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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

97 DECLARATION OF COVENANTS AND RESTRICTIONS OF
SANBRIDGE' COURTYARDS PROPERTY OWNERSHIP

MORRIS W. CARTER
RECORDER

THIS DECLARATION made this 18th day of April, 1997, 1996, by SANBRIDGE DEVELOPMENT, INC., an Indiana corporation (hereinafter called "Declarant")

WITNESSETH:

WHEREAS, the following facts are true:

A. WHEREAS, Declarant is the sole owner in fee simple title to the following described real estate located in Lake County, Indiana, to-wit:

Part of the East Half of the East Half of the Northeast Quarter of Section 13, Township 35 North, Range 10 West of the Second Principal Meridian in the Town of Dyer, Lake County, Indiana, which part is described as follows: Commencing at the Northeast corner of said Section 13; thence S.00°00'E., along the East line of said Section 13, a distance of 332.11 feet to a point on the Southerly Right of Way line (50' R/W) of U.S. Highway No. 30 (Joliet St.); thence N.83°18'43"W., along said Southerly R/W line, 50.34 feet to a point on a line which is parallel to and 50 ft. West of the East line of said Section 13; thence S.00°00'E., along said parallel line, 402.74 feet to the Southeast corner of Lot 1 in WELSH OIL'S FIRST SUBDIVISION in the Town of Dyer, Indiana, as shown in Plat Book 77, page 48, in the Office of the Recorder of Lake County, Indiana, which point is the true point of beginning; thence continuing S.00°00'E., parallel with the East line of said Section 13, a distance of 700.67 feet to a point on the North line of a parcel of land deeded to the Town of Dyer by a Trustee's Deed dated Jan. 15, 1976 and recorded Feb. 5, 1976 as Document #336618 in the Office of the Recorder of Lake County, Indiana; thence N.90°00'W., along the North line of said Town of Dyer parcel, 215.74 feet to a point on the Northerly line of the Chicago, Indianapolis and Louisville (Monon) Railroad (100' R/W); thence N.35°49'00"W., along said Northerly R/W line, 364.95 feet to a point on a line which is parallel to and 179.8 feet East of the West line of the aforesaid East Half of the East Half of the Northeast Quarter of Section 13; thence N.0°01'27" E., along said parallel line, 455.05 feet to the Southwest corner of Lot 2 of the aforesaid WELSH OIL'S FIRST SUBDIVISION; thence S.83°18'43" E., along the Southerly line of said subdivision, a distance of 432.05 feet to the point of beginning.

(Containing approximately 6.427 acres)

B. Declarant by execution of this Declaration assures that all properties which are conveyed which are a part of the Tract shall be conveyed subject to the terms and conditions of this Declaration, which shall run with the Tract and be binding upon all parties having any right, title or interest in the Tract, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner.

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SAM ORLICH
AUDITOR LAKE COUNTY

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PO BOX 476
Dyer IN 46311

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CK# 1062

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

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

(a) "Articles of Incorporation" means the Articles of Incorporation of the Corporation. The Articles of Incorporation are incorporated herein by reference.

(b) "Corporation" means Sandridge Courtyards, Inc., its successors and assigns, a not-for-profit corporation, whose Members shall be the Owners of Lots, or appointees as provided in Paragraph 10; such Corporation being more particularly described in Paragraph 10.

(c) "Board of Directors" means the governing body of the Corporation elected by the Members in accordance with the By-Laws of the Corporation.

(d) "Sandridge Courtyards" means the name by which the Tract, which is the subject of this Declaration, and which the Corporation, SANDRIDGE COURTYARDS, INC., manages, shall be known.

(e) "Building" means any one of the separated structures which has one Dwelling Unit or two or more attached Dwelling Units.

(f) "By-Laws" shall mean the By-Laws of the Corporation and shall provide for the election of directors and officers and other governing officials of the Corporation. A copy of the By-Laws are incorporated herein by reference.

(g) "Common Area" means the common streets and the areas designated as outlots upon the recorded Plat of Sandridge Courtyards.

(h) "Common Expense" means expenses for administration of the Corporation, and expenses for the upkeep, maintenance, repair and replacement of the Common Area, and all sums lawfully assessed against the Members of the Corporation.

(i) "Lot" means any plot of ground designated as such upon the recorded Plat of Sandridge Courtyards and upon which one (1) Dwelling Unit is constructed, is to be constructed or has existed. When Lot is used it shall be deemed to include the Dwelling Unit, if any, located thereof.

(j) "Member" means a member of the Corporation.

(k) "Mortgagee" means the holder of a first mortgage lien on a unit.

(l) "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns the fee simple title to a Lot.

(m) "Plat" means the survey of the Tract and Lots and Common Areas thereon prepared by Hardesty Surveying Company, under date of October 10, 1996, and recorded on April 18, 1977, as Document Number 97024565 in the Office

of the Recorder of Lake County, Indiana, which is incorporated herein by reference.

(n) "Property" means the Tract and appurtenant easements, Dwelling Units, Buildings, other improvements on and all property of every kind and nature whatsoever, real, personal, or mixed located upon the Tract, and used in connection with the operation, use and enjoyment of the platted real estate.

