENT OF PROPERTY RIGHTS

Section 5.1. Neighborhood Declaration. Declarant and the Title Holder hereby expressly declare that the Neighborhood Property and any additions thereto pursuant to this Neighborhood Declaration, shall be held, transferred and occupied subject to the Restrictions. The Owners of each Lot are subject to the Restrictions, and all other Persons, whether (i) by acceptance of a deed from Declarant or the Title Holder, or their successors or assigns, conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant, the Title Holder or a subsequent Owner of such Lot, or (ii) by the act of occupancy of any Lot, shall conclusively be deemed to have accepted such deed, executed such contract and undertaken such occupancy subject to each Restriction. By acceptance of such deed, or execution of such contract, or undertaking such occupancy, each Owner and each other Person for itself, its heirs, personal representatives, successors and assigns, acknowledges the rights and powers of Declarant, the Title Holder, the Committee, and the Neighborhood Association with respect to the Restrictions, and also, covenants, agrees and consents to and with Declarant, the Committee, the Neighborhood Association and the Owners and subsequent Owners of each of the Lots affected by the Restrictions, to keep, observe, comply with and perform such Restrictions and agreements.

Section 5.2. Neighborhood Property Rights. Every Owner shall have a right and easement of use, access, and enjoyment in and to the Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to:

(a) this Neighborhood Declaration as it may be amended from time to time and to any restrictions, limitations or other matters contained in any deed conveying any part of the Neighborhood Property to the Neighborhood Association;

(b) the right of the Neighborhood Association to adopt and enforce rules and regulations governing the use of the Common Area and the personal conduct of Owners, occupants and guests thereon, including, without limitation, the imposition of fines for the violation thereof;

(c) the right of the Neighborhood Association to impose reasonable membership requirements and charge reasonable admission or other fees for the use of any recreational facility situated upon the Common Area;

(d) the right of the Neighborhood Association to suspend (i) the Members' voting rights, (ii) the Members' right to run for office within the Neighborhood Association, and (iii) rights of a Member to the use of any nonessential services offered by the Neighborhood Association, provided that access and the provision of utilities to the Lot through the Common Area shall not be precluded, for (x) any period during which any assessment against such Member's Lot remains unpaid or (y) for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(e) the right of the Neighborhood Association at any time, or upon dissolution of the Neighborhood Association, and consistent with the then-existing zoning and subdivision ordinances of the City and/or the County and consistent with its designation of the Common Area as "open space", to transfer all or any part of the Common Area to an organization conceived and organized to own and maintain common open space, or, if such organization will not accept such a transfer, then

to a Local Governing Authority or other appropriate governmental agency, or, if such a transfer is declined, then to another entity in accordance with the laws governing the same, for such purposes and subject to conditions as may be agreed to by the Members. Except in the case of dissolution, any such transfer shall have the assent of at least two-thirds (2/3) of each class of Members 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 must have been sent to all Members not less than twenty-five (25) days nor more than fifty (50) days in advance of the meeting setting forth the purpose of the meeting. Upon such assent and in accordance therewith, the officers of the Neighborhood Association shall execute the necessary documents to effectuate the transfer under this subparagraph (e). The re-subdivision or adjustment of the boundary lines of the Common Area and the granting of easements by the Neighborhood Association shall not be deemed a transfer within the meaning of this Article;

(f) the right of the Neighborhood Association to lease the Common Area; provided, however, that such lease(s) must:

(i) be only to non-profit organizations;

(ii) prohibit assignment and subleasing;

(iii) require the prior, written approval of the Neighborhood Association with respect to the lessee(s) uses of the Common Area and facilities, all of which must be in accordance with this Neighborhood Declaration;

(iv) be consistent with the then-existing ordinances of the Local Governing Authority; and

(v) be consistent with the open space designation of the Common Area;

(g) the right of Declarant, the Title Holder or the Neighborhood Association to re-subdivide and/or adjust the boundary lines of the Common Area consistent with applicable zoning and subdivision ordinances as either deems necessary for the orderly development of the subdivision.

The Neighborhood Association, acting through its Board of Directors, may exercise these rights without the need for any approval from any Member, Mortgagee or any of the Federal Agencies, unless provided otherwise in this Neighborhood Declaration.

Section 5.3. Common Area.

(a) Ownership. The Title Holder and/or the Declarant may retain legal title to the Common Area during the Development Period; however, if pursuant to this Neighborhood Declaration, the Declarant and/or the Title Holder elects to convey title to the Common Area to the Neighborhood Association, such conveyance shall be free and clear of all liens and other financial encumbrances and exclusive of the lien for taxes not yet due and payable. The Common Areas shall remain private, and neither Title Holder's execution, or recording of an instrument portraying the Common Areas, nor the doing of any other act by Declarant or the Title Holder is, or is intended to be, or shall be construed as, a dedication to the public of the Common Areas. Declarant, the Title Holder or the Neighborhood Association (if Neighborhood Association then owns legal title to the Common Areas) may, however, dedicate or transfer all or any part of the Common Areas to any

public agency or utility for roadways, utility or parks purposes, or for other public purposes.

(b) Maintenance. The Neighborhood Association shall be responsible for maintaining the Common Area and the Maintenance Costs thereof shall be assessed as a Regular Assessment against all Lots subject to assessment.

(c) Control. The Neighborhood Association, subject to the rights of Declarant, the Title Holder and the Owners set forth in this Neighborhood Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon and, except as otherwise provided in this Neighborhood Declaration, shall keep the Common Areas in good, clean, attractive and sanitary condition, order, and repair.

(d) No Permanent Structures. Except for underground utility facilities, and except as provided in this Neighborhood Declaration, no permanent improvements shall be made to or installed on the Common Area other than lighting, seating, signage approved by the Committee, walkways, paved paths, planting structures, and fountains or other non-recreational water features. The use of the Common Area shall be subject to rules and regulations adopted by the Board of Directors which are not inconsistent with the provisions of this Neighborhood Declaration.

(e) Delegation of Use. Any Member may delegate its right of enjoyment to the Common Area and facilities to the members of its immediate household, its tenants or contract purchasers who reside on the Member's Lot. However, by accepting a deed to such Lot, each Owner, for itself individually, covenants that (i) every rental agreement with respect to the Lot shall contain specific conditions which require the tenant thereunder to abide by all Neighborhood Association covenants, rules and regulations, without exception, and (ii) each such tenant will be provided, prior to the execution of such lease, a complete set of all Neighborhood Association covenants, rules and regulations.

(f) Damage or Destruction by Owner. In the event any Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, members of his family, or any other Person having or gaining access to the Owner's Lot, such Owner authorizes the Neighborhood Association to repair said damaged area, and an amount equal to the costs incurred to effect such repairs shall be assessed against such Owner as a Special Assessment and shall constitute a lien upon the Lot of said Owner until paid in full. The Neighborhood Association shall repair said damaged area in a good and workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Neighborhood Association in the discretion of the Neighborhood Association.

(g) Density of Use. Declarant and the Title Holder expressly disclaim any warranties or representations regarding the density of use of the Common Areas or any facilities located thereon.

(h) Signs. Declarant and the Title Holder reserve the right and easement to place signs in the Common Area including, without limitation, signs identifying the Neighborhood, construction and development signs, and signs advertising the sale of Lots and Dwelling Units.

ARTICLE VI

ASSESSMENTS

Section 6.1. Creation of the Lien and Personal Obligation for Assessments. Each Owner of a Lot (other than the Title Holder and any Builder, including Declarant and their affiliates and subsidiaries with respect to unoccupied Dwelling Units and/or Lots owned by the Title Holder, the Declarant and their affiliates and subsidiaries), covenants and agrees, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other instrument of conveyance, to pay to the Neighborhood Association: (a) Regular Assessments, (b) Special Assessments, and any other amounts as may be provided for hereunder to be due from any Owner in connection with his ownership of a Lot. Such assessments are to be established and collected as hereinafter provided. The Neighborhood Association's Regular Assessments and Special Assessments, together with interest thereon, late fees (as contemplated in Article VI, below) and costs of collection thereof, as hereinafter provided, shall be assessed against each applicable Owner's Lot 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 became first due. The Regular Assessments and Special Assessments, when assessed upon resolution of the Board of Directors of the Neighborhood Association for each year, shall become a lien on each Lot in the amount of the entire Regular Assessment or Special Assessment, but shall be payable in monthly installments collected on a monthly basis as determined by the Board of Directors.

Section 6.2. Purpose of Assessment. The assessments levied by the Neighborhood Association shall be used (i) to promote the recreation, health, safety and welfare of the residents and Owners of the Neighborhood Property, (ii) to fulfill all obligations of the Neighborhood Association specified in this Neighborhood Declaration including, without limitation, the obligation to maintain the insurance coverage specified in Section 10.2 below, and the obligations of Lot maintenance, snow removal, trash pickup, and exterior Dwelling Unit maintenance specified in Section 10.2 below, (iii) for the improvement, maintenance and landscaping of the Common Area, including but not limited to the payment of taxes, construction of improvements and maintenance of services, facilities, irrigation/sprinkler systems, trees, lawns, shrubbery and other plantings, and devoted to these purposes or related to the use and enjoyment of the Common Area or other property which the Neighborhood Association has the obligation to maintain, and (iv) for such other purposes as the Board of Directors of the Neighborhood Association may determine to be appropriate.

