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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

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MICHAEL J. BROWN
RECORDER

*DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SILVER LEAF ESTATES*

This Declaration of Covenants, Conditions and Restrictions for Silver Leaf Estates is made this 24 day of May, 2007 by Silver Leaf of St. John Development, LLC ("Declarant").

WITNESSETH:

WHEREAS, the Declarant is the Owner of certain real property located in St. John, Lake County, Indiana, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference ("Property"), and the Declarant desires to subject such Property to the provisions of this Declaration and to provide a flexible and reasonable method for the administration and maintenance of such Property;

WHEREAS, as hereinafter provided in this Declaration, the Declarant has retained and reserved the right, privilege, and option to submit to the provisions of this Declaration at a later time and from time to time as a part of the residential community described herein, all or any portion of the Property described in Exhibit B attached hereto and incorporated herein by this reference, and such other Property as the Declarant may acquire from time to time and/or wish to subject to the terms of this Declaration; and

NOW, THEREFORE, the Declarant hereby declares that all of the Property described in Exhibit A and any additional property described in Exhibit B as may by subsequent amendment hereto be subjected to this Declaration shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the following easements, restrictions, covenants, charges, liens, and conditions which are for the purpose of protecting the value and desirability of and which shall touch and concern and run with title to the real property subjected to this Declaration, and which shall be binding on all parties having any right, title, or interest in the described properties or any portion thereof, and their respective heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each Owner thereof.

1023.002455/Silver Leaf Development/Estates Declaration 05.22.07

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PEGGY HOLINGSWORTH
LAKE COUNTY AUDITOR

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CK# 5280
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ARTICLE I
DEFINITIONS

1.01 Definitions. When used in this Declaration, unless the context shall prohibit or otherwise require, the following words shall have all the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

(a) "Additional Property" shall mean and refer to the real property described in Exhibit B attached hereto and all improvements thereon, together with such other additional property and all improvements thereon as Declarant shall acquire from time to time and shall desire to subject to the terms of this Declaration and by amendment to Exhibit B hereto recorded in the Office of the Recorder of Lake County, Indiana, included within the property described in Exhibit B.

(b) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Silver Leaf Homeowners Association, Inc., an Indiana nonprofit corporation, as amended from time to time.

(c) "Association" shall mean and refer to Silver Leaf Homeowners Association, Inc., an Indiana nonprofit corporation.

(d) "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.

(e) "By-Laws of the Association" or the "By-Laws" shall mean and refer to those By-Laws of Silver Leaf Homeowners 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 C.

(f) "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 designation of any land and/or improvements as Common Area shall not mean or imply that the public at large acquires any easement of use or enjoyment therein. Declarant may, but shall not be required to, designate and/or convey any property to the Association. No Common Area exists on the date this Declaration is recorded, and the legal description of the Common Area added shall be attached hereto as Exhibit D and such additional parcels of land as may be subjected to the terms of this Declaration in accordance with Article II.

(g) "Common Expenses" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration.

(h) "Community Area" shall mean and refer to all real and personal property now or hereafter owned by the Silver Leaf Paired Cottages Association, Inc. for the common use and enjoyment of the Owners and the owners within the Silver Leaf Paired Cottages Association. It is intended that the Community Areas shall be those areas that benefit all Owners within the Silver Leaf Subdivision, including the Silver Leaf Estates and the Silver Leaf Paired Cottages.

(i) "Declarant" shall mean and refer to Silver Leaf of St. John Development, LLC, its successors and assigns.

(j) "Declarant Rights" shall mean any and all rights, powers and privileges reserved, granted or otherwise provided for herein which may be exercised by, or which benefit only, the Declarant.

(k) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Silver Leaf Estates and all amendments thereof filed for record in the Office of the Recorder of Lake County, Indiana.

(l) "Developer" shall mean Silver Leaf of St. John Development, LLC, an Indiana limited liability company, its successors and assigns as may be designated in a recorded instrument.

(m) "Development", with an initial capital letter, shall mean and refer to the Property and all improvements located or constructed thereon, and any portion of the Additional Property submitted to the provisions hereof pursuant to Section 2.02.

(n) "Dwelling", with an initial capital letter, shall mean and refer to any improved property intended for use as a single-family detached dwelling located within the Development.

(o) "Foreclosure" shall mean and refer to, without limitation, the judicial foreclosure of a Mortgage or the conveyance of secured property by a deed in lieu of a judicial foreclosure.

(p) "Lease" shall mean and refer to any lease, sublease, or rental contract, whether oral or written.

(q) "Living Space" shall mean and refer to enclosed and covered areas within a Dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics, and basements.

(r) "Lot" shall mean and refer to any land portion of the Property (and a subdivided Lot of record) upon which it is intended that a Dwelling shall be constructed.

(s) "Member" shall mean an Owner who holds Membership in the Association pursuant to Section 4.01 of this Declaration.

(t) "Mortgage", with an initial capital letter, shall mean and refer to a security deed, deed of trust, mortgage, installment land sales contract or other similar security instrument granting, creating, or conveying a lien upon, a security interest in, or a security title to a Lot or Dwelling.

(u) "Mortgagee", with an initial capital letter, shall mean and refer to the holder of a Mortgage.

(v) "Occupant" shall mean and refer to any person, including, without limitation, any Owner or any guest, invitee, lessee, tenant, or family member of an Owner, occupying or otherwise using a Dwelling within the Development.

(w) "Owner", with an initial capital letter, shall mean and refer to one (1) or more persons, including Declarant, who or which owns fee simple title to any Lot or Dwelling, excluding, however, those persons having such an interest under a Mortgage. In the event that there is recorded in the Office of the Recorder of Lake County, Indiana, any installment land sales contract covering any Lot or Dwelling, the Owner of such Lot or Dwelling shall be the purchaser under said contract and not the fee simple title holder. An installment land sales contract shall be an instrument whereby the purchaser is required to make payment for a Lot or Dwelling for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such Lot or Dwelling until all such payments are made, although the purchaser is given use of such Lot or Dwelling.

(x) "Person" shall mean and refer to a natural person, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

(y) "Property", with an initial capital letter, shall mean and refer to those tracts or parcels of land described on Exhibit A together with all improvements thereon, including utility systems, drainage systems, and other improvements serving the Lots and Dwellings, and, upon submission to the provisions of this Declaration, the tracts or parcels of land described in Exhibit B, or any portion thereof, or any tracts or parcels of land hereafter added thereto, together with all improvements thereon.

(z) "Record" or "place of record", means to record a document in the Office of the Recorder of Lake County, Indiana.

(aa) "Unit Membership" shall mean the Membership in the Association which is appurtenant to a member's Dwelling or Lot as provided in Section 4.01 of this Declaration.

ARTICLE II
DEVELOPMENT

2.01 Development of Property. Except as otherwise set forth in Section 10.01, all Lots within the Development shall be and are hereby restricted exclusively to residential use and shall be subject to the standards and restrictions set forth in Article X hereof. Declarant shall have the right, but not the obligation, for so long as Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option (as defined in Section 2.02) to submit Additional Property to the terms of this Declaration and to make improvements and changes to all Common Area and to any other portion of the Property owned by Declarant, including, without limitation, (i) installation and maintenance of any improvements in and to the Common Area, (ii) changes in the location of the boundaries of any Lots or Dwellings owned by Declarant or of the Common Area, (iii) installation and maintenance of any water, sewer, and other utility systems and facilities, and (iv) installation of security and/or refuse facilities. Any and all improvements or changes made, as aforesaid, shall not result in an encroachment on Lots not owned by Declarant.

2.02 Development of Additional Property. Declarant hereby reserves the option, to be exercised in its sole discretion, to submit from time to time the Additional Property or a portion or portions thereof to the provisions of this Declaration and thereby to cause the Additional Property or a portion or portions thereof to become part of the Property. This option may be exercised by Declarant in accordance with the following rights, conditions, and limitations, which are the only conditions and limitations on such option to add all or any portion of the Additional Property to the Development:

(a) The option may be exercised from time to time during a period of ten (10) years from the date of this Declaration; provided, however, that Declarant reserves the right to terminate such option at any time prior to the expiration of such ten (10) year period by executing and filing an agreement evidencing such termination in the Office of the Recorder of Lake County, Indiana, and, except for such termination by Declarant, no other circumstances will terminate such option prior to the expiration of such ten (10) year period.

(b) The legal description of the Additional Property as of the date hereof is set forth on Exhibit B, portions of the Additional Property (together with additions thereto made in accordance herewith) may be added to the Development and to the terms of this Declaration at different times, and there are no limitations fixing the boundaries of those portions or regulating the order, sequence, or location in which any of such portions may be added to the Development. The exercise of the option to submit a portion of the Additional Property to the Declaration shall not bar the further exercise of this option as to other portions or the balance of the Additional Property.

(c) If the Additional Property or any portion thereof is added to the Development, Declarant reserves the right to designate the boundaries of the Lots and Dwellings, as well as the Common Area, if any, to be added to the Development in connection therewith.

(d) Should the option to add the Additional Property, or any portion thereof, not be exercised within the term specified herein or be terminated by Declarant, such option shall in all respects expire and be of no further force and effect.

(e) The option reserved by Declarant to cause all, or any portion of, the Additional Property to become part of the Development shall in no way be construed to impose upon Declarant any obligation to add all or any portion of the Additional Property to the Development or to construct thereon any improvements of any nature whatsoever.

The option reserved under this Section 2.02 may be exercised by Declarant only by the execution of an amendment to this Declaration which shall be filed in the Office of the Recorder of Lake County, Indiana, together with a legal description of the Additional Property or such portion or portions thereof as are being added to the Development by such amendment. Simultaneously therewith, Declarant may, at its option, convey to the Association the Common Area, if any, contained within the Additional Property, or such portion thereof so submitted, such conveyance to be subject to the lien of taxes not yet due and payable, all easements and restrictions of record, utility easements serving or otherwise encumbering the Property and/or the Additional Property, and any exceptions which would be disclosed by survey or physical inspection of such parcel(s). Any such amendment shall expressly submit the Additional Property or such portion thereof to all the provisions of this Declaration, and upon the exercise, if any, of such option or options, the provisions of this Declaration shall then be construed as provisions embracing the real property described in Exhibit A and the Additional Property or such portion or portions thereof so submitted to the terms hereof, together with all improvements located thereon. In no event shall Declarant be obligated to submit the Additional Property, or any portion thereof, to the provisions of this Declaration or to impose upon the Additional Property, or any portion thereof, any covenants, conditions, or restrictions whatsoever.

2.03 Interest Subject to Plan of Development. Every purchaser of a Lot or Dwelling shall purchase such Lot or Dwelling and every Mortgagee and lienholder holding an interest therein shall take title, or hold such security interest with respect thereto, subject to Declarant's right to add the Additional Property, or any portion or portions thereof, to the Development as hereinabove provided, and to convey to the purchaser thereof the title to the Lot or Dwelling and its appurtenant Membership and voting rights in the Association. Any provision of this Declaration to the contrary notwithstanding, the provisions set forth in this Article II may not be abrogated, modified, rescinded, supplemented, or amended in whole or in part without the prior written consent of Declarant.

2.04 Subdivision Plat. Declarant reserves the right to record, modify, amend, revise, and add to, at any time and from time to time, a subdivision plat setting forth such information as Declarant may deem necessary with regard to the Development, including, without limitation, the locations and dimensions of the Lots, Dwellings, Common Area, Additional Property, roads, utility systems, drainage systems, utility easements, drainage easements, access easements and set-back line restrictions.

