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AUDITOR
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SUBJECT TO FINAL ACCEPTANCE
FOR TRANSFER

Condominium Declaration of the Villas of Lake Lakota at Wellingshire Condominium

Perry Township, Marion County, Indiana

06/04/99 10:35AM WANDA MARTIN MARION CTY RECORDER JHV 69.00 PAGES: 31
Inst # 1999-0108961

CONDOMINIUM DECLARATION
OF THE
VILLAS OF LAKE LAKOTA AT WELLINGSHIRE CONDOMINIUM

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CONDOMINIUM DECLARATION

THIS DECLARATION (the "Declaration"), made this 23rd day of April, 1999 by WELLINGSHIRE JOINT VENTURE and PROPERTY GROUP ONE, LTD. (the "Declarant"),

WITNESSETH:

A. Declarant is the sole owner of the fee simple title to the parcel of real estate in Marion County, Indiana, identified in Exhibit "A", attached hereto and made a part hereof, and which is designated therein as the "Condominium Property".

B. Declarant, by the execution of this Declaration hereby creates a condominium upon the Condominium Property subject to the provisions of the Indiana Horizontal Property Law, IC 32-1-6-1 et seq., as amended from time to time, hereinafter called the "Act", and the terms and conditions of this Declaration. Condominium, as used herein, shall have the same meaning as Horizontal Property Regime as used in the Act.

C. This Condominium shall be referred to as The Villas of Lake Lakota at Wellingshire Horizontal Property Regime and/or The Villas of Lake Lakota at Wellingshire Condominium.

ARTICLE I

DESCRIPTIONS AND ESTABLISHMENT OF FREEHOLD ESTATES

Section 1.1. Description. Condominium Units ("Units") are hereby established on the Condominium Property as shown on the Plans for the Condominium. Each Unit is designated by an arabic numeral beginning with Unit 1. The legal description of each Unit shall use that Unit number shown on the Plans and shall be stated as "Condominium Unit ___ (using the Unit number) in The Villas of Lake Lakota at Wellingshire Horizontal Property Regime". The Plans for the Condominium (the "Plans") consist of the following: A legal description of the Condominium Property, a Site Plan showing the layout, location, and identification numbers of all of the Units in the Condominium, a Boundary Exhibit describing the Adjacent Property which may be annexed to the Condominium as provided in Article XI below, and Floor Plans and Elevations of each of the Units and proposed Units are included with such Plans. Such Plans are being recorded concurrently herewith in the office of the Recorder of Marion County, Indiana, as Instrument No. _____ _____, and such Plans are incorporated herein by reference.

Section 1.2. Establishment of Freehold Estates. Each separately numbered Unit is hereby established as a separate freehold estate, and each such Unit shall hereinafter be referred to as a "Unit". As used herein, Unit shall mean a "condominium unit" as defined under the Act.

Section 1.3. Boundaries of Units. The boundaries of each Unit shall be as shown on the Plans, without regard to the existing construction, measured between the interior unfinished surface of the floors, ceilings and perimeter walls of each Unit. In the event any horizontal or vertical boundary line as shown on the Plans does not coincide with the actual location of the respective wall, floor or ceiling surface of the Unit because of construction, or for any other reasons, the boundary lines of each Unit shall be deemed to be and shall be treated for purposes of occupancy, possession, maintenance, decoration, use and enjoyment, as in accordance with the actual existing construction and/or condition. In such case permanent easements for his exclusive use shall exist in favor of the Owner of each Unit ("Unit Owner") in and to such space lying outside of the actual boundary line of the Unit but within the appropriate wall, floor or ceiling surfaces of the Unit. Any apparatus,

ducts, conduits, lines, mains, wires, or other items which extend beyond the boundaries of a Unit, but which serve solely that Unit, shall be deemed a part of the Unit and appurtenant thereto, and title thereto and the responsibility for maintenance thereof, shall pass with the Unit.

Interior walls and layouts of Units as shown on the Plans are for reference only to planned or existing interior improvements, and such walls and layouts are not warranted by the Declarant to be accurate. Any Unit Owner may make changes within his or her Unit subject only to the restrictions in this Declaration which apply thereto.

Section 1.4. Common Areas. The remainder of the improvements and the land subjected to this Declaration shall be "Common Areas" which term shall include all "Common Areas and Facilities" as those terms are used in the Act. The Common Areas shall include all real and personal property owned by the Association, and any and all real or personal property leased by the Association. Common Areas shall include all land and all areas outside of the buildings, including, but not limited to, all utility systems, and common pipes, conduits, wiring, yards, gardens, driveways, parking areas, sidewalks, drainage systems and other areas not contained within a unit. The structural elements of buildings containing Units, roofs, perimeter walls and all other parts of the buildings not within a Unit are part of the Common Areas.

The Common Areas, other than any Limited Common Areas as defined in Section 1.7 herein, subject to any Rules and Regulations adopted by the Association, shall be available to all the Unit Owners, and shall include but not be limited to, walks and driveways, landscaping, the parking areas, all pipes, wires, ducts, conduits, utility lines and other facilities which serve more than one Unit or any common area. The Association shall have an easement thereto, and it shall have the right, at reasonable times and at any time in case of emergency, to enter into any Unit and to the extent necessary to enter or go into any walls, floors, or ceilings of a Unit to get to any such pipes, wires, conduits and utility lines, or to any other Common Areas. The Association shall repair any damage done to any Unit as a result of an exercise of this right.

Section 1.5. Ownership of Common Areas and Percentage Interest. Each Unit Owner shall have an undivided interest in the Common Areas ("Percentage Interest") as tenants in common with all other Unit Owners equal to the percentage by which one (1) bears to the total number of Units in the Condominium from time to time, which interest shall include the right to use the Common Areas subject to any rules and regulations governing such use as may be adopted by the Declarant or the Association.

Section 1.6. Appurtenances to Each Unit. The Owner of each Unit shall own the following rights in the Condominium which are appurtenant to and belong to his Unit, including, but not limited to, those items listed below some of which may be appurtenant to several "Units". No such appurtenance may be severed from the Unit and such appurtenance shall pass with the transfer of title to a Unit.

(a) Common Areas. Each Unit shall be entitled to its Percentage Interest in the Common Areas. There may be no restriction upon any Unit Owner's right of ingress and egress to his or her Unit, which right shall be perpetual and appurtenant to ownership of the Unit. However, reasonable rules and controls over vehicular and pedestrian access, such as speed limits, stop signs and confining traffic to reasonable areas shall not be deemed a violation of this provision.

(b) Association Membership. Each Unit Owner shall be a member of the Association, which term as used in this Declaration shall mean the Association described in Section 2.1 below. The interest of each Unit Owner in the funds and assets held by the Association, shall be equal to his percentage interest in the Common Areas of the Condominium.

(c) Parking Areas. Outside Parking Areas are a part of the Common Areas, but garages are part of the Units as shown on the Plans. All entrances, exits, fixtures, equipment and associated facilities are part of the Common Areas. The Declarant or the Association may also allocate Parking Spaces on such reasonable basis as the Declarant or the Association deems appropriate and they may prescribe such rules and regulations with respect to the Parking Areas as they may deem fit.

(d) Land. The land in the Condominium shall be a Common Area.

Section 1.7. Limited Common Areas.

(a) The Association may provide for Limited Common Areas which are to be reserved for the exclusive use of one or more Unit Owners, their families, servants and invitees, but which shall not be available to all Unit Owners generally. The Limited Common Areas shall not be altered, diminished, or enlarged by any custom or practice of the Unit Owners and their neighbors. Limited Common Areas shall not be construed or interpreted to be separate and apart from Common Areas, but shall only be limited with respect to the reserved use thereof to one or more Units.

(b) Each of the porches, patios and balconies attached to or serving a Unit shall be a Limited Common Area and shall be reserved for the use of the Owner of the Unit and his family, lessees and invitees. The Owner of the Unit for whose use such porch, patio or balcony is reserved shall be responsible for the maintenance and upkeep of the same. The Unit Owner may not construct any fence around any such porch or patio, until he or she has secured the consent of the Association as provided in Section 7.3 below, which consent may be withheld for any reason. Even if consent is given for a fence, the Unit Owner shall be responsible for the maintenance of and for keeping the fence in a good and sightly condition.

(c) Any driveway going to a Unit or a garage attached to the Unit shall be a Limited Common Area for the benefit of such Unit Owner, provided that if the driveway serves more than one Unit, then such driveway shall be a Limited Common Area for the use of the Owners of each of the Units so served. Driveways, however, shall be maintained by the Association, and the use thereof shall be subject to any Rules and Regulations adopted by the Association.