(o) "Dwelling Unit" means one of the living units located upon a Lot.

(p) "Tract" means the real estate described above.

(q) "Declarant" shall mean and refer to the corporation and any successors and assigns of it whom it designates in one or more written recorded instruments, to have the rights of Declarant hereunder including, but not limited to, any mortgagee acquiring title to any portion of the Tract pursuant to the exercise of rights under, or foreclosure of, a mortgage executed by Declarant.

2. Declaration. Declarant hereby expressly declares that the Tract shall be held, conveyed and transferred in accordance with the provisions of this Declaration.

3. Description of Sandridge Courtyards. Sandridge Courtyards consists of 49 lots numbered 1 through 49, inclusive, together with the Common Area as designated on the Plat. The Common Area and the size of the Lots are as designated on the Plat. The legal description for each Lot in Sandridge Courtyards shall be as follows:

Lot _____, in Sandridge Courtyards, a subdivision in Lake County, Indiana, as per plat thereof recorded April 18, 1997, as Instrument Number 97024565 in the Office of the Recorder of Lake County, Indiana.

4. Lots and Easements. The boundaries of each Lot in Sandridge Courtyards shall be as shown on the Plat, provided, however, in the event any vertical boundary line of any Dwelling Unit does not coincide with the actual Lot line because of inexactness of construction, settling after construction or for any other reasons, whether from the initial construction or subsequent reconstruction, the boundary lines shall be deemed to be treated for purposes of occupancy, possession, maintenance, use and enjoyment, as in accordance with the actual existing construction. In such case, permanent easements for exclusive use shall exist in favor of the Owner of each Lot in and to such base line outside the actual boundary line of the Lot.

5. Common Area. Common Area includes all streets and outlots A, B, and C on the recorded Plat of Sandridge Courtyards.

6. Ownership of Common Area. The Common Area shall be conveyed to or owned by the Corporation and shall be held for the use and enjoyment of the Members, all of whom shall have the right and easement of enjoyment in and to the Common Area which right shall pass with title to every unit, subject to the provisions of this Declaration, including but not limited to, the following:

(a) The right of the Corporation to charge reasonable admission and other fees for use of any recreational facility.

(b) The right of the Corporation to suspend any Member from the right to use any recreational facility for any period during which any assessment against such Member's Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Board's published rules and regulations.

(c) The right of the Corporation, upon approval by a written instrument signed by 2/3rds of all Class A & B Members and by 2/3rds of all first mortgagees, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such Common Area purposes and subject to such conditions as may be agreed by the Corporation.

(d) The right of the Corporation or its Board of Directors to determine the time and manner of use of recreational facilities, if any, by the Members.

(e) The right of the Corporation to adopt such rules and regulations regarding the Common Area as it deems necessary as provided in Paragraph 11.

(f) The Common Area in Sandridge Courtyards shall be conveyed to or owned by the Corporation at the time of conveyance of the first Lot in Sandridge Courtyards.

7. Delegation of Use of the Common Area. Any Member may delegate, in accordance with provisions of this Declaration and the rules or regulations promulgated by the Corporation, his right of enjoyment, and use of the Common Area and facilities to members of his family, his tenants or contract purchasers who reside on any Lot.

8. Encroachments and Easements in Common Area. If by reason of inexactness of construction, settling after construction or for any other reasons, any Common Area encroaches upon any Lot, an easement shall be deemed to exist and run to the Corporation for the maintenance, use and enjoyment of such Common Area.

Each Owner shall have an easement in common with each other Owner to use all pipes, wires, ducts, cables, conduits, utility lines and other common facilities, if any, located in any other Dwelling Units or in the Common Area and serving his Dwelling Unit.

9. Easement for Utilities and Public and Quasi Public Vehicles. All public and quasi public vehicles including but not limited to police, fire and other emergency vehicles, trash and garbage collection, post office vehicles and privately owned delivery vehicles shall have the right to enter upon the streets and Common Area in the performance of their duties. An easement is also granted to all utilities and their agents for ingress, egress, installation, replacement, repairing and maintaining of such utilities, including but not limited to water, sewers, gas, telephone and electricity on the Property provided however, nothing herein shall permit the installation of sewers, electric lines, water lines or other utilities, except as initially designed and approved by Declarant on the Plat or as thereafter may be approved by Declarant or by the Board of Directors. By virtue of this easement the electrical and telephone utilities are expressly permitted to construct and maintain the necessary equipment on the Property except that all public utilities shall be constructed underground. In the event any utility furnishing service should request a specific easement by a separate recordable document, Declarant shall have the right to grant such easement on such Property, without conflicting with the terms of this paragraph. The easements granted herein shall in no way affect any other recorded easement on the Property.

An easement is also granted to the Corporation, its officers, agents and employees and to any management company selected by the Corporation to enter in or to cross over the Common Area to perform its duties.

