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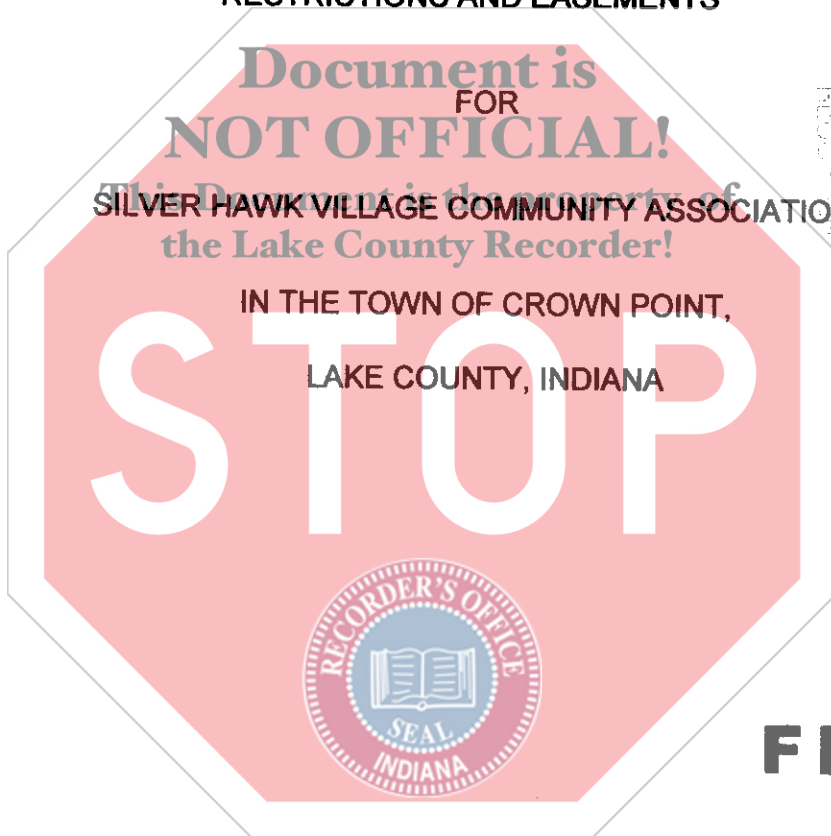
MICHAEL HECIMOVICH, ESQ.
HECIMOVICH DEVELOPMENT,
INC.
DYER, INDIANA 46311



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DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS AND EASEMENTS



MADE IN THE TOWN OF CROWN POINT, INDIANA

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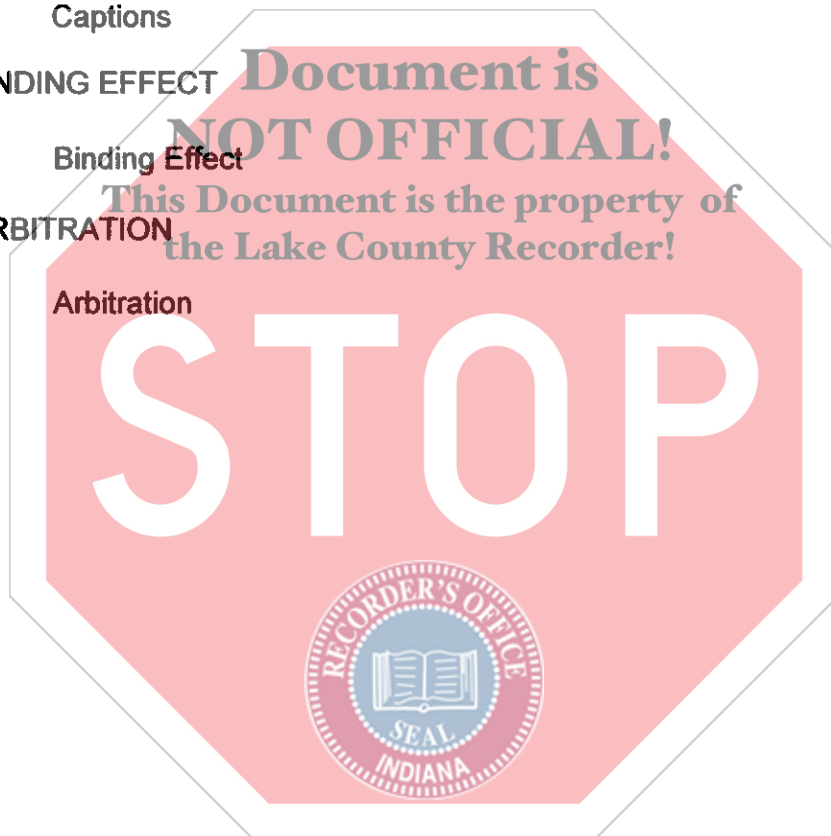
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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR SILVER
HAWK VILLAGE COMMUNITY ASSOCIATION IN THE
TOWN OF CROWN POINT,
LAKE COUNTY, INDIANA**

This Declaration of Covenants, Conditions, Restrictions and Easements is made this day by Hecimovich Development, Inc., a corporation (hereinafter referred to as "Declarant").

RECITALS:

1. All capitalized terms used herein shall have the meaning ascribed to them at the first time they are used herein or in the definition set forth in Article I below.
2. The Development Area is a tract of land located in Crown Point, Lake County, Indiana, which is legally described on Exhibit A attached hereto.
3. Declarant intends to, and by recording this Declaration does, subject and submit to the provisions of this Declaration that portion of the Development Area referred to herein as the Submitted Parcel and legally described on Exhibit B attached hereto. The Development Area is the site of a residential development and from time to time Declarant may, but is not required to, subject additional portions of the Development Area to the provisions of this Declaration as Added Property, as more fully described in Article XVI hereof. Those portions of the Development Area which are not made subject to the provisions of this Declaration may be used for any purposes not prohibited by law. Nothing herein shall preclude Declarant from subjecting other property adjacent to or in the vicinity of the Development Area to the provisions of this Declaration.
4. In order to provide for the necessary administration, preservation, maintenance and enhancement of those portions of the Development Area and any other land subjected to the provisions of this Declaration, Declarant will form the Association which shall be responsible for the maintenance of the areas described in Article IV hereof and each Owner of a Residential Unit which is subject to this Declaration (excluding the Declarant) shall be assessed for his share of the cost thereof by the Association.
5. Declarant intends by this Declaration to impose upon the portions of the Development Area subjected to the provisions of this Declaration mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within the Development Area made subject to this Declaration and amendments thereto by the recording of this Declaration. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Development Area, and to establish a method for the

administration, maintenance, enhancement, preservation, use and enjoyment of those portions of the Development Area as are now or may hereafter be subjected to this Declaration.

6. Declarant shall retain certain rights set forth in this Declaration. Declarant shall retain the right to appoint all members of the Board until the "Turnover Date" (as that term is defined in Section 15.01 hereof) and the right to use portions of the Development Area and the Submitted Parcel, as more fully set forth in Section 15.06 hereof.

NOW, THEREFORE, Declarant hereby declares that only the real property legally described in Exhibit B and referred to herein as the Submitted Parcel and such additions thereto, referred to herein as Added Property, as may hereafter be made pursuant to Article XVI hereof, is and shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, burdens, uses, privileges, charges and liens which shall exist at all times hereafter among all parties having or acquiring any right, title or interest in or to any portion of the Submitted Parcel; which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title or interest in the described Submitted Parcel or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

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ARTICLE I
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DEFINITIONS

Section 1.01. "Added Property" shall mean any portion of the Development Area submitted to the provisions of this Declaration in accordance with Article XVI hereof.

Section 1.02. "Added Residential Units" shall mean the Residential Units (or Parcels upon which single-family attached residences or condominiums are being completed) comprising the Added Property submitted to the provisions of this Declaration by a Supplemental Amendment in accordance with Article XVI hereof.

Section 1.03. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Silver Hawk Village Community Association, Inc., an Indiana not-for-profit corporation, as amended from time to time.

Section 1.04. "Assessments" shall mean Assessments for Common Expenses provided for herein or by any Supplemental Amendment or by any other amendment hereof pursuant to Article XII hereof which shall be used for the purposes of promoting the health, safety, welfare, common benefit and enjoyment of the Owners and Occupants of the Residential Units against which the Assessment is levied, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below.

The Assessment shall be levied equally against Owners of Residential Units for such purposes that are authorized by this Declaration or by the Board of Directors from time to time.

Section 1.05. "Association" shall mean and refer to Silver Hawk Village Community Association, Inc., an Indiana nonprofit corporation, and its successors and assigns. The Association shall be organized and governed in accordance with the Articles of Incorporation, By-Laws and Rules and Regulations, attached hereto as Exhibits "C", "D" and "E", respectively.

Section 1.06. "Association Delegates" shall mean those delegates representing Members at the Association meetings, as described more fully in Article III hereof.

Section 1.07. "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

Section 1.08. "By-Laws of the Association" or the "By-Laws" shall mean and refer to those By-Laws of Silver Hawk Village Community Association, Inc., which govern the administration and operation of the Association, as the same may be amended from time to time, a copy of which is attached hereto as Exhibit D.

Section 1.09. "Common Area" shall mean and refer to all real and personal property now or hereafter owned and/or maintained by the Association for the common use and enjoyment of the Owners. The Common Area shall include, without limitation, the following: (i) the privately owned storm water retention and detention pond (designated as Outlot "C" on the Plat and referred to hereinafter as the "Pond") and related facilities conveyed or to be conveyed to the Association, which are designed to service the Development Area or any portion thereof (the "Storm Water Facilities"), (ii) the maintenance of the landscaping on the banks of the Pond and the land adjacent to the Pond not owned by Owners of the Units, ("Pond Landscaping") (iii) all trees, shrubs, hedges, grass and other landscaping improvements around the perimeter of the Development Area ("Perimeter Landscaping"), (iv) water meter boxes, irrigation lines and other irrigation improvements, and all other improvements situated therein and/or installed as a part thereof with regard to the Pond, Pond Landscaping and the Perimeter Landscaping ("Irrigation Improvements"),

(v) any neighborhood and/or community identification signage installed or to be installed (the "Signage"), (vi) such utility lines, pipes, plumbing, wires, conduits and related systems which are part of the Common Area and which are not maintained by a public authority, public service district, public or private utility, or other person including, without limitation, the "Assigned Storm Sewer Facilities" (as that term is defined in Section 4.03 hereof) (collectively, the "Association Utilities"), (vii) the streets of Veterans Lane ("Streets"), (viii) the cul-de-sac of Veterans Lane ("cul-de-sac), (ix) sidewalks, landscaping and other improvements within a dedicated right-of-way or public area within or adjacent to the Development Area that are not maintained by the Town of Crown Point or other public entity, including the obligation to water such landscape improvements (the "Public Area Improvements"), and (x) all personal property owned or controlled by the Association and available for the common benefit and/or use of Owners, or for the maintenance or management of any part of the Common Area or Development Area, except to the extent any of the foregoing have been publicly dedicated. The designation of any land and/or improvements as Common Area shall not mean or imply that the public at large acquires any easement or use or enjoyment therein. Declarant may, but shall not be required to, designate and/or convey other property to the Association. The Association's responsibility for snow removal shall be limited to the Streets of Veterans Lane, its cul-de-sac and the sidewalk along the public way of Silver Hawk Drive. The legal description of the initial Common Area to be conveyed to the Association is attached hereto as Exhibit F.

Section 1.10. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association.

Section 1.11. "Declarant" shall mean Hecimovich Development, Inc., a Indiana corporation, its successors and assigns. Any such successor or assignee shall be deemed a Declarant and entitled to exercise all or any rights of Declarant as provided in Article XV hereof.

Section 1.12. "Development Area" The real estate described on Exhibit A hereto with all improvements thereon and rights appurtenant

thereto. Exhibit A is attached hereto for informational purposes only and no covenants, conditions, restrictions, easements, liens or charges shall attach to any part of the real estate described therein, except to the extent that portions thereof are described on Exhibit B and expressly made subject to the provisions of this Declaration as part of the Submitted Parcel. Any portions of the Development Area which are not made subject to the provisions of this Declaration as part of the Submitted Parcel may be developed and used for any purposes not prohibited by law, including, without limitation, a residential development which is administered separately from the Association.

Section 1.13. "Lot" shall mean a part of the Submitted Parcel, the size and dimensions of which are shown on the Plat.

Section 1.14. "Member" shall mean and refer to a person or entity entitled to Membership in the Association, as provided herein.

Section 1.15. "Mortgage" shall include a deed of trust, as well as a mortgage.

Section 1.16. "Mortgagee" shall include a beneficiary or holder of a deed of trust, as well as a mortgagee.