Section 1.8. Encroachments. If any portion of the Common Areas shall encroach upon a Unit, or any Unit shall encroach upon another Unit, then a valid easement shall exist, for such encroachment and the maintenance thereof. If a Unit shall encroach upon any Common Area or upon any other Unit by reason of the original construction, reconstruction, or by the non- purposeful or non-negligent act of the Unit Owner, or with the consent of the Association, then an easement shall exist for such encroachment and the maintenance thereof. If any Common Areas shall encroach upon any Unit by reason of original construction or by the non-purposeful or non-negligent act of the Association or of the Declarant, then an easement for such encroachment shall exist so long as

such encroachment shall exist. If there should be conflicting easements hereunder, the easement of the Unit Owner shall be superior.

Section 1.9. Supplemental Plot Plans. The Association and the Declarant each shall have the right, at any time and from time to time, to cause to be prepared and filed of record, supplements to the Site Plan of the Condominium (Page 2 of the Plans) in order to show the location of driveways, parking areas, other land improvements, underground pipes, conduits or lines, utility lines, mains and easements, and the location of any other improvements located in the Condominium, for the purpose of establishing of record their location and the fact of their existence. No Supplemental Site Plans shall adversely affect any rights of a Unit Owner without the Unit Owner's consent thereto, unless the same corrects a manifest error, or is expressly permitted in this Declaration.

Section 1.10. Unit Splitting, Consolidation.

(a) No Unit shall be partitioned or subdivided without the prior written approval of the Board, the Mortgagee of such Unit, and a majority of the Unit Owners.

(b) No two (2) or more Units shall be consolidated into one Unit.

ARTICLE II
ASSOCIATION

Section 2.1. Association. Subject to the rights of the Declarant reserved in Section 5.2 below, the maintenance, repair, upkeep, replacement, administration, operation and management of the Condominium shall be by The Villas of Lake Lakota at Wellingshire Owners Association, Inc., a corporation organized as a not-for-profit corporation under the laws of the State of Indiana ("Association") which shall fulfill its duties and functions pursuant to the following provisions of this Article II. A copy of the By-Laws governing both the Condominium and the Association is attached hereto and made a part hereof. The Association shall have the power and authority to do anything not prohibited by the Act or by this Declaration or the Bylaws which it believes to be in the best interest of the Unit Owners, whether or not such power is expressly conferred upon it herein.

Section 2.2. Membership in Association. (a) The Owner of each Unit shall, automatically upon becoming the Owner of the Unit, be a member of the Association until such time as his ownership ceases for any reason. Membership in the Association shall be an appurtenance to each Unit in the Condominium and shall pass with the conveyance of the Unit to each successive Owner. Each Unit Owner by the acceptance of a deed or other instrument evidencing his ownership interest, shall accept membership in the Association, and shall be subject to the power and authority of the Association; (b) The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) Five (5) years from the date of the conveyance of the first Unit in the Condominium.

Section 2.3. Voting Percentage. The Owners of each Unit, collectively, shall be a Class A member and be entitled to one (1) vote on each matter or question coming for a Vote in the Association's affairs since the Percentage Interest of each Unit in the Condominium will always be equal. Whenever hereunder a specified percentage of the Unit Owners is required, such percentage shall mean votes cast adding up to that percentage, or Unit Owners having such an aggregate Percentage Interest. The By-Laws may provide procedures for holding such voting.

Section 2.4. Board of Managers. The Members shall elect a Board of Managers of the Association annually as prescribed by the By-Laws. The Board of Managers shall be the governing body of the Association, representing all of the Owners in providing for the management, administration, operation, maintenance, repair, replacement and upkeep of the Condominium Property exclusive of the Condominium Units.

Section 2.5. Compliance with Documents and Rules and Regulations. The Association shall have the power to promulgate for the common benefit of all Unit Owners Rules and Regulations governing the use of the Condominium including all Common Areas and including the imposition of reasonable Rules and Regulations which may limit the use of their Units by Unit Owners. Each owner, tenant or occupant of a Unit and their guests and invitees, shall comply with the provisions of the Declaration, the By-Laws, and the Rules, Regulations and decisions of the Association or its representatives, as lawfully amended from time to time. The Association may impose fines for the violation of its Rules and Regulations and all such fines shall be added to the next payment due on the Annual Assessment and shall be secured by the lien of the Association therefor. The Association may also bring an action to recover sums due for damages, for fines, or for injunctive relief resulting from a violation or failure to comply with such Rules and Regulations.

Section 2.6. Easement of Association. The Association shall have an easement for access to all Units in the Condominium as required by its officers, Board of Managers, employees and their agents and independent contractors, in order to perform the obligations and duties of the Association as set forth in this Declaration and any other applicable documents. This easement is also reserved for the benefit of the Declarant so long as Declarant or an affiliate thereof is managing the Condominium. The Association shall have the right of entry to any Unit to perform emergency repairs and/or to do other work reasonably necessary for the proper maintenance and operation of the Condominium.

Section 2.7. Delegation by Association. Nothing in this Declaration shall limit the discretion of the Board of Managers of the Association to delegate authority to any officer, manager or a management agent.

Section 2.8.Professional Management. The Association upon and after assuming the management and control of the Common Areas of the Condominium, shall contract with a reputable management company for the provision of accounting, bookkeeping and managerial services to include the preparation of, notices for and collection of all assessments, the preparation of notices for all meetings or of any other kind required by this Declaration, and the performance of such other services as the Board of Managers may designate. The expenses for such managerial services shall be Common Expenses. Any contract with a management agent shall have a maximum term of one year at a time, although such contract may be renewed from year to year, and shall be subject to

termination by the Association at any time for cause. If the Declarant shall manage the Association, then such contract or right of management by the Declarant shall be subject to termination upon sixty (60) days written notice if a majority of the Class A Members shall vote to terminate such management by the Declarant.

Section 2.9. Property and Debt by the Association. The Association may purchase property and take title thereto in its corporate name. All such property although owned by the Association, shall be treated under the terms of this Declaration as if it were part of the Common Areas and shall be subject to the Rules and Regulations of the Association. The Association may mortgage or encumber any of the property it owns, and may incur debt with respect to its property or otherwise, as it may deem to be in the best interest of the majority of the Unit Owners. Any costs or expenses incurred by the Association, including an obligation to make debt payments and other obligations, shall be treated as part of the Common Expenses of the Condominium. Such expenses shall be included in the Annual Budget and in any necessary Supplemental Budget, and shall be used in determining the Annual Assessment and any Special Assessments to the Unit Owners, to the same extent as any other expenses and obligations of the Association and of the Condominium.

Section 2.10. Condemnation Proceedings. The Association shall have the exclusive right to represent the Unit Owners in any Condemnation Proceedings and to adjust any losses and handle all proceeds from insurance resulting from damage or destruction to the Condominium.

Section 2.11. Control of Common Areas. The Association shall have the right to establish Rules and Regulations governing the Common Areas. The Association shall have the right to grant permits, licenses and easements over the Common Areas for utilities, roads and other purposes necessary or reasonably appropriate for the proper operation of the Condominium. Either the Association or the Declarant shall have the right to enter into agreements governing the use of the Lake abutting the Condominium with any adjoining landowners, including the Declarant.

Section 2.12. Condominium Documents. The Association shall keep current copies of a) this Declaration, b) the Bylaws as the same may be amended from time to time, c) all Rules and Regulations then in effect, as well as d) its own books, records and financial statements, and shall make them available for inspection by the Unit Owners, and by holders, insurers and guarantors of first mortgages that are secured by Units in the Condominium, during normal business hours or under other reasonable circumstances.

ARTICLE III
USE RESTRICTIONS

Section 3.1. Residential Purposes. All Units in the Condominium shall be, and the same hereby are, restricted exclusively to residential use. No structures of a temporary character, nor any trailer, basement, tent, shack, carport, garage, barn or other outbuilding, shall be used as a residence on any portion of the Condominium Property at any time, either temporarily or permanently, and no temporary structure, trailer, shack or outbuilding shall be placed on the Condominium Property at any time without the prior written consent of the Association. Nothing shall be done or permitted in any Unit which would structurally change any building, or affect any Common Areas or plumbing, electrical, mechanical or other services or systems, unless first approved in writing by the Association.