ARTICLE III
PROPERTY RIGHTS

3.01 General. Each Lot and Dwelling shall for all purposes constitute real property which shall be owned in fee simple and which, subject to the provisions of this Declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each Owner shall be entitled to the exclusive Ownership and possession of his Lot or Dwelling, subject to the provisions of this Declaration, including, without limitation, the provisions of this Article III. The Ownership of each Lot and Dwelling shall include, and there shall pass with each Lot and Dwelling as an appurtenance thereto, Membership in the Association. Each Owner shall automatically become a member of the Association and shall remain a member thereof until such time as his Ownership ceases for any reason, at which time his Membership in the Association shall automatically pass to his successor-in-title to his Lot or Dwelling. Lots shall not be subdivided, and, except as otherwise provided hereunder, the boundaries between Lots shall not be relocated, unless the relocation thereof is made with the consent of at least a majority of the Owners in the Development and of Declarant, so long as Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development. Notwithstanding the foregoing, nothing herein shall prohibit the combination of two (2) or more Lots into a larger parcel in order to create a Dwelling site larger than one (1) Lot nor shall the prohibition against the subdivision of Lots and relocation of boundaries between Lots apply to the Declarant. In the event of such combination, any assessment obligation shall be imposed on the original pre-combined Lots.

3.02 Owner's Easement of Enjoyment. Subject to the provisions of this Declaration and the rules, regulations, fees, and charges from time to time established by the Board in accordance with the By-Laws, 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 easement to be appurtenant to and to pass and run with title to each Lot and Dwelling, subject to the following provisions:

- (a) The rights and easements reserved to Declarant in this Declaration.
- (b) The rights and easements reserved in this Declaration hereof for the benefit of the Association, its directors, officers, agents, and employees.
- (c) The rights and easements reserved in this Declaration hereof for the benefit of the Additional Property.
- (d) The rights of the holder (and its successors and assigns) of any Mortgage which is prior in right or superior to the rights, interests, options, licenses, easements, and privileges herein reserved or established.

(e) The right of the Association to have reasonable rules and regulations for the Common Area and Community Areas.

(f) The right of the Association to suspend the use of any facilities located upon the Common Area or Community Area by a Member for the period of time during which any assessment against his or her Lot remains unpaid and for an additional reasonable period for any infraction of its rules and regulations.

(g) The right of the Association to charge uniform reasonable admissions and other fees for the use of any facilities situated upon any Common Area to Owners.

(h) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, corporation, or utility for such purpose. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer, signed by fifty percent (50%) of all of the Owners then existing, has been recorded in the Public Records of Lake County, Indiana.

(i) The right of the Association to limit the number of guests of Members for use of the Common Areas and Community Areas.

(j) The right of the Association to levy assessments as provided in this Declaration.

(k) The right of the Developer to the use of the Common Areas and Community Areas and facilities without charge during the sales and construction period in the Property as a part of the overall development program.

3.03 Access. All Owners, by accepting title to Lots or Dwellings conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such Lot or Dwelling and acknowledge and agree that such access, ingress, and egress shall be limited to roads, sidewalks, walkways, and trails located within the Development from time to time, provided that pedestrian and vehicular access to and from all Lots and Dwellings shall be provided at all times.

3.04 Easements for Declarant. During the period that Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, Declarant shall have an alienable and transferable right and easement on, over, through, under, and across the Common Area, Community Areas and Lots for the purpose of constructing Dwellings and other improvements in and to the Lots and within the Additional Property and for installing, maintaining, repairing, and replacing such other improvements to the Property (including any portions of the Common Area) as are contemplated by this Declaration or as Declarant desires, in its sole discretion, including, without limitation, any improvements or changes permitted and described by Article II hereof, and for the purpose of doing all thing reasonably necessary and proper in connection therewith, provided in no

event shall Declarant have the obligation to do any of the foregoing. In addition to the other rights and easements set forth herein and regardless of whether Declarant at that time retains Ownership of a Dwelling or Lot or has the right to submit the Additional Property or any portion thereof to the Development, Declarant shall have an alienable, transferable, and perpetual right and easement to have access, ingress, and egress to the Common Area, Community Areas and Lots and improvements thereon for such purposes as Declarant deems appropriate, provided that Declarant shall not exercise such right so as to unreasonably interfere with the rights of Owners in the Development to the use of the Common Area, Community Areas and Lots.

3.05 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, Community Area any Lots or Dwellings owned by Declarant and the realignment of boundaries between adjacent Lots and/or Dwellings owned by Declarant. In addition, Declarant reserves the right, but shall not have the obligation, to convey to the Association at any time and from time to time any portion of the Additional Property, such real property to be conveyed to the Association as an addition to the Common Area and subject to the title exceptions set forth in Section 2.02 hereof. Furthermore, Declarant reserves for itself, its affiliates, successors, and assigns the right, 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, such other portion of the Development owned by Declarant as it, in its discretion, shall choose.

3.06 Easements for Utilities and Public Services.

(a) 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 from St. John, 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 master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers, drainage systems, and retention ponds and facilities for the Development or any portion thereof, and electrical, gas, telephone, water, and sewer lines, provided that such easements shall not unreasonably affect the developability, of any such Lot or Dwelling. Such easements may be granted or accepted by Declarant, its successors or assigns, or by the Board, provided, however, that notwithstanding anything contained herein to the contrary, the Board shall not have any rights to grant any easements over any portion of any Lots. To the extent possible, all utility lines and facilities serving the Development and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Development so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to grade, excavate, or fill, or (iv) to take any other similar action reasonably

necessary to provide economical and safe installation, maintenance, repair, replacements, and use of such utilities and systems; provided, however, that such utility company or other supplier or servicer shall take reasonable actions to repair any damage caused by such utility company or other supplier or servicer during the exercise of any rights conveyed under any easement granted hereunder.

(b) Declarant hereby grants to the relevant governmental authority or agency, as shall from time to time have jurisdiction over the Development with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over and across all of the Common Area for purposes of performing such duties and activities related to law enforcement and fire protection in the Development as shall be required or appropriate from time to time by such governmental authorities under applicable law.

3.07 Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot, Dwelling, or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner, or Occupant of the Lot or Dwelling directly affected thereby.

3.08 Sales and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Declarant, Developer, and its successors and assigns the alienable and transferable right and easement in and to the Property for the maintenance of signs, sales offices, construction offices, business offices, and model Dwellings, together with such other facilities as in the sole opinion of Declarant or Developer may be reasonably required, convenient, or incidental to the completion, improvement, and/or sale of Lots, Dwellings, Common Area, or the Additional Property, for so long as Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development.

3.09 Easements for Additional Property. There is hereby reserved in Declarant, and its successors, assigns, and successors-in-title to the Additional Property (if said rights are granted by Declarant to such successors, assigns, and successors-in-title), for the benefit of and as an appurtenance to the Additional Property and as a burden upon the Property, 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 Common Area or within easements serving the Common Area, (ii) the installation, maintenance, repair, replacement, and use within the Common Area and those portions of Lots and Dwellings encumbered pursuant to Section 3.06 hereof of security systems and utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers, and electrical, gas, telephone, water, sewer, and master television antenna and/or cable system lines, and (iii) drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge

shall not materially damage or affect the Property or any improvements from time to time located thereon.

3.10 Maintenance Easement. Subject to the terms of Section 5.02(b) hereof, there is hereby reserved for the benefit of Declarant, the Association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement to enter upon any Lot and upon unimproved portions of any Dwelling for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Development, provided that such easements shall not impose any duty or obligation upon Declarant or the Association to perform any such actions.

3.11 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 Property, the right to drain standing water, and the right to dispense pesticides.

3.12 Community Area Easement. Subject to the provisions of this Declaration, the Rules and Regulations of this Association, and the Rules and Regulations, fees, and charges established from time to time established by the Silver Leaf Paired Cottage Association, Inc., every Owner in the Association shall have a non-exclusive right, privilege, and easement of use and enjoyment of the Community Area.

3.13 No Partition. There shall be no judicial partition of the Development or any part thereof, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless the Development has been removed from the provisions of this Declaration.

3.14 Burden upon the Property. Declarant hereby declares that this Declaration and the covenants, restrictions and easements established herein shall be covenants to run with the land. Said covenants and restrictions shall inure to the benefit of and be binding upon each and every Owner, and his or here respective heirs, representatives, successors, purchaser, lessees, grantees and mortgagees. By the recording or acceptance of the conveyance of a Lot or Dwelling or any interest therein, the person or entity to whom such interest is conveyed shall be deemed to accept and agree to be bound by the provisions of this Declaration and the By-Laws of the Association.

3.15 Nonseverability of Rights. The rights, liabilities and obligations set forth herein shall attach to and run with the ownership of any portion of the Property as more specifically set forth herein and may not be severed or alienated from such Ownership.

**ARTICLE IV
MEMBERSHIP AND VOTING
RIGHTS IN THE ASSOCIATION:
BOARD OF DIRECTORS OF THE ASSOCIATION**

4.01 Membership. Every Owner of a Dwelling or Lot (including the Declarant and the Developer) is hereby declared to be a Member of the Association. There shall be one class of Members in the Association. Membership is appurtenant to and shall not be separated from Ownership of such Owner's Dwelling or Lot. Each such Owner, by acceptance of a deed or other conveyance of a Dwelling or Lot, thereby becomes a Member, whether or not this Declaration or 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 Dwelling or Lot (herein called a "Unit Membership") and any Member who is the Owner of more than one (1) such Dwelling or Lot shall have the number and type of Unit Memberships equal to the number of such Dwellings or Lots. If the record Ownership of a Dwelling or Lot shall be in more than one (1) person, or if an Owner of a Dwelling or Lot 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.

4.02 Method of Voting. The total number of votes which may be cast on any matter requiring assent of a class of Members of the Association shall be equal to the total number of Unit Memberships for such class at the time of any such vote. 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 shall be decided by a majority of the votes cast by Members of the respective class 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 Members. Should the Members be unable to reach an agreement on the selection of a mediator, the current Administrator (Manager) of St. John Building Department shall choose a mediator.

4.03 Board of Directors.

(a) After the period of Declarant Control has expired, the Association shall be governed by its Board of Directors ("board") comprised of five (5) persons duly appointed or elected as provided herein and in the Articles of Incorporation and By-Laws of the Association. The initial Board shall be comprised of four (4) persons duly appointed by the Declarant pursuant to its rights under Section 4.06 hereof, until such time as the initial meeting to elect the first Board occurs.

(b) The Board shall administer the Association in accordance with the terms and provisions of this Declaration, and in accordance with the Articles 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.

(c) Prior to the appointment of the first Board of the Association pursuant to Paragraph 4.06 hereof, Declarant (or its beneficiary or designees) may exercise all rights, powers and privileges of the Board and may perform all of its functions, including its functions under Article IV of this Declaration.

4.04 Appointment of Directors by Declarant. Notwithstanding any other provisions of this Declaration or the Articles of Incorporation or By-Laws of the Association, the first and each subsequent Board shall consist of, and vacancies on the Board shall be filled by, such persons as Declarant shall from time to time appoint, until the first to occur of any one of the following events: (i) Declarant surrenders such authority by an express amendment to this Declaration executed and recorded by Declarant; or (ii) upon the sale and conveyance of all Lots and Dwellings in the Development to persons other than the Declarant or builders holding title for purposes of development and sale. For purposes of this Section 4.06, "Dwellings in the Development" shall refer to all Dwellings within or contemplated to be within the Property and Additional Property. Such right of Declarant to appoint directors to the Board shall be to the exclusion of the right of the Members so to do. The Owners or Members shall not, without the prior written consent of Declarant, have the right to amend, modify or change the Articles of Incorporation or By-Laws of the Association to in any way diminish the authority of the Board during the period that Declarant has the right to appoint any Members of the Board.

