





# **DAVID BRENTON'S TEAM**

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## **RE/MAX Select, REALTORS**

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The covenants provided may or may not include any amendments made due to governing agencies (ie: national, state, city, local and neighborhood agencies). Please contact the Recorder's office for the county where the property is located to receive updated information.

**The information is deemed reliable, but not guaranteed.**

DECLARATION OF CONDOMINIUM  
OF  
STONE BRIDGE

This Declaration, made this \_\_\_\_ day of \_\_\_\_\_, 2006 by Premier Villages, LLC, an Indiana limited liability company (the "Declarant"),

WITNESSETH:

WHEREAS, the following facts are true:

A. Declarant owns, or has the right to acquire, fee simple title to certain real estate located in Franklin Township, Marion County, Indiana, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (hereinafter referred to as the "Real Estate").

B. Declarant is the sole owner of fee simple title to that portion of the Real Estate more particularly described in Exhibit "B" attached hereto and incorporated herein by reference (hereinafter referred to as "Tract 1"), which shall be the first phase of development of the expandable condominium project described herein. The legal description for Tract 1 is included in the legal description attached as Exhibit "A".

C. Declarant, by execution of this Declaration, hereby creates a condominium property regime upon Tract 1, subject to the provisions of the Condominium Property Law of the State of Indiana and the terms and conditions of this Declaration.

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

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

(a) "Act" means the Condominium Property Law of the State of Indiana, I.C. 32-25, as amended from time to time. The Act is incorporated herein by reference.

(b) "Association" means Stone Bridge Homeowners Association, Inc., an Indiana not-for-profit corporation, being the association of Co-owners of Stone Bridge, more particularly described in paragraph 12 hereof.

(c) "Board of Managers" means the governing body of the Association, being either the initial Board of Managers referred to in the By-Laws or the subsequent Board of Managers elected by the Co-owners in accordance with the By-Laws. The terms "Board of Managers" or "Board," as used herein and in the By-Laws, shall be synonymous with the term "Board of Directors" as used in the Act.

(d) "Building" means any structure on the Tract in which one or more Condominium Units are located. The Buildings are more particularly described and identified on the Plans and in paragraph 3 of this Declaration. "Building" also includes any additional structure containing one or more Condominium Units which may be subjected to the Act and this Declaration by a Supplemental Declaration as herein provided, and will be identified in a Supplemental Declaration and on plans that will be filed therewith.

(e) "By-Laws" means the Code of By-Laws of Stone Bridge Stone Bridge Homeowners Association, Inc., providing for the administration and management of the Property as required by and in conformity with the provisions of the Act. A true copy of the By-Laws is attached to this Declaration as "Exhibit F" and incorporated herein by reference.

(f) "Common Areas" means the common areas and facilities appurtenant to the Property as defined in paragraph 6 of this Declaration.

(g) "Common Expenses" means expenses of administration of the Association and expenses for the upkeep, maintenance, repair and replacement of the Common Areas and Limited Areas (to the extent provided herein) and all sums lawfully assessed against the Owners by the Association or as declared by the Act, this Declaration or the By-Laws.

(h) "Condominium Unit" means each one of the living units constituting Stone Bridge, each individual living unit being more particularly described and identified on the Plans and in paragraphs 4 and 5 of this Declaration, and each additional living unit that may be submitted to the Act and this Declaration by Supplemental Declarations as herein provided. "Condominium Unit" includes the undivided interest in the Common Areas and Limited Areas, if any, appertaining to such unit.

(i) "Co-owners" means the Owners of all the Condominium Units.

(j) "Declarant" shall mean and refer to Premier Villages, LLC, an Indiana limited liability company, and any successors and assigns of it whom it designates in one or more written recorded instruments to have the rights of Declarant hereunder, including, but not limited to, any mortgagee acquiring title to any portion of the Property pursuant to the exercise of rights under, or foreclosure of, a mortgage executed by Declarant.

(k) "Insurance Trustee" means the bank with trust powers authorized to do business in Marion County, Indiana, as the Board of Managers may designate for the custody and disposition, as provided herein or in the By-Laws, of insurance proceeds or condemnation awards.

(l) "Limited Areas" means the limited common areas and facilities as defined in paragraph 7 of this Declaration.

(m) "Mortgagee" means the holder of a first mortgage lien on a Condominium Unit.

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

(o) "Percentage Interest" means the percentage of undivided interest in the fee simple title to the Common Areas and Limited Areas appertaining to each Condominium Unit as specifically expressed in paragraphs 4 and 8 of this Declaration.

(p) "Percentage Vote" means that percentage of the total vote accruing to all of the Condominium Units which is appurtenant to each particular Condominium Unit and accrues to the Owner thereof. The Percentage Vote to which each Owner shall be entitled on any matter upon which the Co-owners are entitled to vote shall be the same percentage as the Percentage Interest appurtenant to such Owner's Condominium Unit.