The use restrictions in this Section 3.1 shall not, however, be construed in such a manner as to prohibit a Unit Owner from: (i) maintaining his personal professional library therein; (ii) keeping

his personal business or professional records or accounts therein; (iii) handling his personal business or professional telephone calls or correspondence therefrom; or (iv) conducting any home occupation permitted under the applicable zoning code in residential districts. Such uses are expressly declared to be incident to the principal residence use and not in violation of this Section 3.1, provided that such use does not involve customers, employee, licensees or invitees coming to the unit.

Section 3.2. Construction and Sale Period. Notwithstanding any provisions contained herein to the contrary, it shall be expressly permissible for the Declarant or the builder of said Units and structures to maintain, during the period of construction and sale of said Units, upon such portion of the Condominium Property as the Declarant may deem advisable, such facilities as in the sole opinion of the Declarant may be reasonably required for, or be convenient or incidental to, the construction and sale of the said Units, including, but without limitation, storage areas, construction yards, signs, model residences, construction offices, sales offices and business offices.

Section 3.3. Leasing of Residences. Entire Units may be rented provided the term of occupancy is for not less than thirty (30) days, and such occupancy is only by the lessee and his immediate family or as may be approved or otherwise provided for by the Association's Board of Managers. No room or portion of a Unit may be rented and no transient tenants accommodated. All leases must be in writing and comply with the By-Laws.

Section 3.4. Use. Any Unit Owner may authorize the following persons to use the Common Areas and facilities: members of his family, guests while residing with or visiting the family, his duly authorized tenants, or contract purchasers who reside on the property.

Section 3.5. Rights of Unit Owners. Every Unit Owner shall have the non-exclusive right in common with all other Unit Owners to the use and enjoyment in and to the Common Areas, other than Limited Common Areas, and such rights shall pass with the title to his Unit, subject to the following rights which are hereby granted to the Association:

(a) The right of the Association to charge reasonable admission, maintenance, and other fees for the use of any facilities situated upon the Common Areas, and to make other charges as herein provided.

(b) The right of the Association to suspend the voting rights and right to use Common Areas by any Unit Owner other than access to his or her Unit for any period in which any assessment against his Unit remains unpaid, and for a period not to exceed sixty (60) days for any or each infraction of its published rules or regulations, and to impose reasonable fines for any such infractions or other infractions of its rules.

(c) The right of the Association to dedicate, transfer or grant rights-of-way and easements over or through all or any part of the Common Areas to any public agency, authority, utility, and to grant easements to private persons.

(d) The right of the Association to restrict portions of the Common Areas for parking, or for other uses, so long as such restrictions do not discriminate among the Unit Owners.

(e) The right of the Association to adopt reasonable rules and regulations governing the use of the Common Areas, or which otherwise are deemed by it to be for the common good of the Unit Owners

ARTICLE IV
COMMON EXPENSE

Section 4.1. Common Expenses. Common Expenses shall include all expenses of the Association and the expenses of administration, expense of insurance, maintenance, upkeep, operation, repair, replacement and betterment of the Common Areas; rent, maintenance and other costs relating to recreational and/or common facilities; and any other costs or expenses declared to be Common Expenses under this Declaration and the By-Laws; and any other valid charges against the Condominium Property as a whole or which are duly adopted by and voted on by the Association. Common Expenses shall include those expenditures which are to be paid for by special assessments, as well as all other expenditures lawfully voted by the members of the Association, or as required by the Act, this Declaration or the By-Laws, and may include capital expenses and also other unusual or non-recurring items.

Section 4.2. Sharing of Common Expenses. Subject to the provisions of Section 4.5 below, all of the separate Unit Owners shall share in any common profits and be liable for a share of the Common Expenses in proportion to their Percentage Interest in the Common Areas. The Board of Managers of the Association may vote to round off any monthly assessments of Common Expenses Assessed against each Unit to the nearest even multiple of One Dollar ($1.00), or it may vote to round off such monthly assessment to the next higher even multiple of One Dollar ($1.00) or Five Dollars($5.00).

Section 4.3. No Exemptions. No Owner of a Unit may exempt himself or herself from liability for his or her contribution towards the Common Expenses by waiver of the use and enjoyment of any of the Common Areas or by the abandonment of his Unit.

Section 4.4. Budget. A budget of all anticipated Common Expenses, including capital expenditures and/or reserves, shall be prepared for each Fiscal Year of the Association. Such budget shall be prepared in time so that it can be reviewed by the Unit Owners in advance of the Annual Meeting of the Association as provided in the By-Laws.

Section 4.5. Assessments. Common Expenses shall be assessed against Unit Owners as provided in the By-Laws, except that any unoccupied Units which are owned by the Declarant and which are being offered for first time sale, shall not be subject to assessment, including special assessments, except as otherwise may be required by applicable law.

Section 4.6. Unit Maintenance. Except as otherwise provided herein and in the By-Laws, each Unit Owner shall be responsible for all maintenance, repair, decoration and replacement within his own Unit, and for paying for the same. The Association may perform repair work on a Unit, if a Unit Owner shall fail to maintain his Unit, and charge the cost thereof to the Unit Owner, which cost shall be secured by the lien of the Association on such Unit. The Association may also provide services to the Units as provided in Section 7.2(b) below.

Section 4.7. Reserve for Contingencies and Replacements. The Board shall build up and maintain reasonable reserves for contingencies and replacements, which reserves shall be segregated from the other funds of the Association. The replacement reserve may not be used for any purpose other than the replacement of or additions to the property of the Condominium. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged against the contingency reserve. If the "estimated cash requirement" proves inadequate for any reason or in the event a non-recurring Common Expense is anticipated for any

year, then the Board may prepare and approve a supplemental budget covering the estimated deficiency or non-recurring expense for the remainder of such year, copies of which supplemental budget shall be furnished to each Unit Owner. Then a separate assessment shall be made to each Unit Owner for his or her proportionate share of such supplemental budget. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount. Such separate assessment may be made by the Board of Managers unless it involves proposed expenditures resulting in a total payment assessed to a Unit greater than four times a Unit's most recent monthly assessment, in which event the assessment shall be subject to approval by the Unit Owner as a Special Assessment pursuant to Section 5.05 of the By-Laws.

Section 4.8. Working Capital Fund. At the time the Declarant first conveys a Unit in the Condominium to any person other than an affiliate, the Purchaser of the Unit shall make a deposit for working capital of the Association equal to three (3) monthly payments of the initial Annual Assessment.

ARTICLE V
DECLARANT'S RIGHTS

Section 5.1. Use of Property by Declarant. Declarant reserves the right to grant to others and to reserve to itself easements for utilities for ingress, egress and access, and other reasonable purposes, across, over or under Common Areas; to use any of the Units as models; and to sell Units and to conduct other businesses in connection with and during the construction and development of the Condominium from and in any of the Units prior to their being sold. This reservation of right or privilege of the Declarant includes, but is not limited to, the right to maintain models, erect signs, maintain an office, staff the office with employees, and to use any and all of the Common Areas and to show Units then unsold. Any improvements placed on the Condominium Property for the purpose of such sales, such as signs, telephones, or any other promotional items shall not be considered Common Areas nor attachments to the Condominium Property, but shall remain the property of the Declarant and may be removed at any time convenient to the Declarant. Declarant reserves the right to make prudent changes during the course of construction in the location or manner of construction of buildings and other improvements but no such changes shall be inconsistent with the Architect or Engineer's as-built certification. Declarant shall have the right to lease Units and to permit its lessee to have the right to use all Common Areas to the same extent as if it were a Unit Owner under this Declaration.

Section 5.2. Management. Declarant (Property Group One, Ltd.) shall initially manage the Condominium and it shall have the right to continue to do so, so long as it shall own any Units in the Condominium, subject to the right of the Owners to terminate management by the Declarant as provided in Section 2.8 above. Declarant's right and obligation to manage the Condominium shall include the right to exercise all of the powers of the Association, including the right to manage the Common Areas, to set Assessments for Common Expenses as provided in the By-Laws (rather than for such right to be delegated to the Association as the By-Laws provide), subject to the limitations and requirements herein contained including those set forth in sections 4.4, 4.7 and 4.8 hereof, and to adopt the Rules and Regulations governing the use of the Condominium, until the first Annual Meeting of the members of the Association. Such rights shall be subject to the following:

(a) Declarant shall manage the Common Areas and it shall have the right to assess the Unit Owners sums. (Such assessment shall be equal to the amount set forth in the

By-Laws for the Annual Assessment during the year in which the first conveyance of a Unit is made to a Unit Owner.)