10. Corporation. In order to provide for the maintenance and repair, replacement, administration, operation and ownership of the Common Area, and to perform such other function as may be designated to it, there is hereby created a not-for-profit corporation which shall be known as Sandridge Courtyards, Inc. Each Owner shall automatically be a Member of the Corporation, but membership shall terminate when such person ceases to be an Owner, and will be transferred to the new Owner; provided, however, any person who holds the interest of an Owner in a Lot merely as security for the performance of an obligation shall not be a Member until and unless he realizes upon his security, at which time he shall automatically be and become an Owner and a Member of the Corporation. The Corporation shall have three classes of Members:

(a) Class A. Class A Members shall be all Owners except Declarant and shall be entitled to one vote for each Lot owned. All persons holding an interest in any Lot shall be Members provided however each Lot represented shall have only one vote as the Owners of such Lot may determine.

(b) Class B. The Class B Member shall be Declarant and Declarant shall be entitled to ten votes for each Lot owned. The Class B Membership shall cease and terminate upon the first to occur of (1) the date upon which the written resignation of the Class B Member as such is delivered to the Resident Agent of the Corporation, provided, however, if Declarant, at such time still owns Lots, such membership shall be converted to a Class A Membership; (2) the date Declarant no longer owns any Lots; or (3) December 31, 1999. (the applicable date of the above being herein referred to as the "Applicable Date").

(c) Class C. Any and all natural persons who are officers, directors, partners, employees, or appointees of a Class A Member or a Class B Member may become a Class C Member of the Corporation upon designation thereof by a Class A Member or a Class B Member. A Class C Member shall have no vote in matters of the Corporation, but may act as a director and may vote in such capacity on matters which are designated by the Board of Directors.

The initial Board of Directors shall be as designated in the Articles of Incorporation, shall be Class C Members, and such Directors, notwithstanding any provision in this Declaration or the Articles or the By-Laws to the contrary, shall be Directors until the Applicable Date and in the event of any vacancy or vacancies occurring in the Initial Board for any reason prior to the Applicable Date every such vacancy shall be filled by a person appointed by Declarant, who shall thereafter be deemed a member of the Initial Board. Thereafter, the Corporation shall elect a Board of Directors annually in accordance with and as prescribed by the By-Laws. The Members shall be entitled to vote for the election of the Board of Directors in accordance with the procedure outlined in the By-Laws. The Board of Directors shall be the governing body of the Corporation representing all of the Members and being responsible for the functions and duties of the Corporation including but not limited to the management, maintenance, repair, replacement and upkeep of the Common Area. All of the Common Area shall be owned, operated and managed by the Corporation.

11. Right of Board of Directors to Adopt Rules and Regulations. The Board of Directors may promulgate such additional rules and regulations regarding the operation of the Property, including but not limited to the use of the Common Area, patios, and other areas not covered by the Dwelling Unit, as it may deem necessary from time to time. Such rules as are adopted may be amended by vote of a majority of the Board, and the Board shall cause copies of such rules to be delivered and mailed promptly to all Owners.

12. Management Agreement. Management. The Board of Directors has entered or will hereafter enter into a management agreement with Declarant (or a corporation or other entity affiliated with Declarant) for a term not to exceed three (3) years with either party having the right to terminate upon ninety (90) days' notice under which Declarant (or such affiliate of Declarant as appropriate) will provide supervision, management and maintenance of the common area. Such management agreement may be renewed by the parties for additional terms of three (3) or less years. Such management agreement is or will be subject to termination by Declarant (or its affiliate as appropriate) at any time prior to expiration of its term, in which event the Corporation shall thereupon and thereafter resume performance of all of its duties and obligations. Notwithstanding anything to the contrary contained herein, so long as a management agreement between the Corporation and Declarant (or its affiliate as appropriate) is in effect, Declarant (or its affiliate as appropriate) shall have and Declarant hereby reserves to itself (or to its affiliate as appropriate), the exclusive right to manage the Property and perform all the functions of the Corporation.

13. Real Estate Taxes. Real estate taxes are to be separately assessed and taxed to each Lot. In the event that for any year the real estate taxes are not separately assessed and taxed to each Lot but are assessed and taxed on the Tract as a whole, without a breakdown for each Lot, then each Owner shall pay his proportionate share of the real estate taxes assessed to the land comprising the Tract that is assessed as a whole, which shall be the ratio that the square footage in his Lot bears to the total square footage of all the land comprising the Tract or part thereof assessed as a whole, and shall pay his proportionate share of the real estate taxes assessed on the improvements on the Tract or part thereof assessed as a whole based upon the ratio that the square footage of his improved Lot bears to the total square footage of all improved Lots. Any real estate taxes or other assessments which are chargeable against the Common Area shall be paid by the Corporation and treated as a Common Expense.

14. Utilities. Each Owner shall pay for his own utilities which are separately metered. Utilities which are not separately metered, including the street lights and entrance lights, shall be treated as and paid as part of the Common Expense unless otherwise determined by the Corporation.