Section 6.3. Annual Accounting. Annually, after the close of each fiscal year of the Neighborhood Association and prior to the date of the annual meeting of the Neighborhood Association next following the end of such fiscal year, the Board of Directors of the Neighborhood Association shall cause to be prepared and furnished to each Owner a financial statement prepared by a certified public accountant or firm of certified public accountants then serving the Neighborhood Association, which statement shall show all receipts and expenses received, incurred and paid during the preceding fiscal year.

Section 6.4. Proposed Annual Budget. Annually, on or before the date of the annual or special meeting of the Neighborhood Association at which the budget is to be acted upon, the Board of Directors of the Neighborhood Association shall cause to be prepared a proposed annual budget for the next ensuing fiscal year estimating the total amount of the Common Expenses for such next ensuing fiscal year and shall furnish a copy of such proposed budget to each Owner at or prior to the time the notice of such meeting is mailed or delivered to such Owners. The annual budget shall be submitted to

the Owners at the designated meeting of the Neighborhood Association for adoption and, if so adopted, shall be the basis for the Regular Assessments for the next ensuing fiscal year. At such annual or special meeting of the Owners, the budget may be approved in whole or in part or may be amended in whole or in part by a majority vote of the Owners; provided, however, that in no event shall such meeting of the Owners be adjourned until an annual budget is approved and adopted at such meeting, whether it be the proposed annual budget or the proposed annual budget as amended. The annual budget, the Regular Assessments and all sums assessed by the Neighborhood Association shall be established by using generally accepted accounting principles applied on a consistent basis. The failure or delay of the Board of Directors to prepare a proposed annual budget and to furnish a copy thereof to the Owners shall not constitute a waiver or release in any manner of the obligations of the Owners to pay the Common Expenses as herein provided, whenever determined. In the event there is no annual budget approved by the Owners as herein provided for the current fiscal year, whether before or after the meeting of the Neighborhood Association at which the budget is to be acted upon, the Owners shall continue to pay Regular Assessments based upon the last approved budget or, at the option of the Board of Directors, Regular Assessments based upon one hundred and twenty percent (120%) of such last approved budget, plus the anticipated increase in costs of fulfilling the Neighborhood Association's obligations specified in this Declaration including, without limitation, those specified in Section 10.2 below, as a temporary budget.

Section 6.5. Establishment of Regular Assessment. The Neighborhood Association must levy in each of its fiscal years a Regular Assessment against each Lot. The amount of such Regular Assessment shall be established by the Board of Directors of the Neighborhood Association, subject to the limitations imposed by Section 6.6 below, and written notice of the same shall be sent to every Owner at least thirty (30) days in advance of the commencement of each Regular Assessment period. Regular Assessments against each Lot shall be paid in advance, payable in monthly installments. The initial Regular Assessment levied by the Neighborhood Association for each Lot shall be adjusted according to the number of months remaining in the period for which such initial assessment was levied. All payments of Regular Assessments and Special Assessments shall be non-refundable. In no event shall any Owner be due any rebate or credit from the Neighborhood Association upon resale or other transfer or conveyance for prepaid Regular Assessments or Special Assessments.

Section 6.6. Regular Assessments. Prior to January 1 of the year immediately following conveyance of the first Lot to an Owner other than Declarant, the Regular Assessment shall be One Thousand Nine Hundred Eighty and 00/100 Dollars ($1,980.00) annually, payable monthly, on the first day of each calendar month, in equal monthly installments of One Hundred Sixty-Five and 00/100 Dollars ($165.00) per month. In addition, upon the employment and engagement by the Neighborhood Association of a professional manager or management company to assist the Board of Directors in the management and administration of the Neighborhood Association, there shall immediately and automatically, without notice to or vote by membership, be added to the Regular Assessment the cost of such professional management.

(a) Upon January 1 of the year immediately following the first conveyance of a Lot to an Owner other than Declarant, and upon January 1 of each year thereafter, the Regular Assessment shall increase, effective as of 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 and the fulfillment of the Neighborhood Association's other obligations specified in this Declaration including, without limitation, those specified in Section 10.2 below, plus (ii) an amount equal to the amount of the Regular Assessment for the immediately preceding year multiplied by twenty percent (20%).

(b) The Board of Directors of the Neighborhood Association may determine not to increase the Regular Assessment to the full extent of the automatic increase provided in subsection (a) above, in which case the Board of Directors shall specify the amount of such lesser Regular Assessment.

(c) Upon and after January 1 of the year immediately following the first conveyance of a Lot to an Owner other than Declarant, the Regular Assessment may be increased above that established by subsection (a) above; provided, however, that any such change must have the consent of at least fifty percent (50%) of the votes of those Members who are entitled to vote and who, in fact, do vote, 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.

(d) The Regular Assessment against each Lot shall be paid in monthly installments, each of which is paid in full in advance by the due dates specified by the Board of Directors, the first of which due date shall not be earlier than fifteen (15) days after the written notice of such Regular Assessment is given to the Owners. Monthly installments of Regular Assessments shall be due and payable automatically on their respective due dates without any notice from the Board of Directors or the Neighborhood Association, and neither the Board of Directors nor the Neighborhood Association shall be responsible for providing any notice or statements to Owners for the same. If an Owner fails to pay any monthly installment of any such Regular Assessment on or before the due date established by the Board of Directors, a late fee in the amount of Twenty-Five and 00/100 Dollars ($25.00) will be added to the amount due, and any such installment, together with such late fee, will be and remain, immediately due and payable.

(e) Payment of the Regular Assessment shall be made to the Board of Directors or a managing agent, as directed by the Board of Directors.

(f) The Regular Assessment for each fiscal year of the Neighborhood Association shall become a lien on each separate Lot as of the first day of each fiscal year of the Neighborhood Association, even though the final determination of the amount of such Regular Assessment may not have been made by that date.

Section 6.7. Special Assessments. In addition to the Regular Assessment authorized above, the Neighborhood Association may levy, in any assessment year, a Special Assessment applicable to that year 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, or for any other specified purpose. Without limiting the generality of the foregoing provisions, Special Assessments may be made by the Board of Directors of the Neighborhood Association from time to time to pay for capital expenditures and to pay for the cost of any repair or reconstruction of damage caused by fire or other casualty or disaster to the extent insurance proceeds are insufficient therefor under the circumstances described in this Neighborhood Declaration. Any such 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 Special Assessment, pro rata according to each Lot's benefit, as reasonably determined by the Board of Directors, which determination shall be final; provided, however, that in the case of damage or destruction caused by any Owner, or any of such Owner's guests, tenants, licensees, agents, or members of such Owner's family, the Board of Directors, in their sole discretion, may levy a Special Assessment against such offending Owner or such offending Owner's Lot, which assessment shall be a

lien against such offending Owner's Lot, collectible per the terms of this Article VI. Notwithstanding the fact that in some instances, this Neighborhood Declaration may provide that certain items of routine and ordinary repair and maintenance should be performed by the Neighborhood Association, the Neighborhood Association shall nevertheless retain the right to assess the costs thereof to any Owner or group of Owners as a Special Assessment. To be effective, any such Special 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, and written notice setting forth the purpose of the meeting must have been sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 6.8. Quorum for any Action Authorized Under This Article VI. At the first calling of a meeting under this Article VI, the presence at the meeting of Members or proxies entitled to cast twenty five percent (25%) of all the votes with respect to each class of Members shall constitute a quorum.

Section 6.9. Working Capital Assessment. In addition to the Regular and Special Assessments authorized above, the Neighborhood Association shall establish and maintain a working capital fund. At the closing of each sale or other transfer of a Lot by Declarant, or any re-sale of a Lot by a Declarant, the purchaser of such Lot shall pay to the Neighborhood Association a working capital assessment in an amount equal to two (2) monthly installments of the then current Regular Assessment for said Lot (a "Working Capital Assessment"), which payment shall be non-refundable and shall not be considered as an advance payment of an assessment or other charge owed to the Neighborhood Association with respect to such Lot. The Working Capital Assessment shall be used as determined by Declarant in its sole and reasonable discretion.

Section 6.10. Rate of Assessment. The Regular Assessment shall be fixed at a uniform rate for all Lots except for unoccupied Dwelling Units and/or Lots owned by Title Holder or any Builder (including Declarant), and the affiliates and subsidiaries of the Declarant and any Builder. Except in the case of damage or destruction caused by an Owner, and except for unoccupied Dwelling Units and/or Lots owned by Title Holder, any Builder (including Declarant), and the affiliates and subsidiaries of the Declarant, Title Holder, and any Builder, the Special Assessments shall be fixed at a uniform rate for all Lots which benefit from the construction, reconstruction, repair or replacement of capital improvements giving rise to the Special Assessment, pro rata according to each Lot's benefit, as reasonably determined by the Board of Directors of the Neighborhood Association, which determination shall be final. Notwithstanding anything to the contrary in this Neighborhood Declaration, no Regular Assessments or Special Assessments or other charges shall be owed or payable by Declarant, the Title Holder and any Builder and/or their or their subsidiaries and affiliates with respect to any unoccupied Dwelling Units and/or Lots or other portion of the Neighborhood Property while the same is owned by the Declarant, the Title Holder, any Builder, and/or the affiliates and subsidiaries of the Declarant, the Title Holder or any Builder, nor shall any such assessments or charges become a lien on any such unoccupied Dwelling Units and/or Lots or other portion of the Neighborhood Property owned by the Declarant, the Title Holder, or Builder, and/or the affiliates and subsidiaries of the Declarant and any Builder.