Section 1.17. "Mortgagor" shall include the trustier of a deed of trust, as well as a mortgagor.

Section 1.18. "Neighborhood" shall mean and refer to any portion of the Development Area designated by Declarant, which is intended to be a distinct community within the Development Area and which shall have a separate association responsible for maintenance and administration, and within which it is intended that there will be constructed Residential Units. In no event shall a Neighborhood Association own any of the Common Area, except that a Neighborhood Association may own and/or maintain additional common area separate from the Common Area within the Neighborhood Association.

Section 1.19. "Neighborhood Association" shall mean and refer to a corporation or an unincorporated association whose shareholders or members are comprised entirely of Owners of Residential Units within a Neighborhood, including Silver Hawk Village Single Family Association, Inc. (the "Single Family Association") and Silver Hawk Village Condominium Association, Inc. (the "Condominium Association").

Section 1.20. "Neighborhood Declaration" shall mean and refer to any instrument or document, and any amendments thereto, which is recorded in the Office of the Recorder of Lake County, Indiana, with respect to any Neighborhood and which imposes covenants, conditions, easements, and restrictions with respect to such Neighborhood.

Section 1.21. "Occupant" shall mean and refer to one or more Persons or entities which may at any time be entitled to the use and

possession of a Residential Unit, or any part thereof, by lease, license, contract or any other means, whether or not lawful, and shall include, without limitation, Owners, tenants, subtenants, and their guests and invitees.

Section 1.22. "Owner" shall mean and refer to one or more persons or entities who hold the record title to any Parcel or Residential Unit which is part of the Submitted Parcel, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Residential Unit is sold under a recorded contract of sale, the purchaser (rather than the fee owner) will be considered the Owner.

Section 1.23. "Parcel" shall mean a part of a Lot, fee simple title to which shall be conveyed by deed of the Declarant to each Owner, upon which an attached, single-family residential structure or condominium is located or to be located.

Section 1.24. "Person" means a natural person, a corporation, a partnership, trustee or other legal entity.

Section 1.25. "Plat" shall mean the plat of subdivision of the Development Area, recorded in the Office of the Recorder of Lake County, Indiana in Book 42, Page 42. The Plat shows the Submitted Parcel made subject to this Declaration and the remaining portions of the Development Area which are not subject to this Declaration but may become part of the Submitted Parcel pursuant to the terms and provisions of this Declaration.

Section 1.26. "Project" shall mean the Development Area owned by Declarant and held for development under a common plan from time to time.

Section 1.27. "Residential Unit" shall mean one of the Parcels and the single-family, attached residential structure or condominium located thereon, which is a part of the Submitted Parcel intended for independent ownership for use and occupancy as a single-family residence. For the purposes of this Declaration, a Residential Unit shall come into existence when substantially complete or upon the issuance of a certificate of occupancy by the appropriate agency of the Town of Crown Point, Indiana, or other local governmental entity.

Section 1.28. "Submitted Parcel" shall mean that portion of the Development Area which is described on Exhibit B attached hereto, as Exhibit B may be amended from time to time, together with all rights appurtenant thereto.

Section 1.29. "Supplemental Amendment" shall mean a supplement to this Declaration to submit Added Property to this Declaration in accordance with Article XVI hereof. Such Supplemental Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and

obligations on the Added Property submitted by that Supplemental Amendment to the provisions of this Declaration.

Section 1.30. "Turnover Date" shall mean the date on which the right of Declarant to select and designate all of the members of the Board of Directors is terminated pursuant to Section 15.01 hereof.

ARTICLE VI

PROPERTY RIGHTS

Section 2.01. Neighborhood Associations. It is presently contemplated that there may be established by Declarant, its successors or assigns, Neighborhood Associations limited to the Owners of Residential Units within the Neighborhoods located within such portion or portions of the Development Area designated as a Neighborhood by Declarant in order to promote their health, safety, and social welfare, as well as to provide for the maintenance of Residential Units and/or common area owned by such Owners and/or such Neighborhood Associations, provided that such Owners shall also be Members of the Association and such Residential Units shall continue to be subject to the terms of the Declaration. Such Neighborhoods may be subject to Neighborhood Declarations, which impose covenants and restrictions which are in addition to, but not in abrogation or substitution of, those imposed hereby, and such Neighborhood Associations may levy additional assessments and make and enforce supplementary covenants, conditions, restrictions, easements, rules, and regulations with respect to such Neighborhoods.

Section 2.02. Owners Easement of Enjoyment. Subject to the provisions of this Declaration and the Rules and Regulations and Assessments from time to time established by the Board in accordance with the By-Laws and the terms hereof, every Owner, his family, tenants and guests shall have a non-exclusive right, privilege, and easement of use and enjoyment in and to the Common Area, such easements to be appurtenant to and to pass and run with title to each Residential Unit subject to the following provisions:

(a) The right of the Association to borrow money (i) for the purpose of improving the Common Area, or any portion thereof, (ii) for acquiring additional Common Area, (iii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Common Area, or (iv) for providing the services authorized herein, and, subject to the provisions of Section 8.02 hereof, to give as security for the payment of any such loan a mortgage deed or other security instrument conveying all or any portion of the Common Area; provided, however, that the lien and encumbrance of any such security instrument given by the Association shall be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage irrespective of when such Mortgage is executed or given.

(b) The rights and easements reserved to Declarant in Sections 2.03, 2.04, 2.05, 2.07, 2.08, and 15.06 or as otherwise provided for in this Declaration.

(c) The right of the Association to grant and accept easements as provided in Section 2.05 hereof and to dedicate or transfer fee simple title to all or any portion of the Common Area to Lake County, Indiana, the Town or to any other public agency or authority, public service district, public or private utility, or other person.

(d) The rights and easements reserved in Section 2.06 hereof for the benefit of the Association, its directors, officers, agents, and employees.

(e) The rights and easements reserved in Section 2.07 hereof for the benefit of the Added Property.

(f) The rights of an Eligible Holder.

(g) The right of the Association to have reasonable rules and regulations.

(h) The right of the Association to suspend the use of any facilities located upon the Common Area by a Member for the period of time during which any Assessment against his Residential Unit remains unpaid and for an additional reasonable period for any infraction of its rules and regulations.

Section 2.03. Access Easement. All Owners, by accepting title to Residential Units conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such Residential Unit and acknowledge and agree that such access, ingress, and egress shall be limited to roads, sidewalks, walkways, and trails located within the Submitted Parcel from time to time, provided that pedestrian and vehicular access to and from all Parcels or Residential Units shall be provided at all times.

Section 2.04. Changes in Boundaries: Additions to Common Area. Declarant expressly reserves for itself and its successors and assigns, the right to change and realign the boundaries of the Common Area, any Parcels, Residential Units, or Neighborhoods owned by Declarant and the realignment of boundaries between adjacent Parcels, Residential Units, and/or Neighborhoods owned by Declarant. In addition, Declarant reserves the right in its sole discretion, but shall not have the obligation, to convey by quit-claim deed to the Association at any time and from time to time as an addition to the Common Area any portion of the Added Property. Furthermore, Declarant reserves the right in its sole discretion, but shall not have the obligation, to convey by quitclaim deed to the Association at any time and from time to time, as an addition to the Common Area, any other portion of the Development Area.

Section 2.05. Easements for Utilities. There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power and obligation to grant and accept easements to and from Lake County, Indiana, the Town of Crown Point, Indiana, or any other public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (i) all or any portion of the Common Area, and (ii) all portions of all Lots owned by Declarant, as are reasonably necessary, for the purpose of installing, replacing; repairing, maintaining, and using cable television, master television antenna and similar systems, walkways, and all utilities, including, but not limited to, sanitary sewer, storm sewer, water main, storm water retention and detention facilities, meter boxes, telephone, gas and electricity.

Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on Lots or Residential Units, except as may be approved by the Association's Board of Directors or as provided in the development and sale of the Development Area by Declarant. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement without conflicting with the terms hereof. The easements provided for in this Article II shall in no way adversely affect any other recorded easement on the Submitted Parcel.

Section 2.06. Right of Entry. The Association shall have the right and license, but shall not be obligated, to enter into any Residential Unit or the Common Area for performance of its duties, which right may be exercised by the Association's Board of Directors, officers, agents, employees or managers. The relevant government authority or agency, as shall from time to time have jurisdiction over the Development Area with respect to law enforcement, fire protection, and other emergency services, shall have the right and license, but shall not be obligated to, to enter into any Residential Unit or the Common Area for the performance of its duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Parcel or Residential Unit (i) for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps or other unsightly growth and removing trash, or (ii) to cure any other condition which may increase the possibility of a fire or other hazard, in the event an Owner fails or refuses to cure the condition upon request by the Board. There is hereby granted to the Association, and its agents, employees, and independent contractors, a license to enter upon all Residential Units to the extent necessary or appropriate for the conduct of the Association's responsibilities under Article IV.

Section 2.07. Easements for Added Property. There is hereby reserved to Declarant, and its successors, assigns, and successors-in-title to the Added Property (if said rights are granted by Declarant to successors, assigns, and successors-in-title), for the benefit of and as an appurtenance to

the Added Property and as a burden upon the Submitted Parcel, perpetual, non-exclusive rights and easements for (i) pedestrian and vehicular ingress, egress, and parking, across, within, and on all roads, sidewalks, trails and parking facilities, from time to time located within the Submitted Parcel and Common Area or within easements serving the Submitted Parcel and Common Area, (ii) the installation, maintenance, repair, replacement, and use within the Common Area and those portions of Parcels, Residential Units, and Neighborhoods encumbered pursuant to Section 2.05 hereof of cable television, master television antenna and similar systems, walkways, and all utilities including, but not limited to, sanitary sewer, storm sewer, storm water retention and detention facilities, water main, meter boxes, telephone, gas and electricity, and (iii) drainage and discharge of surface water onto and across the Submitted Parcel, provided that such drainage and discharge shall not materially damage or affect the Submitted Parcel or any improvements from time to time located thereon.

Section 2.08. Environmental Easement. There is hereby reserved for the benefit of Declarant, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement on, over, and across all portions of the Common Area for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, and procedures from time to time promulgated or instituted by the Board or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to maintain any and all wetland areas on the Submitted Parcel, the right to drain standing water, and the right to dispense pesticides.

Section 2.09. Easement for Community Association. The Community Association shall have an easement for and the obligation to provide lawn and landscape maintenance to the banks of the Pond.

ARTICLE III

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 3.01. Membership. Every Owner of a Parcel or Residential Unit (including the Declarant) is hereby declared to be a Member of the Association. Membership is appurtenant to and shall not be separated from ownership of such Owner's Parcel or Residential Unit. Each such Owner, by acceptance of a deed or other conveyance of a Parcel or Residential Unit thereby becomes a Member, whether or not this Declaration of such membership is made a part of, incorporated by reference in, or expressed in said deed or conveyance. There shall be one (1) membership allocable to each Parcel or Residential Unit (herein called a "Unit Membership") and any Member who is the Owner of more than one (1) such Parcel or Residential Unit shall have the number of Unit Memberships equal to the number of such Parcels or Residential Units owned. If the record ownership of a Parcel or Residential Unit shall be in more than one (1) person, or if an Owner of a Parcel or Residential Unit is a trustee, corporation, partnership or other legal entity, then the individual who

shall enjoy the Unit Membership and be responsible for the obligations attributable thereto, shall be designated by such Owner (or owners) in writing.

Section 3.02. Voting Rights. Members shall be represented at Association meetings exclusively through delegates selected in accordance with the provisions of Section 3.03 hereof. Except for Association Delegates appointed by Declarant, each such Association Delegate must be a Member of the Association or a spouse of a Member.

Section 3.03. Selection of Association Delegates. Each Neighborhood Association shall be represented at Association meetings by a delegation composed of two (2) Association Delegates, which delegation shall be composed of the President of the respective Neighborhood Association and one (1) other officer. The board of directors of each Neighborhood Association shall designate the Association Delegates for such Neighborhood Association and fix the rules of administration of that Neighborhood Association's delegation. Each Association Delegate appointed by a Neighborhood Association must be a member of such Neighborhood Association or be appointed by the Declarant.