(b) Declarant shall have the right to transfer the management of the Condominium to the Association at any time upon sixty (60) days prior notice. Declarant shall continue to manage the Condominium Property at the same per Unit cost as had been established, for the balance of the Fiscal Year of the Association in which the Declarant terminates its right to manage the Condominium, unless the Association shall have been advised that Declarant would not be managing the Condominium Property at the time the Annual Assessment for such year is established, or unless the Association shall agree that the Declarant may so terminate its management.

Section 5.3. Amendment by Declarant. The Declarant shall have the right acting alone and without the consent or approval of the Unit Owners, the Association, any Mortgagees or any other person to amend or supplement this Declaration, the By-Laws or other documents from time to time if such amendment or supplement is (i) necessary to conform this Declaration to the Act, as amended from time to time, or (ii) made to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Veterans Administration or any other governmental agency or any other public, quasi public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (iii) made to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages, or (iv) made to correct clerical or typographical errors. However, no such amendment shall decrease the rights of any Unit Owners to use the Common Areas and facilities, to use their Unit, nor to restrict access to any Unit. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor of, make, or consent to those amendments permitted in this Section 5.3 on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, or other instrument affecting a Condominium Unit and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of, the power to the Declarant to vote in favor of, make, execute and record any such amendments. The right of the Declarant to act pursuant to rights reserved or granted under this Section 5.3 shall terminate at such time as the Declarant no longer holds or controls title to any part or portion of the Condominium Property, but not longer than seven (7) years from the date hereof.

Section 5.4. Affiliates of Declarant. The Declarant may assign any of its reserved rights to any affiliate or successor of the Declarant in which event the affiliate or successor may exercise all of such assigned rights and shall be deemed a successor Declarant hereunder.

ARTICLE VI
RIGHTS AND LIABILITIES OF UNIT OWNERS

Section 6.1. Separate Mortgages of Units. Each Owner of a Unit shall have the right to mortgage or encumber his Unit together with his Percentage Interest in the Common Areas. No Owner of a Unit shall have the right or authority to mortgage or otherwise encumber in any manner whatsoever the Condominium Property or any part thereof except his own Unit and its Percentage Interest in the Common Areas as aforesaid. Any successor to a Unit, whether by foreclosure or otherwise, shall have the rights with respect to Limited Common Areas which are assigned to that Unit.

Section 6.2. Separate Real Estate Taxes. Real estate taxes are to be separately taxed to the Owner of each Unit, including taxes upon his or her share of ownership in the Common Areas, as provided in the Act. If for any year such taxes are not separately taxed to the owners of the Units, but are taxed on the property as a whole, then each Unit Owner shall pay his or her proportionate share thereof in accordance with his or her respective Percentage Interest in the Common Areas.

Section 6.3. Maintenance by Unit Owners. The owner of each Unit shall furnish and be responsible for, at his or her own expense, all the maintenance, repairs and replacements within his Unit, and any Limited Common Areas the exclusive use of which is limited to that Unit, unless otherwise provided herein, including the heating and air conditioning system. Maintenance, repairs and replacements of the refrigerators, ranges, and other kitchen appliances, air conditioning, lighting fixtures, windows, doors, sills, jams, frames, glass surfaces, partitions and interior walls, wall coverings, fixtures, internal water, electrical, gas and telephone lines, and other improvements and additions to the Unit shall be at the expense of the Unit Owner.

If, due to the negligent act or omissions of a Unit Owner or of a member of his family or household pet or of a guest or other occupant or visitor of such Unit Owner, damage shall be caused to the Common Areas or to a Unit owned by others, and if maintenance, repairs or replacements shall be required which would otherwise be at the Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Association, unless such loss is covered by the Association's insurance with such policy having a waiver of subrogation clause.

To the extent that equipment, facilities and fixtures within any Unit shall be connected to similar equipment, facilities or fixtures affecting or serving other Units or any Common Areas, then the use thereof by the Owner of such Unit shall be subject to the Rules and Regulations of the Association. The authorized representatives of the Association or Board of Managers or the Managing Agent for the Association, shall be entitled to reasonable access to any Unit as may be required in connection with inspection, maintenance, repairs or replacements of or to the Common Areas or any part thereof, or any equipment, facilities or fixtures affecting or serving other Units or any Common Areas. If any Unit Owner shall fail to perform any maintenance which in the judgment of the Association is his obligation or shall fail to keep his Unit and any Limited Common Areas required to be maintained by such Unit Owner in good order and repair, the Association shall have the right to perform such maintenance and/or otherwise to put such Unit and areas in good order and repair and to charge the Unit Owner all costs thereof. All charges by the Association to a Unit Owner shall be a lien on such Unit to the same extent as delinquent installments of an Assessment.

Section 6.4. Decorating. The Owner of each Unit shall furnish and be responsible for, at his own expense, all of the decorating within his Unit, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furnishings and interior decorating. The Owner of each Unit shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings, and such Owner shall maintain such interior surfaces in good condition at his sole expense. Decorating of Common Areas and any redecorating of a Unit to the extent made necessary by any damage or replacement work on the Common Areas by the Association, shall be furnished by the Association as a part of the Common Expenses.

Section 6.5. Utility Services. Each Owner by acceptance of a deed to a Unit agrees to pay for utility services separately metered or separately charged by the utility company to that Unit. All other utility costs shall be common expenses and paid by the Association.

ARTICLE VII
MAINTENANCE AND CONTROL

Section 7.1. Maintenance of Common Areas. The Association shall be responsible for the maintenance, repair and replacement of all the Common Areas of the Condominium and all private streets located on the Condominium Property, except as may be otherwise herein provided. The Association shall also be responsible for such maintenance, repairs and replacements in the Common Areas as may be required for the bringing of utility services to the Units and to keep such services operating. All maintenance, repairs and replacements required of the Association shall be a Common Expense. However, the Association, or the Declarant, may provide that all or certain of the Limited Common Areas shall be maintained by the Unit Owners rather than the Association. In any event, the Association shall maintain all unfenced lawn areas.

Section 7.2. Maintenance Obligations of Association With Respect To Units. The Association's rights and obligations with respect to the maintenance of Units shall be as follows:

(a) The Association shall repair and restore any damage it may have done resulting from access and any activities within any portion of a Unit by the Association or its agents and employees. The cost of all such repairs by the Association shall be charged as a Common Expense and pro rated among all the Unit Owners, except to the extent that such repair work is caused by or necessitated by the negligence of a Unit Owner or a member of his family, or his guests or invitees, in which case the Unit Owner shall be obligated to reimburse the Association for the cost of such repairs as provided in Section 6.3 of this Declaration.

(b) The Association may permit its employees and agents to perform repair and service work in and to a Unit provided the same services are generally available to all Unit Owners. The Association may make reasonable charges for such services and/or it may wholly prohibit or otherwise restrict the rendering such services.

(c) The Association and its agents shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency in which case no notice shall be required), to enter into the Condominium Units for the purpose of inspection of the Common Areas and Limited Common Areas appurtenant thereto and for the replacement, repair, maintenance, alteration and improvement of such Common Areas and Limited Common Areas.

Section 7.3. Architectural Control.

(a) No Unit Owner other than the Declarant, shall make any alterations or additions to or which would affect the Common Areas or Limited Common Areas without the prior written approval of the Association, nor shall any Unit Owner make any alteration in or to his Unit and within the boundaries thereof which would affect the safety or structural integrity of, or any systems serving, the building in which the Unit is located.

(b) No building, fence, wall or other structure shall be commenced, erected or maintained upon the Condominium Property nor shall any exterior addition to or change or alteration be made to any improvements on the Condominium Property other than by the

Declarant or its successors or assigns, until the plans and specifications showing the nature, kind, shape, height, material and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Association. The Association may impose reasonable restrictions on the manner of performance of such work, time limits for its completion, and other restrictions or requirements, either as a condition of its approval, or otherwise. The Association may also require any such work to be done by a bonded contractor. If the Association fails to approve or disapprove such work within sixty (60) days after adequate plans and specifications for such work have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Any change in the appearance or the color of any part of the exterior of a Unit shall be deemed a change thereto and shall require approval therefor as above provided.

(c) The Association shall have an easement to and upon all Common Areas including Common Areas located within any walls of any structures or Units located on the property subject to this Declaration, and the Association shall have no liability whatsoever for entering any portion of such easement areas, including cutting through the walls of any Unit or similar damage to a Unit; provided, however, that the Association shall repair any damages committed by it to a Unit in a reasonable manner, and at its own expense.