Section 6.11. Notice of Assessment and Certificate. Written notice of the Regular Assessments and any Special Assessments shall be sent to every Member. The due dates for payment of the Regular Assessments and any Special Assessments shall be established by the Board of Directors of the Neighborhood Association. The Neighborhood Association shall, upon written demand by a Member at any time, furnish a certificate in writing signed by an officer or authorized

agent of the Neighborhood Association setting forth whether the assessments on a specified Lot have been paid and the amounts of any outstanding assessments. A reasonable charge may be made by the Board of Directors for the issuance of these certificates, which charge shall be paid to the Board of Directors in advance by the requesting Member. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 6.12. Remedies of the Neighborhood Association in the Event of Default. Each Owner shall be personally liable for the payment of all Regular Assessments and Special Assessments against his Lot. Where the Owner constitutes or consists of more than one Person, the liability of such Persons shall be joint and several. If any assessment pursuant to this Neighborhood Declaration is not paid within thirty (30) days after its initial due date, the assessment shall bear interest from the date of delinquency at the rate charged by the Internal Revenue Service on delinquent taxes. In addition, in its discretion, the Neighborhood Association may:

(a) impose a penalty or late charge if previously established by the Neighborhood Association;

(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 Neighborhood 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 Neighborhood Association, and right to use nonessential services offered by the Neighborhood Association, provided that access and the provision of utilities to the Lot through the Common Area shall not be precluded. A Member, whose rights have been suspended in this manner, shall have no right to any refund or suspension of his obligations to pay such assessments or any other assessments becoming due 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 Neighborhood Association or the Board of Directors to perform their respective duties.

In any action to foreclose the lien against a Lot pursuant to Section 6.12 above, the Owner and any occupant of the Lot and Dwelling Unit which are the subject of such action shall be jointly and severally liable for the payment to the Neighborhood Association of reasonable rental for such Lot and Dwelling Unit, and the Board of Directors shall be entitled to the appointment of a receiver for the purpose of preserving the Lot and Dwelling Unit and to collect the rentals and other profits therefrom for the benefit of the Neighborhood Association to be applied to the unpaid Regular Assessments or Special Assessments. The Board of Directors may, at its option, bring a suit to recover a money judgment for any unpaid Regular Assessment or Special Assessment without foreclosing (and without thereby being deemed to have waived) the lien securing the same. In any action to recover any Regular Assessment or Special Assessment, or any other debts, dues or charges owed the Neighborhood Association, whether by foreclosure or otherwise, the Board of Directors, for and on behalf of the Neighborhood Association, shall be entitled to recover from the Owner of

the respective Lot and Dwelling Unit all of the costs and expenses incurred as a result of such action (including, but not limited to, reasonable attorneys' fees) and interest upon all amounts due at the rate of twelve percent (12%) per annum, which shall accrue from the date such assessments or other amounts become first due, until the same are paid in full.

Section 6.13. Subordination of the Lien to Mortgages. The lien for the assessments provided for herein shall be subordinate to the lien of any properly recorded first mortgage encumbering a Lot. Notwithstanding anything contained in this Article VI or elsewhere in this Neighborhood 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, and 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 assessments (or periodic installments of such assessments, if applicable) thereafter becoming due or from the lien for such assessments.

Section 6.14. Exempt Neighborhood Property. The following portions of the Neighborhood Property shall be exempt from the assessments created by this Neighborhood Declaration: (a) those portions of the Neighborhood Property that are dedicated to and accepted by a local public authority; and (b) the Common Area. Except as otherwise provided in Section 6.10 hereof, no developed or undeveloped Lot, land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 6.15. Replacement Reserve Fund. The Neighborhood Association shall establish and maintain a reserve fund ("Replacement Reserve Fund") for the fulfillment by the Neighborhood Association of its obligations to maintain, repair, and replace as specified in Section 10.2 below, by the allocation and payment to such reserve fund of an amount to be designated from time to time by the Board of Directors of the Neighborhood Association, 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 Regular Assessment. The Replacement Reserve Fund (i) shall be conclusively deemed to be a Common Expense of the Neighborhood Association, (ii) shall be maintained by the Neighborhood Association in a separate, interest bearing account or accounts with any banking institution, the accounts of which are insured by any state or by any agency of the United States of America as selected by the Board of Directors, and (iii) may be expended only for the purpose of effecting the maintenance, repair, and replacement contemplated in Section 10.2 below for start-up expenses and operating contingencies of a nonrecurring nature relating to the Common Area. The Neighborhood 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 VII

COVENANTS AND RESTRICTIONS

Section 7.1 Land Use. Lots may be used only for single-family residential purposes and only one Dwelling Unit.

Section 7.2 Address Identification. The numbers representing the address of each Dwelling Unit will be of a uniform appearance and will be displayed in a uniform location and manner, as determined by the Committee.

Section 7.3 Temporary Structures. No trailer, shack, tent, boat, basement, garage or other outbuilding may be used at any time as a dwelling, temporary or permanent, nor may any structure of a temporary character be used as a dwelling.

Section 7.4 Drainage. The elevation of a Lot shall not be changed so as to materially affect the surface elevation or grade of surrounding Lots. Perimeter foundation drains and sump pump drains shall be connected whenever feasible into a subsurface drainage tile. Down spouts and drains shall be designed to disperse runoff for overland flow to street or swale collection systems. Each Owner shall maintain the subsurface drains and tiles located on his Lot and shall be liable for the cost of all repairs thereto or replacements thereof.

Section 7.5 Signs. Except for such signs as Declarant or the Title Holder may in their absolute discretion display in connection with the identification of development of The Townhomes at Guilford and the sale of Lots and Dwelling Units therein, no sign other than Permitted Signs shall be allowed.

Section 7.6 Fencing. No fencing shall be allowed other than fencing installed by (i) the Declarant or the Title Holder and (ii) fencing approved and installed by the Neighborhood Association within a Common Area.

Section 7.7 Nuisances. No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood. Violation of any ordinance governing noise, building or lot maintenance, or any other public nuisance shall be deemed to be a nuisance creating rights in every affected Owner, the Title Holder, the Declarant, and/or the Neighborhood Association, as the case may be, to enforce the provisions hereof against the offending Owner. Barking dogs shall constitute a nuisance. In the event of successful enforcement by an Owner, the Title Holder, the Declarant, or an Owner of the provisions thereof, the offending Owner shall be liable to the prevailing party for attorneys' fees, court costs, and all other costs and expenses of litigation and collection in connection therewith.

Section 7.8 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for trash. Rubbish, garbage or other waste shall be kept in sanitary containers out of public view except not more than 24 hours prior to its removal thereof, when it may be placed at the curb of the Lot. All equipment for storage or disposal of such materials shall be kept clean and sanitary.

Section 7.9 Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred, or maintained for any commercial purpose. The owners of such permitted pets shall confine them to their respective Lots such that they will not be a nuisance. Owners of dogs shall so control or confine them so as to avoid barking which will annoy or disturb adjoining Owners. Unless permitted by the Board of Directors of the Neighborhood 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. No dangerous or potentially dangerous pets, such as exotic animals (large wild cats, wolves, alligators, snakes which are poisonous or longer

than two feet, poisonous spiders, etc.) shall be permitted to exist in a Dwelling Unit or on a Lot without the unanimous consent of the Committee and the Board of Directors; provided, however, that the decision of the Board of Directors to permit such animal or animals may be overturned by a majority vote of the Members at any meeting.

Section 7.10 Outside Burning. No trash, leaves, or other materials shall be burned upon a Lot unless the smoke therefrom would not blow upon any other Lot. Owners shall use appropriate incinerators and shall at all times be in compliance with all applicable legal requirements for outside burning.

Section 7.11 Antennas and Receivers. No antenna, satellite dish, or other device for the transmission or reception of radio, television, or satellite signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors and above ground, whether attached to a building or otherwise, on any part of the Neighborhood Property, including Lots and Dwelling Units, without the written approval of the Committee, which approval shall not be unreasonably withheld and shall encourage the placement of such devices on the rear patio or balcony of each Dwelling Unit; provided, however, that any such device may be installed and maintained on any Lot without the necessity of such written approval if: (a) it is not visible from the neighboring Lots, streets or Common Area; or (b) the Owner, prior to installation, has received the written consent of the Owners of all Lots who would have views of the device from their Lots; or (c) the device is virtually indistinguishable from structures, devices, or improvements, such as heat pumps, air-conditioning units, barbecue grills, patio furniture, and garden equipment, which are not prohibited by these covenants or Bylaws, or (d) it is a satellite dish 1 meter or less in diameter and not affixed to the roof of a residence; or (e) if prohibition of the installation, use, and maintenance of such device is specifically preempted and superseded by applicable governmental authority.

Section 7.12 Exterior Lights. Except for (i) lights on Lots on which there is maintained a sales office or model home by the Declarant or the Title Holder, (ii) lights originally installed by Declarant or the Title Holder (and replacements thereof) upon Dwelling Units and within Common Areas and (iii) lights installed by the Neighborhood Association in Common Areas, no exterior lights shall be erected or maintained anywhere within the Neighborhood Property.