Section 3.04. Method of Voting. The total number of votes which may be cast on any matter requiring assent of Members of the Association shall be equal to the total number of Unit Memberships at the time of any such vote. Whenever a vote of the Members of the Association is required pursuant to this Declaration, or pursuant to the Articles of Incorporation or By-Laws of the Association, or is otherwise required by law, such votes shall be cast only by the Association Delegates representing the respective Members, in the same manner and with the same force and effect as though each Member had given the delegation of Association Delegates which represents such Member's Neighborhood Association an irrevocable proxy coupled with an interest. The Association Delegates for each such Neighborhood Association shall collectively cast a total number of votes equal to the number of Unit Memberships which it represents. Such total number of votes may be cast in such manner as the Association Delegates, acting in accordance with their rules of administration, deem advisable, and the delegation shall not be required to cast all such votes as a unit. Each Association Delegate shall be entitled to cast one-half (1/2) of the total votes of the Unit Memberships it represents. Unless this Declaration or the Articles of Incorporation or By-Laws of the Association, or any law, shall specify a greater vote, all Association matters requiring action by Members or by the Association Delegates shall be decided by a majority of the votes cast by Association Delegates voting at a meeting at which a quorum (as defined in the By-Laws) is present. In the event of a tie, the tie shall be broken by a mediator chosen by the Association Delegates. Should the Association Delegates be unable to reach an agreement on the selection of a mediator, the current administrator (Manager) of the Town of Crown Point shall choose the mediator.

Section 3.05. Board of Directors.

(a) The initial Board of Directors shall consist of three (3) directors appointed by the Declarant who may but need not be Owners or

Members of the Association. The Declarant shall have the right to select and designate all of the directors, and accordingly the right to operate and control the Association, until the Turnover Date. Declarant shall have the right to waive, on behalf of the Association, the annual meeting and part or all of the annual accounting provided in this Declaration, so long as Declarant retains control of the Association.

The right of the Declarant to appoint directors to the Board shall be to the exclusion of the right of the Members or Association Delegates to do so. Such Board of Directors so appointed shall exclusively hold all right and powers which a Board of Directors or the Association would have under this Declaration, the Articles of Incorporation, or the By-Laws, except as specifically limited herein.

(b) After the Turnover Date, the Association shall be governed by its Board of Directors comprised of six (6) persons (three (3) persons from each Neighborhood Association) duly appointed or elected as provided herein and in the Articles of Incorporation and By-Laws of the Association.

(c) The Board shall administer the Common Area in accordance with the terms and provisions of this Declaration, and in accordance with the Article of Incorporation and By-Laws of the Association. All matters requiring action by the Board shall be decided by the majority vote of the Board, except as otherwise provided herein or in the By-Laws.

Section 3.06. Initial Meeting of Association Delegates to Elect Directors. Upon the occurrence of the Turnover Date, the President of the Association shall promptly convene a meeting of the Association Delegates for the purpose of electing a new Board that shall consist of three (3) persons from each Neighborhood Association. The President (or similar designee) of each Neighborhood Association shall be designated as a member of the Board, with the two (2) remaining openings for each Neighborhood Association to be filled by Members of each Neighborhood Association elected by the Association Delegates.

Section 3.07. Informal Action by Directors. Unless specifically prohibited by the Articles of Incorporation or By-Laws of the Association, any action required by this Declaration to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors of the Board entitled to vote with respect to the subject matter thereof. Any such consent signed by all the directors of the Board shall have the same effect as a unanimous vote.

Section 3.08. Informal Action by Association Delegates or Board of Directors. Any action required by this Declaration to be taken at a meeting of the Association Delegates or Board, or any other action which may be taken at a meeting of the Association Delegates or Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Association Delegates or Board entitled to vote with respect to the

subject matter thereof. Such consent shall have the same effect as a unanimous vote of the Association Delegates or Board.

Section 3.09. Board as Representative of Owners. The Board shall have standing and capacity to act in a representative capacity in relation to matters involving the Common Area or more than one (1) Parcel or Residential Unit, on behalf of the Owners as their interest may appear.

Section 3.10. Nonprofit Purposes of Association. Nothing herein shall be constructed to give the Association authority to conduct an active business for profit on its own behalf or on behalf of the Members, or on behalf of the Declarant.

Section 3.11. Governing Law. Except as otherwise provided in the Declaration, the Association, the Board, officers and members shall be governed by the Indiana Nonprofit Corporation Act.

ARTICLE IV

MAINTENANCE

Section 4.01. Responsibility of Owners and Neighborhood Associations. Unless specifically identified herein or in a Neighborhood Declaration as being the responsibility of the Association or a Neighborhood Association, all maintenance and repair of Parcels or Residential Units, together with all other improvements thereon or therein and all lawns (including parkways), landscaping, and grounds (including the obligation to water all of such lawns, landscaping and grounds) on and within a Parcel or Residential Unit shall be the responsibility of the Owner of such Parcel or Residential Unit or Neighborhood Association. Unless otherwise provided in the appropriate Neighborhood Declaration, the maintenance and repair of all common areas located within Neighborhood areas (including all landscaping and grounds and other improvements and the obligation to water such areas located within such Neighborhood areas) shall be the responsibility of the Neighborhood Association for such Neighborhood. Each Owner or Neighborhood Association shall be responsible for maintaining his or its Parcel or Residential Unit, or Neighborhood, as the case may be, in a neat, clean, and sanitary condition, and such responsibility shall include the maintenance and care of all exterior surfaces of all Residential Units, buildings, and other structures and all lawns, trees, shrubs, hedges, grass, and other landscaping. As provided in Section 4.02(b) hereof, each Owner or Neighborhood Association shall also be obligated to pay for the costs incurred by the Association for repairing, replacing, maintaining, or cleaning any item which is the responsibility of such Owner or Neighborhood Association, but which responsibility such Owner or Neighborhood Association fails or refuses to discharge.

Section 4.02.

Association's Responsibility.

(a) Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Common Area, which responsibility shall include, without limitation, the maintenance, repair, and replacement of (i) the Storm Water Facilities including, without limitation, the Pond, (ii) the Signage, (iii) the Association Utilities, (iv) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon the Common Area, (v) the Streets, (vi) the Public Area Improvements, and (vii) all other real or personal property owned or controlled by the Association and available for the common benefit and/or use of Owners, or for the maintenance or management of any part of the Common Area or Development Area.

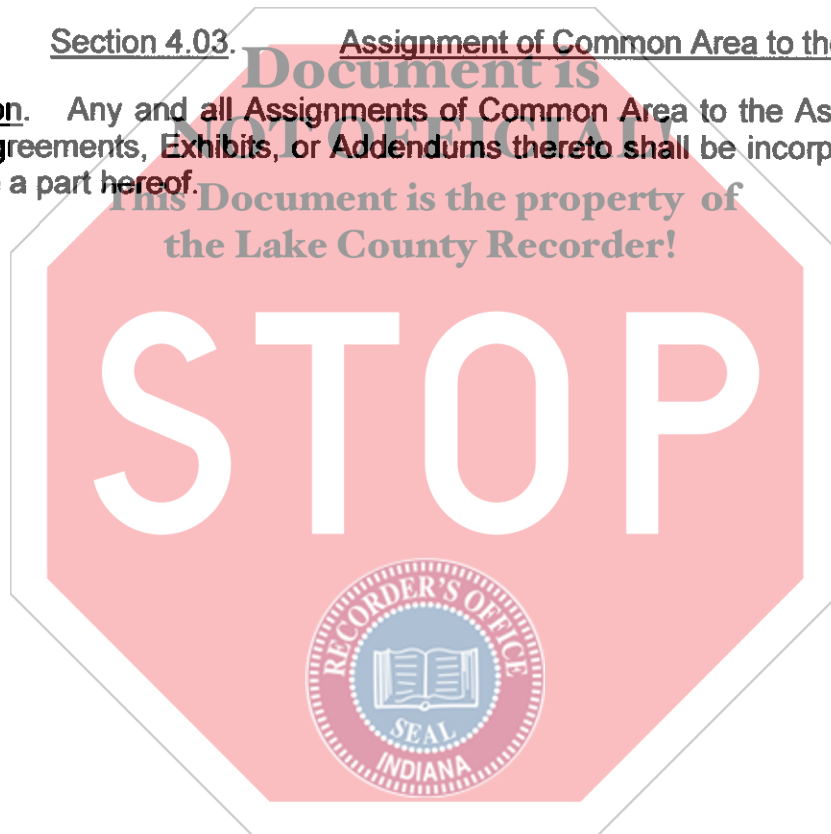
The Association shall not be liable for injury or damage to any person or property (A) caused by the elements or by any Owner or any other person, (B) resulting from any rain or other surface water which may leak or flow from any portion of the Common Area, or (C) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of the Common Area or any other portion of the Development Area. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such Assessments being a separate and independent covenant on the part of the Owner.

(b) In the event that Declarant or the Board determines that: (i) any Owner or Neighborhood Association has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair, or replacement of items for which he or it is responsible hereunder, or (ii) that the need for maintenance, cleaning, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, tenants, guests, or invitees, and is not covered or paid for by insurance in whole or in part, then, in either event, Declarant or the Association, except in the event of an emergency situation, shall give such owner of Neighborhood Association written notice of Declarant's or the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement, at the sole cost and expense of such Owner or Neighborhood Association, as the case may be, and setting forth with reasonable particularity

the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of an emergency situation, such Owner or Neighborhood Association, as the case may be, shall have fifteen (15) days within which to complete the same in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner or Neighborhood Association to comply with the provisions hereof after such notice, Declarant or the Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair, or replacement at the sole cost and expense of such Owner or Neighborhood Association, as the case may be, and said cost shall be added to and become a part of the Assessment to which such Owner and his Parcel or Residential Unit are subject and shall become a lien against such Parcel or Residential Unit, or, in the case of a Neighborhood Association, shall be added to and become a part of the Assessments for all Owners within such Neighborhood Association and shall become a lien against such Owners' Parcels or Residential Units. In the event that Declarant undertakes such maintenance, cleaning, repair, or replacement, the Association shall promptly reimburse Declarant for Declarant's costs and expenses.

Section 4.03. Assignment of Common Area to the

Association. Any and all Assignments of Common Area to the Association and related Agreements, Exhibits, or Addendums thereto shall be incorporated herein and made a part hereof.



ARTICLE V

INSURANCE AND CASUALTY LOSSES

Section 5.01. Insurance.

(a) The Board or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Area against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

(b) The Board or its duly authorized agents shall have the authority to and shall obtain and continue in effect a public liability policy covering all the Common Area and all damage or injury caused by the negligence of the Association, its members, its trustees and officers, or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board.

(c) The Board or its duly authorized agents shall have the authority and may obtain (i) worker's compensation insurance to the extent necessary to comply with any applicable laws, (ii) Directors' and Officers' liability insurance, as required pursuant to Section 13.02 hereof, and (iii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

(d) All such insurance coverage obtained by the Board shall be written in the name of the Association as trustee for each of the Owners and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Common Area shall be vested in the Board; provided, however, that no mortgagee or other security holder of the Common Area having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Association shall be required to make every effort to secure insurance policies with the provisions hereinafter set forth:

(i) All policies shall be written with a company licensed to do business in the State of Indiana and holding a rating of A-XI or better in such financial categories as established by Best's Insurance

Reports, if such a company is available or, if not available, its equivalent rating or the best rating possible.

(ii) All property insurance policies (naming the Association as insured) shall be for the benefit of the Owners and their Mortgagees as their interests may appear.

(iii) All policies shall contain a waiver of the insurer's right to cancel without first giving thirty (30) days' prior written notice of such cancellation to the Association and to any Mortgagee to which a mortgagee endorsement has been issued.

(iv) In no event shall the insurance coverage obtained and maintained by the Board be brought into contribution with insurance purchased by individual Owners or their Mortgagees, and all policies shall contain a provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by individual Owners or their Mortgagees.

(v) All policies shall contain a waiver of subrogation by the insurer as to any claims against the Association, the Association's directors and officers, the Owners, and their respective families, servants, agents, tenants, guests, and invitees, including, without limitation, the Association's manager.

(vi) All policies shall contain a provision that no policy may be canceled, invalidated, or suspended on account of the conduct of one (1) or more of the individual Owners, or their respective families, servants, agents, employees, tenants, guests, and invitees, or on account of the acts of any director, officer, employee, or agent of the association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

(vii) All liability insurance shall contain cross-liability endorsements to cover liability of the Association to an individual Owner and shall also name the Declarant as an additional insured.

(e) It shall be the individual responsibility of each Owner at his own expense to provide public liability, property damage, title, and other insurance with respect to his own Residential Unit in accordance with his respective Neighborhood Declaration.

Section 5.02. Damage or Destruction to Common Area.

Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Area covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair

or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in the Article V means repairing or restoring the damaged property to substantially the same condition in which it existed prior to the fire or other casualty. Unless within sixty (60) days following any damage or destruction to all or a part of the Common Area, Declarant, for so long as Declarant owns a Parcel or Residential Unit primarily for the purpose of sale or has the unexpired option to add the Added Property or any portion thereof to the Development, together with at least seventy-five percent (75%) of the total vote of the Association, shall otherwise agree, the Association shall restore or replace such damaged improvements. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board may levy a Special Assessment (as that term is defined in Section 9.04 hereof) against all Owners, such Special Assessment to be in an amount sufficient to provide funds to pay such excess costs of repair or reconstruction. Such a Special Assessment shall be levied against the Owners equally in the same manner as annual Assessments are levied or as one lump sum payment, and additional assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and assessments shall be disbursed by the Association in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association. If it is determined that the damage or destruction for which the insurance proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefit of the Association, and the ruins of the Common Area damaged or destroyed by fire or other casualty shall be cleared and the Common Area left in a clean, orderly, safe, and sightly condition.

Section 5.03. Damage or Destruction to Parcels, Residential Units or Neighborhoods. In the event of damage or destruction by fire or other casualty to any Parcels, Residential Units, or Neighborhoods, and in the further event that either the Owner of such Parcel or Residential Unit or the Neighborhood Association responsible for the repair and replacement of such Neighborhood, as the case may be, elects not to repair or rebuild the damaged or destroyed Parcel, Residential Unit, or Neighborhood, such Owner or Neighborhood Association making such election shall promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such Parcel, Residential Unit or Neighborhood in a clean, orderly, safe and sightly condition. Should such Owner or Neighborhood Association elect to repair or rebuild such Parcel, Residential Unit, or other improvements, such Owner or Neighborhood Association shall repair or rebuild such Parcel, Residential Unit, or other improvements to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions, and provisions of this Declaration (including, without limitation, Article X hereof) and all applicable zoning, subdivision, building, and other

governmental regulations. All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion. :

ARTICLE VI

NO PARTITION

There shall be no partition of any of the Parcels or Residential Units from the provisions of this Declaration.

ARTICLE VII

CONDEMNATION

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Association) by any authority having the power of condemnation or eminent domain, the Association shall be entitled to pursue all available remedies against the condemning authority for the damages sustained to such property.

ARTICLE VIII

RIGHTS, OBLIGATIONS AND POWERS OF THE ASSOCIATION

Section 8.01. Common Area. The Association, subject to the rights of Declarant and the rights and duties of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including equipment related thereto) and shall keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions thereof. Furthermore, the Association may be responsible to maintain dedicated areas if such maintenance is required by the applicable governmental authority. Except to the extent otherwise required by the provisions of the laws of Indiana relating to nonprofit corporations, this Declaration, the By-Laws, or the Articles of Incorporation, the powers herein or otherwise granted to the Association may be exercised by the Board, acting through the officers of the Association, without any further consent or action on the part of the Owners.

Section 8.02. Duties and Powers. The duties and powers of the Association shall be those set forth in the provisions of the laws of Indiana relating to nonprofit corporations, this Declaration, the By-Laws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the laws of Indiana, this Declaration, the By-Laws, or the Articles of Incorporation, the provisions of the laws of Indiana, this Declaration, and the By-Laws, in that order, shall prevail, and each Owner of a Parcel or Residential Unit, by acceptance of a deed or other conveyance therefore, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The

Association may exercise any other right or privilege given to it expressly by this Declaration or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such duties may include, but shall not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to Parcels and Residential Units, to furnish trash collections, water, sewer, and/or security service for the Common Area and/or the Parcels, Residential Units and Neighborhood. Notwithstanding the foregoing provisions of this Section 8.02 or any other provisions of this Declaration to the contrary, for so long as Declarant shall own any Parcel or Residential Unit primarily for the purpose of sale or has the unexpired option to add the Added Property or any portion thereof to the Submitted Parcel, the Association shall not, without the consent of Declarant, borrow money or pledge, mortgage, or hypothecate all or any portion of the Common Area.

Section 8.03. Agreements. Subject to the prior approval of Declarant for so long as Declarant shall have the right to appoint all of the directors of the Board pursuant to Section 3.05 hereof, all agreements and determinations lawfully authorized by the Board shall be binding upon all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Submitted Parcel (including the Common Area) or the privilege of possession and enjoyment of any part of the Submitted Parcel (including the Common Area); and in performing its responsibilities hereunder, the Association, through the Board, shall have the authority to delegate to persons of its choice such duties of the Association as may be determined by the Board. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of the Submitted Parcel (including the Common Area), whether such personnel are furnished or employed directly by the Association or by any person or entity (who may be an affiliate, contractor, employee or partner of Declarant) with whom or with which it contracts. All costs and expenses incident to the employment of a manager shall be a Common Expense. During the term or such management agreement, such manager may, if authorized by the Board, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or Members of the Association by this Declaration or the By-Laws. In addition, the Association may pay for, and the Board may hire and contract for, such legal and accounting services as are necessary or desirable in connection with the operation of the Submitted Parcel (including the Common Area) or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

Section 8.04. Personal Property for Common Use. The Association, through action of its Board of Directors, may acquire, own, lease, hold and dispose of tangible and intangible personal property.

Section 8.05. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the operations of the Association, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may be imposed in accordance with Article XI. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. In addition, the Association shall permit the Town of Crown Point, Indiana, to enforce ordinances on the Common Area for the benefit of the Association and its Members.

Section 8.06. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration, the Articles of Incorporation, the By-Laws, or the Rules and Regulations, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX

ASSESSMENTS

Section 9.01. Creation of Assessments. There are hereby created Assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors to be commenced at the time and in the manner set forth in Section 9.07 hereof. Assessments shall be allocated equally among all Residential Units within the Association and shall be for expenses determined by the Board to be for the benefit of the Association as a whole. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these Assessments. All such Assessments, together with interest at the rate of twelve percent (12%) per annum, costs, and reasonable attorneys' fees, shall be a charge on the Residential Unit and shall be a continuing lien upon the Residential Unit against which each Assessment is made.

Each such Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Residential Unit at the time the Assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance to the extent expressly assumed, except no first Mortgagee who obtains title to a Residential Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid Assessments which accrued prior to such acquisition of title. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual Assessment for delinquents; unless the Board otherwise provides, the Assessments shall be paid in semi-annual installments.

The Association is specifically authorized to enter into subsidy contracts with Declarant or other entities for the payment of some portion of the Common Expenses.

Section 9.02. Purpose of Assessments. The Assessments for Common Expenses levied by the Association (or by Declarant acting on its behalf pursuant to Section 3.05(a) hereof) shall be used for the purpose of promoting the recreation, health, safety and welfare of the Members of the Association and in particular, without limiting the foregoing: (i) for the improvement and maintenance of the services and facilities devoted to the use and enjoyment of the Common Area, (ii) for the making of repairs, replacements and additions to the Common Area, and (iii) in general for carrying out the duties of the Board as set forth in this Declaration and the By-Laws of the Association; and for carrying out the purposes of the Association as stated herein and in its Articles of Incorporation.

Section 9.03. Computation of Assessments. It shall be the duty of the Board, at least sixty (60) days before the beginning of the budget year (the budget year shall be from January 1 through December 31) and thirty (30) days prior to the meeting at which the budget shall be presented to the membership, to prepare a budget covering the estimated costs of operating the Association during the coming budget year. Subject to the provisions of Section 9.06 hereof, the budget shall include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared and shall separately list general expenses. The Board shall cause a copy of the budget, and the amount of the Assessments to be levied against each Residential Unit for the following budget year to be delivered to each Owner at least fifteen (15) days prior to the meeting. The budget and the Assessments shall become effective when adopted by the Board of Directors.

Notwithstanding the foregoing, however, in the event the Board fails for any reason so to determine the budget for the succeeding budget year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current budget year shall continue for the succeeding budget year.

Section 9.04. Special Assessments. In addition to the Assessments authorized in Section 9.01, the Association may levy a Special Assessment or Special Assessments in any year applicable to that year; provided, however, that such Special Assessment for any purpose other than as a sanction against an Owner shall have the vote or written assent of fifty-one percent (51 %) of a quorum of Members entitled to vote at a meeting called for the purpose. The Association may also levy a Special Assessment as a sanction against any Member to reimburse the Association for costs incurred in bringing a Member and his Residential Unit into compliance with the provisions of the Declaration, the Amendments thereto, the Articles of Incorporation, the By-Laws, and the Rules and Regulations, which Special Assessment may be levied upon the vote of the Board.

Section 9.05. Lien for Assessments. When a notice of the lien has been recorded, such Assessment or Special Assessment shall constitute a perfected lien on each Residential Unit prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust) made in good faith and for value.

Such lien, when delinquent, may be enforced by suit, judgment and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Residential Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period owned by the Association, following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessment shall be assessed or levied on it; and (c) each other Residential Unit shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have been charged such Residential Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Assessments, and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 9.06. Capital Budget and Contributions. With respect to capital improvements owned by the Association, the Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual Assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and Assessment, as provided in Section 9.03 hereof. A copy of the capital budget shall be distributed to each Member in the same manner as the operating budget.

Section 9.07. Date of Commencement of Annual Assessments. The annual Assessments provided for herein shall commence as to each Residential Unit on the first day of the first month following the conveyance of title to an Owner of said Owner's Residential Unit. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual Assessment shall be adjusted according to the number of months then remaining in that budget year.

Section 9.08. Subordination of the Lien to First Deeds of Trust and First Mortgages. The lien of the Assessments, including interest, late charges subject to the limitations of Indiana law, and costs (including attorneys' fees) provided for herein, shall be subordinate to the lien of any bona fide first Mortgage upon any Residential Unit. The sale or transfer of any Residential Unit

shall not affect the Assessment or Special Assessment lien. However, the sale or transfer of any Residential Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Residential Unit from lien rights for any Assessments or Special Assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of record or other purchaser of a Residential Unit obtains title, his successors and assigns shall not be liable for the share of the Assessments by the Association chargeable to such Residential Unit which became due prior to the acquisition of title to such Residential Unit by such acquirer. Such unpaid share of Assessments shall be deemed to be a Common Expense collectible from all of the Residential Units, including such acquirer, his successors and assigns.

Section 9.09. Allocation of Assessments Among Members.

Both annual and special assessments shall be allocated among the Members by apportioning to each Member an amount equal to that proportion of the total assessment which the number of Unit Memberships held by such Member bears to the total number of Unit Memberships in the Association. Each Neighborhood Association shall be responsible for collecting on behalf of the Association all assessments due the Association from Members whose Residential Units or Parcels are subject to assessments by such Neighborhood Association. In the event no Neighborhood Association is in existence, then the payment of such assessments shall be made directly by each Member to the Association.

NOT OFFICIAL!

ARTICLE X

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the Lake County Recorder!**

Section 10.01. Residential Restrictions. The Residential Units

shall be used only for residential, personal recreational and related purposes as may more particularly be set forth in this Declaration and amendments thereto. The Association, acting through the Board of Directors, shall have standing and the power to enforce use restrictions contained in any such declaration as if such provision were a regulation of the Association.

Section 10.02. Nuisances. No nuisances shall be allowed

upon any Residential Unit or the Common Area nor shall any use or practice be allowed which would annoy residents or interfere with the peaceful possession and proper use of the Residential Units or the Common Area by its residents, or which will obstruct or interfere with the rights of other Owners or the Association. This provision shall not be construed to prohibit or limit the enforcement of any provision of the Declaration which does not constitute a nuisance, or to prohibit the Association from adopting Rules and Regulations prohibiting conduct which does not constitute a nuisance.

Section 10.03. Immoral, Improper, Offensive and Unlawful

Uses. No immoral, improper, offensive or unlawful use shall be made of any Residential Unit or the Common Area nor any part thereof and all laws, zoning

ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The respective responsibilities of Owners and the Association of complying with the requirements of governmental bodies regarding the maintenance, modification or repair of Residential Units and the Common Area shall be the same as provided in Article IV hereof.

Section 10.04. Uses Affecting Insurance Rates. An Owner shall not permit or suffer anything to be done or kept in a Residential Unit or the Common Area which will increase the insurance rates on the Association or any adjacent Residential Unit.

Section 10.05. Signs and Other External Items. No Owner shall display any sign or erect any device of any kind on the Common Area.

Section 10.06. Rules and Regulations. Rules and Regulations concerning the use of the Residential Units and the Common Area may be promulgated and amended by the Association acting by and through its Board of Directors each of which shall be deemed to be incorporated herein by reference and made a part hereof, as amended from time to time; provided, however, copies of all such Rules and Regulations shall be furnished to each Owner prior to the time that the same become effective. The initial Rules and Regulations are attached hereto, made a part hereof, and marked Exhibit "E". The Rules and Regulations set forth on Exhibit "E" and all rules and regulations promulgated from time to time shall be deemed to be reasonable and enforceable, so long as they bear any relationship to the safety, health, happiness and enjoyment of life of all of the Owners, are in furtherance of a plan to provide for the congenial occupation of the Residential Units and the Common Area, to promote and protect the cooperative aspects of ownership, the value of the Residential Units and the Common Area, and/or facilitate the administration of the community as a first class, safe, healthy, happy, quiet, and restful residential community, and are not arbitrary and capricious. The Board of Directors of the Association is hereby granted the specific power and authority to enforce said rules and regulations in accordance with the provisions of Article XI.