(d) Declarant reserves the right to change the interior design, to increase the size or to reduce the number of any Units, to change the arrangement of any Condominium Units, and to alter the boundaries between Condominium Units so long as Declarant owns the Condominium Units so altered. No such change shall increase the number of Condominium Units nor decrease the Percentage Interest applicable to any Condominium Unit. If Declarant shall make any changes in the Condominium Units so authorized other than changes entirely within Units, such changes shall be reflected by a supplement to the Plans, and such supplement to the Plans need not be approved by the Association or any other Owners; provided however, no such change that shall substantially alter the roof lines, exterior finishing or other exterior treatment of the Units shall be made without the consent of a majority of the other Unit owners

ARTICLE VIII
INSURANCE

Section 8.1. Insurance. The Unit Owners, through the Association, shall purchase a master casualty insurance policy issued in the name of the Association for the use and benefit of the Unit Owners and the Association affording fire and extended coverage insurance insuring the Condominium Property for the full replacement value of the improvements which, in whole or in part, comprise the Common Areas and Limited Common Areas, and also including the value of the exterior walls from the studs outward and all other exterior improvements to the Units, including doors, windows and roofs. The Association shall advise the Unit Owners annually in writing of the amount and type of insurance coverage with respect to the several Units. Certificates of insurance shall be issued to each Unit Owner, and each mortgagee upon request, and no such policy shall be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association and to each mortgagee listed as a mortgagee in the policies. If the Association can obtain such coverages for reasonable amounts it shall also obtain "all risk" coverage, Inflation Guard

Endorsement, a construction code endorsement and a Special Condominium Endorsement. The Association shall be responsible for reviewing at least annually the amount and type of such insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. If it deems advisable, the Association may cause the full replacement value to be determined by a qualified appraiser. The cost of any such appraisal shall be a Common Expense. Such insurance coverage shall be for the benefit of the Association, each Unit Owner, and, if applicable, the mortgagee of each Unit, upon the following terms and conditions:

(a) All proceeds payable as a result of casualty losses sustained which are covered by insurance purchased by the Association as hereinabove set forth shall be paid to it and the Association shall act as the insurance trustee and hold such proceeds for the benefit of the Unit Owners. In the event that the Board of Managers has not posted a surety bond for the faithful performance of their duties as such Board or if such bond does not exceed the amount of funds which will come into its hands, and there is a damage to a part of or all of the property resulting in a loss, the Board of Managers shall obtain and post a bond for the faithful performance of its duties as insurance trustee in an amount equal to one hundred ten percent (110%) of the proceeds resulting from such loss, before the Board of Managers shall be entitled to receive the proceeds of the insurance payable as a result of such loss. As hereinafter provided the Association may utilize the services of an independent insurance trustee in which event it shall not be required to post a bond. The sole duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Unit Owners and their respective mortgagees. The proceeds shall be used or disbursed by the Association, as appropriate, only in accordance with the provisions of this Declaration.

(b) Such master casualty insurance policy, shall contain "all risk" coverage to the extent reasonably available, and shall (to the extent the same are obtainable on reasonable terms) contain provisions that the insurer (i) waives its right to subrogation as to any claim against the Association, its Board of Managers, agents and employees, the Unit Owners, and their respective agents and guests, and (ii) waives any defense based on the invalidity arising from the acts of the insured, and providing further, if the Association is able to obtain such insurance upon reasonable terms, (l) that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual Unit Owners as hereinafter permitted, and (2) that there shall be no provision thereof giving the insurer an election to repair damage in lieu of a cash settlement.

(c) The Unit Owners, through the Association, shall also purchase a master comprehensive public liability insurance policy in such amount or amounts as the Board of Managers shall deem appropriate from time to time; however, such coverage shall be for at least One Million Dollars ($l,000,000.00) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Such comprehensive public liability insurance policy shall cover the Association, its Board of Managers, committees, organizations, any managing agent appointed or employed by the Association, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to the Condominium, all Owners of Units and if practicable all other persons entitled to occupy any Unit or other portions of the Condominium. Coverage under this policy shall

include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas, and, if available at a reasonable premium, legal liability arising out of lawsuits related to employment contracts of the Association. Such policy shall also provide that it may not be cancelled or substantially modified by any party without at least ten (10) days' prior written notice to the Association and to each Unit Owner and holder of a first mortgage on any Unit which is listed as a scheduled holder of a first mortgage in the insurance policy.

(d) The Association shall have a blanket fidelity bond covering any one who either handles or is responsible for funds that it holds or administers, whether or not that person receives compensation for services. The bond should name the Association as the obligee and the premiums therefor shall be paid as common expenses. The fidelity bond shall cover the maximum amount of funds that will be in the custody of the Association or its Management Agent (if the Management Agent does not carry its own bond for at least such amount) at any time while the bond is in force. Such bond shall include a provision that calls for 10 days' written notice to the Association before the bond can be cancelled or substantially modified for any reason.

(e) The Association, and the Unit Owners through the Association, shall also obtain any other insurance required by law to be maintained, or by VA, FHA or FNMA regulations applicable to the Project from time to time, including but not limited to workmen's compensation insurance, flood insurance if applicable, and fidelity coverage. The Association may also obtain any other insurance that it shall from time to time deem necessary, advisable or appropriate, including but not limited to, liability insurance on any vehicles owned by the Association and officers' and directors' liability policies. Such insurance coverage shall provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of each Unit Owner, the Association, its Board of Managers and any employee, agent and managing agent acting on behalf of the Association. Each Unit Owner shall be deemed to have delegated to the Association his right to adjust with the insurance companies all losses under policies purchased by the Association.

(f) The premiums for all insurance carried by the Association shall be paid for as part of the Common Expenses. When any such policy of insurance has been obtained by or on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Unit Owner whose interest may be affected thereby, which notice shall be furnished by an officer of the Association or the managing agent.

(g) In no event shall any distribution of insurance proceeds be made by the Association directly to a Unit Owner where there is a mortgage endorsement on the certificate of insurance. In such event any remittances shall be to the Unit Owner and his mortgagee jointly.

(h) Each Unit Owner shall be solely responsible for and may obtain such additional insurance as he or she deems necessary or desirable at his or her own expense affording coverage upon his or her personal property, the contents of his or her Unit, all

improvements from the drywall inward (including, but not limited to, all floor, ceiling and wall coverings and fixtures, betterments and improvements installed by him or her) and his or her personal property stored elsewhere on the Condominium Property, and for his or her personal liability, but all such insurance shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions with respect to the master casualty insurance policy to be obtained by the Association. Each Unit Owner may obtain any other insurance upon his or her Unit at his or her own expense but all such insurance shall provide that it shall be without contribution as against the casualty and other insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by the Association pursuant to this Section 8.1, due to pro ration of insurance purchased by a Unit Owner, the Unit Owner shall assign the proceeds of his or her insurance to the Association to the extent of the amount of such reduction.

(i) Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, an authorized representative, including any trustee with whom the Association may enter into an insurance trust agreement or any successor to such trustee who shall have such authority as may be delegated to it under the insurance trust agreement, including authority to hold all the proceeds payable under an insurance policy for the benefit of the Association, authority or even exclusive authority to negotiate losses under any one or more policies providing such property or liability insurance, and/or to perform such other functions as are necessary to accomplish the reasonable purposes of such trust. The Association may retain authority to negotiate losses even if an insurance trustee is appointed, and it may reserve authority to direct the actions of the insurance trustee in any manner consistent with the Association's obligations under this Declaration. Each Unit Owner appoints the Association or any trustee or substitute trustee designated by the Association as attorney-in-fact for the purpose of purchasing and maintaining such insurance, and for the following additional purposes:

(i) the collection and appropriate disposition of the proceeds thereof;
(ii) the negotiation of losses and execution of releases of liability;
(iii) the execution of all documents; and
(iv) the performance of all other acts necessary to accomplish such purposes.