Declarant may, from time to time, by written notice to the Association, voluntarily terminate its right to appoint one (1) or more Directors, and continue to exercise its right to appoint the remaining Members of the Board for the period hereinabove specified. Declarant's election to terminate its right to appoint any number of Members of the Board or to terminate its control of the Association, shall not affect the right of Declarant to participate in the Association as a Member thereof. All directors who are not subject to appointment by Declarant shall be elected in accordance with the provisions of Paragraphs 4.05 and 4.06 hereof.

4.05 Initial Meeting of Members to Elect Directors. Upon receipt by the President of the Association of a copy of the written notice of Declarant to voluntarily terminate its control of the Association, described in Paragraph 4.04(i), or of any other appropriate evidence of the termination of Declarant's right to appoint all the directors of the Board, he shall promptly convene a meeting of the Members for the purpose of electing a new Board or to elect those directors who no longer are to be appointed by Declarant.

4.06 Election of Directors. Upon termination of Declarant's right to appoint any of or all the directors of the Board, pursuant to Paragraph 4.04 hereof, those directors not subject to appointment by Declarant shall be selected by vote of the Members in accordance with the provisions of this Article. Notwithstanding such election, any director theretofore appointed by Declarant who does not elect to resign may stay in office for the balance of his unexpired term and until his successor is elected and qualified.

4.07 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.

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

4.09 Board Liability. The Declarant (and its beneficiary), Developer, its directors, officers, shareholders, partners, employees or agents, the Board, Members of the Board, officers of the Association, and the agents and employees of any of them (all of the above hereinafter referred to as the "Protected Parties"), shall not be liable to the Owners or any other person for any mistake of judgment or for any acts or omissions of any nature whatsoever in their respective positions which shall occur subsequent to the date of the recording of this Declaration, except for such acts or omissions found by a court of competent jurisdiction to constitute willful misfeasance, gross negligence or fraud. The Owners shall indemnify, hold harmless, protect and defend any and all of the Protected Parties against all claims, suits, losses, damages, costs and expenses, including, without limitation, attorneys' fees and amounts paid in reasonable settlement or compromise incurred in connection therewith. Each Owner shall be entitled to a right of contribution from every other Owner in respect of said indemnity to the extent that, to the extent possible, the burden of any such indemnity shall be borne by the Owners at the time the loss, cost, damage or expense is incurred in the proportion that the number of Dwellings or Lots in the Property owned by each respective Owner bears to the total number of Dwellings or Lots in the Property at the time the loss, cost, damage or expense is incurred. The Board shall assess each Owner for his share of the cost of such indemnification, and such assessment shall be collectible and enforceable in mode and manner as set forth in Article IX hereof. To the extent possible the obligation of the Owners for indemnification and the Board's liability hereunder shall be insured by means of appropriate contractual endorsements to the comprehensive general liability insurance policies held from time to time by the Association.

4.10 Nonprofit Purposes of Association. Nothing herein shall be construed 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.

4.11 Governing Law. Except as otherwise provided in this Declaration, the Association, the Board, officers and Members shall be governed by the Indiana Nonprofit Corporation Act.

4.12 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, Community Area or more than one (1) Dwelling or Lot, on behalf of the Owners as their interest may appear.

ARTICLE V **MAINTENANCE**

5.01 Responsibilities of Owners. Unless specifically identified herein, all maintenance and repair of Lots and Dwellings, together with all other improvements thereon or therein and all lawns (including parkways), landscaping, and grounds on and within a Lot or Dwelling shall be the responsibility of the Owner of such Lot or Dwelling. Unless otherwise provided, the maintenance and repair of all Common Areas (including all landscaping and grounds and all recreational facilities and other improvements) shall be the responsibility of the Association. Each Owner shall be responsible for maintaining his or its Lot or Dwelling, 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 Dwellings, buildings, and other structures and all lawns, trees, shrubs, hedges, grass, and other landscaping. All exterior cedar wood trim or other finishes that are not maintenance free shall be repainted or restained the original color at least every five (5) years, and pre-approval from the Architectural Control Committee is necessary to change colors. Each Owner must provide evidence of such maintenance upon request. As provided in Section 5.02(b) hereof, each Owner 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, but which responsibility such Owner fails or refuses to discharge.

5.02 Association's Responsibility. In the event that Declarant or the Board determines that: (i) any Owner 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 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 and setting forth with reasonable particularity the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of emergency situations, such Owner 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 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

and said cost shall be added to and become a part of the assessment to which such Owner and his Lot or Dwelling are subject and shall become a lien against such Lot or Dwelling shall be added to and become a part of the assessments for all Owners and shall become a lien against such Owners' Lots or Dwellings. In the event that Declarant undertakes such maintenance, cleaning, repair, or replacement, the Association shall promptly reimburse Declarant for Declarant's costs and expenses.

5.03 Silver Leaf Paired Cottage Association Responsibility. The maintenance repair of all Community Areas shall be the responsibility of the Silver Leaf Paired Cottage Association, and the Owners within the Silver Leaf Estates shall be responsible for eighty percent (80%) of the costs and expenses of such maintenance and repair.

ARTICLE VI **CASUALTY LOSSES**

6.01 Damage or Destruction to Lots or Dwellings. In the event of damage or destruction by fire or other casualty to any Lots or Dwellings, and in the further event that either the Owner of such Lot or Dwelling responsible for the repair and replacement of such elects not to repair or rebuild the damaged or destroyed Lot or Dwelling, such Owner making such election shall promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such Lot or Dwelling in a clean, orderly, safe, and sightly condition. Should such Owner elect to repair or rebuild such Lot, Dwelling, or other improvements, such Owner shall repair or rebuild such Lot, Dwelling, 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 of repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

6.02. Insurance. The insurance which may be carried shall be governed by the following provisions:

(a) Policies to be Secured by the Association. The policies to be secured by the Association are as follows:

(1) Errors and Omissions. Public liability, officers, directors and employees liability for errors and omissions, and property damage in such amounts and such forms as may be required by the Association.

(2) Workmen's Compensation. Workmen's Compensation policy to meet the requirements of law.

(3) General Liability. Liability insurance to cover liabilities of the Association.

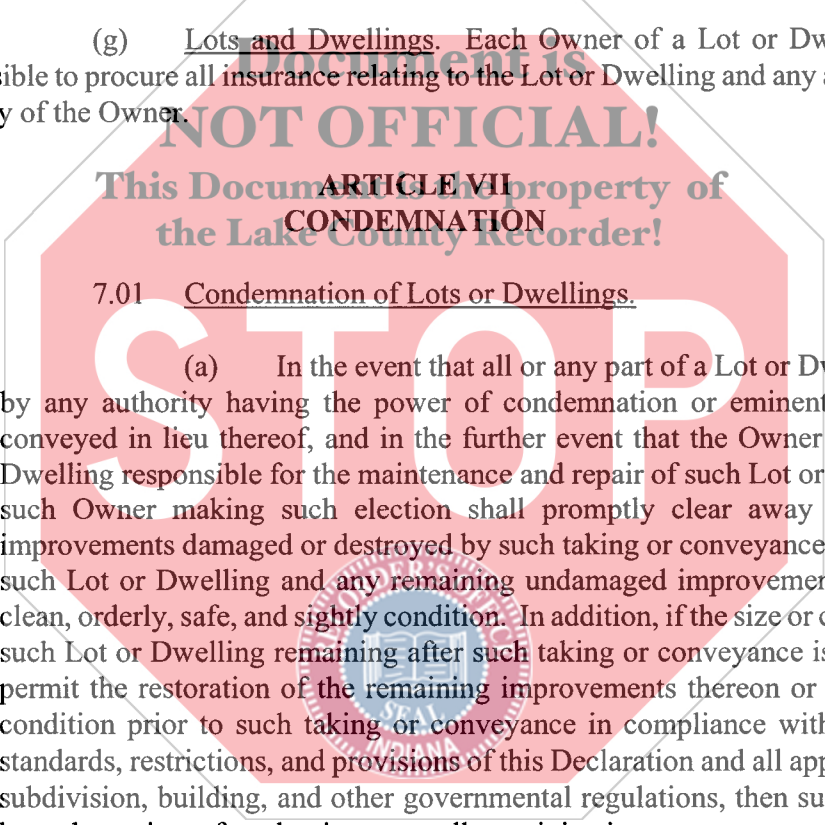
(c) Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association and charged as Common Expenses.

(d) Beneficiary of Policies. All insurance policies purchased by the Association shall be for the benefit of the Association and shall provide that all proceeds payable as a result of losses thereunder shall be paid to the Association. Proceeds received from insurance policies shall be used by the Association to repair or replace the Property damaged. In the event the proceeds are insufficient, the Association may levy assessments to cover such deficiency.

(e) Disposal of Proceeds. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds; and if there is a balance after payment of all costs of the reconstruction or repair for which the proceeds of the policies were received, such balance shall be retained by the Association and regarded as miscellaneous revenue to the Association.

(f) Insurance Adjustments. Each Member shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association.

(g) Lots and Dwellings. Each Owner of a Lot or Dwelling shall be responsible to procure all insurance relating to the Lot or Dwelling and any and all personal property of the Owner.



7.01 Condemnation of Lots or Dwellings.

(a) In the event that all or any part of a Lot or Dwelling is taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof, and in the further event that the Owner of such Lot or Dwelling responsible for the maintenance and repair of such Lot or Dwelling, then such Owner making such election shall promptly clear away any remaining improvements damaged or destroyed by such taking or conveyance and shall leave such Lot or Dwelling and any remaining undamaged improvements thereon in a clean, orderly, safe, and sightly condition. In addition, if the size or configuration of such Lot or Dwelling remaining after such taking or conveyance is insufficient to permit the restoration of the remaining improvements thereon or therein to their condition prior to such taking or conveyance in compliance with all applicable standards, restrictions, and provisions of this Declaration and all applicable zoning, subdivision, building, and other governmental regulations, then such Owner shall have the option, after clearing away all remaining improvements or portions thereof and placing the remainder in a clean, orderly, safe, and sightly condition referred to

above, of deeding the remaining portion of the Lot or Dwelling (at no cost to the Association) as a part of the Common Areas, and thereafter any such Owner shall not have any further voting rights or membership rights or privileges in the Association or with respect to the Development and shall not be subject to any further assessments imposed by the Association and payable after the date of such deeding.

(b) In the event that any part of a Lot or Dwelling is taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof, and if the Owner of such Lot or Dwelling responsible for the maintenance and repair of such Lot or Dwelling elects to restore the remainder of the Lot or Dwelling, such Owner making such election shall restore such remainder of such Lot or Dwelling as nearly as practicable to the same condition it was in prior to such taking or conveyance and in accordance with all applicable standards, restrictions, and provisions of this Declaration and all applicable zoning, subdivision, building, and other governmental regulations. All such work of restoration shall be commenced promptly following such taking or conveyance and shall be carried through diligently to conclusion.

ARTICLE VIII ADMINISTRATION

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 furnishings and 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.

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 Lot or Dwelling, 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 powers of the Association shall include, but shall not be limited to, the power to purchase one (1) or more Lots and/or Dwellings to hold, lease, mortgage, sell, and convey the same. 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 Lots and Dwellings, to furnish trash collections, water, sewer, and/or security service for the Common Area and/or the Lots and Dwellings.

8.03 Agreements. Subject to the prior approval of Declarant for so long as Declarant shall have the right to appoint the Board pursuant to Section 4.06 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 Development or the privilege of possession and enjoyment of any part of the Development; and in performing its responsibilities hereunder, the Association, through the Board, shall have the authority to delegate to persons if 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 Development, whether such personnel are furnished or employed directly by the Association or by any person or entity 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 of 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. Such manager may be an individual, corporation, or other legal entity, as the Board shall determine, and may be bonded in such a manner as the Board may require, with the cost of acquiring any such bond to be a Common Expense. 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 Development or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

8.04 Management Agreement. The Declarant or the Board shall engage the initial management organization under contracts expiring not later than ninety (90) days after the date the initial meeting of Members is held ("Transfer Date"). Thereafter, the Board may engage the services of an agent to manage the Property to the extent deemed advisable by the Board provided, however, that if the Association, Declarant or Board shall enter into an agreement or agreements for the professional management of the Property before the Transfer Date, such agreement or agreements shall be terminable by the Association without cause at any time after the Transfer Date and shall not require the payment of any penalty by the Association and shall not require advance notice of termination of more than ninety (90) days. Any management fees incurred pursuant to this Section 8.04 shall be paid from the assessments collected pursuant to Article IX hereof.