ARTICLE XI

ENFORCEMENT

Each Owner and Occupant of a Residential Unit shall be governed by and shall comply with the terms of this Declaration and the Articles of Incorporation, By-Laws, and the Rules and Regulations of the Association adopted pursuant thereto as they may be amended from time to time. A default or violation by an Owner or Occupant of a Residential Unit shall entitle the Association or any other Owner or Owners to the following remedies:

Section 11.01. Authority and Administrative Enforcement and Procedures.

a. Authority. Subject to the provisions of Section 11.01 (b) hereof, upon the violation of this Declaration, the By-Laws, or any rules

and regulations duly adopted hereunder including, without limitation, the failure to timely pay Assessments, the Board of Directors shall have the power and authority to impose reasonable Special Assessments in accordance with Section 9.04 hereof, which shall constitute a lien upon the Owner's Residential Unit and to suspend an Owner's right to vote and an Owner's right (and the right of such Owner's family, guests, tenants and of the Co-Owners of such Owner and their respective families, guests and tenants) to use the Common Area, and to approve other appropriate sanctions.

b. Procedure. The Board of Directors shall not impose a Special Assessment as a sanction, suspend the right to vote, or infringe upon any other rights of an Owner or Occupant for any such violations unless and until the following procedure is followed:

(1) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (a) the alleged violation; (b) the action required to abate the violation; and (c) a time period, not less than ten (10) days, during which the violation may be abated without further sanction.

(2) Notice. If the violation continues past the period allowed in the demand for abatement without sanction, the Association shall serve the violator with written notice of a hearing. The notice shall contain: (a) the nature of the alleged violation; (b) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; (c) an invitation to attend the hearing and produce any statements, evidence and/or witnesses in his/her behalf; and (d) the proposed sanction to be imposed.

(3) Hearing. The hearing shall be held in executive session by the Board of Directors pursuant to the notice affording the violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice, the invitation to be heard, the written result and statements of the sanction shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting.

c. Sanctions. The Board of Directors' power and authority to impose sanctions shall be governed by the following provisions:

(1) All Special Assessments imposed upon a violator under this Article shall bear a reasonable relationship to the violation, considering all the circumstances, which may include, but shall not be limited to, the following:

(a) The actual costs and expenses incurred by the Board of Directors and the individual directors in the exercise of the

power and authority under this Article XI, and in otherwise attempting to remedy the violation.

(b) The amount of actual damage done to other Owners and Occupants and/or their Residential Units and/or to the Common Area and/or the Association arising out of the violation or the efforts to remedy the effects of same.

(c) The amount which would be reasonably required to compensate the Association for the disruption of and inconvenience to, the community, the Association or any Member thereof, or Occupant of a Residential Unit.

(d) The extent to which the violation is or was flagrant, and the extent to which the violator cooperated- or hindered in any effort to remedy the violation.

(2) All Special Assessment amounts imposed hereunder as a sanction shall be deemed to be a part of the Assessment attributable to the Residential Unit occupied by the violator, and shall be assessed against said Residential Unit occupied by the violator, and shall be assessed against said Residential Unit and its Owner as a Special Assessment to be due and payable within ten (10) days and any such Special Assessments which are not paid as of that date shall become a lien on such Residential Unit, and shall be collected and enforced in the same manner as Assessments.

(3) Nothing herein contained shall be construed as granting to the Board of Directors the power or authority to impose such a Special Assessment which is punitive in nature, or to suspend an Owner's right to vote, unless the Board of Directors finds, by specific special findings of fact in accordance with the foregoing procedure, that the violator's conduct was willful, malicious, oppressive and outrageous in nature. Said special findings of fact shall specifically set forth all facts and circumstances.

(4) All other sanctions imposed shall be reasonably related to the violation found.

(5) The decision of the Board of Directors made in accordance with the foregoing procedures shall be final.

Section 11.02. Legal Remedies. In addition to the administrative remedies set forth in Section 11.01 hereof, the legal remedies may include, without limiting the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien, an action to enforce the sanctions imposed by administrative procedure, or any combination thereof. The prevailing party shall be entitled to recover the costs of any legal proceeding including reasonable attorneys' fees.

Section 11.03. No Waiver of Rights. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, Articles of Incorporation, By-Laws and Rules and Regulations or by law shall not constitute a waiver of the right of the Association or Owner to enforce such right, provision, covenant or condition in the future.

Section 11.04. No Election of Remedies. All rights, remedies and privileges granted to the Association or any Owner pursuant to any terms, provisions, covenants or conditions of the Declaration, Articles of Incorporation, By-Laws and Rules and Regulations or by law shall be deemed to be cumulative, and the exercise of anyone or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges.

ARTICLE XII

AMENDMENT

The Declaration and the Articles of Incorporation, By-Laws, and Rules and Regulations may be amended in the following manner:

Section 12.01. Declaration. Subject to Article XIV and Article XV, amendments to the Declaration shall be proposed and adopted as follows, provided, however, that no amendment may revoke, remove, or modify any right or privilege of the Declarant, without the Declarant's written consent.

a. Notice. Notice of the subject matter of any proposed amendment shall be included in the Notice of any meeting of the Board of Directors or Owners at which any proposed amendment is to be considered.

b. Resolution. Except as provided in subparagraph d. hereof, a resolution to amend the Declaration may be adopted by the affirmative vote of not less than three-fourths (3/4) of the Members (not three-fourths (3/4) of a quorum), at any regular or special meeting of the Members called and held in accordance with the By-Laws; provided however, that any such amendment must also be approved and ratified by not less than three-fourths (3/4) of the Board of Directors (not three-fourths (3/4) of a quorum).

c. Recording. The amendment shall not be effective until a certified copy thereof is recorded in the Office of the Recorder of Lake County, Indiana. A copy of any such amendment shall also be sent to each Owner and his Mortgagee by registered or certified mail; provided, however, the mailing of such amendment shall not constitute a condition precedent to the effectiveness of such amendment.

d. Amendments by Declarant. Notwithstanding any other provision of the Declaration, and in addition to any other right to amend elsewhere set forth herein, the Declarant alone may amend this Declaration, or

the Articles of Incorporation, By-Laws, and Rules and Regulations, without the consent of the Owners, the Association, the Board of Directors or any Mortgagee, or any other Person, (1) to correct scrivener's errors, minor defects or omissions, or (2) to comply with the requirements of Indiana law, or (3) to comply with the requirements of any governmental agency, public authority, or title insurance company, or (4) to comply with the 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 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 each such entity, (5) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Residential Units, or (6) to add portions of the Development Area to the Submitted Parcel by Supplemental Amendment pursuant to Article XVI hereof. This subparagraph d. shall constitute an irrevocable special power of attorney to Declarant on behalf of all Owners, Mortgagees, and any and all other Persons having an interest of any kind in the Submitted Parcel, for so long as Declarant owns any portion of the Development Area or until the expiration of seven (7) years from the date on which this Declaration is recorded, whichever occurs first. The amendment shall be signed by the Declarant and it shall become effective upon the recording of a copy thereof in the Office of the Recorder of Lake County, Indiana.

Section 12.02. Articles of Incorporation, By-Laws and Rules and Regulations. The Articles of Incorporation, By-Laws and Rules and Regulations of the Association shall be amended in the manner provided by such documents or by law.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.01. Term. The covenants and restrictions of this Declaration shall run with and bind the Submitted Parcel, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Residential Unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by three-fourths (3/4) (not three fourths (3/4) of a quorum) of the then Owners, has been recorded within the last year of the initial thirty (30) year period or the last year of any ten (10) year renewal period, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same.

Section 13.02. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any

suit or proceeding, if approved by the then Board of Directors), to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, or any other acts or omissions of any nature whatsoever as such directors and officers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless each of the directors and each of the officers, his heirs, executors or administrators, against all contractual and other liabilities to others arising out of contracts made by or other acts of the directors and officers on behalf of the Owners or the Association, or arising out of their status as directors or officers, unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include an indemnification against all costs and expenses (including, but not limited to, attorneys' fees, amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director or officer may be involved by virtue of such person being or having been such director or officer; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board of Directors, there is not reasonable grounds for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 13.03. Perpetuities. If any of the covenants, conditions, restrictions, easements or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

ARTICLE XIV

MORTGAGEES' RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of first Mortgages on Residential Units. To the extent applicable, necessary, or proper, the provisions of this Article XIV apply to both this Declaration and to the By-Laws of Silver Hawk Village Community Association, Inc. Where indicated, these provisions apply only to "Eligible Holders," as hereinafter defined; provided, however, voting percentages set forth herein are

subject to and controlled by higher percentage requirements, if any, set forth elsewhere in this Declaration for specific actions.

Section 14.01. Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request (such request to state the name and address of such holder, Insurer or guarantor and the Residential Unit address), to the Association (thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

- a. any proposed termination of the Association;
- b. any condemnation loss or any casualty loss which affects a material portion of the Submitted Parcel or which affects any Residential Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;
- c. any delinquency in the payment of Assessments or charges owed by an Owner of a Residential Unit subject to the Mortgage of such Eligible Holder, insurer or guarantor, where such delinquency has continued for a period of sixty (60) days;
- d. any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or
- e. any proposed action which would require the consent of Eligible Holders, as required in Section 14.02 hereof.

Section 14.02. Mortgagee's Rights Respecting Amendments to the Declaration. To the extent possible under Indiana law, and subject to Article XII, any amendment of a material nature must be approved by two-thirds (2/3) of the Members, by the Declarant (so long as it owns any portion of the Development Area), and by Eligible Holders representing at least fifty-one percent (51 %) of the votes of Residential Units that are subject to Mortgages held by Eligible Holders. An amendment to any of the following shall be considered material:

- a. voting rights;
- b. Assessments, Assessment liens, or subordination of Assessment liens;
- c. reserves for maintenance, repair and replacement of Common Areas;
- d. responsibility for maintenance and repairs;
- e. boundaries of any Residential Unit;

- f. expansion of the Development Area (to include real estate not described in Exhibit "A" or not adjacent thereto);
- g. insurance or fidelity bonds;
- h. leasing of Residential Units;
- i. imposition of any restrictions on an Owner's right to sell or transfer his or her Residential Unit;
- j. restoration or repair of the Submitted Parcel (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration;
- k. any action to terminate the legal status of the Submitted Parcel after substantial destruction or condemnation occurs, provided, however, that any action to terminate the legal status of the Project for reasons other than substantial destruction or condemnation shall require the consent of Eligible Holder's representing sixty-seven percent (67%) of the votes of Residential Units; or
- l. any provisions that expressly benefit mortgage holders, insurers or guarantors.

Section 14.03. Special FHLMC Provision. So long as required by FHLMC, the following provisions apply in addition to and not in lieu of the foregoing two sections of this Article. Unless two-thirds (2/3) of the first Mortgagees or Owners give their consent, the Association shall not:

- a. by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Property shall not be deemed a transfer);
- b. change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner;
- c. by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residential Units and of any Common Area;
- d. fail to maintain fire and extended coverage insurance, as required by this Declaration; or
- e. use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such.

The provisions of this Section 14.03 shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Owners where a larger percentage vote is otherwise required for any of the actions contained in this Section.

Section 14.04. Mortgagee's Right To Cure. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may have become a charge against any Common Area and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for any Common Area, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

ARTICLE XV

DECLARANT'S RIGHTS

Section 15.01. Control by Declarant. Notwithstanding any of the other provisions of this Declaration or the By-Laws to the contrary, and in addition to any other right or privilege given or granted or reserved to Declarant under this Declaration, the first and all subsequent Board of Directors shall consist solely of three (3) individuals designated by Declarant, which individuals may but need not be Owners or Members until the first to occur of any of the following (the "Turnover Date"):

- (a) Thirty (30) days after Declarant has conveyed to purchasers for value all of the Residential Units proposed for the Development Area;
- (b) The expiration of seven (7) years from the date of the recording of this Declaration; or
- (c) The date on which the Declarant elects to terminate its sole control by the delivery of written notice of such election to the Owners.

Section 15.02. Absence of Warranty. The Declarant specifically disclaims any warranty or representation in connection with the Submitted Parcel or Development Area or this Declaration except as specifically set forth herein; and no Person shall rely upon any warranty or representation not specifically set forth therein. Any estimates of Assessments are believed to be accurate, but no warranty or guaranty is made or intended, nor may one be relied upon.