15. Maintenance, Repairs and Replacements. Each Owner shall at his expense be responsible for the maintenance, repairs, decoration and replacement of the interior and exterior of his own Dwelling Unit except as may otherwise be provided herein. All fixtures and equipment installed within the property line commencing at a point where the utility lines, pipes, wires, conduits or systems enter the privately owned lot shall be maintained and kept in repair by the Owner thereof. Each Owner shall promptly perform all maintenance and repair of his Dwelling Unit and privately owned lot, including landscaping, which if neglected, might adversely affect any Dwelling Unit, Common Area or the value of the Property. Such maintenance and repairs include but are not limited to water lines, plumbing, electric lines, gas lines, appliances, doors, windows, lamps and all other accessories belonging to the Owner and appurtenant to the Dwelling Unit of privately owned lot. Maintenance, repairs, replacements and upkeep of the Common Area shall be furnished by the Corporation, as a part of the Common Expense.

The Board of Directors, or their designated agents, shall have the right at reasonable times, and upon reasonable prior notice (except in cases of emergency in which case no notice will be required) to enter into each individual Dwelling Unit for purposes of inspection of the Common Area appurtenant thereto, and replacement, repair and maintenance of the same.

16. Alterations, Additions and Improvements. No owner may make any alterations, additions, improvements, repairs, change of colors, excavation, changes in grade or other work which in any way alters the exterior of any Lot or Dwelling Unit located thereon from its natural or improved state existing on the date such Lot was first conveyed by Declarant to the Owner without the prior written approval of the Board of Directors, except as otherwise expressly provided in this Declaration.

17. Assessments. Assessments and payment of assessments shall be as follows:

(a) Annual Accounting. Annually after the close of each calendar year of the Corporation and prior to the date of the annual meeting of the Corporation, the Board of Directors shall cause to be prepared and furnished each Member a financial statement prepared by a certified public

accounting firm then serving the Corporation, which statement shall show all receipts and expenses received, incurred or paid during the preceding calendar year.

(b) Proposed Annual Budget. Annually before the date of the annual meeting of the Corporation, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses for the ensuing year and furnishing a copy of such proposed budget to each Member at least two weeks prior to the annual meeting.

The annual budget, the Regular Assessment and all sums assessed by the Corporation shall be established by using generally accepted accounting principles applied on a consistent basis. The annual budget and the Regular Assessment shall, in addition, be established to include the establishment and maintenance of a replacement reserve fund for capital expenditures for maintenance and improvement of the Common Area to the extent such capital expenditure for improvement thereof is the obligation of the Corporation, which reserve fund shall be used for those purposes and not for usual and ordinary repair expenses of the Common Area. Such replacement reserve fund for capital expenditures and improvement of the Common Area shall be maintained by the Corporation in a separate interest bearing account or accounts with one or more banks or savings and loan associations authorized to conduct business in Lake County, Indiana, selected from time to time by the Board of Directors.

The failure or delay of the Board of Directors to prepare a proposed annual budget and to furnish a copy thereof to the Owner shall not constitute a waiver or release in any manner of the obligations of the Owner to pay the Common Expenses as herein provided whenever determined.

(c) Regular Assessments. The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses in the ensuing year as set forth in said budget, contain the proposed assessment against each Lot which shall be the same for each unit. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessment against his Lot (herein called the "Regular Assessment"). The aggregate amount of the Regular Assessments shall be equal to the total amount of expenses provided and included in the final annual budget including the reserve fund as hereinabove provided.

The Regular Assessment against each Lot shall be paid in advance in equal monthly installments, commencing on the first day of February of such calendar year and on the first day of each calendar month thereafter through and including the following January 1. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors or as otherwise directed by the Board of Directors. The Regular Assessment for the year shall become a lien on each separate unit as of February 1 of each calendar year.

(d) Special Assessments. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may be deemed necessary by the Board of Directors. In such event the Board of Directors shall be authorized to adopt a resolution to make such expenditures and shall have the full right, power and authority to make a special assessment of equal amount upon each Lot which shall become a lien on such Lot, upon approval of such resolution by two-thirds of the votes of Class A Members and all of the Class B Members at a special meeting of Members duly called in accordance with the By-Laws for the purpose of approving or rejecting such resolution (herein called "Special Assessment").

(e) Regular Assessments Prior to the Applicable Date. During the period that Declarant is constructing Dwelling Units within the Tract, it is difficult to accurately allocate the Common Expenses to the individual Lots. The purpose of this section is to provide the method for the payment of the Common Expenses during the period prior to the Applicable Date to enable the Corporation to perform its duties and function. Accordingly and notwithstanding any other provision contained in the Declaration, the Articles or the By-Laws or otherwise, prior to the Applicable Date, the annual budget and all Regular Assessments and Special Assessments shall be established by the initial Board without any meeting or concurrence of the Owners, provided, however, the Regular Assessments shall be determined in accordance with the provisions contained in this Paragraph 17(e).

The Corporation will enter into a management agreement with Declarant (or a corporation or other entity affiliated with Declarant) (hereinafter referred to as "Management Agent or Managing Agent") in accordance with the provisions of Paragraph 12 of this Declaration.