Section 7.13. Garbage and Other Refuse. No Lot Owner in the Development shall burn or permit the burning out-of-doors of garbage or other refuse, nor shall any such Owner accumulate or permit the accumulation out-of-doors of such refuse, including compost on his or her Lot.

Section 7.14. Home Occupations. No Dwelling Unit shall be used by an Owner, other than Declarant or the Title Holder, for any purpose other than as a single-family residence, except that a home occupation, which satisfies the following definition as well as all requirements of the applicable zoning ordinance, may be permitted: any use conducted entirely within the Dwelling Unit and participated in solely by a member of the immediate family residing in said Dwelling Unit, which use is clearly incidental and secondary to the use of the Dwelling Unit for dwelling purposes and does not change the character thereof and in connection with which there is: a) no sign or display that will indicate from the exterior that the Dwelling Unit is being utilized in whole or in part for any purpose other than that of a dwelling; b) no commodity sold upon the premises; c) no person is employed other than a member of the immediate family residing in the Dwelling Unit; and d) no manufacture or assembly operations are conducted. Provided however, that in no event shall the following or similar activities be conducted or considered to be a permitted Home Occupation: child day care, barber shop, styling salon, animal hospital, or any form of animal care or treatment such as dog trimming, or any other similar activities. The foregoing notwithstanding, the Declarant and/or the Title Holder shall be

permitted to operate sales trailers, model homes, and sales offices.

Section 7.15. Utility Services. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat.

Section 7.16. Vehicles Parking. No trucks one (1) ton or larger in size, campers, trailer, motor homes, boats, snowmobiles, jet ski or similar vehicles shall be parked on any street in the Neighborhood Property. Any recreational vehicle or trailer, camper, snowmobile, jet ski, or boat shall not be permitted to remain on any driveway or Lot except within a closed garage and shall not be regularly parked upon unpaved areas. There shall be no outside storage of commercial trucks, trailers, boats, junk cars, or fuel tanks.

Section 7.17. Occupancy or Residential Use of Partially Completed Dwelling Unit Prohibited. No Dwelling Unit constructed on any Lot shall be occupied or used for residential purposes or human habitation until a certificate of occupancy has been issued.

Section 7.18. Street Lights. All street lights located within the right-of-way of any street shall be maintained by the Neighborhood Association.

Section 7.19. Original Improvements. As part of the original development of the Neighborhood Property, the Declarant shall (i) construct Dwelling Units and Structures, including uniform mail boxes incident thereto, as well as exterior lighting on Dwelling Units and (ii) install landscaping, and other exterior lighting and improvements on the Neighborhood Property (collectively the "Original Improvements"). With the exception of (i) exterior pots for flowers and plants and (ii) landscape ornaments not to exceed twenty four (24) inches in height, improvements, structures, and (iii) the flag of the United States of America, only the Original Improvements and the replacements thereof shall be permitted upon the Lots, and all other improvements, landscaping upon Lots and Structures are prohibited and, as such, and by way of example only and not by way of limitation, awnings, electric bug killers, outbuildings, animal quarters, childrens' play equipment, trampolines, basketball goals, swimming pools, wood stacks, and decks not part of the Original Improvements are prohibited; provided, however, that nothing herein shall prohibit (i) the reconstruction or repair of any Original Improvement damaged or destroyed by casualty, so long as such replacement and repair is consistent with the remaining Original Improvements and approved by the Committee and (ii) the repair and replacement of any landscaping by the Neighborhood Association.

Section 7.20. Neighborhood Association Maintenance. Only the Neighborhood Association shall undertake or cause to be undertaken the maintenance and repairs specified in Section 10.2 below, and Owner(s) shall be prohibited from undertaking such maintenance and repair.

Section 7.21. Owner's Insurance. The Neighborhood Association shall maintain only the insurance it is required to maintain under Section 10.2 below and the Individual Owners shall maintain all other necessary insurance including, without limitation, liability insurance and insurance covering the contents of their Dwelling Units and their personal property.

Section 7.22. Owner's Maintenance. Notwithstanding the mandatory obligations of the Neighborhood Association specified in Section 10.2 below, it shall be the obligation of each Owner, with respect to such Owner's Lot and Dwelling Unit, to (i) repair and replace any broken or damaged glass, door and window screens, and door hardware and locks, and (ii) replace any lost garage door openers, keys to Dwelling Units, and/or keys to mail boxes and (iii) replace light bulbs on exterior lighting. It shall further be the obligation of each Owner to perform all maintenance and repairs to

such Owner's Lot or Dwelling Unit which is not specified in Section 10.2 below as an obligation of the Neighborhood Association and which includes, without limitation, (i) all the maintenance, repairs, decorating and replacements within his or her Dwelling Unit including, but not limited to, all internal installation of such Dwelling Unit such as refrigerators, ranges and other appliances, lighting fixtures and plumbing, and any other portion of any other utility services located within the Dwelling Unit or upon the Lot and (ii) maintenance, upkeep, repair and replacement of any partitions, interior walls, ceiling, floor surfaces, windows, frames and doors. An Owner shall do no act nor any work that will impair the structural soundness or integrity of building or any adjoining Dwelling Unit or garage, or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Dwelling Units, garages or their Owners.

Section 7.23. Heating of Dwelling Units. For the purpose of preventing damage to and breakage of water, sewer and other utility lines and pipes in a Dwelling Unit which might result in damage to that or other Dwelling Units, all Owners shall maintain the temperature in their Dwelling Units, at all times, at least 44 degrees Fahrenheit, subject, however, to the inability to maintain such temperature due to causes beyond the Owner's reasonable control. Any damage resulting from the refusal or failure of an Owner to so maintain such minimum temperature may be repaired by the Association and (unless due to causes beyond the Owner's reasonable control) the cost thereof assessed against the Lot of the refusing or failing Owner. However, if the failure to maintain such minimum temperature is due to causes beyond the Owner's reasonable control, the cost of such repair shall be a common expense.

Section 7.24. Rental Agreements. Any rental agreement for a Dwelling Unit must be for an initial period of at least one (1) year, must be in writing and must be subject to the Restrictions, and all other terms and conditions set forth in this Neighborhood Declaration and in the other Neighborhood Association documents including, but not limited to, the Statement of Commitments. Every such rental agreement must include a provision stating that any failure by the tenant, its household members or guests, to comply with such Restrictions or other terms and conditions as set forth above, shall be a default under the rental agreement, and the Owner shall be responsible for enforcing such provision at its sole expense; provided, however, that the Neighborhood Association shall also have the right to enforce any of such Restrictions and other terms and conditions against the Owner or any tenant, or both, in the sole discretion of the Neighborhood Association, without regard to whether Declarant or the Neighborhood Association were or are in privity with such tenant. The foregoing shall not be construed as a waiver by the Neighborhood Association of its rights hereunder to enforce these Restrictions against a tenant or any other Person in possession of the Neighborhood Property or any part thereof. Each Owner agrees to indemnify, defend and hold harmless the Neighborhood Association and the Board of Directors from and against all costs, liability, charges, expenses and claims resulting directly or indirectly from such Owner's failure to comply with the foregoing provisions. By accepting title to a Lot, each Owner acknowledges and accepts the Neighborhood Association's right to enforce the foregoing restrictions as provided hereunder.

Section 7.25. Declarant's and Title Holder's Use. Notwithstanding anything to the contrary contained herein or in the Articles or Bylaws, Declarant and the Title Holder shall have, at all times during the Development Period, the right to use and maintain any Lots and Dwelling Units owned by Declarant and the Title Holder, the Common Areas, and other portions of the Neighborhood Property (other than individual Dwelling Units and Lots owned by Persons other than Declarant), as Declarant or the Title Holder may deem advisable or necessary in its sole discretion to aid in the sale of Lots and the construction of Dwelling Units, or for the conducting of any business or activity attendant thereto, or for the construction and maintenance of Common Areas, including, but not limited to,

model Dwelling Units, storage areas, construction yards, signs, construction offices and trailers, sales offices and trailers, management offices and business offices. Declarant and the Title Holder shall have the right to relocate any or all of the same from time to time as it desires. At no time shall any of such facilities so used or maintained by Declarant or the Title Holder be or become part of the Common Areas, unless so designated by Declarant or the Title Holder, and Declarant and the Title Holder shall have the right to remove the same from the Neighborhood Property at any time.

Section 7.26. Non-applicability to Neighborhood Association. Notwithstanding anything to the contrary contained herein, the covenants and restrictions set forth herein shall not apply to or be binding upon the Neighborhood Association in its ownership, management, administration, operation, maintenance, repair, replacement and upkeep of the Common Areas to the extent the application thereof could or might hinder, delay or otherwise adversely affect the Neighborhood Association in the performance of its duties, obligations and responsibilities as to the Common Areas.

Section 7.27. Additional Rules and Regulations. The Neighborhood Association shall have the authority to adopt such rules and regulations regarding this Article VII as it may from time to time consider necessary or appropriate.