Section 15.03. Assessment Exemption. Declarant shall be exempt from any Assessment levied by the Association on any and all Parcels and any and all Residential Units owned by the Declarant, which are unoccupied and offered by the Declarant for sale.

Section 15.04. Right to Amend Declaration. The Declarant shall have the right to amend the Declaration, and the Articles of Incorporation, By-Laws, and Rules and Regulations, in accordance with Section 12.01(d) hereof.

Section 15.05. Transfer of Rights. Any or all of the special rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Office of the Recorder of Lake County, Indiana.

Section 15.06. Declarant's Reserved Rights and Easements. Notwithstanding any provisions herein to the contrary, Declarant hereby expressly reserves unto itself and its successors and assigns a nonexclusive, perpetual right, privilege, and easement with respect to any portion of the Submitted Parcel and any portion of the Development Area which becomes part of the Submitted Parcel, for the benefit of Declarant, its successors, and assigns over, under, in, and/or on any portion of the Development Area which becomes part of the Submitted Parcel, without obligation and without charge to Declarant, for the purposes of construction, installation, relocation, development, maintenance, repair, replacement, use and enjoyment and/or otherwise dealing with the Submitted Parcel and Development Area. The reserved easement shall constitute a burden on the title to all or any portion of the Submitted Parcel and any portion of the Development Area which becomes part of the Submitted Parcel and specifically includes, but is not limited to:

(1) the right of access, ingress, and egress for vehicular and pedestrian traffic over, under, on, or in all or any portion of the Submitted Parcel and any portion of the Development Area which becomes part of the Submitted Parcel; and the right to tie into any portion of the Submitted Parcel and any portion of the Development Area that becomes part of the Submitted Parcel with driveways, parking areas, streets, and drainage systems; and the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain, and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities constructed or installed in, on, under, and/or over all or any portion of the Submitted Parcel and any portion of the Development Area that becomes part of the Submitted Parcel, and in connection therewith the right to store construction equipment and materials in appropriate areas in areas owned by Declarant without payment of any fee or charge whatsoever;

(2) the right to construct, install, replace, relocate, maintain, repair, use and enjoy model units, parking spaces, signs, lighting, construction offices, business offices and sales offices as, in the sole opinion of Declarant, may be required, convenient, or incidental to

the construction of improvements and sale of units in all or any portion of the Submitted Parcel and Development Area; and

(3) no rights, privileges, and easements granted or reserved herein shall be merged into the title of any Residential Unit within the Submitted Parcel and any portion of the Development Area that becomes part of the Submitted Parcel, but shall be held independent of such title, and no such right, privilege, or easement shall be surrendered, conveyed, or released unless and until and except by delivery of a quit claim deed from Declarant releasing such right, privilege, or easement by express reference thereto with respect to all or any portion of the Submitted Parcel and any portion of the Development Area that becomes part of the Submitted Parcel.

This Section 15.06 may not be amended without the advance written consent of Declarant.

ARTICLE XVI

ANNEXATION OF ADDITIONAL PROPERTY

Section 16.01. Annexation Without Approval of Membership.

As the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege and option, from time to time at any time until the end of the seventh (7th) year after the recording of this Declaration, to annex, submit and subject to the provisions of this Declaration, all or any part of the Development Area, or other property adjacent to or in the vicinity of the Development Area, by recording an amendment to this Declaration ("Supplemental Amendment") as hereinafter provided. For the purposes of this Article, any portion of the Development Area which is made subject to this Declaration by a Supplemental Amendment shall be referred to as "Added Property," and any Residential Units (or Parcels upon which attached, singlefamily townhomes are being completed) in the Added Property shall be referred to as "Added Residential Units." Added Property may be made subject to the Declaration at different times and there is no limitation on the order in which Added Property may be made subject to this Declaration. There is no limitation on the location of improvements which may be made on Added Property and no particular portion of the Development Area must be made subject to this Declaration.

Section 16.02. Power to Amend. In furtherance of the

foregoing, Declarant reserves the right to record a Supplemental Amendment, at any time and from time to time prior to seven (7) years from the date of recording hereof, which amends those portions of this Declaration necessary to reflect the Added Property and the effect of the Added Residential Units.

Section 16.03. Effect of Amendment. Upon the recording of a Supplemental Amendment by Declarant which annexes and subjects Added Property to this Declaration, as provided in this Article, then:

(a) The restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein shall run with and bind the Added Property (including Added Residential Units) and inure to the benefit of and be the personal obligation of the Owners of Added Residential Units in the same manner, to the same extent, and with the same force and effect that this Declaration applies to the Submitted Parcel and Owners of Residential Units which were initially subjected to this Declaration.

(b) Every Person who is an Owner of an Added Residential Unit shall be a Member of the Association on the same terms and subject to the same qualifications and limitations as those Members who are Owners of Residential Units.

(c) Each Owner of an Added Residential Unit shall pay the same monthly Assessment as the Owner of an existing Residential Unit; provided, however, the Owner of an Added Residential Unit shall not be required to pay any installment of a special assessment levied to cover a deficit under a prior year's budget.

(d) The amount of the lien for assessments, charges or payments levied against an existing Residential Unit prior to the recording of the Supplemental Amendment shall not be affected.

Such Supplemental Amendment shall not require the vote of Members. Any such annexation shall be effective upon the filing for record of such Supplemental Amendment unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other person the said right, privilege and option to annex such Added Property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of such Added Property and that such transfer is memorialized in a written, recorded instrument.

Section 16.04. Amendment. This Article XVI shall not be amended without the written consent of Declarant, so long as the Declarant owns any portion of the Development Area.

ARTICLE XVII

SEVERABILITY OF INVALID OR UNENFORCEABLE PROVISIONS

Section 17.01. Severability of Invalid or Unenforceable Provisions. If any term, covenant, provision, phrase or other element of this Declaration, the Articles of Incorporation, the By-Laws or the Rules and Regulations is held to be invalid or unenforceable for any reason whatsoever, such holding shall not be deemed to affect, alter, modify or impair in any manner whatsoever any other term, covenant, provision, phrase or other element of this

Declaration, the Articles of Incorporation, the By-Laws or the Rules and Regulations.

If any part of this Declaration, or any term, covenant, provision, phrase or other element, or the application thereof in any circumstances be judicially held in conflict with the laws of the State of Indiana, then the said laws shall be deemed controlling and the validity of the remainder of the Declaration and the application of any other term, covenant, provision, phrase or other element in other circumstances shall not be affected thereby.

ARTICLE XVIII

LIMITATION ON DECLARANT'S LIABILITY

Section 18.01. Limitation on Declarant's Liability.

Notwithstanding anything to the contrary herein, it is expressly agreed, and such Owner, by accepting title to a Residential Unit and becoming an Owner acknowledges and agrees, that neither Declarant (including without limitation any assignee of the interest of Declarant hereunder) nor any members of Declarant (or any member, partner, officer, director or shareholder in any such assignee) shall have any liability, personal or otherwise, to any Owner or other person, arising under, in connection with, or resulting from (including without limitation resulting from action or failure to act with respect to) this Declaration except, in the case of Declarant (or its assignee), to the extent of its interest in the Submitted Parcel; and, in the event of a judgment no execution or other action shall be sought or brought thereon against any other assets, nor be a lien upon such other assets of the judgment debtor.

ARTICLE XIX

CAPTIONS

Section 19.01. Captions. Captions used in this Declaration,

the Articles of Incorporation, the By-Laws and the Rules and Regulations are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text of this Declaration, the Articles of Incorporation, the By-Laws and the Rules and Regulations.

ARTICLE XX

BINDING EFFECT

Section 20.01. Binding Effect. This Declaration shall be

binding upon and inure to the benefit of each Owner, its successors, grantees, assigns and the legal representatives thereof.

**ARTICLE XXI
ARBITRATION**

Section 21.01. Arbitration. Any controversy between Owners or any claim by an Owner against the Association or another Owner arising out of or relating to the Declaration, By-Laws or Rules and Regulations of the Association shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. Any claim, dispute or controversy between any Owner, any group of Owners and/or the Association against the Declarant arising out of or relating to this Declaration, the Development Area and/or any improvements on the Development Area including, without limitation, any Residential Unit or Residential Units, or arising out of or relating to any agreement between such parties related thereto, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award entered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed as of this 27 day of February, 2006.

Hecimovich Development, Inc.
an Indiana Corporation

By: Hecimovich Development, Inc.
Its: Member

By: 
Its: President

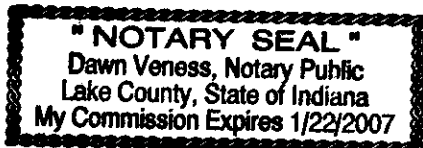
Attest: 
Its: Vice President



STATE OF INDIANA)
) SS:
COUNTY OF LAKE)

Before me, a Notary Public in and for said County and State, personally appeared Michael G. Hecimovich and Michael Hecimovich the President and Vice President, respectively, of Hecimovich Development, Inc., as a member of Hecimovich Development, Inc., who acknowledged that they signed and delivered the said instrument as their own free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notaries seal this 27th day of February, 2006.



Dawn Veness, Notary Public
Resident Lake County

My Commission Expires:

January 22, 2007



This instrument prepared by:
Michael Hecimovich
2971 Hart St.
Dyer, IN 46311

EXHIBIT A

LEGAL DESCRIPTION OF THE DEVELOPMENT AREA

Lots 190 through 203 inclusive, in Silver Hawk Phase 2, a subdivision in the Town of Crown Point, Indiana as per Record Plat thereof, appearing in Plat Book 92 page 42, in the Office of the Recorder of Lake County, Indiana.



EXHIBIT B

LEGAL DESCRIPTION OF SUBMITTED PARCEL

Lots 190 through 203 inclusive, in Silver Hawk Phase 2, a subdivision in the Town of Crown Point, Indiana as per Record Plat thereof, appearing in Plat Book 92 page 42, in the Office of the Recorder of Lake County, Indiana.



State of Indiana
Office of the Secretary of State

CERTIFICATE OF INCORPORATION

of

SILVER HAWK VILLAGE COMMUNITY ASSOCIATION, INC.

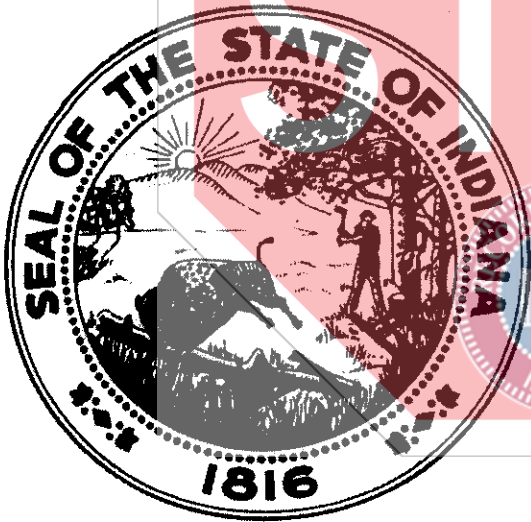
I, TODD ROKITA, Secretary of State of Indiana, hereby certify that Articles of Incorporation of the above Non-Profit Domestic Corporation have been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions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

Document is
NOT OFFICIAL!

This Document is the property of
the Lake County Recorder!

NOW, THEREFORE, with this document I certify that said transaction will become effective Friday, February 10, 2006.

In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, February 10, 2006.



Todd Rokita

TODD ROKITA,
SECRETARY OF STATE

EXHIBIT C

ARTICLES OF INCORPORATION
(Not For Profit)
State Form 4162 (R777-91)
Corporate Form 364-1 (October 1984)

ARTICLES OF INCORPORATION

OF

SILVER HAWK VILLAGE COMMUNITY ASSOCIATION, INC.

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

ARTICLE I NAME

The name of the Corporation is Silver Hawk Village Community Association, Inc.

ARTICLE II

PURPOSES

The purposes for which the Corporation is formed are:

Section 1. To establish an incorporated association (hereinafter the "Association") for the owners and residents of Silver Hawk Village, a development located in Crown Point, Lake County, Indiana, to primarily provide for the acquisition, management, maintenance and care of association common area property and to promote the recreation, health, safety and welfare of said owners and residents pursuant to the Declaration of Covenants, Conditions, Restrictions and Easements for Silver Hawk Village Community Association (hereinafter the "Declaration").

Section 2. This Association is organized to own, maintain and administrate community common area property and facilities, to administrate and enforce covenants and restrictions set forth in the Declaration and to collect and distribute assessments and charges therefore. The documents creating the community provide for the ownership, operation, management, maintenance and use of community common area property as described in said document.