(q) "Plans" means the conceptual site plan (depicting the general plan of development, the real estate being subjected to the Act, and the areas into which expansion of the condominium development may be made), as prepared by EMH&T, licensed professional engineers and surveyors, a copy of which is attached hereto as Exhibit "C", and the floor plans of the Condominium Units, copies of which are attached as Exhibit "D".

(r) "Property" means Tract 1 described in Paragraph B of the Recitals above and appurtenant easements, the Condominium Units, the Buildings, garages, improvements, the Common Areas, the Limited Areas, if any, and property of every kind and nature whatsoever, real, personal or mixed, located upon Tract 1 and used in connection with the operation, use and enjoyment of Stone Bridge, but does not include the personal property of the Owners.

(s) "Stone Bridge" means the name by which the Property and Condominium property regime shall be known.

(t) "Supplemental Declaration" means any supplement or amendment to this Declaration that may be recorded by Declarant and that extends the provisions of this Declaration to any part of the Real Estate and contains such complementary or supplementary provisions for such part of the Real Estate as are required or permitted by the Act or this Declaration.

(u) "Tract" means the real estate described in Exhibit "B" ("Tract 1") and shall include such other portions of the Real Estate to be identified as Tract 2, Tract 3, and continuing sequentially, as have, as of any given time, been subjected to the Act and this Declaration either by this Declaration or by a Supplemental Declaration as herein provided.

2. Declaration. Declarant hereby expressly, declares that the Property shall be a Condominium in accordance with the provisions of the Act.

3. Description of Buildings. On Tract 1, there are five (5) Buildings each containing four (4) Condominium Units and two (2) Buildings each containing two (2) Condominium Units for a projected total of twenty-four (24) Condominium Units on Tract 1. If the remainder of the Real Estate (to be identified as Tract 2, Tract 3, and continuing sequentially) has been subjected to the Act and this Declaration by one or more Supplemental Declarations as herein provided, there will be a projected total of twenty-two (22) Buildings each containing four (4) Condominium Units, three (3) Buildings each containing two (2) Condominium Units, for a projected total of ninety-four (94) Condominium Units on the entire Tract. A description of the Buildings and the Condominium Units contained therein is set forth in Exhibit "E" attached hereto and hereby made a part hereof by this reference.

4. Legal Description. Each Condominium Unit is identified on Exhibit "E" by a distinct alphanumeric code. The legal description for each Condominium Unit shall consist of the alphanumeric code for such Condominium Unit as shown on Exhibit "E", and shall be stated as "Condominium Unit (with identifying code) in Stone Bridge Condominiums."

5. Description of Condominium Units.

(a) Appurtenances. Each Condominium Unit shall consist of all space within the boundaries thereof, as hereinafter defined, and all portions of the Building situated within such boundaries, including but not limited to all fixtures, facilities, utilities, equipment, appliances, and structural components designed and intended solely and exclusively for the enjoyment, use and benefit of the Condominium Unit wherein the same are located, or to which they are attached, but excluding therefrom that designed or intended for the use, benefit, support, safety or enjoyment of any other Condominium Unit or which may be necessary for the safety, support, maintenance, use, and operation of any of the Buildings or which are normally designed for common use; provided, however, that all fixtures, equipment and appliances designed or intended for the exclusive enjoyment, use and benefit of a Condominium Unit shall constitute a part of such Condominium Unit, whether or not the same are located within or partly within the boundaries of such Condominium Unit. The space within the garage connected to each of the Condominium Units is considered a part of and for the exclusive use of the Condominium Unit to which it is connected. Also, the interior sides and surfaces of all doors and windows in the perimeter walls of a Condominium Unit, whether or not located within or partly within the boundaries of a Condominium Unit, and all interior walls and all of the floors and ceilings within the boundaries of a Condominium Unit, are considered part of the Condominium Unit.

(b) Boundaries. The boundaries of each Condominium Unit shall be as shown on the Plans without regard to the existing construction measured

between the interior unfinished surface of the floors, roofs and perimeter walls of each Condominium Unit. In the event any horizontal or vertical or other boundary line as shown on the Plans does not coincide with the actual location of the respective wall, floor or roof surface of the Condominium Unit because of inexactness of construction, settling after construction, or for any other reasons, the boundary lines of each Condominium Unit shall be deemed to be and treated for purposes of ownership, occupancy, possession, maintenance, decoration, use and enjoyment, as in accordance with the actual existing construction. In such case, permanent appurtenant easements for exclusive use shall exist in favor of the Owner of each Condominium Unit in and to such space lying outside of the actual boundary lines of the Condominium Unit, but within the appropriate wall, floor or roof surfaces of the Condominium Unit.