ARTICLE VIII

ARCHITECTURAL CONTROLS

Section 8.1. Approvals. Approvals, determination, permissions, or consents required herein shall be deemed given only if they are given in writing and signed, with respect to the Title Holder or the Neighborhood Association, by an officer thereof, and with respect to the Committee, by one (1) member thereof.

Section 8.2. Committee. A Development Standards and Architectural Control Committee (the "Committee"), composed of at least three (3) members, shall exist and shall be appointed by the Declarant. Until after the Development Period, such members shall be subject to removal by the Declarant at any time, with or without cause, and any vacancies from time to time shall be filled by appointment of the Declarant. The Declarant may, at its sole option, at any time hereafter, relinquish for a period of time to the Neighborhood Association the power to appoint and remove one or more members of the Committee; provided, however, that any such relinquishment must be in writing and shall be only on the terms and conditions expressed in such writing.

Section 8.3. Continuation of Committee. When the Declarant provides written notification to the Neighborhood Association of discontinuance of this Committee, then the Directors of the Neighborhood Association, or their designees, shall continue the actions of the Committee with like powers and duties.

Section 8.4. Duties of Committee. The Committee shall approve or disapprove proposed improvements within thirty (30) days after all required information shall have been submitted to it. The Committee for its permanent files shall retain one copy of submitted material. All notifications to applicants shall be in writing, and, in the event that such notification is one of disapproval, the requesting applicant may re-apply with changes. If however, approval has not been received by applicant in writing within thirty (30) days, then said request shall be considered DENIED.

Section 8.5. Exercise of Discretion. Declarant intends that the members of the Committee exercise discretion in the performance of their duties consistent with the provisions hereof, and every

Owner by the purchase of a Lot shall be conclusively presumed to have consented to the exercise of discretion by such members. In any judicial proceeding challenging a determination by the Committee and in any action initiated to enforce this Neighborhood Declaration in which an abuse of discretion by the Committee is raised as defense, abuse of discretion may be established only if a reasonable person, weighing the evidence and drawing all inferences in favor of the Committee, could only conclude that such determination constituted an abuse of discretion.

Section 8.6. Inspection. The Committee may inspect work being performed without the Owner's permission to assure compliance with these restrictions and applicable regulations.

Section 8.7. Liability of Committee, Declarant, Title Holder. Neither the Committee nor any agent thereof, nor the Declarant, the Title Holder, or Neighborhood Association shall be liable in any way for any costs, fees, damages, delays, or any charges or liability whatsoever relating to the approval or disapproval of any plans submitted to it, nor shall the Committee, Neighborhood Association, the Title Holder or Declarant be responsible in any way for any defects in any plans, specifications or other materials submitted to it, or for any defects in any work done according thereto. Further, the Committee, Neighborhood Association, the Title Holder and/or Declarant make no representation or warranty as to the suitability or advisability of the design, the engineering, the method of construction involved, or the materials to be used. All parties should seek professional construction advise, engineering, and inspections on each Lot prior to proposing construction.

Section 8.8. Common Areas, Entrances, Street Signs, and Landscape Easements. None of the following shall be installed or constructed, except by Declarant, without prior written approval thereof by the Committee: (i) any and all landscaping, fences, structures, lighting, walking trails, sidewalks, or other improvements located in any Common Area, landscape maintenance access easement, and/or sign landscape easement, (ii) any entrance monument or signage identifying the Development or any section thereof and/or (iii) street signage.

Section 8.9. Lot Improvements. The Committee shall not approve any improvements prohibited under Section 7.20 above. All repairs to and replacements of the Original Improvements shall not be allowed until first approved by the Committee. Such approval shall be obtained only after the Owner of the Lot requesting authorization from the Committee has made written application to the Committee at least thirty (30) days prior to the proposed construction. Such written application shall be in the manner and form prescribed from time to time by the Committee, and shall by accompanied by two (2) complete sets of plans and specifications for any such proposed construction or improvement. Such plans shall include plot plans showing (i) the location of the improvements existing upon the Lot and the location of the improvement proposed to be constructed or placed upon the Lot, each properly and clearly designated and (ii) all easements, set backs, and rights-of-way and (iii) any landscape plans required by the Committee. Such plans and specifications shall further set forth the color and composition of all exterior materials proposed to be used and any proposed landscaping, together with any other materials, photographs, or information, which the Committee may require. All building plans and drawings required to be submitted to the Committee shall be drawn to a scale of ¼" = 1' and all plot plans shall be drawn by a professional to a scale of 1" = 30', or to such other scale as the Committee shall deem appropriate.

Section 8.10. Power of Disapproval. The Committee may refuse to grant permission to construct, place or make the requested improvement with or without cause. Common grounds for denial include, but are not limited to, a lack or absence of the following:

(a) The plans, specifications, drawings or other material submitted must themselves be

adequate and complete, show the proposed improvement, and not be in violation of this Neighborhood Declaration; and

(b) The design or color scheme of a proposed improvement must be in harmony with the general surroundings of the Lot or with adjacent buildings or structures.

Section 8.11. Power to Grant Variances. The Committee may allow reasonable variances or adjustments of this Neighborhood Declaration where literal application would result in unnecessary hardship, but any such variance or adjustment shall be granted in conformity with the general intent and purposes of this Neighborhood Declaration, no variance or adjustment shall be granted which is materially detrimental or injurious to other Lots in the Development, and any such variance granted shall not be considered as precedent setting.

Section 8.12. Statement of Purposes and Powers. Subject to this Neighborhood Declaration and the restrictions contained herein, the Committee shall regulate the external design, appearance, use, location and maintenance of lands and improvements thereon in such a manner as to preserve and enhance values and maintain a harmonious relationship among structures and the natural vegetation and topography, and in keeping with the intent of the Declarant.

ARTICLE IX

PARTY WALLS

Section 9.1. General Rules of Law to Apply. Each wall built as part of the original construction of a Dwelling Unit and situated upon the dividing line between two Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article IX, the general rules of law regarding party walls and liability of Owners for property damage due to negligence or willful acts or omissions in connection with party walls shall apply thereto.

Section 9.2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any party wall is damaged or destroyed by (i) fire or other casualty, or (ii) ordinary wear and tear and deterioration from lapse of time, or (iii) or by some cause other than the act of one of the adjoining Owners, its agents, family, household or guests, then both adjoining Owners shall proceed forthwith to rebuild or repair the structural components of such party wall, sharing equally the cost thereof, and each individual Owner shall proceed forthwith to rebuild or repair the non-structural components of such wall in proportion to their respective uses of the party wall. Any and all such reconstruction and/or repairs shall be completed immediately to the extent that the failure to commence and/or complete such reconstruction and/or repairs would result in an immediate risk to human health and/or safety. All other reconstruction and/or repairs shall be completed within three (3) months following the casualty or other event that damaged or destroyed such party wall, unless a longer period of time is approved in writing by the Neighborhood Association. If a party wall is in a condition that is of such a nature that it has or will (if left uncorrected) result in further damage or destruction of such party wall, the reconstruction and/or repairs shall be completed within a reasonable time, not exceeding six (6) months following the initial discovery of the condition. Any and all such reconstruction and/or repair shall be made in a good and workmanlike manner, in compliance with all requirements of Local Governing Authorities and otherwise in compliance with all applicable laws, ordinances, rules and regulations, to the same or better condition as existed prior to such condition, damage or destruction. However, in the event of substantial destruction to the party wall and the adjoining Dwelling Units (i.e. where eighty percent (80%) or more of the party wall and the adjoining Dwelling Units are destroyed by fire or otherwise), neither Owner shall be obligated to repair or restore the party wall.

Each Owner shall have an easement over that part of the other Owner's Lot that is necessary or desirable in order to repair, restore or replace the party wall.

Section 9.3. Repairs for Damage Caused by One Owner. If any such party wall is damaged or destroyed through the act of one or more adjoining Owners, or their respective agents, families, households or guests (collectively the "Offending Parties"), whether or not such act is negligent or otherwise culpable, so as to deprive another adjoining Owner of the use and enjoyment of the party wall, then the Owner(s) of the Dwelling Unit(s) from whence the Offending Parties committed the act that caused the damage or destruction, shall forthwith proceed to rebuild and repair the same, in the manner required under Section 10.2 above, without cost to the adjoining Owner.

Section 9.4. Use; Other Changes. Either Owner shall have the right to use the side of the party wall facing the Owner's Dwelling Unit in any lawful manner, including attaching structural or finishing materials to it; however, in addition to meeting the other requirements of these Restrictions and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild its Dwelling Unit in any manner which involves the alteration of any party wall shall first obtain the written consent of the adjoining Owner, whose consent shall not be unreasonably withheld, conditioned or delayed. If the adjoining Owner has not responded in writing to the requesting Owner within twenty-one (21) days of its receipt of any such written request, given by registered or certified mail, return receipt requested, such consent of the adjoining Owner shall be deemed to have been given.

Section 9.5. Right to Contribution Runs with the Land; Failure to Contribute. The right of any Owner to contribution from any other Owner under this Article IX shall be appurtenant to the land and shall pass to such Owner's successors in title. If either Owner shall neglect or refuse to pay the Owner's share under this Article IX, or all of the cost in case of the negligence or willful misconduct of such Owner, the other Owner may have the party wall repaired or restored and shall be entitled to have a mechanic's lien on the property of the Owner failing to pay for the amount of its share of the repair or replacement cost.