Section 8.2. Casualty and Restoration. Unless all of the buildings containing Condominium units are completely destroyed, in the event of any damage or destruction of Units or Common Areas, the damage shall be repaired and paid for, to the extent available, from the proceeds of insurance carried by the Association. A determination of the total destruction of the buildings containing Condominium units, and thereafter a vote to reconstruct the damaged Units, shall each be determined by a vote of at least sixty-seven percent (67%) of all the Unit Owners at a special meeting of the Association called for that purpose, or by such lesser vote as may then be permitted under the Act. Where the Association is to repair and restore any such damage or destruction, it shall cause all Common Areas to be repaired, and shall cause the Units to be repaired and restored to the same condition they were in prior to such damage or destruction, except that the Association shall

not be obligated to provide painting of walls or providing other wall finishes, floor covering, other than subfloor, nor for painting ceilings or application of other ceiling finish, except to the extent the Association collects insurance proceeds for those items. The individual Unit Owners shall be responsible for replacing their property within their Units, together with the responsibility for replacing fixtures and improvements within their Units to the extent they exceed the building standard at the time of original construction. The Unit Owners shall also be responsible for any additional loss or damage to their personal property and to the contents of their Units. The Association shall be responsible for repairing and restoring the walls, floors and ceilings of any and all Common Areas and Limited Common Areas that may be damaged or destroyed, and also for installing walls, floors and ceilings within the Units, and to improvements made on Common Areas by any of the Unit Owners, to the extent that there are insurance proceeds payable therefor to the Association.

Section 8.3. Restoration and Repair, Use of Insurance Proceeds. The Association may advertise for open or sealed bids, or may negotiate privately without seeking competitive bids, with licensed contractors for any repair or restoration. The Association may reject any bids for any reason and it may further negotiate with any bidder. Unless the Association shall otherwise determine the successful contractor shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings, and/or other improvements. Excess insurance proceeds, if any, shall become a part of the Association's general funds to be used as the Association may deem to be appropriate.

Section 8.4. Assessment of Unit Owners if Insurance Proceeds are Inadequate. If any buildings are to be repaired or restored under the terms of Section 8.2 of the Declaration from the proceeds of insurance obtained by the Association, and if the insurance proceeds are inadequate to pay the complete cost of such repair or restoration required of the Association, Special Assessments shall be made against all the Unit Owners, in sufficient amounts to provide the funds necessary to complete such repair or restoration. Such Assessments may be made at any time and at more than one time, and to the extent so required shall not be subject to a vote of the Unit Owners. Assessments on account of such damage shall be in proportion to each Owner's Percentage Interest in the Common Areas.

Section 8.5. Allocation of Insurance Proceeds if No Repair or Restoration. If after the complete destruction of all of the buildings containing Condominium Units the destroyed buildings are not to be restored, then the insurance proceeds payable on account of the damage to or destruction of such buildings shall first be used to pay the cost of removing any portion of the buildings that remain after such casualty and of restoring the site. The balance of the funds on hand shall then be distributed to the Unit Owners and the holders of liens on the Units in accordance with the relative value of the Units immediately prior to the damage if permitted by law; otherwise in proportion to their percentage interest in the Common Areas. Pursuant to law the land shall revert to the Unit Owners as tenants in common.

In order to determine the relative values of the Units the Board of Managers shall, if necessary, select a qualified appraiser who shall determine the relative values of each Unit. The determination of the appraiser shall be binding upon all parties except that if any of the affected Unit Owners challenges the appraiser's determination, such Unit Owner, or Unit Owners if more than one collectively, shall appoint a qualified appraiser skilled in valuation of damage and destruction to

dwellings and the two appraisers shall appoint a third appraiser, similarly skilled. The average of the calculations of the three appraisers shall determine the question of such value. In the event that an Owner or Owners of Units challenge the determination of the original appraiser, the expense of the appraisers not appointed by the Association shall be charged to such challenging Owner or Owners. The determination of the Board of appraisers shall be final and binding upon the Association and all affected Unit Owners.

ARTICLE IX

Section 9.1. Disputes. Matters of dispute or disagreement between Unit Owners or with respect to interpretation of the application of the provisions of this Declaration or By-Laws or any Rules or Regulations promulgated by the Association, shall be determined by the Board of Managers of the Association, which determination shall be final and binding upon all Unit Owners. If the Association shall deem it to be advisable, it shall have the power to employ experts to advise it in the settling of disputes and to charge the cost thereof as a Common Expense.

Section 9.2. Right of Suit. The Association and any aggrieved Unit Owner shall have a right of action against any Unit Owner or Owners for failure to comply with the provisions of the Declaration, By-Laws, the Rules, Regulations, and decisions of the Association which are made pursuant to authority granted the Association in such documents. Unit Owners shall have a similar right of action against the Association.

Section 9.3 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Condominium designed to make the community safer than it otherwise might be. Neither the Association, the Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Condominium, however, and neither the Association, the Declarant, nor any Successor Declarant shall be held liable for any loss or damage by reason or failure to provide adequate security or ineffectiveness of security measures undertaken. All Unit Owners and occupants of any Unit, and tenants, guests and invitees of any Unit Owner, as applicable, acknowledge that the Association and its Board of Directors, Declarant, or any Successor Declarant do not represent or warrant that any security system will be installed or that any security system which is implemented or installed by the Declarant or the Board will be effective in any or all situations. All Unit Owners and occupants of any Unit, and tenants, guests and invitees of any Unit Owner hereby release the Declarant and the Board from any liability for security efforts or for failure to implement security in the Condominium.

ARTICLE X
GENERAL PROVISIONS

Section 10.1. Enforcement. The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this or her Declaration, By-Laws, or any Rules or Regulations governing the Condominium Property, including any fines levied by the Association. Failure by the Association to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any proceeding arising because of failure of a Unit Owner to make any payments required or to comply with any provisions of the Declaration, the Act, the By-Laws, or the Rules and Regulations adopted by the Association as each may be

amended from time to time, the Association shall be entitled to recover its costs and reasonable attorney's fees incurred in connection with default or failure.

Section 10.2. Severability. Invalidation of any one of the provisions of this instrument or of the By-Laws by judgment or court order shall not affect the remaining provisions thereof and the same shall remain in full force and effect. Any provision of this Declaration that is determined to be in violation of or contrary to any law shall thereafter be interpreted so as to comply with the law in the manner that will be closest to the provisions of this Declaration so held invalid. Thus, if more than sixty-seven percent (67%) of the Unit Owners are required to vote or agree with respect to anything required hereunder or to have at least a vote of sixty-seven percent (67%) of the Unit Owners, the lowest percentage number of the Unit Owners that comply with the legal requirements shall thereafter apply.

Section 10.3. Undivided Common Areas. Common Areas will remain undivided. Prior to the total destruction of all the buildings in the Condominium no Unit Owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Condominium.

Section 10.4. Amendment. Amendments to this Declaration shall be proposed and adopted in the following manner:

(a) Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting of the Unit Owners at which proposed amendment is considered. Notice shall also be sent to any holder of a first mortgage on a Unit, which holder has requested the Association to notify it of any proposed amendment of the Articles or the Bylaws.

(b) Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Managers or by not less than 5% of the Unit Owners. The resolution concerning a proposed amendment must be adopted by the designated vote at a meeting duly held in accordance with the provisions of the Bylaws.

(c) Approval. Any proposed amendment to this Declaration shall be approved by a vote of not less than 67% of the Unit Owners entitled to vote. If the proposed amendment or other action of the Unit Owners shall affect any of the actions set forth in subparagraph (d), then such action shall also require approval by at least 51% of the holders of first mortgages on such units who or which have requested that the Association notify them of any proposal action by the Association; ("Eligible Mortgages").

(d) Any proposal to amend the Declaration or the Bylaws which shall affect a change and any of the following shall require approval by 51% of the holders of Eligible Mortgages on the units, namely:

(i) Voting rights;

(ii) Assessments, assessment liens, or the priority of assessment liens;

(iii) Reserves for maintenance, repairs or replacement of common areas;

(iv) Responsibility for maintenance and repairs;

(v) Reallocation of interest in the general or limited common areas, or rights to their use;

(vi) Redefinition of any Unit boundaries;

(vii) Convertibility of any Units and Common Areas or vice versa;

(viii) Expansion or contraction of the project, or addition, annexation or withdrawal of property to or from the project (except expansion as provided in Article XI hereof);

(ix) Insurance or fidelity bonds;

(x) Leasing of Units;

(xi) Imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(xii) Any decision of the Association to establish self-management;

(xiii) Restoration or repair of the Condominium after hazard damage or condemnation;

(xiv) Any action to terminate the legal status of the condominium after substantial destruction or condemnation;

(xv) Any provisions that expressly benefit mortgage holders, insurers or guarantors of mortgages of any of the Units;

(e) If the Unit Owners shall consider termination of the legal status of the project for reasons other than substantial destruction or condemnation of the property, approval of 67% of the Eligible Mortgages shall be required. However, for purposes of subparagraphs (d) and this subparagraph (e), if an Eligible Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal sent to it or delivered by certified or registered mail with return receipt requested, or otherwise after it shall receipt for receipt of notice, then such Eligible Mortgagee shall be deemed to have approved the proposed action.