So long as such management agreement remains in effect, the Common Expenses or Regular Assessments shall be paid by Owners to Management Agent. Management Agent shall guarantee that until the earlier of (1) the termination of said management agreement or (2) December 31, 1998, the monthly Regular Assessment shall not exceed \$35.00 (the "Guaranteed Charge").

Payment of the Regular Assessment prior to the Applicable Date with respect to each Dwelling Unit shall commence on the date of conveyance by Declarant to such new owner. The first payment shall be payable on the date of conveyance prorated to the first day of the calendar month next ensuing. Thereafter, payment of the Regular Assessment shall be paid the first day of each calendar month during the period prior to the Applicable Date.

Each Owner hereby authorizes the Corporation and the Board of Directors and its officers to enter into the aforesaid management agreement described in Paragraph 12 of this Declaration and to adhere to and abide by the same.

(f) Failure of Owner to Pay Assessments. No Owner may exempt himself from paying Regular Assessments and Special Assessments or from contributing toward the Common Expenses or toward any other expense lawfully agreed upon by waiver of the use or enjoyment of the Common Area or by abandonment of the unit belonging to him. Each Owner shall be personally liable for the payment of all Regular and Special Assessments.

Where the Owner constitutes more than one person the liability of such person shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Regular Assessment or Special Assessment when due, the lien for such assessment on the Owner's Lot and Dwelling Unit may be filed and foreclosed by the Board of Directors for and on behalf of the Corporation as a mortgage on real property or as otherwise provided by law. Upon the failure of the Owner to make timely payments of any Regular Assessment or Special Assessment when due the Board may in its discretion accelerate the entire balance of unpaid assessments and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. In any action to foreclose the lien for any assessments the Owner and any occupant of the Lot and Dwelling unit shall be jointly and severally liable for the payment to the Corporation of reasonable rental for such Lot and Dwelling unit and the Board 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 Corporation to be applied to the unpaid Regular Assessments or Special Assessments. The Board may at its option bring suit to recover a money judgment for any unpaid Regular Assessment or Special Assessment without foreclosing or waiving the lien securing the same. Any action to recover a Regular Assessment or Special Assessment whether by foreclosure or otherwise, the Board for and on behalf

of the Corporation shall be entitled to recover from the Owner of the respective Dwelling Unit costs and expenses of such action incurred (including but not limited to reasonable attorneys fees) and interest from the date such assessments were due until paid at the rate of eight per cent (8%) per annum.

(g) Subordination of Assessment Lien to Mortgage. Notwithstanding anything contained in this Declaration, the Articles or the By-Laws, any sale or transfer of a unit to a mortgagee pursuant to a foreclosure on its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in a manner provided by law with respect to mortgage foreclosures shall extinguish the lien of any unpaid installment of any Regular Assessment or Special Assessment as to such installment which became due prior to such sale, transfer or conveyance, provided, however, that the extinguishment of such lien cannot relieve the prior owner from personal liability therefore. No such sale, transfer or conveyance shall relieve the Dwelling unit or the purchaser at such foreclosure sale or grantee in the event of conveyance in lieu thereof, from liability for any installments of Regular Assessments or Special Assessments thereafter becoming due or from the lien therefore. Such unpaid share of any Regular Assessments or Special Assessments, the lien for which has been divested as aforesaid shall be deemed to be a Common Expense collectible from all Owners (including the party acquiring the subject Lot from which it arose).

(h) Notice of Unpaid Assessments. The Corporation shall, upon request of a Mortgagee, a proposed mortgagee or purchaser who has a contractual right to purchase a Lot, furnish to such Mortgagee or purchaser a statement setting forth the amount of the unpaid Regular or Special Assessments against the Lot, which statement shall be binding upon the Corporation and the Members and any Mortgagee or grantee of the Lot shall not be liable for nor shall the Lot conveyed be subject to a lien for any unpaid assessments in excess of the amount set forth in such statement. Any prior mortgagee and his purchaser or assignee shall take free of assessments accruing before transfer to such purchaser or assignee.

18. Insurance. Each Owner shall be required to obtain at such Owner's own expense fire and extended coverage insurance insuring his individual Dwelling Unit in an amount equal to the full replacement cost thereof and furnish evidence of such insurance to the Board of Directors. Such insurance coverage shall be for the benefit of each Owner, and if applicable the Owner's

Mortgagee, provided however, in the event of damage or destruction by fire or other casualty to any Dwelling Unit, the Owner and Mortgagee thereof shall use such insurance proceeds to cause the Dwelling Unit to be promptly repaired and restored. In the event for any reason an Owner does not obtain such insurance coverage, the Corporation shall obtain insurance for such Owner and add the cost thereof to such Owner's assessment, to be collected in the same manner as the assessment.

The Corporation, acting through its Board of Directors, shall obtain fire and extended coverage insurance insuring all improvements in the Common Area, in an amount equal to the full replacement cost thereof. The Corporation shall also obtain comprehensive public liability in such limits as the Board of Directors shall deem appropriate together with workmen's compensation and other liability insurance if deemed necessary and appropriate by the Board of Directors. Such insurance shall also cover any liability claims of any Member of the Corporation. The premium for the insurance obtained by the Corporation shall be paid by the Corporation as part of the Common Expenses.