Section 9.6. Dispute. In the event of a dispute between or among 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 Neighborhood Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute and whose decision shall be final.

ARTICLE X

POWERS AND DUTIES OF THE NEIGHBORHOOD ASSOCIATION

Section 10.1. Discretionary Powers and Duties. The Neighborhood 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 Neighborhood Declaration or which may be imposed on any part of the Neighborhood Property. Nothing contained herein shall be deemed to prevent the Owner of any Lot from enforcing any building restriction in its own name. The foregoing rights of enforcement shall not prevent (i) changes, releases or modifications of the restrictions or reservations placed upon any part of the Neighborhood 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; or (ii) the assignment of the foregoing rights by the proper parties wherever and whenever such rights of assignment exist. Neither the Neighborhood Association nor the Board of Directors shall have a duty to enforce the covenants by an action at law or in equity if either party believes such enforcement is not in the Neighborhood Association's best interest. The expenses and costs of any enforcement proceedings shall be paid out of the general fund of the Neighborhood Association; provided, however, that the foregoing authorization to use the general fund for such enforcement proceedings shall not preclude the Neighborhood Association from collecting such costs from the offending Owner;

(b) subject to the limitations set forth in Section 10.3 hereof, to employ counsel and institute and prosecute such suits as the Neighborhood Association may deem necessary or advisable, and to defend suits brought against the Neighborhood Association;

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

(d) to enter upon any Lot to perform emergency repairs or to do other work reasonably necessary for the proper maintenance or protection of the Neighborhood Property;

(e) to enter (or have the Neighborhood Association's agents or employees enter) upon any Lot to repair, maintain or restore the Lot, all improvements thereon, and the exterior of the Dwelling 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 VI 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;

(f) to remove a member of the Board of Directors and declare such member's office to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(g) at any time prior to the Authority Transfer Date, the Association may, in its sole and subjective discretion, engage or employ a professional manager or management company, possessing experience in the management of homeowners associations, to assist the Board of Directors in the management and administration of the Association. No contract or agreement for professional management of the Association, nor any other contract between Declarant and the Association, shall be for a term in excess of three (3) years. Any such agreement or contract shall provide for termination by either party with or without cause and without payment of any termination fee upon written notice of ninety (90) days or less; and

(h) immediately after the Authority Transfer Date, the Association shall engage or employ a professional manager or management company, possessing experience in the management of homeowners associations, to assist the Board of Directors in the management and administration of the Association. No contract or agreement for professional management of the Association, nor any other contract between Declarant and the Association, shall be for a term in excess of three (3) years. Any such agreement or contract shall provide for termination by either party with or without cause and without payment of any termination fee upon written notice of ninety (90) days or less.

Section 10.2. Mandatory Powers and Duties. The Neighborhood Association shall exercise the following powers, rights and duties:

(a) to unconditionally accept title to the Common Area upon the transfer thereof by Declarant or the Title Holder to the Neighborhood Association as provided hereunder or under the Neighborhood Declaration, and to hold and administer the Common Area for the benefit and enjoyment of the Owners and occupants of Lots, and to cause the Common Area and facilities to be maintained in accordance with the standards adopted by the Board of Directors;

(b) to transfer part of the Common Area to or at the direction of Declarant or the Title Holder, for the purpose of adjusting boundary lines or otherwise in connection with the orderly subdivision or development of the Neighborhood Property, but only to the extent such re-subdivision or adjustment does not contravene the requirements of zoning and other ordinances applicable to the Neighborhood 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 Neighborhood Association. The fidelity bond shall cover the maximum funds that will be in the custody of the Neighborhood 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 the Common Area and easements of which the Neighborhood 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 Neighborhood 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, including death, and property damage for any single occurrence;

(e) to maintain a casualty insurance policy affording fire and extended coverage insurance insuring each Lot and Structures constructed thereupon including, but not limited to, the Dwelling Unit in an amount equal to the full replacement value of the improvements which in whole or in part, comprise the Dwelling Unit, including, without limitation, any party walls. Declarant shall, in addition, also procure endorsements naming the Lot Owner(s) as additional insureds under such insurance policies and requiring each such insurer to provide (i) immediate written notice to the Lot Owner(s) of any cancellation of such policy, and (ii) at least thirty (30) days' written notice to the Lot Owner(s) prior to any termination or material modification of such policy. Declarant will furnish to the purchaser of each Lot, at or prior to the closing of the acquisition of that Lot, a certificate of insurance and endorsement evidencing the insurance coverage described herein. Owners shall not do or permit any act or thing to be done in or to a Lot or Dwelling Unit which is contrary to law or which invalidates or is in conflict with Declarant's policy of insurance. An Owner who fails to comply with the provisions of this paragraph shall pay all costs, expenses, liens, penalties, or damages which may be imposed upon the Owner, Declarant or the Neighborhood Association by reason thereof. Notwithstanding the foregoing, each Owner of a Lot shall be responsible for the purchase and maintenance of its own insurance policies covering liability, loss and/or damage with

respect to contents and other personal property and fixtures located within and about each Dwelling Unit.

(f) to provide for the maintenance of the Common Area and any and all (i) improvements, Structures or facilities which may exist or be erected from time to time on the Common Area; (ii) easement areas of which the Neighborhood Association is the beneficiary and for which it has the maintenance responsibility; and (iii) facilities, including, but not limited to, fences and signs, authorized by the Neighborhood Association and erected on any easements granted to the Neighborhood Association;

(g) to pay all proper bills, taxes, charges and fees on a timely basis;

(h) to maintain its corporate status;

(i) to maintain all Private Streets, open space and landscaping within the Common Area;

(j) to regularly mow, re-sow, re-seed or re-sod lawn areas and fertilize lawn areas at least three (3) times each year within the Common Areas and on each Lot and to operate and maintain in-ground irrigation/sprinkler systems in the Common Areas and in the landscaped areas of each Lot;

(k) to care for, spray, trim, protect, plant, replant and prune trees, shrubs and other landscaping, maintenance and upkeep of the Lots and 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 Neighborhood Association to keep the Common Area in neat appearance and in good order, including, but not limited to, cleaning the private streets and maintaining any street lights located in the Common Areas;

(l) to arrange for plowing and/or removal of snow which has accumulated to a depth from time to time determined by the Board of Directors, in their sole discretion, but only from the Private Streets, driveways, and walks from driveways to Dwelling Units; and

(m) repair the exterior of all Dwelling Units, which shall include, but shall not be limited to the following: the maintenance and repair of exterior surfaces of all Structures and Dwelling Units on the Neighborhood Property, including, without limitation, the painting of the same as often as necessary, the replacement of trim and caulking, the maintenance and repair of roofs, gutters, downspouts and overhangs, the maintenance and repair of exterior lighting, the maintenance and repair of exterior windows and doors, necessary painting, staining and repair of patio structures on a Lot as originally built but not of additions thereto made by an Owner. All maintenance and repair of the individual Dwelling Units and garages shall be the sole obligation of and shall be performed at the sole cost and expense of the individual Owner, except to the extent the exterior maintenance and repair is provided by the Neighborhood Association as specified above.

(n) immediately after the Authority Transfer Date, the Association shall engage or employ a professional manager or management company, possessing experience in the management of homeowners associations, to assist the Board of Directors in the management and administration of the Association. No contract or agreement for professional management of the Association, nor any other contract between Declarant and the Association, shall be for a term in excess of three (3)years. Any such agreement or contract shall provide for termination by either party with or

without cause and without payment of any termination fee upon written notice of ninety (90) days or less; and

(o) 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 Neighborhood 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 Neighborhood Declaration or rules and regulations.

Section 10.3. Limitation on Neighborhood Association Action. The Neighborhood Association shall hold a duly authorized, duly noticed special meeting of the Members of the Neighborhood Association prior to commencing or prosecuting any judicial or administrative proceeding, and no judicial or administrative proceeding shall be commenced or prosecuted by the Neighborhood Association except upon the affirmative vote of at least seventy-five percent (75%) of the votes cast at said special meeting by Members entitled to vote authorizing the commencement and prosecution of the proposed action. This Section 10.3 shall not apply to (a) actions brought by the Neighborhood Association to enforce the provisions of this Neighborhood Declaration, the Bylaws, or rules and regulations adopted by the Board of Directors (including, without limitation, any action to recover Regular Assessments or Special Assessments or other charges or fees or to foreclose a lien for such items) or (b) counterclaims brought by the Neighborhood Association in connection with proceedings instituted against it.

Section 10.4. Board of Directors Authority to Act. Unless otherwise specifically provided in the Neighborhood Association's documents, all rights, powers, easements, obligations and duties of the Neighborhood 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 of Directors 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 Bylaws.

Section 10.5. Compensation. No director or officer of the Neighborhood 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 10.6. Non-liability of Directors, Officers and Board Members. The directors and officers of the Neighborhood Association and members of the Architectural Committee, and all committees thereof, 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 Neighborhood Association or members of the Architectural Committee, or any committee thereof, except for their own individual willful misconduct or gross negligence. It is intended that the directors and officers of the Neighborhood Association and members of the Architectural Committee, and all committees thereof, shall have no personal liability with respect to any contract made by them in good faith on behalf of the Neighborhood Association, and the Neighborhood Association shall indemnify and hold harmless each of the directors, officers, Architectural Committee members, or committee members against any and all liability to any person, firm or corporation arising out of contracts made in good faith on behalf of the Neighborhood Association.