Section 3. The Association shall not engage in any activities for the profit of its members, and shall conduct its affairs in such fashion and for such purposes other than for the pecuniary gain of its members, directors, officers, or incorporators.

Section 4. The Association shall have all of the common law and statutory powers of a nonprofit corporation which are not in conflict with the terms of these Articles.

Section 5. The Association shall have all of the powers reasonably necessary to implement the purpose of the Association, including, but not limited to, the following:

- (a) Make and collect Assessments against Members.
- (b) To use the proceeds of Assessments in the exercise of its powers and duties.
- (c) To maintain, repair, replace and operate the Submitted Parcel and Common Area in accordance with the Declaration.
- (d) The reconstruction of improvements after casualty.
- (e) To make and amend rules and regulations respecting the use of Common Area and Residential Units.
- (f) To enforce by legal means the provisions of the Declaration, these Articles, the By-Laws of the Association, and the Rules and Regulations in accordance with Article XI of the Declaration.
- (g) To contract for the management of the Association and delegate to such contractor all powers and duties of the Association except such as are specifically required by the Declaration to have the approval of the Board of Directors or of the Members of the Association.
- (h) All funds and the titles of all properties acquired by the Association and the proceeds thereof shall be held only for the benefit of the Members in accordance with the provisions of the Declaration.
- (i) The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration.
- U) If it so elects, to carry insurance for the protection of Owners and the Association against casualty and liabilities.
- (k) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association.

(l) To do any and all things necessary, convenient or expedient, as permitted by the "Act" for the accomplishment of any of the purposes or the furtherance of any of the powers hereinabove set forth either alone or in association with other corporations, firms or individuals.

Section 6. All rights, powers and descriptions of purposes established by the Articles of Incorporation, shall be subject to the Declaration and all provisions contained therein as if fully set forth in these Articles, and shall further be subject to Indiana law governing nonprofit corporations.

Section 7. Notwithstanding any other provision of these articles, the corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 528 of the Internal Revenue Code of 1986 or corresponding provisions of any future provisions of the Internal Revenue Code.

ARTICLE III

TYPE OF CORPORATION

The Corporation is a mutual benefit corporation.

ARTICLE IV

REGISTERED AGENT REGISTERED OFFICE, PRINCIPAL OFFICE

Section 1. Registered Agent. The name and address of the Corporation's Registered Agent for service of process is:

Hecimovich Development, Inc.
2971 Hart St.
Dyer, IN 46311

Section 2. Registered Office. The post office address of the registered office of the Corporation is:

Hecimovich Development, Inc.
2971 Hart St.
Dyer, IN 46311

Section 3. Principal Office. The post office address of the principal office of the Corporation is:

Hecimovich Development, Inc.
2971 Hart St.
Dyer, IN 46311

ARTICLE V

MEMBERSHIP

The Corporation will have members.

ARTICLE VI

INCORPORATOR

The name and post office address of the incorporator of the Corporation is:

<u>Name</u>	<u>No. & Street or Bldg. c/o</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Michael G. Hecimovich	Hecimovich Development, Inc. 2971 Hart St.	Dyer, IN	46311	

ARTICLE VII

DISTRIBUTION OF ASSETS ON DISSOLUTION OR
FINAL LIQUIDATION

Upon dissolution or final liquidation, the assets shall revert to the Owners of the Residential Units located in the Submitted Parcel.

IN WITNESS WHEREOF, I, the undersigned, do hereby execute these Articles of Incorporation and certify the truth of the facts herein states this 27 day of February "2006. I hereby verify subject to penalties of perjury that the facts contained herein are true.


Michael G. Hecimovich

This instrument prepared by:

Michael Hecimovich
2971 Hart St.
Dyer, IN 46311



EXHIBIT D

BY-LAWS

OF

SILVER HAWK VILLAGE COMMUNITY ASSOCIATION, INC.

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EXHIBIT D

BY-LAWS

OF

SILVER HAWK VILLAGE COMMUNITY ASSOCIATION, INC.

ARTICLE I

PURPOSES AND POWERS

The Association shall be responsible for the general management and supervision of the Common Area and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration. Further, the Association shall have all powers now or hereafter granted by the Nonprofit Corporation Act of the State of Indiana, which shall be consistent with the purposes specified herein and in the Declaration.

ARTICLE II

NAME. MEMBERSHIP. APPLICABILITY AND DEFINITIONS

Section 2.01. Name. The name of the Association shall be Silver Hawk Village Community Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2.02. Principal Office. The principal office of the Association in the State of Indiana shall be located in the City of Crown Point, County of Lake. The Association may have such other offices, either within or without the State of Indiana, as the Board of Directors may determine or as the affairs of the Association may require.

Section 2.03. Definitions. The words used in these By-Laws shall have the same meaning as set forth in that certain Declaration of Covenants, Conditions, Restrictions and Easements for Silver Hawk Village Community Association (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

ARTICLE III

ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 3.01. Membership. Every Owner of a Parcel or Residential Unit (including the Declarant) is hereby declared to be a Member of the Association. Membership is appurtenant to and shall not be separated from

ownership of such Owner's Parcel or Residential Unit. Each such Owner, by acceptance of a deed or other conveyance of a Parcel or Residential Unit thereby becomes a Member, whether or not this declaration of such membership is made a part of, incorporated by reference in, or expressed in said deed or conveyance. There shall be one (1) membership allocable to each Parcel or Residential Unit (herein called a "Unit Membership") and any Member who is the Owner of more than one (1) such Parcel or Residential Unit shall have the number of Unit Memberships equal to the number of such Parcels or Residential Units owned. If the record ownership of a Parcel or Residential Unit shall be in more than one (1) person, or if an Owner of a Parcel or Residential Unit is a trustee, corporation, partnership or other legal entity, then the individual who shall enjoy the Unit Membership and be responsible for the obligations attributable thereto, shall be designated by such Owner (or owners) in writing.

Section 3.02. Voting Rights. Members shall be represented at Association meeting exclusively through delegates selected in accordance with the provisions of Section 3.03 hereof. Except for Association Delegates appointed by Declarant, each such Association Delegate must be a Member of the Association or a spouse of a Member.

Section 3.03. Selection of Association Delegates. Each Neighborhood Association shall be represented at Association meetings by a delegation composed of two (2) Association Delegates, which delegation shall be composed of the President of the respective Neighborhood Association and one (1) other officer. The board of directors of each Neighborhood Association shall designate the Association Delegates for such Neighborhood Association and fix the rules of administration of that Neighborhood Association's delegation. Each Association Delegate appointed by a Neighborhood Association must be a member of such Neighborhood Association or be appointed by the Declarant.

Section 3.04. Method of Voting. The total number of votes which may be cast on any matter requiring assent of Members of the Association shall be equal to the total number of Unit Memberships at the time of any such vote. Whenever a vote of the Members of the Association is required pursuant to the Declaration, or pursuant to the Articles of Incorporation or By-Laws of the Association, or is otherwise required by law, such votes shall be cast only by the Association Delegates representing the respective Members, in the same manner and with the same force and effect as though each Member had given the delegation of Association Delegates which represents such Member's Neighborhood Association an irrevocable proxy coupled with an interest. The Association Delegates for each such Neighborhood Association shall collectively cast a total number of votes equal to the number of Unit Memberships which it represents. Such total number of votes may be cast in such manner as the Association Delegates, acting in accordance with their rules of administration, deem advisable, and the delegation shall not be required to cast all such votes as a unit. Each Association Delegate shall be entitled to cast one-half (1/2) of the total votes of the Unit Memberships it represents. Unless the Declaration or the Articles of Incorporation or By-Laws of the Association, or any law, shall specify a greater vote, all Association matters requiring action by Members or by

the Association Delegates shall be decided by a majority of the votes cast by Association Delegates voting at a meeting at which a quorum (as defined herein) is present. In the event of a tie, the tie shall be broken by a mediator chosen by the Association Delegates. Should the Association Delegates be unable to reach an agreement on the selection of a mediator, the current administrator (Manager) of the Town of Crown Point shall choose the mediator.

Section 3.05. Board of Directors.

(a) The initial Board of Directors shall consist of three (3) directors appointed by the Declarant who may but need not be Owners or Members of the Association. The Declarant shall have the right to select and designate all of the directors, and accordingly the right to operate and control the Association, until the Turnover Date. Declarant shall have the right to waive, on behalf of the Association, the annual meeting and part of all of the annual accounting provided in the Declaration, so long as Declarant retains control of the Association.

The right of the Declarant to appoint directors to the Board shall be to the exclusion of the right of the Members or Association Delegates to do so. Such Board of Directors so appointed shall exclusively hold all right and powers which a Board of Directors or the Association would have under this Declaration, the Articles of Incorporation, or the By-Laws, except as specifically limited herein.

(b) After the Turnover Date, the Association shall be governed by its Board of Directors comprised of six (6) persons (three (3) persons from each Neighborhood Association) duly appointed or elected as provided herein and in the Articles of Incorporation and the Declaration.

(c) The Board shall administer the Common Area in accordance with the terms and provisions of these By-Laws, and in accordance with the Declaration and the Articles of Incorporation. All matters requiring action by the Board shall be decided by the majority vote of the Board, except as otherwise provided herein or in the Declaration.

Section 3.06. Initial Meeting of Association Delegates to Elect Directors. Upon the occurrence of the Turnover Date, the President of the Association shall promptly convene a meeting of the Association Delegates for the purpose of electing a new Board that shall consist of three (3) persons from each Neighborhood Association. The President (or similar designee) of each Neighborhood Association shall be designated as a member of the Board, with the two (2) remaining openings for each Neighborhood Association to be filled by Members of each Neighborhood Association elected by the Association Delegates.

Section 3.07. Informal Action by Directors. Unless specifically prohibited by the Declaration or Articles of Incorporation or By-Laws of the Association, any action required by the Declaration to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors of the Board entitled to vote with

respect to the subject matter thereof. Any such consent signed by all the directors of the Board shall have the same effect as a unanimous vote.

Section 3.08. Informal Action by Association Delegates or Board of Directors. Any action required by this Declaration to be taken at a meeting of the Association Delegates or Board, or any other action which may be taken at a meeting of the Association Delegates or Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Association Delegates or Board entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote of the Association Delegates or Board.

Section 3.09. Board as Representative of Owners. The Board shall have standing and capacity to act in a representative capacity in relation to matters involving the Common Area or more than one (1) Parcel or Residential Unit, on behalf of the Owners as their interest may appear.

Section 3.10. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors), to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, or any other acts or omissions of any nature whatsoever as such directors and officers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless each of the directors and each of the officers, his heirs, executors or administrators, against all contractual and other liabilities to others arising out of contracts made by or other acts of the directors and officers on behalf of the Owners or the Association, or arising out of their status as directors or officers, unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include an indemnification against all costs and expenses (including, but not limited to, attorneys' fees, amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director or officer may be involved by virtue of such person being or having been such director or officer; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board of Directors, there is not reasonable grounds for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The

Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 3.11. Nonprofit Purposes of Association. Nothing herein shall be constructed to give the Association authority to conduct an active business for profit on its own behalf or on behalf of the Members, or on behalf of the Declarant.

Section 3.12. Governing Law. Except as otherwise provided in the Declaration, the Association, the Board, officers and members shall be governed by the Indiana Nonprofit Corporation Act.

Section 3.13. Compensation. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for reasonable expenses incurred in the performance of his duties.

Section 3.14. Vacancies in Board. Vacancies in the Board, other than as a result of removal as part of occurrence of the Turnover Date pursuant to Section 3.06 hereof, including vacancies due to any increase in the number of person on the Board, shall be filled by the remaining members of the Board or by the Members present at the next annual meeting or at a special meeting of the Members called for such purpose.

Section 3.15. Election of Officers. The Board shall elect from among its members a President who shall preside over both its meetings and those of the Members, and who shall be the chief executive officer of the Board and Association, a Secretary who will keep the minutes of all meetings of the Members and of the Board who shall, in general, perform all the duties incident to the office of Secretary, and a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect. All officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.

Section 3.16. Removal of Board Members. Any Board member may be removed from office by affirmative vote of the Members having at least two-thirds (2/3) of the total votes, at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of a Board member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.

Section 3.17. Meetings of the Board After the Turnover Date. The initial meeting of the Board shall be held immediately following the initial meeting of the Members and at the same place. At the initial meeting of the Members, the Members shall elect officers to serve until the first annual meeting of the Board which shall be held immediately following the first annual meeting of the Members and at the same place. The next annual meeting shall be set by the

Board of Directors so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent annual meetings shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board of Directors. All subsequent annual meetings of the Board shall be held without other notice than provided in the By-Laws immediately after and at the same place, or other place, as the annual meeting of Members. Subject to the foregoing, the annual meetings of the Members shall be held at a date and time set by the Board of Directors.