8.05 Personal Property and Real Property for Common Use. The Association, through action of the Board, may acquire and hold tangible and intangible personal property and real property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of

the Association. The undivided interest of the Owners in the funds and assets of the Association cannot be individually assigned, hypothecated, or transferred in any manner, except to the extent that a transfer of the Ownership of a Lot or Dwelling also transfers the membership in the Association which is an appurtenance to such Lot or Dwelling.

8.05 Rules and Regulations. The Association, through the Board, may make and enforce reasonable rules and regulations governing the use of the Lots and Dwellings, which rules and regulations shall be consistent with the rights and duties established by this Declaration.

8.07 Indemnification. The Association shall indemnify every officer and director of the Association against any and all expenses, including court costs and reasonable attorney 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 Board) to which he may be made a party by reason of being or having been an officer or director at the time such expenses are incurred. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association) and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. 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.

8.08 Board Control. As provided in Section 13.01 hereof and notwithstanding any other provision to the contrary contained in any instruments evidencing or establishing the Development, Declarant shall have the right to appoint or remove any member of Members of the Board or any officer or officers of the Association until such time as the first of the following events shall occur: (i) the surrender by Declarant of the authority to appoint and remove directors and officers of the Association by an express amendment to this Declaration executed and recorded by Declarant; or (ii) upon the sale and conveyance of all Lots and Dwellings in the Development to persons other than the Declarant or builders holding title for purposes of development and sale. For purposes of this Section 8.08, "Dwellings in the Development" shall refer to all Dwellings within or contemplated to be within the Property and Additional Property. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling, vests in Declarant such authority to appoint and remove directors and officers of the Association as provided by this Section 8.08 and by Section 13.01 hereof.

ARTICLE IX
COVENANTS FOR MAINTENANCE ASSESSMENTS

9.01 Creation of the Lien and Personal Obligations. Each Owner of a Dwelling or Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance for each Dwelling or Lot owned by such Owner, hereby covenants and agrees and shall be deemed to covenant and agree to pay to the Association such assessments as are levied pursuant to the provisions of this Declaration and the By-Laws of the Association. Owners are obligated to pay equal assessments to the Association as it relates to the Community Areas and Common Area. Such assessments, together with interest thereon and cost of collection, if any, as hereinafter provided, shall be a charge and continuing lien upon the Dwelling or Lot against which such assessment is made. Each such assessment, together with such interest and costs, shall also be the personal obligation of the Member who was the Owner of such Dwelling or Lot at the time when the same fell due.

9.02 Purpose of Assessments. The assessments for Common Expenses levied by the Association (or by Declarant acting on its behalf pursuant to Section 4.05(c) 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, defraying the cost of labor, equipment, and material required for the maintenance of the Common Area, (iii) for the operation, care, upkeep, maintenance, replacement and of any Common Areas, (iv) for eighty percent (80%) of the costs and expenses of the Community Areas, and (v) 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 Charter. It is the intent that the costs and expenses for the Common Area shall be equally assessed against the Owners.

9.03 Assessment Procedures.

(a) Preparation of Estimated Budget. Each year on or before November 1, the Board shall estimate the total amount necessary to pay the cost of wages, materials, insurance, services, fees, supplies and other items which, in the judgment of the Board, will be required to be provided to the Association or required to meet the Association's obligations during the ensuing calendar year to effect the purposes of the Association, a copy of which estimated budget shall be provided to all Owners at least thirty (30) days prior to its adoption by the Board. The Board shall give written notice, mailed or delivered, to each Owner no less than ten (10) and no more than thirty (30) days prior to any meeting of the Board concerning the adoption of any proposed budget or any increase or establishment of an assessment.

(b) Date Payments Due. On or before January 1 of the ensuing year, each Member shall be personally obligated to pay, in the manner prescribed by Sections 9.06, 9.07 and 9.08 hereof, such Member's annual assessment, together with all user charges

incurred by such Member during the preceding year. If the actual expenditures paid or provided for by the Board during said year shall be more or less than said estimated cash requirement, any net shortage or excess shall be applied as an adjustment to the installments under the current year's estimate falling due after the amount of such net shortage or excess for the preceding year has been determined.

(c) Commencement of Assessments. The assessments provided for herein shall commence for the Dwelling or Lots within the Property upon the conveyance by the Declarant of the Dwelling or Lot to a third party except as otherwise provided in Section 9.03(d) hereof. The Board shall fix the amount of the assessment at least thirty (30) days in advance of each assessment period and in lieu thereof, the amount of the prior year's assessment shall be the fixed amount. An Owner shall first be liable for payment of the assessment on the date of the conveyance of title to him, prorated through the end of the calendar year. The Association shall upon demand at any time furnish a certificate in writing signed by an officer or agent of the Association setting forth whether the assessments on a specified Dwelling or Lot have been paid and, if not paid, the amount of any such deficiency. Such certificate shall be conclusive evidence of payment of any assessment therein.

(d) Assessment on Declarant-Owned Lots. Declarant shall not be obligated to pay any assessments of the Association with regard to any Lots owned by Declarant. The Developer with regard to any portion of the Property shall have the same rights and obligations as the Declarant as contained in this Section 9.03(d) with regard to any Lots owned or controlled by such Developer.

(e) Adjustments to Estimated Budget. If any "estimated cash requirement" proves inadequate for any reason (including nonpayment of any Member's assessment), the Board may at any time levy a further assessment. The board shall serve notice of such further assessment on all Members by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the assessment payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Members shall be personally liable for and obligated to pay their respective adjusted amount.

(f) Failure to Prepare Annual Budget. The failure or delay of the Board to prepare an annual or an adjusted estimated budget shall not constitute a waiver or release in any manner of any Member's obligation to pay his share of the estimated cash requirement as herein provided, whenever the same shall be determined and in the absence of any annual estimate or adjusted estimate, each Member shall continue to pay the charge at the then existing rate established for the previous record.

9.04 Special Assessments for Capital Improvements. In addition to the annual assessment authorized by Section 9.03, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of construction or purchase of a specified capital improvement upon or to the Common Area or Community Area, and the necessary fixtures and

personal Property related thereto; provided, however, that, except for special assessments which shall not exceed in any one (1) year the sum of Five Hundred Dollars (\$500.00) per assessed Dwelling or Lot, any such special assessment shall first be approved at a meeting of the Members by the affirmative votes of Members entitled to cast at least fifty one percent (51%) of all votes cast at a meeting called and held in accordance with the provisions of Section 9.05. The provisions of this Section 9.04 shall not limit the power of the Board, without such prior approval, to levy assessments to reconstruct, replace or restore any portion of the Common Area.

9.05 Notice and Quorum. Written notice of any meeting called for the purpose of authorizing any special assessments requiring approval pursuant to Section 9.04 hereof shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the opening of such meeting, the presence in person or by proxy of Members entitled to cast at least fifty percent (50%) of all the votes shall constitute a quorum; provided, that if Members entitled to cast fifty percent (50%) of all votes do not attend, a second meeting may be called with the same notice requirements as herein provided, except that the quorum therefor shall be reduced to Members entitled to cast thirty percent (30%) of all votes.

9.06 Allocation of Assessments Among Members. That portion of Assessments for Common Expenses attributable to the Common Areas and Community Areas shall be allocated equally among the Members by apportioning to each Member an equal amount.

9.07 Payment of Assessments.

(a) Each such Member shall pay the assessment levied by the Association to the Association upon demand.

(b) Upon written demand of an Owner, or a Mortgagee at any time, the Association shall furnish such Owner, or Mortgagee a written dated certificate signed by an officer of the Association setting forth whether there are any then unpaid annual or special assessments levied against such Owner's Dwelling or Lot. Such Certificate shall be conclusive evidence of payment of any assessments theretofore levied and not stated therein as unpaid.

(c) The Declarant or Board may provide that the assessments may be paid in full the first day of the calendar year until otherwise provided.

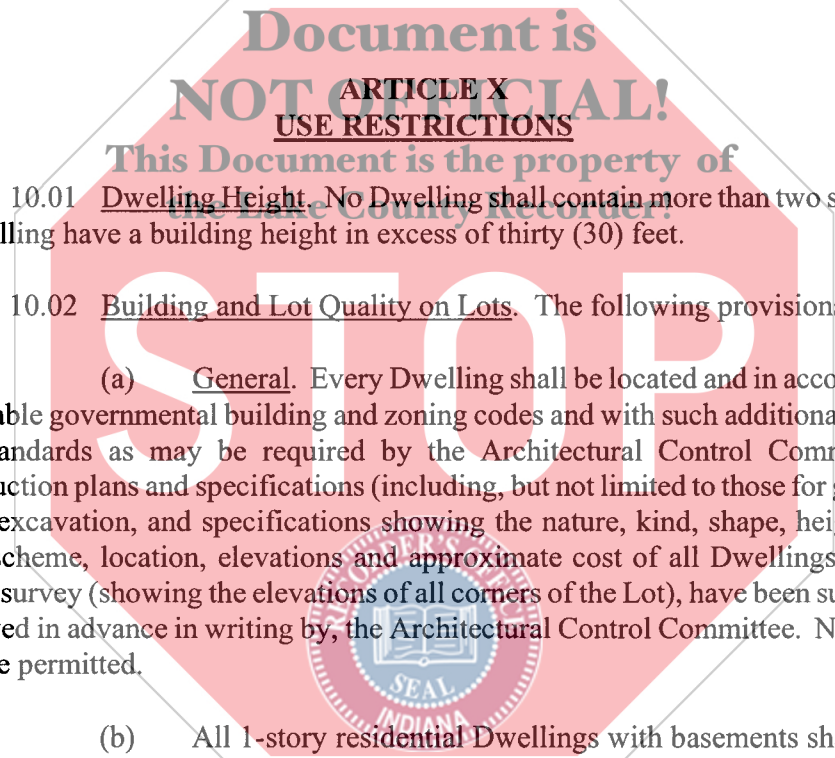
9.08 Nonpayment of Assessments.

(a) Any installment of an assessment which is not paid to the Association within fifteen (15) days after the due date shall be delinquent and a late charge of Fifteen Dollars (\$15.00) shall be added to it. The assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum and the Association may bring an action against the Member personally obligated to pay assessments and recover the same, including interest, costs and reasonable attorneys' fees for any such action, which shall be

added to the amount of such assessment and included in any judgment rendered in such action; and the Association may enforce and foreclose any lien it has or which may exist for its benefit.

(b) No Member shall be relieved of personal liability for the assessments and for other amounts due as provided herein by nonuser of the Common Area or abandonment or transfer of ownership of his Dwelling or Lot, provided that upon transfer of ownership of a Dwelling or Lot, the transferor shall not be responsible for assessments accruing after the date of transfer.

(c) The lien of the assessments provided for in Section 9.01 hereof shall be subordinate to the lien of any first mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the earlier of the date the holder of said mortgage takes possession of the Dwelling or Lot, accepts a conveyance of any interest in the Dwelling or Lot or has a receiver appointed in a suit to foreclose his lien. Such taking of possession, conveyance or appointment shall not relieve the holder of said mortgage from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments. Except for the foregoing, the lien for assessments provided for in Section 9.01 shall not be affected by any sale or transfer of a Dwelling or Lot.