Each Owner shall have the right to purchase at his own expense any additional insurance he may deem necessary, and each Owner shall be solely responsible for homeowner's comprehensive and liability insurance and for the insurance on the contents of his Dwelling Unit and his personal property stored elsewhere on the Property. All insurance obtained, including but not limited to insurance on the individual Dwelling Units, insurance on improvements in the Common Area and liability insurance, shall provide that the insurance company providing such insurance waives its right of subrogation, if any, against the Owners, the Corporation and their agents.

19. Casualty and Restoration. In the event of damage or destruction of any Dwelling Unit by fire or other casualty the Owner thereof shall cause such Dwelling Unit to be promptly repaired and restored. The proceeds of insurance carried for the benefit of the Owner and Mortgagee for such purpose shall be applied to the cost of such restoration. In the event insurance proceeds are inadequate to cover the costs of reconstruction or in the event there are no proceeds, the Owners of the Dwelling Units directly affected by the damage shall pay the cost for restoring the Dwelling Unit. If any Owner fails or refuses to reconstruct his Dwelling Unit when required, the Corporation may pursue whatever legal means are available to cause such restoration, including but not limited to the Corporation completing the

restoration and paying the cost thereof, with the cost attributable to the Owner or Owners who refuse or fail to make the restoration when required becoming a lien on such defaulting Owner's Lot and subject to foreclosure in the same manner as provided for a lien for common expenses.

The restoration referred to in this Paragraph 19 and in Paragraph 18 shall mean construction or rebuilding of the Dwelling Units in the same condition as they existed immediately prior to the destruction or damage and with the same type of architecture. All improvements in the Common Area which are damaged or destroyed shall be restored by the Corporation unless two-thirds of the Corporation and two-thirds of all first Mortgagees decide not to make such restoration or to make such restoration in a different manner.

In the event the Corporation has insurance proceeds which are to be used for the benefit of the Owners, no distribution of such insurance proceeds shall be made by the Board of Directors directly to an Owner where there is a mortgagee endorsement on the certificate of insurance or insurance policy as it applies to such Owner's share of such proceeds. In such event any remittances shall be to the Owner and his mortgagee jointly. The same method of distribution shall also apply to the distribution of any condemnation awards in connection with any taking of any of the Common Area.

In the event of damage to or destruction of any of the Common Area due to fire or other casualty or disaster, and the insurance proceeds, if any, received by the Corporation as a result of such fire or other casualty or disaster are not adequate to cover the cost of repair and reconstruction of the Common Area, or in the event there are no insurance proceeds, the cost for restoring the damage and repairing and reconstructing the Common Area so damaged and destroyed (or the cost thereof in excess of insurance proceeds received, if any) shall be paid by the Corporation through a special assessment of the Owners with each Owner being assessed an equal amount. Such Special Assessment shall constitute a lien from the time of assessment as provided herein.

20. Covenants and Restrictions. The following covenants and restrictions on the use and enjoyment of the Common Area and Property are for the mutual benefit and protection of the present and future Owners and shall run with the land and inure to the benefit of and be enforceable by shall run with the land and inure to the benefit of and be enforceable by any Owner, by the Corporation, its successors or assigns. Present or future Owners or the Corporation shall be entitled to injunctive relief against any violation or attempted violation of these provisions and shall be entitled

to damages for any injuries resulting from any violations thereof, but there shall be no right of reversion or forfeiture of title resulting from such violation:

(a) All Dwelling Units shall be used exclusively for residential purposes and the occupancy for a single family.

(b) No additional buildings shall be erected or located on the Property other than as otherwise shown on the Plat except as originally constructed by Declarant or as approved in writing by the Board of Directors.

(c) Nothing shall be done or kept in any Dwelling Unit or in the Common Area which will cause an increase in the rate of insurance on any building or the contents thereof. No Owner shall permit anything to be done or kept in his Dwelling Unit or in the Common Area which will result in the cancellation of insurance on any building or contents thereof, or which would be in violation of any law or ordinance.

(d) No Owner shall cause or permit anything to be hung or displayed on the outside of the windows, or placed on the outside walls of the building, and no sign, awning, canopy, shutter or radio or television antennae, or other attachment or things shall be affixed to or placed upon the exterior walls or roofs, or on any parts of any Building without the prior written consent of the Board.

(e) No advertising signs (except one "for sale" or one "for rent" sign per parcel of not more than five square feet), unsightly objects or nuisances shall be erected, placed or permitted to remain on any Lot, or Common Area, nor shall any Lot or Common Area be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Dwelling Unit or any resident thereof. Notwithstanding any provision in this paragraph or elsewhere in this Declaration the Articles or By-Laws, Declarant or the Builder of the Dwelling Units may maintain on the Property during the period of construction and sale of the Dwelling Units such facilities as Declarant in its sole discretion deems necessary to the construction and sale of the Dwelling Units including but not limited to a business office, storage area, construction yards, signs, model units,

construction office sales office, management offices, and business offices. At no time shall such facilities so used and maintained by Declarant or Builder be or become part of the Common Area unless so designated by Declarant and Declarant shall have the right to remove the same from the Property at any time.