Section 10.7. Indemnity of Directors and Officers. Except with respect to matters (i) as to which it is adjudged in any civil action, suit, or proceeding that such person is liable for gross

negligence or willful misconduct in the performance of his or her duties, or (ii) to which it is adjudged in any criminal action, suit or proceeding that such person had reasonable cause to believe that such person's conduct was unlawful or that person had no reasonable cause to believe that such person's conduct was lawful, the Neighborhood 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, or subject to any claim, by reason of the fact that he or she is or was a director or officer of the Neighborhood Association or member of the Board of Directors or the Committee, or any committee thereof, from and against (1) all liability, including, without limitation, the reasonable cost of settlement of, or the amount of any judgment, fine, or penalty rendered or assessed in any such claim, action, suit, or proceeding; and (2) all costs and expenses, including attorneys' fees, actually and reasonably incurred by the Indemnitee in connection with the defense of such claim, action, suit or proceeding, or in connection with any appeal thereof. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against an Indemnitee, no director or officer of the Neighborhood Association, or member of the Board of Directors or the Committee, or any committee thereof, 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 or officer of the Neighborhood Association, or member of the Committee, or committee thereof, relied on the books and records of the Neighborhood Association or statements or advice made by or prepared by any managing agent of the Neighborhood Association or any director, officer or member of the Neighborhood Association, of any accountant, attorney or other person, firm or corporation employed by the Neighborhood Association to render advice or service, unless such director, officer or member had actual knowledge of the falsity or incorrectness thereof; nor shall a director, officer or member 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 Neighborhood Association, the Board of Directors or the Committee, or of any committee thereof. The costs and expenses incurred by an Indemnitee in defending any action, suit or proceeding may be paid by the Neighborhood 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 Neighborhood Association if it shall ultimately be determined that the Indemnitee is not entitled to indemnification or reimbursement as provided in this Article X.

ARTICLE XI

RIGHTS OF MORTGAGEES

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

Section 11.1. Veterans Administration. To the extent required by the Veteran's Administration (the "VA"), if any of the Lots are security for a loan guaranteed by the VA and if there is a Class B Member:

(a) Declarant must provide to the VA a copy of all amendments to the Neighborhood Declaration. The Neighborhood 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 Neighborhood Association documents and records on the same terms as the Members;

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

(iii) notice of any Extraordinary Action of the Neighborhood 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 Neighborhood 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 Neighborhood 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 Neighborhood Association which default remains uncured for sixty (60) consecutive days;

(vii) notice of any proposal to terminate the Neighborhood Declaration or dissolve the Neighborhood 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 Neighborhood Association's financial records.

Section 11.2. Federal Housing Authority. To the extent required by the Federal Housing Authority (the "FHA"), if any of the Lots are security for a loan insured by 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 Neighborhood Association;

(c) mortgaging or conveyance of the Common Area; and

(d) Material Amendment of this Neighborhood Declaration.

Section 11.3. Freddie Mac. Assuming that Mortgagees may securitize pools of mortgages, including mortgages on Lots and/or Dwelling Units in the Neighborhood, with the Federal Home Loan Mortgage Corporation (a/k/a "Freddie Mac"), the following requirements shall apply to all Lots

and Dwelling Units in the Neighborhood:

(a) Unless at least two-thirds (2/3) of the first Mortgagees (based on one vote for each first mortgage owned) or two-thirds (2/3) of the Class A Members have given their prior written approval, the Neighborhood 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 Neighborhood Association shall not require the consent described in subsection (a) above;

(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 Dwelling Units and their appurtenances, the exterior maintenance of Dwelling Units and their appurtenances, the maintenance of the Common Area, common fences and driveways, and the upkeep of lawns and plantings in the Neighborhood Property;

(iv) fail to maintain fire and extended coverage insurance on insurable parts of the Common Area or other property owned by the Neighborhood Association 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; or

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

(b) A Mortgagee shall be given written notification from the Neighborhood Association of any default in the performance of any obligation under this Neighborhood Declaration or related Neighborhood Association documents by the Owner of a Lot that is the security for the indebtedness due the Mortgagee, which default 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 Neighborhood Association.

(d) The assessments imposed by the Neighborhood 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 Special Assessment.

Section 11.4. Fannie Mae. Assuming that Mortgagees may secure funding for mortgage loans by selling mortgage loans, including mortgages on Lots and/or Dwelling Units in the Neighborhood, to the Federal National Mortgage Association (a/k/a "Fannie Mae"), the following requirements shall apply to all Lots and Dwelling Units in the Neighborhood:

(a) A Mortgagee shall be given written notification from the Neighborhood 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 Neighborhood Declaration or related Neighborhood Association documents by the Owner of a Lot that is the security for the indebtedness due the Mortgagee, which default 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 Neighborhood Association; or

(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 Neighborhood Association that it has relied on the value of the improvements in making a loan on a portion or all of the Neighborhood Property, then unless at least sixty-seven percent (67%) of the Members, and Mortgagees representing at least fifty-one percent (51%) of those Lots with Mortgages have given their prior written approval, the Neighborhood Association shall not add or amend any material provision of this Neighborhood Declaration or related Neighborhood 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 Neighborhood Property;

(v) reallocation of interests in the Common Area or rights to its use, except as provided in Article III and Article IV herein;

(vi) converting Lots into Common Area or vice versa;

(vii) annexation or withdrawal of property to or from the Neighborhood Property;

(viii) insurance or fidelity bonds;

(ix) leasing of Dwelling 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 Neighborhood Association to establish self-management when professional management has been required previously by a Mortgagee;

(xii) restoration or repair of the Neighborhood 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 Neighborhood Association after substantial destruction or condemnation of the subdivision occurs.

An addition or amendment to this Neighborhood Declaration or related Neighborhood 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 11.5. General.

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

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

(c) Notice. As set forth in this Article XI, 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 Neighborhood Declaration, the Bylaws or the Articles; and (c) if professional management has been required by a Mortgagee, the decision of the Neighborhood Association to terminate such professional management and assume self-management.

(d) 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 among the Lots; 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.

(e) Audited Financial Statement. The Neighborhood Association must provide an audited financial statement for the preceding fiscal year to a Mortgagee upon its written request.

(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 Neighborhood Association for reasons other than substantial destruction or condemnation of the Neighborhood Property.

(g) Damage to Common Area. The Neighborhood 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 the Board of Directors and a majority of the Mortgagees.

ARTICLE XII

GENERAL PROVISIONS

Section 12.1. Enforcement. The Neighborhood 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 Neighborhood Declaration or other Neighborhood Association documents unless such right is specifically limited herein or therein. Failure by the Neighborhood Association or by any Owner to enforce any right, provision, covenant or condition which may be granted by this Neighborhood Declaration shall not constitute a waiver of the right of the Neighborhood Association or an Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Neighborhood Association or any Owner pursuant to any term, provision, covenant or condition of the Neighborhood 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 parry exercising the same from exercising such privileges as may be granted to such party by this Neighborhood Declaration or at law or in equity.

Section 12.2. Title Holder's and Declarant's Rights and Powers. The Declarant and the Title Holder may maintain and carry on upon portions of the Common Areas such facilities and activities as, in the sole opinion of the Declarant or the Title Holder, may be reasonably required, convenient, or incidental to the construction or sale of Dwelling Units, including, but not limited to, business offices, signs, model units, and sales offices. The Declarant and the Title Holder shall have easements for access to and use of such facilities.

(a) The Declarant and the Title Holder shall undertake the work of developing all Lots and Dwelling Units within the Property. The completion of that work, or the sale, lease, or other disposition of Dwelling Units is essential to the establishment and welfare of the Property as an ongoing residential community. In order that such work may be completed and the Property established as a fully-occupied residential community, nothing in this Neighborhood Declaration shall be understood or construed to prevent the Declarant or the Title Holder, or the employees, contractors or subcontractors of Declarant and the Title Holder, from doing whatever they may determine to be reasonable, necessary or advisable for the completion of the work and the establishment of the Neighborhood Property as a residential community.

(b) Until the end of the Development Period, the following shall apply, notwithstanding any other provisions in this Neighborhood Declaration to the contrary:

(i) The Declarant and the Title Holder reserve the right to carry on construction, development and sales activities, 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 Declarant or Title Holder, on any part of the Neighborhood Property owned by Declarant, Title Holder or the Neighborhood Association.

(ii) Neither the Owners nor the Neighborhood Association shall unreasonably interfere with the completion of the contemplated improvements or sales of Lots and Dwelling Units or any other part of the Neighborhood Property. The Declarant and the Title Holder may make any use of the unsold Lots and Dwelling Units as may reasonably be expected to facilitate completion and sales, including, but not limited to, maintenance of construction and sales offices, display of signs, leasing Dwelling Units, and showing the Dwelling Units for sale to prospective purchasers.

Section 12.3. Severability; Headings; Conflicts. Invalidation of any one of the provisions of this Neighborhood 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 and this Neighborhood Declaration, this Neighborhood Declaration shall control; in the case of any conflict between this Neighborhood Declaration and the Bylaws, this Neighborhood Declaration shall control.