10.01 Dwelling Height. No Dwelling shall contain more than two stories, nor shall any such Dwelling have a building height in excess of thirty (30) feet.

10.02 Building and Lot Quality on Lots. The following provisions apply to Lots.

(a) General. Every Dwelling shall be located and in accordance with the applicable governmental building and zoning codes and with such additional specifications and standards as may be required by the Architectural Control Committee after all construction plans and specifications (including, but not limited to those for grading and site work, excavation, and specifications showing the nature, kind, shape, heights, materials, color scheme, location, elevations and approximate cost of all Dwellings), along with a staked survey (showing the elevations of all corners of the Lot), have been submitted to, and approved in advance in writing by, the Architectural Control Committee. No storage sheds shall be permitted.

(b) All 1-story residential Dwellings with basements shall have Living Space of 1,400 square feet, with an attached garage which shall not count as square feet, except by special variance granted by the Architectural Control Committee.

(c) All 1-1/2 story Dwellings with basements shall have Living Space of 1,600 square feet, in finished condition, with an attached garage which shall not count as square feet, except by special variance granted by the Architectural Control Committee.

(d) All 2-story Dwellings with basements shall have Living Space of 1,500 square feet, with an attached garage which shall not count as square feet, except by special variance granted by the Architectural Control Committee.

(e) Roofs. All roofs on the Dwellings shall have a minimum pitch of five inches (5") of height to twelve inches (12") of run.

(f) Driveways. All driveways must be constructed of asphalt, concrete, or paving stone except by special variance granted by the Architectural Control Committee.

(g) Sidewalks. Sidewalks are to be installed at the Lot owner's expense.

(h) Landscape. Each front yard shall have a minimum of four shrubs. Each Lot shall have two (2) 2-inch minimum diameter trees planted in the front yard of each Dwelling. Each front yard and side yard of a corner lot adjacent to the street shall be landscaped with sod grass. Each side yard (except that of a corner lot) and backyard shall be landscaped with seed or sod grass. Each Owner, who has not commenced the construction of a residential structure on the Owner's Lot within six (6) months after the date of conveyance of title to the Lot to such Owner, shall clear, till and seed the Lot, and thereafter shall keep the Lot mowed and trimmed in a manner as required by the ordinances of Lake County except by special variance granted by the Architectural Control Committee. Notwithstanding any other provision herein to the contrary, the sod, seeding and landscaping shall be installed within ninety (90) days after the date of occupancy, subject to extensions only as made necessary by the weather. Any failure to complete the sod, seeding and landscaping will result in a One Hundred (\$100.00) Dollar per day fine that can be assessed by the Association against the Lot or Dwelling.

(i) Garage. All Dwellings shall have an attached garage which will house a minimum of two (2) standard size automobiles and shall be used only by the Owners, occupants, or their guests, and shall not be used for rental purposes.

(j) Front Yard. The front yard set back on Lots 1-80 inclusive shall be a minimum thirty (30) feet, and the front yard set back on Lots 121-236 inclusive shall be a minimum twenty (20) feet.

(k) Fencing Requirements. Any fencing installed by an Owner shall be constructed pursuant to Exhibit E and only constructed around the side and rear yards of any Lot in the Development, and not within the front yard setback or a setback adjacent to a road. A greater height around swimming pools may be allowed if the same is required by ordinance or statute. Any fence installed on any Lots that are adjacent to city parks, parks

within the Common Area, and ponds within the Common Area shall be a maximum of four (4') feet tall and shall be an ornamental fence, as specified by the Architectural Control Committee and by the Association if the adjacent property is Common Area. The color shall be white. The Architectural Control Committee may grant variances to Owners upon request, but in the sole discretion of the Architectural Control Committee.

10.03 Activity. No obnoxious or offensive trade or activity shall be carried on or upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance.

10.04 Appearance. All equipment, garbage cans, woodpiles, or storage piles shall be kept, screened or stored so as to conceal them from the view of neighboring Lots and streets. All rubbish, trash or garbage shall be regularly removed from all Lots and shall not be allowed to accumulate on the Lots within the Development. No Owner shall burn or permit the burning of garbage or other refuse. No Owner, or builder or contractor for such Owner, shall dump construction debris, dirt, sand, trash or rubbish on any Lot, street or other area on the Development. Each Owner shall be responsible for the appropriate removal of all such construction debris, dirt, sand, trash and rubbish, and the Developer shall not have any liability or responsibility therefor. Trash receptacles shall only be left out on days of pickup (or the evening before) and shall promptly be returned to a place out of view after pick up.

10.05 Parking restrictions. No tractor, motor home, trailer, boat, camper, etc. shall be permitted to be parked on any Lot or anywhere on the Development for more than forty-eight (48) hours unless in a garage. It is the intent of the Developer to restrict parking of the above mentioned vehicles to the garages upon the Lots and to further restrict vehicular parking on or upon the Development to the automobiles regularly used by the Owners. No Owner shall repair or restore any vehicle of any kind upon any Lot, street, alley, right of way or other thoroughfare except for emergency repairs and except within enclosed garages.

10.06 Easements. Strips of ground shall be reserved as easements for the use of public utilities; for the installation and maintenance of poles, ducts, wires, pipelines, and lines; and for drainage. No permanent or other structures are to be erected or maintained upon said strips of land. The Owners shall take their titles subject to such easements, and such easements are for the benefit of all Owners in said Development and any adjacent parcels of Development.

10.07 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept on any Lot, provided that: they are not kept, bred or maintained for commercial or hobby purpose; they are not left unattended by a Owner outside of a Dwelling unit; they do not create a nuisance; and they are not permitted to roam elsewhere in the Development except on a leash.

10.08 Erosion Control. Owners shall be responsible for complying with all laws and regulations with respect to erosion control during construction on the Development, and shall be obligated to comply with all requirements or recommendations of the Division of Soil Conservation

of the Indiana Department of Resources, regarding the installation and maintenance of erosion/sediment control facilities and practices during the construction period on the Development. Without in any way limiting the generality of the foregoing, the Owner shall be obligated for the installation and maintenance of (a) perimeter erosion and sediment controls, (b) curb inlet protection, (c) drop inlet protection, (d) temporary downspout extenders, and (e) gravel driveways/entrances after the completion of the foundation, from the public street curb to the foundation. The gravel driveway/entrance shall be installed at a minimum twelve foot (12') width, over a stable subgrade with six inches (6") of coarse aggregate (INDOT CA NO. 2) adding stone as needed from time to time to maintain a six inch (6") clean depth.

10.09 Architectural Control. No building, wall, improvement or other structure shall be commenced, erected or maintained on the Property and no exterior addition, change or alteration shall be made until the plans and specifications, plot lay-out, exterior elevations and landscaping which shall show the nature, kind, shape, height, materials, and location of the improvement to be made shall have been submitted to and approved in writing as to the harmony of external design and location in relationship to the surrounding structures, topography, and Lot lines by the Architectural Control Committee appointed by the Board of Directors of the Association. In addition, each Owner intending to build shall submit a resume as to the experience and financial responsibility of the proposed contractor who is to perform the work. This provision shall not apply to any construction or improvement made by the Developer in connection with the development of the Property.

Neither the Developer, the Association, nor the Architectural Control Committee, nor any member thereof, shall be liable for any damage, loss or prejudice suffered or claimed by any Owner or contractor who submits such plan on account of (a) any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions; (b) any structural or other defects in any work done according to such plans and specifications; (c) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (d) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, and (e) the development of any property within the Properties. Any person submitting plans to the Architectural Control Committee shall hold the Developer, the Association, the Architectural Control Committee, or any member thereof, harmless from all damage, loss or prejudice suffered or claimed by any third party, including attorneys' fees incurred.

10.10 Approval Prior to Construction. No Dwelling or structure shall be commenced, erected, or maintained on any of the Property until the plans and specifications have been submitted to and approved by the Architectural Control Committee as provided in this Article. Declarant and Developer are not required to obtain approval from the Architectural Control Committee.

10.11 Signs. No advertising signs including "For Rent" or "For Sale" signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on Lots, on the Property or within one half (1/2) mile of the Property, nor shall the Lots be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Lot or any resident thereof. No business activities of any kind whatsoever shall be conducted in any building or

in any portion of the Development; provided, the foregoing covenants shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, of Developer, its agents and assigns during the construction and sale of the Development. After five (5) years from the date of recording this Declaration, Owners may display one (1) For Sale or For Rent sign not exceeding six (6) square feet.

10.12 Responsibilities of the Owner During Construction. The Owner is responsible for the removal of any and all debris including but not limited to excess soil from excavation and construction materials on the Lot. No soil or debris shall be allowed on any roads or streets at any time. Every Owner shall require its builder to comply with these requirements which shall be specified in the contract. If the Owner or builder does not correct any of the above conditions, the Developer, after notification, may correct the condition and charge the Owner fair market value for the work performed.

10.13 Registered Sex Offenders. No person may occupy a Unit, whether as Owner, Occupant, Lessee, or member of the household, licensee or regular guest whose name is on any state or federal sex offender registry. If this provision is violated, the Association shall give notice to the Owner that such occupancy is in violation of this paragraph. The Owner must give the Association adequate assurances that the violation has been cured and that all future occupancies shall comply with this paragraph. If the violation of this paragraph continues after notice by the Association, the Association shall have the following remedies: (i) assessing a fine of One Hundred Dollars (\$100.00) per day after it has provided notice and an opportunity to cure against the Owner which lien shall be paid by the Owner and the Association can lien the Unit to recover the fine and proceed with foreclosure on the lien, if necessary; (ii) the Association may enforce this paragraph by seeking injunctive relief from a court of competent jurisdiction with all parties acknowledging that there is no adequate remedy at law, and the Association will suffer irreparable harm; or (iii) the Association may purchase the Unit at a price equal to ninety percent (90%) of the price that the Owner paid to purchase the Unit with the right to enforce this option by obtaining appropriate relief from court of competent jurisdiction and the Owner shall be responsible for all legal costs and expenses in enforcing the re-purchase option, and the Association shall resell the Unit in a commercially reasonable manner and any net proceeds realized by the Association after paying and recovering all Association costs and expenses shall then be paid to the previous Owner.

10.14 Antennas, Satellite Dishes. Radio, television, transmission and reception antenna may not be installed on the roof of a Dwelling. All antennas must be installed within the attic of a Dwelling unless prior written approval is obtained from the Architectural Control Committee. Satellite dishes may not be installed on the front elevation or front portion on the roof of a Dwelling to be visible from the adjacent road and sidewalks, and satellite dishes may not be installed in the front yard of a Lot. Satellite dishes less than one meter in diameter may be installed on the rear elevation to the extent not visible from the adjacent road and sidewalks. Satellite dishes less than one meter in diameter may be discreetly installed in the ground in a rear yard, in the rear portion of the side yard, to the rear elevation of the Dwelling or to the side elevations of the Dwelling (closer to the rear elevation than the front elevation). Notwithstanding the foregoing, satellite dish installation is subject to the ordinances of the Town of St. John and FCC regulations.

10.15 Air Conditioning Units. Window air conditioning units or condenser units may not be installed within or near the front elevation or front yard of any Dwelling nor within the front half of any side elevation nor within any side elevation that fronts on a street. Window air conditioning units or condenser units may be installed in the rear elevation or rear yard or in the rear half of the side elevation not fronting on a street. The Owner shall install any screening requested by the Association.

10.16 Basketball Equipment. No permanent basketball equipment is permitted. In-ground installation or attaching to any residential structure of basketball equipment is strictly prohibited. Portable basketball equipment is permitted provided the backboard is clear acrylic, without any logos or advertisement, and black metal poles are used. All portable basketball equipment shall be stored in the garage when not in use, including every night from 9:00 p.m. to 8:00 a.m. No use shall occur between 9:00 p.m. and 8:00 a.m.