(f) No clothes, sheets, blankets, rugs, laundry or other things shall be hung out or exposed from any Dwelling Unit where such would be viewable from any part of the Common Area, nor shall any such items be hung out or exposed on any part of the Common Area. The Common Area shall be kept free and clear of rubble, debris and other unsightly materials.

(g) No industry, trade or any commercial or religious activity, educational or otherwise designed for profit, alterism, or otherwise, shall be conducted, practiced or permitted on the Property, provided however, that this shall not apply to the business activities, if any, of Declarant, his agents or assigns during the construction and sale period.

(h) All Owners and members of their families, guests or invitees, and all occupants of any Dwelling Unit or any other persons entitled to use the same and to use and enjoy the Common Area or any part thereof shall observe and be governed by such rules and regulations as may from time to time be promulgated and issued by the Board governing the operating, use and enjoyment of the Common Area.

(i) No boats, campers, trailers of any kind, buses, mobile homes, trucks or any other unconventional vehicles of any description shall be permitted parked, or stored anywhere within the Property except as otherwise designated by the Board, provided however, nothing herein shall prevent the parking and storage of such vehicles completely enclosed within a garage.

(j) No Owner shall be allowed to plant trees, landscape or do any gardening in any of the Common Area except with express permission from the Board, or as otherwise provided in this Declaration.

(k) No owner shall be permitted to build any type of fence on or around his Lot. The only fence that shall be allowed on the Tract is a fence 10 feet in length and 6 feet in height to be

constructed by the Developer to separate the Courtyard patios of two center adjoining units. In addition, the owner of any center unit may construct a fence 6 feet in height constructed to match the existing fence to close off the courtyard, which fence shall not extend beyond the rear foundation of the building.

(l) All trash and disposal receptacles shall be kept inside the dwelling unit or garage except on the day such receptacles are scheduled to be emptied.

(m) Parking shall be allowed on one side of the street only, as designated by the Board.

(n) The privately owned yards shall be maintained by the respective owner thereof. If an owner fails or refuses to maintain his own yard, the corporation may have the work performed and file a lien against the property so maintained.

21. Sale or Lease of Unit by Owner. For the purpose of maintaining the congenial and residential character of the Tract and for the protection of the Owners with regard to financially responsible residents, sale or lease of a Unit by an Owner other than Declarant shall be subject to the following conditions and restrictions:

(a) Lease. It is in the best interest of all the Owners that all persons residing in Dwelling Units have similar proprietary interests in their Units and the Owners. Accordingly, no Owner shall lease his Unit or enter into any other rental or letting arrangement for his Unit without the prior written consent of the Board of Directors. Such consent shall not be unreasonably withheld. However, the Board of Directors shall not be entitled to approve any such lease in the event that such approval would result in more than 21% of the units being leased. Any Owner desiring to enter into a lease for his Unit shall make written application to the Board of Directors, which application shall state the reasons why the applicant wishes to lease the Unit, the name of the proposed tenant, and financial references of the proposed tenant. Within ten (10) days following the receipt of the application, the Board of Directors shall issue its written approval or disapproval to the Owner. In the event the Board of Directors fails to issue written approval or disapproval within such period, the application shall for all purposes be deemed approved, unless ten (10) units are already leased, in which case the application shall be deemed disapproved without further action by the Board.

(b) Sale. The Corporation shall have the right of first refusal to purchase any Unit which an Owner wishes to sell. Any Owner wishing to sell who receives a bona fide offer to purchase shall promptly give written notice to the Board of Directors of his desire to sell, together with the name and address of the intended purchaser, and the terms and conditions of such offer. Within seven (7) days after the receipt of such notice, the Board of Directors shall determine if it should recommend exercise of the right to purchase or waive the right to purchase. In the event the Board of Directors elects to waive the right to purchase, a certificate in recordable form, executed by the President or Secretary of the Corporation, certifying that the Corporation, through its Board of Directors, has waived its right to purchase, shall be delivered to the Owner, who may then proceed to sell and convey his Unit to that person and upon the same terms and conditions as set forth in the Owner's notice to the Board of Directors. In the event the sale is not completed within ninety (90) days following the date of such certificate, then the Unit shall again become subject to the Corporation's right of first refusal as herein provided.

Any sale or attempted sale, or any lease or attempted lease by an Owner of his Unit, except in accordance with the provisions of this paragraph 21, shall be void; provided however, that any certificate waiving the Corporation's right to purchase executed by the Corporation and delivered to an Owner as provided by this paragraph may be relied upon by any purchaser or mortgagee and shall, with respect to such purchaser or mortgagee, be absolutely binding upon the Corporation and the Owners unless such purchaser or mortgagee has actual knowledge that the certificate was procured fraudulently or by reason of a misrepresentation of a material fact.