6. Common Areas and Facilities. "Common Areas" means (a) the Tract excluding the Condominium Units, (b) the foundations, columns, girders, beams, supports and exterior surfaces of roofs of the Buildings, (c) the yards, gardens, sidewalks and parking areas, except to the extent the same are otherwise classified and defined herein as part of the Condominium Unit or Limited Areas, (d) central electricity, gas, water, air conditioning and sanitary sewer mains serving the Condominium Units (unless owned by a utility), (e) exterior lighting fixtures and electrical service lighting the exterior of the buildings unless separately metered to a particular Condominium Unit, (f) master television antenna or other telecommunications systems with connecting wiring and conduits that serve more than one Condominium Unit, (g) pipes, ducts, electrical wiring and conduits and public utilities lines which serve more than one Condominium Unit, (h) all streets, that are not dedicated public streets, (i) floors, roofs and exterior perimeter walls of the Buildings, except to the extent the same are otherwise classified and defined herein as part of the Condominium Unit or Limited Areas, and (j) the swimming pool and clubhouse; and (k) all facilities and appurtenances located outside of the boundary lines of the Condominium Units, except those areas and facilities expressly classified and defined herein as Limited Areas or as part of the Condominium Unit. Each Owner shall have a right of ingress and egress from such Owner's Condominium Unit which shall be perpetual and appurtenant to the Condominium Unit.

7. Limited Areas and Facilities. Limited Areas and those Condominium Units to which use thereof is limited are as follows:

(a) The halls, corridors, lobbies, stairs, stairways, entrances and exits of each Building, if any, (except those located within the interior of Condominium Units) shall be limited to the use of the Condominium Units of such Building.

(b) Patios and porches, together with an area, if any, around such patio or porch specifically shown and designated on the Plans and any fences and gates therein enclosing or surrounding the same (which fences and gates are subject to the approval of the Board of Managers in accordance with paragraph 14), and the driveways and sidewalks serving a particular Condominium Unit, shall be limited to the exclusive use of the Condominium Unit to which they are attached or appertain.

(c) The exterior sides and surfaces of doors, windows and frames surrounding the same in the perimeter walls in each Condominium Unit shall be limited to the exclusive use of the Condominium Unit to which they appertain.

(d) Any other areas designated and shown on the Plans as Limited Areas shall be limited to the Condominium Unit or Condominium Units to which they appertain as shown on the Plans.

8. Ownership of Common Areas and Percentage Interest. Each Owner shall have an undivided interest in the Common Areas and Limited Areas, as tenants in common with all other Co-owners, equal to his Condominium Unit's Percentage Interest. The Percentage Interest of each Condominium Unit shall be equal for all purposes and shall be a percentage equal to the number one (1) divided by the total number of Condominium Units which have been subjected to the Act and this Declaration as herein provided and which constitute a part of Stone Bridge. Except as otherwise provided or permitted herein, the Percentage Interest appertaining to each separate Condominium Unit in the Common Areas and Limited Areas shall be of a permanent nature and shall not be altered without the unanimous consent of all the Owners and then only if in compliance with all requirements of the Act.

The Percentage Interest appertaining to each Condominium Unit shall also be the Percentage Vote allocable to the Owner thereof in all matters with respect to Stone Bridge and the Association upon which the Co-owners are entitled to vote.

9. Encroachments and Easements for Common Areas. If, by reason of the location, construction, settling or shifting of a Building, any Common Area or Limited Area now encroaches or shall hereafter encroach upon any Condominium Unit, then in such event, an easement shall be deemed to exist and run to the Co-owners and the Association for the maintenance, use and enjoyment of such Common Area or Limited Area.

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

10. Real Estate Taxes.

(a) Real estate taxes are to be separately assessed and taxed to each Condominium Unit as provided in the Act. In the event that for any year real estate taxes are not separately assessed and taxed to each Condominium Unit, but are assessed and taxed on the Property as a whole, then each Owner shall pay his proportionate share of such taxes to the extent attributable to the Property in accordance with his respective Percentage Interest.

(b) Each Owner, by acceptance of a deed to a Condominium Unit, hereby grants to the Association a limited power of attorney authorizing the Association to execute petitions on behalf of Owner challenging the assessment of the Owner's Condominium Unit or challenging the assessment of property

assessed in the name of the Association. The Association, in carrying out the authority granted herein, is authorized to execute limited powers of attorney on behalf of Co-owners and/or the Association granting appropriate authority to the attorneys to act on behalf of each Owner or the Association.

(c) Real estate taxes assessed for the Common Areas and Limited Common Areas shall be Common Expenses.

11. Utilities. Each Owner shall pay for his own utilities which are separately metered. Utilities which are not separately metered shall be treated as and paid as part of the Common Expenses, unless otherwise agreed by a majority of the Percentage Vote of Co-owners.