ARTICLE XI **RULE MAKING**

11.01 Rules and Regulations. Subject to the provisions hereof, the Board may establish reasonable rules and regulations concerning the use of Lots and Dwellings. In particular but without limitation, the Board may promulgate from time to time rules and regulations which shall govern activities which may, in the judgment of the Board, be environmentally hazardous to any wetland or other areas. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants, and agents, until and unless any such rule or regulation is specifically overruled, canceled, or modified by the Board or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association, provided that in the event of such vote, such action must also be approved by Declarant, for so long as Declarant shall have the right to appoint the Board pursuant to Section 4.06 hereof.

11.02 Authority and Enforcement. Subject to the provisions of Section 11.03 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 any assessments, the Board shall have the power (i) to impose reasonable monetary fines which shall constitute an equitable charge and a continuing lien upon the Lot or Dwelling, the Owners or Occupants of which are guilty of such violation, (ii) to suspend an Owner's right to vote in the Association, or (iii) to suspend an Owner's right (and the right of such Owner's family, guest, and tenants and of the co-Owners of such Owner and their respective families, guests, and tenants) to use any of the recreational facilities located in the Common Area, and the Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his co-Owner or the

family, guests, or tenants of his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days per violation.

11.03 Procedure.

Except with respect to the failure of an Owner to pay assessments, the Board shall not impose a fine exceeding \$50.00 per day, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other occupant of the Development for violations of the Declaration, the By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

(a) Written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violation specifying:

(i) The alleged violation;

(ii) The action required to abate the violation; and

(iii) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice shall contain:

(i) The nature of the alleged violation;

(ii) The time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;

(iii) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and

(iv) The proposed sanction to be imposed.

(c) The hearing shall be held in executive session of the Board pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard 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, director, or other individual who delivered such notice. In addition, the notice

requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

11.04 Fine Assessed by Association. Notwithstanding any other provision herein to the contrary, the Board may assess a Fifty (\$50.00) Dollar per day fine for violations of the Declaration and the Rules and Regulations of the Association, and the Association may record a lien against the Owners, Lot and/or Dwelling to collect such fines. The Association shall be entitled to impose such a fine provided: (i) the Association gives written notice of the violation to the Owner; and (ii) the Owner does not respond within ten (10) days of receipt of the notice of violation. If the Owner objects to such notice of violation, it shall provide all written evidence as to why such act or omission does not constitute a violation of the Declaration and the Rules and Regulations within ten (10) days of receipt of the notice of violation, and thereafter the Board shall consider all written evidence and shall make a final determination thereon within fifteen (15) days of receipt of the Owner's written material. The Association shall respond to an Owner's objection in writing with a final determination on the issue. If the Owner does not adhere to the Association's final determination, the Association shall be entitled to levy a fine against the Owner not exceeding Fifty Dollars (\$50.00) per day. The Association may impose a fine in excess of the above amount if it follows the provisions of Article XII, Section 11.03.

**ARTICLE XII
MORTGAGEE PROVISIONS**

The following provisions are for the benefit of holders of first Mortgages on Lots in the Property. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

12.01 Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Dwelling on which there is a first Mortgage held, insured, or guaranteed but such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Dwelling subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Dwelling of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of eligible holders.

12.02 Amendments to Documents.

(a) The consent of Members representing at least sixty-seven (67%) percent of the votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of the eligible holders of first Mortgages on sixty-seven (67%) percent of the Dwellings subject to a Mortgage held by an eligible holder, shall be required to terminate the Association for reasons other than substantial destruction or condemnation. Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Members as specified above and the eligible holders of first Mortgages on fifty-one (51%) percent of the Dwellings subject to Mortgages held by such eligible holders.

(b) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the eligible holders of first Mortgages on Dwellings to which at least fifty-one (51%) percent of the Dwellings subject to Mortgages held by such eligible holders are allocated.

(c) The consent of Members representing at least sixty-seven (67%) percent of the votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of eligible holders of first Mortgages on fifty-one (51%) percent of the Dwellings subject to a Mortgage held by an eligible holder, shall be required materially to amend any provisions of the Declaration, By-Laws, or Articles of Incorporation of the Association or to add any material provisions thereto, which establish, provide for, govern, or regulate any of the following:

- (i) voting;
- (ii) assessments, assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair, and replacement of the Common Area;
- (iv) insurance or fidelity bonds;
- (v) rights to convey the Common Area;
- (vi) responsibility for maintenance and repair of the Properties;

- (vii) expansion or contraction of the Property or the addition, annexation, or withdrawal of Property to or from the Association (other than by Declarant as provided in Article II of this Declaration);
- (viii) boundaries of any Lot;
- (ix) leasing of Lots;
- (x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Dwelling;
- (xi) establishment of self-management by the Association where professional management has been required by an eligible holder; or
- (xii) any provisions included in the Declaration, By-Laws, or Articles of Incorporation which are for the express benefit of holders; guarantors, or insurers of first Mortgages on Dwellings.

12.03 Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the first Mortgagees or Members representing at least two-thirds (2/3) of the total Association vote entitled to be cast thereon consent, the Association shall not:

- (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly, except as otherwise provided herein;
- (b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Dwelling (A decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Property regarding assessments shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration.);
- (c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the maintenance of Dwellings and of the Common Area;
- (d) fail to maintain 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 Property.

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

12.04 No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Dwelling in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Area.

12.05 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Dwelling.

12.06 Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which negate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes. Copies of any amendments to this Declaration, except those enacted by the Declarant, shall be furnished to the Owners.

12.07 Failure of Mortgagee to Respond. Any Mortgagee who receives notice of and a written request from the Board to respond or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, with a return receipt requested.

ARTICLE XIII
GENERAL PROVISIONS

13.01 Control by Declarant. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the By-Laws of the Association, Declarant hereby retains the right to appoint and remove any member or Members of the Board and any officer or officers of the Association as provided by and for the term set forth in Section 8.01 hereof. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, agrees that Declarant shall have the authority to appoint and remove trustees and officers of the Association in accordance with the foregoing provisions of this Section 13.01 and the provisions of Section 8.01. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of Section

8.01 and this Section 13.01, such right shall pass to the Owners, including Declarant if Declarant then owns one or more Lots or Dwellings, and a special meeting of the Association shall be called within a reasonable time thereafter. At such special meeting the Owners shall elect a new Board which shall undertake the responsibilities of the Board, and Declarant shall deliver all books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period and which Declarant has in its possession.

13.02 Amendments by Declarant. During any period in which Declarant retains the right to appoint and remove any directors and officers of the Association, Declarant may amend this Declaration by an instrument in writing filed and recorded in the Office of the Recorder of Lake County, without the approval of any Owner or Mortgagee; provided, however, that with the exception of the addition of any portion of the Additional Property to the terms of this Declaration, or as otherwise provided in Section 13.03 hereof, (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of his Lot, Dwelling, or the Common Area as set forth in this Declaration or adversely affects the title to any Lot or Dwelling, such amendment shall be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby, or (ii) in the event that such amendment would materially and adversely affect the security, title and interest of any Mortgagee, such amendment shall be valid only upon the written consent thereto of all such Mortgagees so affected. Notwithstanding the foregoing to the contrary, the expiration or termination of the right of Declarant to appoint and remove any directors and officers of the Association shall not terminate Declarant's right to amend the Declaration for the purpose of submitting the Additional Property or any portion thereof to the provisions of this Declaration as provided in Section 2.02 hereof. Any amendment made pursuant to this Section 13.02 shall be certified by Declarant as having been duly approved by Declarant, and by such Owners and Mortgagees if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself.

13.03 Special Amendments. Anything herein to the contrary notwithstanding, Declarant reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal national Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Dwellings, (iii) to correct clerical or typographical errors in the Declaration or any Exhibit, or (iv) to bring the Declaration into compliance with applicable laws, ordinances or governmental regulations. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to make or consent to a Special Amendment on behalf of each Owner. Each deed, lease, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Dwelling and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Declarant to make, execute

and record Special Amendments. The right and power to make Special Amendments hereunder shall terminate on the date Declarant no longer has the right to appoint all directors of the Board pursuant to Section 4.06 hereof.

13.04 Litigation. Unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each mortgage owned), and seventy-five percent (75%) of Owners (other than the Developer or builder) of the individual Lots have given their prior written approval, the Owners shall not be entitled to commence any class-action or other collective action against the Developer, Declarant, or any other persons acting on behalf of or in association with Developer or Declarant in connection with the development of the Property or this Declaration. Any action against the Declarant or Developer shall proceed in accordance with Section 13.05 of this Declaration. The Association and Owners agree to give the Declarant written notice of any claim or defect in the Properties prior to requesting arbitration, and further grant the Declarant a sixty day period within which to investigate the claim or defect and respond to the Association and/or Owners as a condition precedent prior to instituting arbitration.

13.05 Arbitration. Excluding (a) any suit by the Association to collect Assessments under Article IX; (b) any suit by the Association to obtain a temporary restraining order to enforce the provisions of Article X; and (c) arbitration conducted by the Board under Article X, any and all claims, disputes and controversies by and between the Association, an Owner, Developer, Declarant, Managing Agent or any other party connected in any way to the Association, or any combination of the foregoing, arising from or related to the Property, the Association, any improvements to the Property, the sale of any Residential Unit on the Property, including, without limitation, any claim of breach of contract, negligence, negligent or intentional misrepresentation or non disclosure in the inducement, execution or performance of any contract, including this arbitration agreement, and breach of any alleged duty of good faith and fair dealings, shall be submitted to arbitration by and pursuant to the rules of Construction Arbitration Services, Inc. (hereinafter CAS) in effect at the time of the request for arbitration or by such other arbitration service as Declarant shall, in its sole discretion select, and pursuant to the rules of that arbitration service in effect at the time of the request for arbitration. This arbitration agreement shall inure to the benefit of, and be enforceable by all successors and assigns of the parties. Any party shall be entitled to recover reasonable attorneys' fees and costs incurred in enforcing this arbitration agreement, and the arbitrator shall have sole authority to award such fees and costs. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any state or federal court of competent jurisdiction. This arbitration agreement shall be deemed to be a self executing arbitration agreement. Any disputes concerning interpretation or the enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitrable issues and any defense based on waiver, estoppel or laches shall be decided by the arbitrator. The initiation of or participation by any party in any judicial proceedings concerning this arbitration agreement or any matter arbitrable hereunder shall not be deemed a waiver of the right to enforce this arbitration agreement, and notwithstanding provision of law to the contrary, shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this arbitration agreement. Any party who shall commence a judicial proceeding concerning a dispute that is arbitrable, however, shall also be deemed a party requesting arbitration within the meaning of this arbitration agreement. The arbitrator's compensation shall be borne equally by the arbitrating parties. Any

additional fees may be assessed in accordance with the arbitration rules and fees. Parties expressly agree that this arbitration agreement involves and concerns interstate commerce and is governed by the provisions of the Federal Arbitration Act (9 USC §1 *et seq.*) now in effect as the same may from time to time be amended, supplanted or replaced, to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule; and to the extent that any local law, ordinance or judicial rule may be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rule shall govern the conduct of the proceedings. If any provision of this arbitration agreement shall be determined by arbitrator or by any court to be (i) non-enforceable or (ii) have been waived, the remaining provision shall be deemed to be severable therefrom and enforceable according to their terms.