(f) Recording. Each Amendment to this Declaration and each Supplemental Declaration shall be executed by the President or a Vice President and Secretary or an Assistant Secretary of the Association, or by the Declarant if made pursuant to Declarant's reserved rights, and shall be recorded in the office of the Recorder of Marion County, Indiana, and no such Amendment or Supplement shall become effective until recorded.

(g) The provisions of this Section 10.4 shall not affect the right of the Declarant to expand the Condominium as set forth in Section 5.5 or in Article XI of this Declaration.

Section 10.5. Legal Actions. The Association may commence or maintain an action for the recovery of any damages caused to the Condominium if any Unit or any part of the Common Areas are damaged or destroyed, or for any other proper claim by the Association. Any such action where a Unit is damaged, may be maintained in the names of the affected Unit Owners, may be joined with any action brought by the Unit Owners, and may be prosecuted or settled by the Association as it sees fit. This provision shall survive the termination of this Declaration, and any recovery minus costs advanced by the Association shall be paid into the Reconstruction Fund, and paid out as provided for insurance proceeds under Article VIII.

Section 10.6. Costs and Attorney's Fees. In any proceeding arising because of failure of a Unit Owner to make any payments required, including fines, or to comply with any provisions of this Declaration, the Act, the By-Laws, or Rules and Regulations, as each may be amended from time to time, the Association shall be entitled to recover any fines duly imposed as well as its costs and

reasonable attorney's fees incurred in connection with such default or failure. Such payments, costs, fines and attorney's fees shall be secured by the Association's lien on such Unit.

Section 10.7. Rights of Mortgagees.

(a) If any Mortgagee of a Unit shall so request in writing, identifying its interest in a Unit, it shall be given notice at least thirty (30) days prior to the effective date of any changes in the Condominium documents, other than Amended or Supplemental Declarations which are permitted to be made by the Declarant under the provisions of Section 5.3 above, and ten (10) days notice of any change in the management agent or manager of the Condominium, or any condemnation loss or any casualty loss which affects a material portion of the Condominium Property or the mortgaged Unit; and of any lapse of the Association's insurance policy or fidelity bond, or any action which requires consent of a specified percentage of eligible mortgage holders as specified in paragraphs (f) and (g) below.

(b) Unless all holders of first mortgage liens on individual Units of which the Association has been given notice, have given their prior written approval if they so request, the Association shall not:

(i) Change the pro rata interest of any Unit for purposes of assessment, or change the Percentage Interest of any Unit (except through expansion of the Condominium as provided in Article XI hereof).

(ii) Seek to abandon the Condominium status of the Condominium Property except as provided by statute in case of loss to the Units.

(c) Each Mortgagee which shall so request shall be entitled to written notice from the Association of any default by a Mortgagor of an individual Unit mortgaged to it in the performance of the Mortgagor's obligations under the Condominium documents and which is not cured within sixty (60) days. Nothing herein shall prohibit the Association from giving a Mortgagee notice of such a default at any time. Any Mortgagee which shall so request shall also be given a reasonable right to cure any default by the Unit Owner whose Unit is subject to such mortgage.

(d) The Association shall honor any powers of attorney given by any Unit Owner to his Mortgagee pursuant to its mortgage documents.

(e) In the case of fire or other casualty or disaster, other than complete destruction of all buildings containing the Units, the improvements shall be reconstructed substantially in accordance with the original plans and specifications so far as reasonably possible.

(f) No reallocation of interests in the Common Areas resulting from a partial condemnation or partial destruction of any part of the Condominium property without the prior approval of eligible holders holding mortgages on the remaining Units, and which have at least 51% of the votes of the mortgage holders of such mortgages.

(g) Any decision by the Owners or the Association to provide for self-management shall not be effective unless approved by the Owners of 67% of the Units and by 51% of the Mortgagees holding mortgages on any of the Units. For purposes of determining the votes of Mortgagees, each shall have one vote per Unit on which they hold a mortgage.

Section 10.8. Definition of Terms. The following terms as used in this Declaration and the By-Laws shall have the meanings set forth as follows:

(a) "Act" shall mean the Horizontal Property Law, IC 32-1-6-1 et seq., as amended from time to time.

(b) "Adjacent Property" shall mean the property which may be annexed to the Condominium without vote of the Unit Owners as provided in Section 11.1 hereof.

(c) "Articles" shall mean the Articles of Incorporation of the Association as filed with the Indiana Secretary of State, and any duly adopted changes thereto.

(d) "Association" shall mean The Villas of Lake Lakota at Wellingshire Owners Association, Inc., an Indiana not-for-profit corporation.

(e) "Board of Managers" or "Board" as used herein shall refer to the Board of Managers of the Association.

(f) "By-Laws" shall mean the By-Laws of the Association attached hereto and made a part hereof, and any duly adopted changes thereto.

(g) "Common Expense" shall mean generally all expenses of administration of the Association and for the operation, management, upkeep, maintenance, repair and replacement of the Condominium Property and shall include all items of "Common Expenses" as that term is defined under the Act.

(h) "Condominium" shall mean and include all the Units and all Common Areas in the Condominium Property, including any and all property annexed hereto from the time so annexed. Such term and the term "Horizontal Property Regime" shall have the same meaning and such terms may be used interchangeably.

(i) "Condominium Property" shall mean the parcel of real estate in Marion County, Indiana, described in Exhibit "A", attached hereto and made a part hereof and designated therein as the "Condominium Property", and any additional property which may be annexed to the Condominium.

(j) "Declarant" shall mean , or its successors and assigns who shall improve the Condominium.

(k) "Declaration" shall mean this Declaration and any Amended Declaration and/or Supplemental Declarations pertaining to this Condominium.

(k) "Fiscal Year" shall mean the fiscal year of the Association determined as provided in Section 5.04 of the By-Laws.

(l) "Limited Common Area" shall mean any part of the Common Areas which is restricted to the use of one Unit, or to a designated group of Units to the exclusion of other Units.

(m) "Mortgagee" shall mean the holder, insurer or guarantor of any first mortgage on a Unit.

(n) "Percentage Interest" shall mean the interest of a Unit in Common Areas as provided in Section 1.5.

(o) "Percentage Vote" shall mean the voting percentage granted to each Unit Owner in Section 2.3 herein. Such term may sometimes be used to mean the aggregate of the voting percentage of all Unit Owners who vote the same way in a particular matter.

(p) "Unit" shall have the meaning set forth in Section 1.2.

(q) "Unit Owner" shall mean the owner or a collective owner, whichever the case may be, of a Unit.

(r) As used herein, the singular of any term shall mean and apply to the plural and the plural to the singular. Also the use of any gender shall mean and apply to any other gender where applicable.

Section 10.09 Declaration Compliance With Wellingshire Master Declaration. All Unit Owners shall be subject to the Master Declaration recorded, or to be recorded, by R.N. Thompson Development, Inc.; and where such Master and this Declaration are in conflict, the more restrictive provision shall apply.

ARTICLE XI
EXPANSION

Section 11.1 Declarant's Right of Expansion. Declarant reserves the right to expand this Condominium by annexing to this Condominium, all or any part of the Adjacent Property, the term "Adjacent Property" shall mean any parcels of property which are located within the Wellingshire community. Such annexation may be accomplished in one or more phases, at one or more times, and may include all or any part of the Adjacent Property. All unit constructed on the Adjacent Property, whether or not annexed to this Condominium, shall be of the same general quality to the other Units being constructed therein by the Declarant, and all such Units shall be architecturally and economically compatible with the Units in any prior phases and shall be no smaller than as appears in the Site Plan. Declarant reserves the right however not to expand or to stop expanding this Condominium, and not to annex some, or all, of the residential units constructed on the Adjacent Property to the Condominium.

Section 11.2. Reserved Power of Attorney. The Deed conveying each Unit may reserve or cause to be granted a power of attorney in the Declarant to annex such additional areas to this Condominium, and to file Amendments and/or Supplements to this Declaration to accomplish the annexation of such areas hereto. Such Amendments or Supplements to this Declaration shall also set forth the interest of each Unit Owner in the Common Areas so that each Unit Owner will own a percentage interest in all Common Areas in accordance with the provisions of Section 1.5 above.