Section 12.4. Duration. The covenants and restrictions of this Neighborhood Declaration shall run with and bind the Neighborhood Property and shall inure to the benefit of and be enforceable by the Neighborhood Association or the Owner of any Lot subject to this Neighborhood Declaration, their respective legal representatives, heirs, successors and assigns, unless such right is specifically limited herein, for a term of twenty (20) years from the date this Neighborhood Declaration is recorded, after which time the covenants and restrictions of this Neighborhood Declaration shall be automatically extended for successive periods of twenty (20) years each, unless terminated by a written and recorded instrument approved in advance by the affirmative and unanimous vote of all Members of the Neighborhood Association and their respective Mortgagees.

Section 12.5. Material Amendment/Extraordinary Action.

(a) Approval Requirements. In accordance with Federal Agencies' requirements, material amendments ("Material Amendments") or extraordinary actions ("Extraordinary Actions"), as each such term is defined below, 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 Bylaws, such vote including the vote of a majority of the Class A Members present and voting, in person or by proxy, at such meeting and the vote of the Class B Member, if any.

(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, except as provided in Article III and Article IV herein;

(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 Neighborhood Property;

(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 Neighborhood Association (other than with another non-profit entity formed for purposes similar to this Neighborhood Association);

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

(iii) expanding the Neighborhood 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 Neighborhood 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 Bylaws.

(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 Neighborhood Association, including at least a majority of the total authorized votes entitled to be cast by Class A Members and the vote of the Class B Member, if any:

(i) termination of this Neighborhood Declaration;

(ii) dissolution of the Neighborhood 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 12.6. Amendment. Amendments to this Neighborhood Declaration 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 and the vote of the Class B Member, if any; provided, however, that notwithstanding anything to the contrary in the Neighborhood Declaration, an amendment to clarify a provision or to correct an error shall not be characterized as a Material Amendment or an Extraordinary Action and may be effected unilaterally by the Title Holder, at any time within five (5) years after the date of this Neighborhood Declaration, without notice and without the consent, approval or authorization of the Class "A" Members, and mortgage holders and/or the Eligible Mortgagees.

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

Section 12.7. Special Amendment. Notwithstanding anything herein to the contrary, Declarant may unilaterally amend this Neighborhood Declaration for any reason prior to the first conveyance of a Lot to an Owner other than Declarant, and after such first conveyance, 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 Neighborhood Declaration, by the execution and recordation of such amendment following notice to all Members.

Section 12.8. Waiver. Declarant 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 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 shall be duly acknowledged and recorded in the Recorder's Office.

Section 12.9. Withdrawable Real Estate.

(a) Prior to the date which is five (5) years after the date of the recordation of this Neighborhood Declaration, Title Holder shall have the unilateral right, without the consent of the Class A Members or any Mortgagee, to execute and record an amendment to this Neighborhood Declaration withdrawing any portion of the Neighborhood Property upon which Dwelling Units have not been constructed.

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

Section 12.10. Management Contracts. For such time as Declarant has Class B membership status, Declarant shall have the right to enter into professional management contracts on behalf of the Neighborhood Association for the management of the Neighborhood Property for terms not to exceed one (1) year; provided, however, that from and after the date upon which the Declarant is no longer a Class B Member, the Neighborhood Association shall have the right to terminate such contracts, with or without cause, upon ninety (90) days' written notice to the other party and without payment of a termination fee.

Section 12.11. Dissolution. Subject to the restrictions and conditions contained in Article X and this Article XII, the Neighborhood 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 Indiana Nonprofit Corporation Act of 1991. Upon dissolution of the Neighborhood Association, other than incident to a merger or consolidation, the assets of the Neighborhood Association, both real and personal, shall be offered to an appropriate public agency to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Neighborhood Association. In the event that such offer of dedication is refused, such assets shall be then offered to be granted, conveyed or assigned to any non-profit corporation, trust or other organization devoted to similar purposes and in accordance with Indiana law. Any such dedication or transfer of the Common Area shall not be in conflict with then-governing zoning ordinances or the designation of the Common Area as "open space".

Section 12.12. Negligence. Each Owner shall be liable for the expense of any maintenance, repair or replacement3rendered necessary by his negligence or by that of any member of his family or his or their guests, employees, agents, invitees or lessees, to the extent that such expense is not covered by the proceeds of insurance carried by the Neighborhood Association. An Owner shall pay the amount of any increase in insurance premiums occasioned by violation of any of the Restrictions by such Owner, any member of his family or their respective guests, employees, agents, invitees or tenants.

Section 12.13. Acceptance and Ratification. All present and future Owners, Mortgagees, tenants and occupants of the Lots and Dwelling Units, and other Persons claiming by, through or under them, shall be subject to and shall comply with the provisions of this Neighborhood Declaration, the Articles, the By-Laws and the rules, regulations and guidelines as adopted by the Board of Directors and (to the extent of its jurisdiction) the Architectural Committee, or any committee thereof, as each may be amended or supplemented from time to time. The acceptance of a deed of conveyance or the act of occupancy of any Lot or Dwelling Unit shall constitute an agreement that the provisions of this Neighborhood Declaration, the Articles, the Bylaws and rules, regulations and guidelines, as each may be amended or supplemented from time to time, are

accepted and ratified by such Owner, tenant or occupant, and all such provisions shall be covenants running with the land and shall bind any Person having at any time any interest or estate in a Lot or Dwelling Unit or the Neighborhood Property, all as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof. All Persons who may own, occupy, use, enjoy or control a Lot or Dwelling Unit or any part of the Neighborhood Property in any manner shall be subject to this and guidelines applicable thereto as each may be amended or supplemented from time to time.

Section 12.14. Replacement of Declarant by Title Holder. Without notice or vote and at any time, the Title Holder, in its sole and absolute discretion, may remove Pulte as the Declarant, with or without cause, and may designate some other person as Declarant.

Section 12.14. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Neighborhood Declaration would be unlawful, void, or voidable for violation of the common law rule against perpetuities, then such provisions shall continue on for the maximum amount of time as allowed by Indiana Code 32-17-8, et seq. as amended from time to time.

WITNESS the following signature:

PPV, LLC,
An Indiana limited liability company

By: PLATINUM PROPERTIES, LLC,
an Indiana limited liability company,
Member

By: _____
Steven R. Edwards, Vice President
and Chief Financial Officer

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public, in and for said County and State, personally appeared Steven R. Edwards, Vice President and Chief Financial Officer of Platinum Properties, LLC, an Indiana limited liability company, Member of PPV, LLC, an Indiana limited liability company, and acknowledged the execution of the foregoing Declaration of Covenants, Conditions, and Restrictions for the Townhomes at Guilford this 15th day of JUNE, 2005.

My Commission Expires:

_____

Resident of _____ County, Indiana

NOTARY PUBLIC OFFICIAL SEAL STATE OF INDIANA

_____
Notary Public

Printed: ERIC W SIMONS
NOTARY PUBLIC STATE OF INDIANA
HAMILTON COUNTY
MY COMMISSION EXP. MAR. 21,2008

PULTE HOMES OF INDIANA, LLC,
an Indiana limited liability company

By: Gregory W. Huff
Gregory Huff, Division President,
Indiana Division

STATE OF INDIANA)
) SS:
COUNTY OF Hamilton)

Before me, a Notary Public, in and for said County and State, personally appeared Gregory Huff, Division President, Indiana Division, of Pulte Homes of Indiana, LLC, an Indiana limited liability company, as the Declarant herein, and acknowledged the execution of the foregoing Master Declaration of Covenants, Conditions, and Restrictions for The Townhomes at Guilford this 15th day of June, 2005.

My Commission Expires:
June 29th, 2009

Resident of Hamilton County, Indiana

Notary Public

Printed: David M. Compton

This Instrument Prepared by: **Charles D. Frankenberger,** Nelson & Frankenberger, 3105 E. 98th Street, Suite 170, Indianapolis, IN 46280 - (317) 844-0106

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EXHIBIT A

LAND DESCRIPTION

A part of the West Half of the Southwest Quarter of Section 36, Township 18 North, Range 3 East, Hamilton County, Indiana, described as follows:

Commencing at the Northeast corner of the West Half of said Southwest Quarter; thence South 89 degrees 18 minutes 22 seconds West (assumed bearing) along the north line of said West Half a distance of 66.00 feet; thence South 00 degrees 04 minutes 32 seconds East parallel with the east line of said West Half a distance of 1202.27 feet to the **Point of Beginning**; thence South 89 degrees 34 minutes 02 seconds West along the south lines of Lenox Trace, Phase VII, as recorded in Instrument #9505769, Plat Cabinet 1, Slide 529 and Lenox Trace, Phase VI, as recorded in Instrument #9452430, Plat Cabinet 1, Slide 513 in the Office of the Recorder of Hamilton County, Indiana a distance of 659.64 feet; thence South 00 degrees 04 minutes 32 seconds East parallel with said east line a distance of 418.37 feet; thence South 00 degrees 14 minutes 34 seconds West a distance of 212.85 feet to a 1 inch iron pipe; thence North 89 degrees 22 minutes 46 seconds East a distance of 660.85 feet; thence North 00 degrees 04 minutes 32 seconds West parallel with said east line a distance of 629.05 feet to the **Point of Beginning**, containing 9.54 acres, more or less.