13.06 Enforcement. Each Owner shall comply strictly with the By-laws and the published rules and regulations of the Association adopted pursuant to this Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set both in this Declaration and in the deed or other instrument of conveyance to his Lot or Dwelling, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or for instituting an action to recover sums due, for damages and/or for injunctive relief and/or any other remedy available at law or in equity such actions to be maintainable by Declarant, the Board on behalf of the Association, or, in a proper case, by an aggrieved Owner. Should Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating Owner. Inasmuch as the enforcement of the provisions of this Declaration, the By-Laws, and the rules and regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that Declarant, the Association, or any aggrieved Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction or other equitable action to restrain any such violation or breach or any threatened violation or breach. No delay, failure, or omission on the part of Declarant, the Association, or any aggrieved Owner in exercising any right, power, or remedy herein provided shall be construed as an acquiescence thereto or shall be deemed a waiver of the right to enforce such right, power, or remedy thereafter as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, by any person of the provisions of this Declaration, the By-Laws, or any rules and regulations of the Association, however long continued.

13.07 Duration. The provisions of this Declaration shall run with and bind title to the Property, shall be binding upon and inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, legal representatives, successors, and assigns, and shall be and remain in effect for a period of thirty (30) years from and after the date of recording of this Declaration, provided that rights and easements which are stated herein to have a longer duration shall have such longer duration. Upon the expiration of said thirty (30) year period, this Declaration shall be

automatically renewed for successive ten (10) year periods. The number of ten (10) year renewal periods shall be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration, if, during the last year of the initial twenty (20) year period or the last year of any ten (10) year renewal period, eighty-five percent (85%) of the total votes of the Association are cast in favor of terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination shall be duly filed, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Property, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration shall run with and bind title to the Property as provided hereby. Reference in the respective deeds of conveyance or in any mortgage or trust deed or other evidence of obligation or transfer, to the covenants, conditions, restrictions, easements, rights, benefits and privileges of every character contained herein, shall be deemed and taken to be appurtenant to and covenants running with such Property, and shall be binding upon any such grantee, mortgagee or trustee and their successors and assigns as fully and completely as though the provisions of this Declaration were fully recited and set forth in their entirety in such documents.

13.08 Perpetuities. If any of the covenants, conditions, restrictions, 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 the President of the United States and the Governor of Indiana.

13.09 Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant or the Board, will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance, building codes or other regulations which are less restrictive. The effective date of this Declaration shall be the date of its filing for record. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer. This Declaration shall be construed under and in accordance with the laws of the State of Indiana.

13.10 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

13.11 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any Property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

13.12 Notice of Sale, Lease, or Mortgage. In the event an Owner sells, leases, mortgages, or otherwise disposes of any Lot or Dwelling, the Owner must promptly furnish to the Association in writing the name and address of such purchaser, lessee, mortgagee, or transferee.

13.13 No Trespass. Whenever the Association or Declarant and their respective successors, assigns, agents, or employees are permitted by this Declaration to enter upon or correct, repair, clean, maintain, preserve, or do any other action within any portion of the Development, the entering thereon and the taking of such action shall not be deemed to be a trespass.

13.14 Notices. Notices required hereunder shall be in writing and shall be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners shall be delivered or sent to such addresses as have been designated in writing to the Association, or if no address has been so designated, at the addresses of such Owners' respective Lots or Dwellings. All notices to the Association shall be delivered or sent in care of Declarant at the following address:

Silver Leaf Homeowners Association, Inc.
8051 Wicker Avenue, Suite A
St. John, Indiana 46373

or to such other address as the Association may from time to time notify the Owners. All notices to Declarant shall be delivered or sent to Declarant at the above address or to such other address as Declarant may from time to time notify the Association. Notices to Mortgagees shall be delivered or sent to such addresses as such Mortgagees specify in writing to the Association. All notices are deemed delivered when delivered by hand or when deposited in the United States mail.

13.15 Land Trust. In the event title to a Lot or Dwelling is held by a land trust under which all powers of management, operation and control remain vested in the trust beneficiaries, then the beneficiaries thereunder shall be considered Owners for all purposes hereunder and they shall be responsible for any obligation created under this Declaration against such Lot or Dwelling. No claim shall be made against any such title holder trustee personally for any claim or obligation created hereunder and the trustee shall not be obligated to sequester funds or trust Property to apply in whole or in part against any such obligation, but the amount thereof shall continue to be a charge or lien upon the Lot or Dwelling notwithstanding any transfers of beneficial interest or in the title to such Lot or Dwelling. By directing said trustee to take title to said Lot or Dwelling, the beneficiaries agree to be bound by the provisions of this Section 13.13 as permitted hereunder.

13.16 Declarant's Rights. All Declarant's Rights shall be mortgageable, pledgeable, assignable or transferable. The Declarant shall have the right to assign some or all of the Declarant Rights reserved or granted hereunder to Declarant, subject to the following:

(a) Declarant may assign to a Person which acquires title to a portion of the Property the non-exclusive right to exercise some or all of the Declarant Rights, subject to such terms, conditions and limitations as the Declarant shall deem appropriate, in their discretion.

(b) If Declarant conveys all of the Additional Property owned by it to a Person, then the Declarant shall no longer have the right to exercise any Declarant Rights and the person which acquires such portions of the Additional Property from Declarant may become the successor to the Declarant and, if so, shall have the right to exercise all Declarant Rights hereunder, subject to any assignments previously made by the Declarant permitted hereunder.

(c) Any Declarant Rights may be collaterally assigned by the Declarant to a lender which makes a development or construction loan to Declarant with respect to a portion of the Additional Property.

(d) Except as provided in Section 13.14 hereof, no transfer of Declarant rights shall be effective unless it is in a written instrument signed by Declarant and duly recorded in the Recorder's Office of Lake County, Indiana.

13.17 Disclaimer of Other Entities. Owner and the Association acknowledge and understand that their relationship is with the Declarant and Developer, pursuant to the written terms of this Declaration, and no other entity notwithstanding anything to the contrary in advertising, promotional or other materials. Owner and the Association acknowledge that they have no claim against any entity including affiliates, subsidiaries, parents or otherwise under common control of Declarant and Developer, and Owner and the Association waive and release any such claims, if any.

13.18 Disclaimer of All Warranties. Declarant and Developer hereby disclaim and exclude any and all warranties, expressed or implied (including, without limitation, any implied warranty of habitability, merchantability, quality or fitness for particular purpose), with respect to the Property, Common Areas, the Lots and the Dwellings. The Association and any Owner knowingly agree to waive any and all rights that they may have pursuant to the implied warranty of habitability. The Association and Owners acknowledge and agree that the sole warranties that apply to the Property, Common Areas, Lots and Dwellings are solely contained within the purchase agreement for the acquisition of the Lot or Dwelling from the seller thereof.

IN WITNESS WHEREOF, *Silver Leaf of* St. John Dev. LLC has caused its name to be signed to these presents by its General Mgr, this 24 day of May, 2007.

SILVER LEAF OF ST. JOHN DEVELOPMENT, LLC

By: *NOA*
Its: ASST VICE PRESIDENT OF
OD ENTERPRISES INC ITS GENERAL
MANAGER

STATE OF INDIANA)
) SS:
COUNTY OF Lake)

I, Andrea Oller, a Notary Public in and for said City and State do hereby certify that
Scot F. Othof appeared before me this day and acknowledged and that by authority duly given, and as
the act of Silver Leaf of St. John Development, LLC, the foregoing instrument was signed in its name by its Assistant Vice
President

WITNESS my hand and official seal, this 24 day of May, 2007.
Andrea Oller
Notary Public

My Commission Expires: Nov. 27, 2013
My County of Residence: Lake

~~~~~
Andrea Oller
Seal
Notary Public, State of Indiana
My Commission Expires November 27, 2013
~~~~~



EXHIBIT A

LOTS 1 THROUGH 18, 45, 46, 53 THROUGH 67, 71 THROUGH 80, 121 THROUGH 126, 151 THROUGH 157, AND 220 THROUGH 236 IN SILVER LEAF SUBDIVISION, PHASE 1, ACCORDING TO THE PLAT THEREOF RECORDED JULY 31, 2006 AS DOCUMENT NUMBER 2006 066013, IN THE OFFICE OF THE RECORDER, LAKE COUNTY, INDIANA.

TOGETHER WITH

LOTS 19 THROUGH 44, 47 THROUGH 52, 68 THROUGH 70, 127 THROUGH 150, AND 158 THROUGH 219 IN SILVER LEAF SUBDIVISION, PHASE 2, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 13, 2007 AS DOCUMENT NUMBER 2007 030630, IN THE OFFICE OF THE RECORDER, LAKE COUNTY, INDIANA.



EXHIBIT B-ADDITIONAL PROPERTY



EXHIBIT C

BY-LAWS

OF

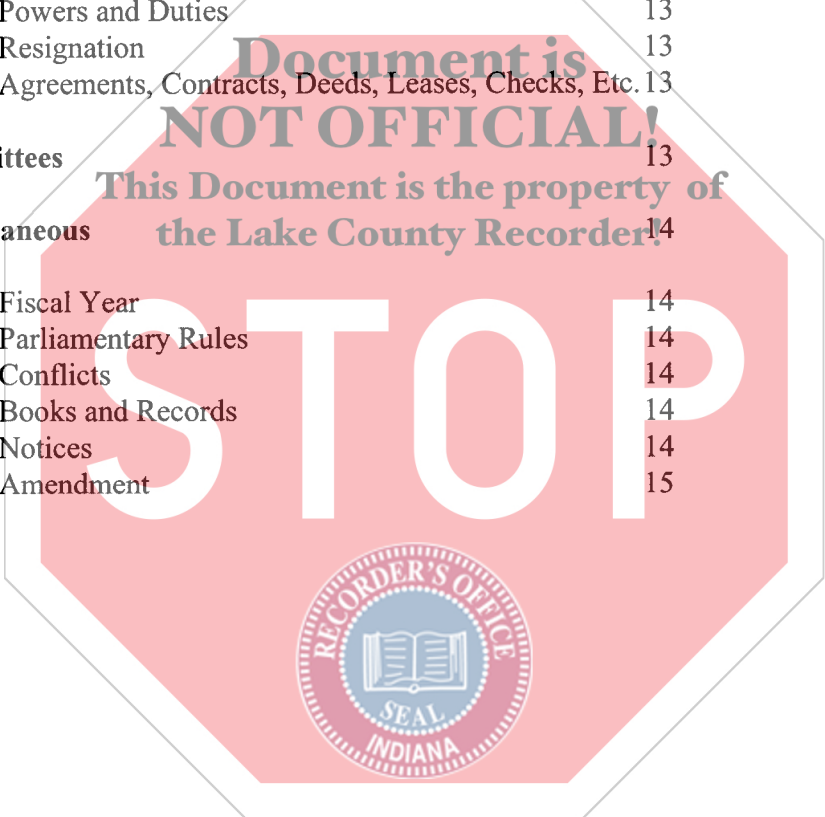
SILVER LEAF HOMEOWNERS ASSOCIATION, INC.



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BY-LAWS
OF
SILVER LEAF HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME, MEMBERSHIP, APPLICABILITY AND DEFINITIONS

Section 1. Name. The name of the Association shall be Silver Leaf Homeowners Association, Inc. (hereinafter referred to as the "Association").

Section 2. Principal Office. The principal office of the Association shall be located initially at the principal business location of Declarant, and thereafter such location as determined by the Board of Directors. The Association may have such 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 3. Definitions. The words used in these By-laws shall have the same meaning as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for Silver Leaf Estates (said Declarations as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

ARTICLE II
ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 1. Membership. The Association shall have one (1) class of membership, as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either in the Project or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members 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. Subject to the foregoing, the annual meeting of the Members shall be held at a date and time as set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by at least

ten percent (10 %) of the total votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) days nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed a waiver by such member of notice at the time, date and place thereof, unless such Member specifically objects to a lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that at least twenty-five (25 %) percent of the total votes of the Association remains present in person or by proxy, and provided further that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxy. 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 Lot or Dwelling 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 10. Majority. As used in these By-laws, the term "majority" shall mean those votes of Members, or other group as the context may indicate, totaling more than fifty percent (50%) of the total number of the appropriate class of Members entitled to vote on same.