(c) Limitations to Mortgagee. With respect to a Mortgagee that is a bank, life insurance company, savings and loan association or other institutional lender who is acquiring title by foreclosure or deed in lieu thereof or in selling a Unit that has been acquired, the provisions of subparagraphs (a) and (b) shall not be applicable. Also the provisions of sub-paragraphs (a) and (b) shall not be applicable to the sale of a Unit at a foreclosure sale even if the purchaser is someone other than a Mortgagee.

Under no circumstances may the provisions of this subparagraph (c) be amended.

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

(a) Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which the proposed amendment is considered.

(b) Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Directors or by a majority of the votes cast by the Members.

(c) Meeting. 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 By-Laws.

(d) Adoption. Any proposed amendment to this Declaration must be approved by not less than seventy-five percent (75%) of the votes cast. In the event any Unit is subject to a first mortgage, the Mortgagee shall be notified of the meeting and the proposed Amendment in the same manner as an Owner, if the Mortgagee has given prior notice of its mortgage interest to the Board of Directors.

(e) Special Amendment. No amendment to this Declaration shall be adopted which changes (1) the applicable share of an Owner's Expenses, or (2) the provisions of Article 18 of this Declaration with respect to casualty insurance to be maintained by the Corporation, or (3) provisions of Article 19 of this Declaration with respect to reconstruction or repair in the event of fire or casualty, or (4) changes in the provisions of Paragraph 18 of this Declaration with respect to the commencement of assessments on any Unit, without in each and any of such circumstances, the unanimous approval of all Owners, all Mortgagees and Declarant.

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

(g) Amendments by Declarant Only. Notwithstanding the foregoing or anything elsewhere contained herein or in the Articles or in the By-Laws, Declarant shall have the right acting alone and

without the consent or approval of the Owners, the Corporation, the Board of Directors, any Mortgagees or any other person, to amend or supplement this Declaration from time to time if (1) such amendment is necessary 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 Federal Housing Association, the Veterans Administration, the County or State real estate taxing authority, or any other governmental agency or any other public, or quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entity, (2) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Dwelling Units, or (3) to bring this Declaration into compliance with any statutory requirements, or (4) to correct clerical or typographical errors in this Declaration or any exhibit or any supplement or amendment thereof.

23. Acceptance and Ratification. All present and future Owners, Mortgagees, tenants and occupants of the Units shall be subject to and shall comply with the provisions of this Declaration, the Articles of Incorporation, and the By-Laws incorporated herein by reference, and the rules and regulations as adopted by the Board of Directors as each may be amended from time to time. The acceptance of a deed of conveyance or the act of occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the Articles of Incorporation, the By-Laws, and rules and regulations, as each may be amended 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 Unit or the Property as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof. All persons, corporations, partnerships, trusts, associations, or other legal entities who may occupy, use, enjoy or control a Unit or any part of the Property in any manner shall be subject to the Declaration, the Articles of Incorporation, the By-Laws, and the rules and regulations applicable thereto as each may be amended from time to time.

24. Negligence. Each owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or

by that of any member of his family or his or their guests, employees, agents or lessees to the extent that such expense is not covered by the proceeds of insurance carried by the Corporation. An Owner shall pay the amount of any increase in insurance premiums occasioned by his use, misuse, occupancy or abandonment of his Unit or its appurtenances or of the Common Area.

25. Costs and Attorney's Fees. In any proceeding arising because of failure of an Owner to make any payments required or to comply with any provision of this Declaration, the Articles of Incorporation, the By-Laws, or the rules and regulations adopted pursuant thereto as each may be amended from time to time, the Corporation shall be entitled to recover its reasonable attorney's fees incurred in connection with such default or failure.

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

27. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provision of this Declaration, the Articles or the By-Laws, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, the Articles, or the By-Laws, and each shall be enforced to the greatest extent permitted by law.

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

29. Interpretation. The captions and titles of the various articles, sections, sub-sections, paragraphs and sub-paragraphs of this Declaration are inserted herein for ease and convenience of reference only and shall not be used as an aid in interpreting or construing this Declaration or any provision hereof.

30. The Plat. The plat of Sandridge Courtyards is incorporated into this Declaration by reference and has been filed in the office of the Recorder of Lake County, Indiana, as of the 18th day of April, 1997, as Document No. 97024565.

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

SANDRIDGE DEVELOPMENT, INC.

By 
LOUIS R. BARNES, President

ATTEST:

MARILYN J. BARNES, Secretary

STATE OF INDIANA)
)SS:
COUNTY OF LAKE)

Before me, a Notary Public in and for said County and State, personally appeared LOUIS R. BARNES and MARILYN J. BARNES, who acknowledged the execution of the above and foregoing Declaration of SANDRIDGE COURTYARDS, for and on behalf of SANDRIDGE DEVELOPMENT, INC.

WITNESS my hand and Notarial Seal this 18th day of April, 1997.

Judith A. Osinski
NOT OFFICIAL
JUDITH A. OSINSKI, Notary Public

My Commission Expires: March 20, 2000
This Document is the property of the Lake County Recorder!
Resident of LAKE County.

STOP

This Instrument Prepared by THOMAS L. KIRSCH, Attorney at Law
131 Ridge Road, Munster, IN 46321