Section 11.3. Reallocation of Percentage Interests. The Percentage Interests in the Commmon Area allocated to each Unit shall automatically be shifted and reallocated to the extent set forth in each such recorded Supplement or Amendment to this Declaration. The amount by which such percentage appurtenant to a Unit is reduced, as set forth in each such recorded Supplement or Amendment to the Declaration, shall thereby and be deemed to be reallocated among the other Unit Owners as set forth therewith.

Section 11.4. Reservation of Rights in Legal Documents. Each deed, mortgage or other instrument affecting a Unit shall be deemed given subject to the limitation that the Percentage Interest in the Common Areas appurtenant to each Unit shall, upon the recording of each Amendment or Supplement to this Declaration, be divested pro tanto to the reduced percentage set forth in such Amendment or Supplement to this Declaration and vested among the other Unit Owners, mortgagees and others owning an interest in the other Units in acccordance with the terms and percentages of each such recorded Amended or Supplement to this Declaration.

Section 11.5. Adjustment of Percentage Interest. The Percentage Interest in the Common Areas appurtenant to each Unit shall include, and be deemed to include, any additional Common

Areas annexed herto by a recorded Amendment or Supplement to this Declaration and each deed, mortgage or other instrument affecting a Unit shall be deemed to include such additional Common Areas and the ownership of any such Unit and the lien of any such additional Common Areas as such Amendments or Supplements to this Declaration are recorded.

Section 11.6. Additional Common Areas. Each Unit Owner shall have a perpetual easement appurtenant to his Unit for the use of any additional Common Areas annexed to the Condominium, for the purposes set forth in such Amendment or Supplement to this Declaration, except as to any Limited Common Areas as may be provided in any such Amendment or Supplement to this Declaration. The use of all Common Areas shall be subject to the Rules and Regulations adopted by the Board of Managers the same as the Common Areas established hereby.

Section 11.7. Survival of Liens. The recording of any such amendment or Supplement to this Declaration shall not alter the amount of any preexisting lien for assessments against a Unit prior to such recording.

Section 11.8. Acceptance of Provisions. Each Unit Owner by acceptance of the deed conveying his Unit agrees for himself and all those claiming under him, including mortgagees, that this Declaration and each Amendment or Supplement to this Declaration is and shall be deemed to be in accordance with the Act, and that any changes in the respective percentage interests in the Common Areas as set forth in each such Amendment or Supplement to this Declaration shall be deemed to be made by agreement of all Unit Owners.

Section 11.9. General Reservations. The Declarant reserves the right to amend and supplement this Declaration as set forth in Section 5.3 above. Each Unit Owner agrees to execute and deliver such documents necessary or desirable, to cause the provisions of this declaration to comply with the Act as it may be amended from time to time. The foregoing provisions of this Declaration and all deeds and mortgages of the Units by the Declarant will contain clauses designed to accomplish a shifting of interests in the Common Areas. None of any such provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of interests in the Common Areas can be accomplished.

IN WITNESS WHEREOF, the parties have entered into this Declaration Establishing a Plan for Condominium Ownership this 23rd day of April, 1999.

PROPERTY GROUP ONE, LTD.

By: Sherri Meyer
Sherri Meyer, President

WELLINGSHIRE JOINT VENTURE

By: Kenneth Giffin
KENNETH N. GIFFIN
PRES. Waterway Holdings
Printed Name and Title

By: R. M. Thompson

R.N. THOMPSON, PRESIDENT R.N. THOMPSON DEVELOPMENT

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public, in and for said County and State, personally appeared Sherri Meyer, President of Property Group One, Ltd., Declarant, who acknowledged the execution of the foregoing Condominium Declaration on their behalf.

WITNESS MY HAND and Notarial Seal this 23 day of APRIL, 1999

Brad Bindlam
Notary Public

My Commission Expires:
8-28-2006

My County of Residence:
JOHNSON

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public, in and for said County and State, personally appeared R.N. THOMPSON, the PARTNER of Wellingshire Joint Venture, Declarant, who acknowledged the execution of the foregoing Condominium Declaration on their behalf.

WITNESS MY HAND and Notarial Seal this 18th day of MAY, 1999

Lamar A. Ziegler
Notary Public
LAMAR A. ZIEGLER

NOTARY PUBLIC SEAL INDIANA

My Commission Expires:
JUNE 4, 2007

My County of Residence:
HAMILTON

This instrument was prepared by Stephen D. Mears, Attorney at Law
50 East 91st, Suite 206, Indianapolis, Indiana 46240

DEPT. OF METROPOLITAN DEVELOPMENT
DATE 6399
PER
ADMINISTRATOR

APPROVED THIS 21st
DAY OF May 19 99
PERRY TOWNSHIP ASSESSOR
John R. George DRAFTSMAN

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public, in and for said County and State, personally appeared KENNETH N GIFFIN, the President of Waterway Holdings, Inc. a partner of Wellingshire Joint Venture, Declarant, who acknowledged the execution of the foregoing Condominium Declaration on their behalf.

WITNESS MY HAND and Notarial Seal this 19TH day of MAY, 1999.

Notary Public

NOTARY PUBLIC SEAL INDIANA

My Commission Expires: JUNE 4, 2007
My County of Residence: HAMILTON

LAND DESCRIPTION
The Villas of Lake Lakota at Wellingshire (a.k.a. Southern Dunes)

Part of the Northeast Quarter of Section 16, Township 14 North, Range 3 East of the Second Principal Meridian, Perry Township, Marion County, Indiana and being described as follows:

Commencing at the Northwest corner of said Northeast Quarter;
thence South 89 degrees 53 minutes 42 seconds East (an assumed bearing) along the North line of said Northeast Quarter a distance of 820.39 feet;
thence South 00 degrees 13 minutes 31 seconds West 398.45 feet;
thence South 34 degrees 03 minutes 22 seconds West 98.90 feet;
thence South 26 degrees 57 minutes 41 seconds East 170.01 feet;
thence South 00 degrees 13 minutes 31 seconds West 767.32 feet to the POINT OF BEGINNING;
thence South 90 degrees 00 minutes 00 seconds East 205.80 feet;
thence North 45 degrees 00 minutes 00 seconds East 86.08 feet;
thence South 90 degrees 00 minutes 00 seconds East 262.81 feet;
thence South 20 degrees 00 minutes 00 seconds East 26.65 feet;
thence North 70 degrees 00 minutes 00 seconds East 160.00 feet to the Westerly line for Wellingshire Boulevard, the right of way of which is recorded as
Inst. No. 1998-0178425 in the Office of the Marion County Recorder, the following three (3) calls being along said Westerly line;
thence South 20 degrees 00 minutes 00 seconds East 174.45 feet to a tangent curve to the right from which the radius point bears South 70 degrees 00 minutes 00 seconds West;
thence Southerly along said curve and arc distance of 392 70 feet to a point from which the radius point bears North 60 degrees 00 minutes 00 seconds West and having a radius of 450.00 feet and being subtended by a chord of South 05 degrees 00 minutes 00 seconds West 380.36 feet;
thence South 30 degrees 00 minutes 00 seconds West 742.44 feet;
thence North 65 degrees 13 minutes 20 seconds West 698.70 feet;
thence North 62 degrees 10 minutes 49 seconds West 40.65 feet;
thence North 27 degrees 49 minutes 11 seconds East 55.00 feet;
thence North 62 degrees 06 minutes 09 seconds East 124.85 feet;
thence North 42 degrees 37 minutes 53 seconds East 47.34 feet;
thence North 23 degrees 09 minutes 36 seconds East 70.00 feet;
thence North 01 degrees 51 minutes 18 seconds East 52.08 feet;
thence North 15 degrees 46 minutes 57 seconds West 101.23 feet;
thence South 62 degrees 10 minutes 49 seconds East 10.32 feet;
thence North 72 degrees 58 minutes 08 seconds East 99.94 feet;
thence North 42 degrees 18 minutes 32 seconds East 93.64 feet;
thence North 07 degrees 13 minutes 17 seconds East 57.17 feet;
thence North 11 degrees 09 minutes 18 seconds West 99.62 feet,
thence North 00 degrees 13 minutes 31 seconds East 179.60 feet to the Point of Beginning and containing 17.848 acres more or less.

Subject to all legal easements and rights of way of record.

Exhibit "A"