Section 11. Quorum. Except as otherwise provided in these By-laws or in the Declaration, the presence in person or by proxy of one-fourth (1/4) of each class 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 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action without a Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Members.

ARTICLE III
BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection.

Section 1. Governing Body: Composition The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article III, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 2. Directors During Declarant Control The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant until such time as is specified in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be owners or residents in the project. After the period of Declarant appointment, all Directors must be Members of the Association.

Section 3. Number of Directors. The number of Directors in the Association shall be not

less than three (3) nor more than five (5), as the Board of Directors may from time to time determine by resolution. The initial Board of Directors shall consist of four (4) members and are identified in the minutes of the first meeting of the Board.

Section 4. Nomination of Directors. Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members to solicit votes.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein: At the first annual meeting of the membership after the termination of the Declarant's right to select directors and at each annual meeting of the membership thereafter, Directors shall be elected. All Directors shall be elected at-large. All Members of the Association shall vote upon the election of Directors. So long as there are four (4) Directors, the term of one (1) Director shall be fixed at one (1) year, and the term of one (1) Director shall be fixed at two (2) years, and the term of the remaining Directors shall be fixed at three (3) years. The members of the Board of Directors shall hold office until their respective successors have been elected by the Association.

Section 6. Removal of Directors and Vacancies. Unless the entire Board is removed from office by the vote of the Association Members, an individual Director shall not be removed prior to the expiration of his or her term of office, except by the vote of a majority of Members.

In the event of death or resignation of a Director, his or her successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 7. Voting Procedure for Directors. The first election of the Board shall be conducted at the first meeting of the Association after the period of Declarant control has expired. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

B. Meetings.

Section 8. Organizational Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meetings of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (1) a quorum is present, and (2) either before or after the meeting each of the Directors not present signs a written waiver or notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by a majority vote of the total vote of the Association at a regular or special meeting of the Association.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and

proceedings occurring at such meetings.

Section 15. Open Meeting. All meetings of the Board of Directors shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board

Section 16. Executive Sessions. 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.

Section 17. Action without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent is in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 18. 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 the Association's affairs and, as provided by law, may do all acts and things as set forth 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 relating 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 means and methods of collecting such Assessments, and establishing the period of the installment payments of the annual Assessment, provided otherwise determined by the Board of Directors, the annual Assessment against the proportionate share of the Common Expenses shall be payable in yearly installments, each such installment to be due and payable in advance on the first day of the year for said year;
- (c) intentionally deleted;

- (d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association's property, 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 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) enforcing by legal means the provisions of the Declaration, these By-laws, and the Rules and Regulations adopted by it and bringing any proceeds, which may be instituted on behalf of or against the Owners of the Association;
- (i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (j) paying the cost of all services rendered to the Association or its members and not chargeable to Owners;
- (k) 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; and
- (l) make available to any prospective purchaser of a Lot or Dwelling, any Owner of a Lot or Dwelling, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot or Dwelling, 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.

Section 19. 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), (d), (f), (g) and (i) of Section 18 of this Article III. 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 20. Accounts and Reports. The following management standards of performance will be followed unless the Board of resolution specifically determines otherwise:

- (a) cash basis accounting shall be employed;
- (b) accounting and controls should conform with established AICPA guidelines and principles, which require, without limitation, (i) a segregation of accounting duties, (ii) disbursements by check requiring two (2) signatures, and (iii) cash disbursements limited to amounts of Twenty-five (\$25.00) Dollars 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 or 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 Lot or Dwelling is sold and closed, quarterly financial reports shall be prepared for the Association containing:
 - (i) an Income and Expense Statement reflecting all income and expense activity for the preceding three (3) 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 three (3) 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 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 closing 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) 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 an audit from the books and records of the Association.

ARTICLE IV OFFICERS

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office and Vacancy. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, of both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by the President or by such other person or persons as may be designated by resolution of the Board of Directors.

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 1. Fiscal Year. The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. 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 the Association proceedings when not in conflict with Indiana law, the Articles of Incorporation, the Declaration or these By-laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Indiana Law, the provisions of Indiana law, the Declaration, the Articles of Incorporation, and the By-laws (in that order) shall prevail.

Section 4. 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 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 Project 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 5. 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 Lot or Dwelling of such Owner; or

(b) if to the Association, the Board of Directors, 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. 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).



EXHIBIT D

Common Area

OUTLOT A, OUTLOT B, OUTLOT C, OUTLOT D, OUTLOT E, OUTLOT F, OUTLOT G, AND OUTLOT H IN SILVER LEAF SUBDIVISION, PHASE 1, ACCORDING TO THE PLAT THEREOF RECORDED JULY 31, 2006 AS DOCUMENT NUMBER 2006 066013, IN THE OFFICE OF THE RECORDER, LAKE COUNTY, INDIANA.

TOGETHER WITH

OUTLOT I IN SILVER LEAF SUBDIVISION, PHASE 2, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 13, 2007 AS DOCUMENT NUMBER 2007 030630, IN THE OFFICE OF THE RECORDER, LAKE COUNTY, INDIANA.

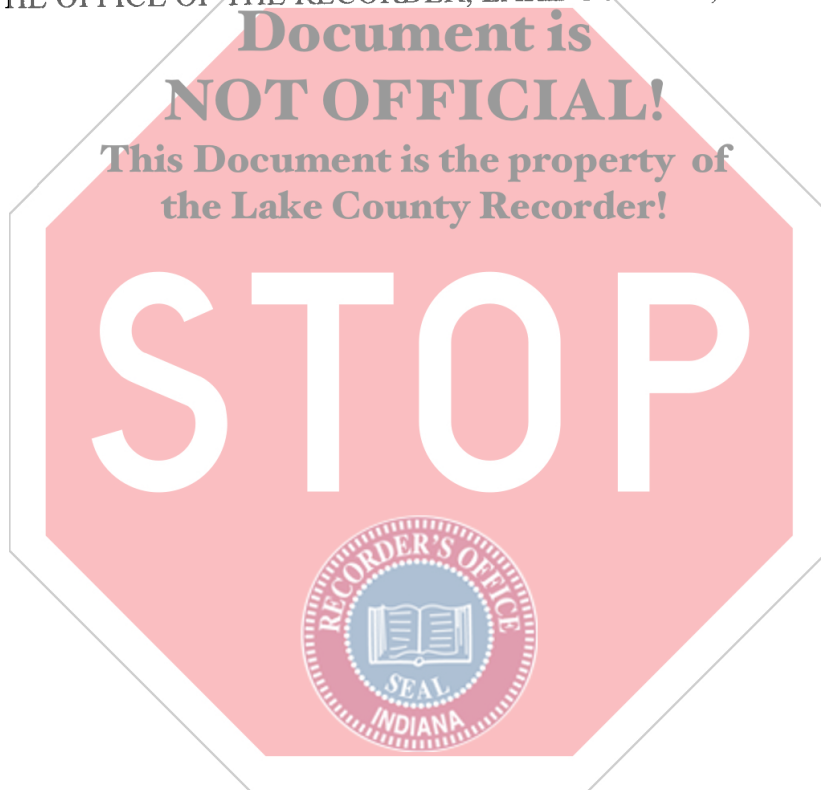
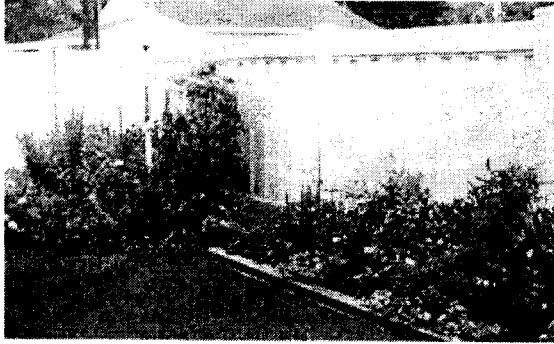


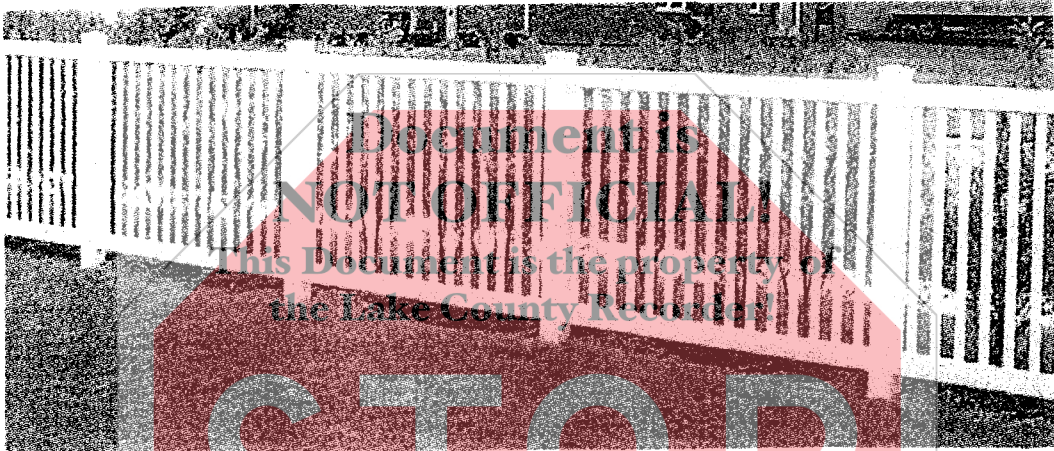
EXHIBIT E

Fencing Requirements

The style of fence shown below is allowed around the side and rear yard of lots that are not adjacent to the pond. The requirement is to have a white polyvinyl fence. The two styles of fence allowed here are either the shadow box, board-on-board, style (Figure A) or the ornamental style (Figure B). The fence cannot exceed six feet in height and cannot be installed in the front yard setback or any setback adjacent to the road.

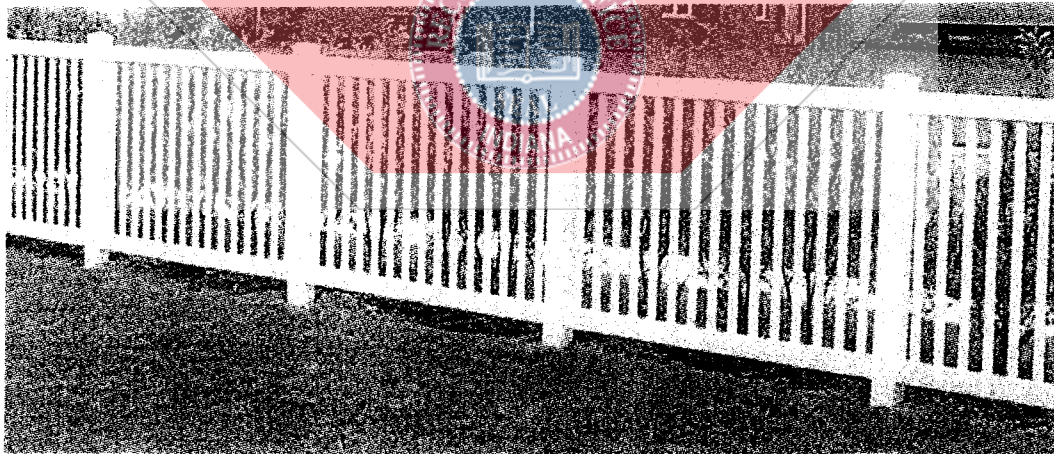


(Figure A)



(Figure B)

The ornamental style fence is shown below. The fence is allowed around the side and rear yard of lots that are adjacent to the pond. The requirement is to have a white polyvinyl fence. The fence cannot exceed four feet in height and cannot be installed in the front yard setback or any setback adjacent to the road.



*Reference the Use Restrictions for additional fencing requirements and restrictions.