Special meetings of the Board shall be held upon call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each member, delivered personally or by mail or telegram. Any member may in writing waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without a meeting. A majority of the number of Board members shall constitute a quorum for the transaction of business. Unless otherwise provided herein, any action may be taken by the Board upon the affirmative vote of those present at its meeting when a quorum is present.

Section 3.18. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Residential Unit or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a Member or upon the expiration of eleven (11) months from the date of the proxy.

Section 3.19. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number.

Section 3.20. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of forty percent (40%) of the Members shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 3.21. Term of Service. The term of each Director's service shall be for a period of three (3) years and extending thereafter until his successor is duly elected and qualified or until he is removed, provided, however, that the terms of the members to the initial Board of Directors from each Neighborhood Association shall be for periods of three (3) years, two (2) years, and one (1) year, such that there shall be only one vacancy each year on the Board of Directors from each Neighborhood Association occasioned by the expiration of the director's term.

Section 3.22. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE IV

POWERS OF THE BOARD

Section 4.01. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of all Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation or these By-Laws directed to be done and exercised exclusively by the Members.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters related to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;
- (b) making Assessments to defray the Common Expenses, establishing the means and methods of collecting such Assessments, and establishing the period of the installment payments of the annual Assessment; provided, however, unless otherwise determined by the Board of Directors, the annual Assessment against the proportionate share of the Common Expenses shall be payable in semi-annual installments, each such installment to be due and payable in advance on the first day of January and July;
- (c) providing for the operation, care, upkeep, and maintenance of the Common Area;
- (d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement by the Association of its property, and the Common Area, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel or independent contractors in the performance of their duties;

- (e) collecting the Assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and Mortgagees, their duly authorized agents, accountants, or attorneys during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners;
- (m) make available to any prospective purchaser of a Residential Unit, any Owner of a Residential Unit, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage or any Residential Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, Rules and Regulations, and all other books, records, and financial statements of the Association;
- (n) permit utility suppliers to use portions of the Submitted Parcel reasonably necessary to the ongoing development or operation of the Residential Units;
- (o) to elect the officers of the Association as hereinabove provided;
- (p) subject to Section 4.02 below, to engage the services of a manager or managing agent who shall manage and operate the Association and the Common Area; and

(q) to exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Owners by the Articles of Incorporation, the Declaration or these By-Laws.

Section 4.02. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), (i), (o) and (q) of Section 4.01 hereof. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days' or less written notice.

Section 4.03. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) cash basis accounting shall be employed;
- (b) accounting and controls including, without limitation (i) a segregation of accounting duties, and (ii) cash disbursements limited to amounts of Twenty-five Dollars (\$25.00) and under;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) any financial or other interest which the Managing Agent may have in any firm providing goods and services to the Association shall be disclosed promptly to the Board of Directors; and
- (f) commencing at the end of the month in which the first Residential Unit is sold and closed, semi-annual financial reports shall be prepared for the Association containing:

(i) an Income and Expense Statement reflecting all income and expense activity for the preceding six (6) months on a cash basis;

(ii) a Balance Sheet as of the last day of the Association's fiscal year and an Operating Statement for said fiscal year, which shall be distributed within ninety (90) days after the close of a fiscal year;

(iii) a Delinquency Report listing all Owners who have been delinquent during the preceding six (6) month period in paying the monthly installments of Assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the Assessment shall be considered to be delinquent on the fifteenth (15th) day of each month.); and

(iv) an annual report consisting of at least the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet as of the end of the fiscal year; (2) an operating (income) statement for the fiscal year; and (3) a statement of changes in financial position for the fiscal year. If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

Section 4.04. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of any Common Area and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner provided in Section 9.04, of the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 4.05. Rights of the Association. With respect to any Common Areas or other Association responsibilities owned, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Directors of the Association.

ARTICLE V
COMMITTEES

Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees

shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Fiscal Year. The initial fiscal year of the Association shall end on December 31 .

Section 6.02. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Indiana law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 6.03. Conflicts. If there are conflicts or inconsistencies between the provisions of Indiana law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Indiana law, the Declaration, . the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 6.04. Books and Records.

(a) Inspection By Members and Mortgagees. The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and upon the payment of a fee therefore and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Submitted Parcel as the Board shall prescribe.

(b) Inspection By Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

Section 6.05 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Residential Unit of such owner; or

(b) if to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

Section 6.06. Amendment. Declarant may amend the By-Laws in accordance with the Declaration. These By-Laws may be amended otherwise only by the affirmative vote (in person or by proxy) or written consent of Members representing two-thirds (2/3) of the total votes of the Association (not a majority of a quorum).

Section 6.07. Definitions. The capitalized words and phrases used in these By-Laws shall have the same definition and meaning as those set forth in the Declaration of Covenants, Conditions, Restrictions and Easements of Silver Hawk Village Community Association in the Town of Crown Point, Lake County, Indiana.



EXHIBIT E

SILVER HAWK VILLAGE COMMUNITY ASSOCIATION

RULES AND REGULATIONS

1. ARCHITECTURAL STANDARDS. Neither the exterior appearance of a Residential Unit, nor the quality of construction of a Residential Unit, can be changed in any way whatsoever from the original installation of improvements by Declarant unless approved by the architectural review committee of the Neighborhood Association pursuant to the Neighborhood Declaration governing the particular Neighborhood in which the Residential Unit is situated.

2. MAINTENANCE AND REPAIR OF RESIDENTIAL UNITS. Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Common Area, which responsibility shall include, without limitation, the maintenance, repair, and replacement of (i) the Storm Water Facilities including, without limitation, the Pond (ii) the Signage, (iii) the Association Utilities, (iv) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon the Common Area (v) the Streets, (vi) the Public Area Improvements, and (vii) all personal property owned or controlled by the Association and available for the common benefit and/or use of Owners, or for the maintenance or management of any part of the Common Area or Development Area.

The Association shall not be liable for injury or damage to any person or property (A) caused by the elements or by any Owner or any other person, (B) resulting from any rain or other surface water which may leak or flow from any portion of the Common Area, or (C) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of the Common Area or any other portion of the Property. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such Assessments being a separate and independent covenant on the part of the Owner.

In the event that Declarant or the Board determines that: (i) any Owner or Neighborhood Association has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair, or replacement of items for which he or it is responsible hereunder, or (ii) that the need for maintenance, cleaning, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, tenants, guests, or invitees, and is not covered or paid for by insurance in whole or in part, then, in either event, Declarant or the Association, except in the event of an emergency situation, shall give such owner of Neighborhood Association written notice of Declarant's or the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement, at the sole cost and expense of such Owner or Neighborhood Association, as the case may be, and setting forth with reasonable particularity the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of an emergency situation, such Owner or Neighborhood Association, as the case may be, shall have fifteen (15) days within which to complete the same in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner or Neighborhood Association to comply with the provisions hereof after such notice, Declarant or the Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair, or replacement at the sole cost and expense of such Owner or Neighborhood Association, as the case may be, and said cost shall be added to and become a part of the Assessment to which such Owner and his Parcel or Residential Unit are subject and shall become a lien against such Parcel or Residential Unit, or, in the case of a Neighborhood Association, shall be added to and become a part of the Assessments for all Owners within such Neighborhood Association and shall become a lien against such Owners' Parcels or Residential Units. In the event that Declarant undertakes such maintenance, cleaning, repair, or replacement, the Association shall promptly reimburse Declarant for Declarant's costs and expenses.

3. SIGNS. No Owner shall display any sign or erect any device of any kind on the Common Area.

4. NOISE. Loud music or television or any other sound which may be objectionable to any other Occupant is prohibited at all times.

5. CAR WASHING. No car or other vehicle washing is permitted on the Common Area.

6. PETS. Only one dog or two cats per Owner shall be allowed to be kept in or on a Residential Unit. Notwithstanding the foregoing, the following shall apply with regard to any pet which is allowed on the Submitted Parcel or the Common Area:

a. Owners of a cat or dog shall be required to keep same on a leash at all times when such pets are outside the home.

b. Owners of a cat or dog shall be required to immediately remove all forms of excrement of such pets from the Development Area, including, but not limited to, Common Area, lawns, walks, driveways, and parking areas, and any Common Area outside of the Development Area, and such pets shall not be allowed to deposit excrement in any manner, or in any place, that would in any manner change or deface the Development Area, including any alteration in the uniformity of appearance of the lawn or landscaped areas.

c. No pet will be allowed which creates noise, emits noxious odors or creates unsafe or unhealthy living conditions, or other disturbances of any kind, whether on a continuous or intermittent basis, and regardless of the time of day or night.

d. Any Owner of a pet allowed hereunder, who is the subject of three (3) justifiable complaints of violation of this rule, shall forthwith permanently remove the pet from his or her Residential Unit, upon notice of same from the Board of Directors, and said Owner shall not be allowed to have any pets within the Residential Unit at any time thereafter, except with the express prior written consent of the Board of Directors.

e. The Board of Directors shall have the authority to make regular Assessments against any and all Owners with pets for the purpose of paying any additional costs which may be involved in maintaining and/or repairing the Submitted Parcel as a direct or indirect result of the housing of pets within the Submitted Parcel.

These Assessments may consist of a regular monthly or other periodic Assessment against all Owners housing pets, to be paid in the same manner and at the same time as the General Assessment for Common Expenses, and such an Assessment may be based upon an estimate of the cost of maintaining and/or repairing the Submitted Parcel necessitated by the housing of pets within the Residential Units. As an alternative, or in addition to the foregoing, such Assessments may consist of a Special Assessment against any Owner housing a pet, if the Board of Directors, in its sole discretion, determines that a particular Owner shall be responsible for the cost of maintaining and/or repairing any part of the Submitted Parcel necessitated by the housing of the pet in such Owner's Residential Unit.

The failure of any Owner housing a pet to pay such Assessments shall automatically result in the immediate and permanent removal of such pet from the Residential Unit, such Owner shall not be allowed to have any pets within the Residential Unit at any time thereafter, and the Association and the individual members shall have the right to seek and obtain any and all other legal or equitable remedies allowed by the Declaration or by law for violation of these Rules and Regulations.

7. **POND** The Pond is part of the Storm Water Facilities which is primarily intended to provide aesthetic enjoyment to all Owners, their family, guests, and tenants that utilize the Common Area as well as serve as water retention and detention for the Development Area. There is no active use permitted with respect to the Pond for reasons of safety. Fishing, swimming or boating activities are strictly prohibited. Guests and invitees of an Owner may only use the Common Area while accompanied by such Owner.

8. **OWNERS OBLIGATION TO PROVIDE INFORMATION TO THE ASSOCIATION.** All Owners shall advise the Association in writing of the names, residence addresses (if different from that of the Residential Unit owned) and telephone numbers of all Owners and all tenants, subtenants and other Occupants; and the name, business address and telephone numbers of all Mortgagees of record on the Residential Unit owned, and all such information provided in accordance herewith shall be updated in writing by each Owner within fifteen (15) days of the date of any change in the information.

9. **OTHER RULES AND REGULATIONS.** A separate list of Rules and Regulations shall govern the use of each Residential Unit and the Development Area, as set forth in the Neighborhood Declaration governing the Neighborhood in which such Residential Unit is located.

10. **DEFINITIONS.** The capitalized words and phrases used in these Rules and Regulations shall have the same definition and meaning as those set forth in the Declaration of Covenants, Conditions, Restrictions and Easements of Silver Hawk Village Community Association in the Town of Crown Point, Lake County, Indiana.



EXHIBIT F

**LEGAL DESCRIPTION OF INITIAL COMMON AREA
TO BE CONVEYED TO THE ASSOCIATION**

Outlot C in Silver Hawk Phase 2, a subdivision in the Town of Crown Point, Indiana as per Record Plat thereof, appearing in Plat Book 92 page 42, in the Office of the Recorder of Lake County, Indiana.



Declaration

This form is to be signed by the preparer of a document and recorded with each document in accordance with IC 36-2-7.5-5(a).

I, the undersigned preparer of the attached document, in accordance with IC 36-2-7.5, do hereby affirm under the penalties of perjury:

1. I have reviewed the attached document for the purpose of identifying and, to the extent permitted by law, redacting all Social Security number in attached document.
2. I have redacted, to the extent permitted by law, each Social Security number in the attached document.

I, undersigned, affirm under the penalties of perjury, that the foregoing declarations are true.



Michael Hesimovich
Signature of Declarant

Michael Hesimovich
Printed Name of Declarant