12. Association of Owners. Subject to the rights of Declarant reserved in paragraph 25 hereof, the maintenance, repair, upkeep, replacement, administration, management and operation of the Property shall be by the Association. Each Owner of a Condominium Unit shall, automatically upon becoming an Owner of a Condominium Unit, be and become a member of the Association and shall remain a member until such time as his ownership ceases, but membership shall terminate when such person ceases to be an Owner, and will be transferred to the new Owner of such Condominium Unit.

The Board of Managers shall be the governing body of the Association, representing all of the Owners in providing for the management, administration, operation, maintenance, repair, replacement and upkeep of the Property exclusive of the Condominium Units.

13. Maintenance, Repairs and Replacements. Each Owner shall, at his expense, be responsible for the maintenance, repairs, decoration and replacement within his own Condominium Unit and Limited Areas reserved for his use, except as may be provided herein or in the By-Laws. Each Owner shall promptly perform all maintenance or repair any defect occurring in his Condominium Unit which, if not repaired, might adversely affect any Condominium Unit, Common Area or Limited Area. In the event that an Owner fails to perform any maintenance or repair that is reasonably necessary, in the discretion of the Board, to protect the Common Areas or the Limited Common Areas, or to preserve the appearance or value of the Property, or is otherwise in the interest of the general welfare of the Owners, the Board shall have the power to undertake such maintenance or repair, upon a resolution by the Board and reasonable written notice to the Owner of the Condominium Unit proposed to be repaired or maintained. The cost of any such maintenance or repair shall be assessed against the Condominium Unit on which such maintenance or repair is performed, and when so assessed, a statement for the amount thereof shall be rendered promptly to the then Owner of the Condominium Unit, at which time such amount shall constitute an assessment and become immediately due and payable and a continuing lien and obligation of said Owner in all respects as provided in Article V of the By-Laws. Maintenance, repairs, replacements and upkeep of the Common Areas and Limited Areas shall be furnished by the Association as part of the Common Expenses, except as otherwise provided in this Declaration, a Supplemental Declaration, or the By-Laws.

The Board of Managers shall adopt rules and regulations concerning maintenance, repairs, use and enjoyment of the Common Areas and Limited Areas as it deems appropriate, and may amend and modify the same from time to time as it deems advisable, necessary or appropriate.

The Board of Managers or their designated agent shall have the right at reasonable times and upon reasonable prior notice (except in cases of emergency in which case no notice shall be required), to enter into each individual Condominium Unit for the purpose of inspection of the Common Areas and Limited Areas appurtenant thereto and replacement, repair and maintenance of such Common Areas and Limited Areas.

14. Alterations, Additions and Improvements No Owner shall make any alterations or additions which would affect the Common Areas or Limited Areas without the prior written approval of the Board of Managers. No Owner shall make any alteration in or to his respective Condominium Unit and within the boundaries thereof which would affect the safety or structural integrity of the Building in which the Condominium Unit is located. No Owner shall change the color of any of the Common Areas or Limited Common Areas without the prior written approval of the Board of Managers. Declarant reserves the right to change the interior design and arrangement of all Condominium Units and alter the boundaries between Condominium Units so long as Declarant owns the Condominium Units so altered. No such change shall increase the number of Condominium Units nor change the Percentage Interest applicable to such Condominium Unit. If Declarant shall make any changes in the Condominium Units so authorized, such changes shall be reflected by a supplement to the Plans executed by Declarant and recorded in the Office of the Recorder of Marion County, Indiana. Such supplement to the Plans need not be approved by the Association or any other Owners.

15. Insurance Coverage. The Board of Managers on behalf of the Co-Owners shall obtain, maintain and pay the premiums upon, as a Common Expense, and keep in full force and effect at all times the following insurance coverage underwritten by companies duly authorized to do business in Indiana:

(a) Casualty or physical damage insurance in an amount equal to the full insurable replacement cost of all buildings and property owned by the Association with either a "guaranteed replacement cost" endorsement or a "replacement cost" endorsement and inflation guard" endorsements, and if the policy includes a co-insurance clause an "agreed amount", without deduction or allowance for depreciation (as determined annually by the Board with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

(i) loss or damage by fire or other hazards covered by the standard extended coverage endorsement together with coverage for Common Expenses with respect to Condominium Units, during any period of repair or construction; and

(ii) such other risks as are customarily covered by an "all risk" endorsement or "broad form" coverage with respect to projects similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, machinery, explosion or damage, and such other insurance as the Board may from time to time determine.

(b) Comprehensive public liability insurance in such amounts as may be considered appropriate by the Board including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, and any and all other liability incident to the ownership and/or use of the Property or any portion thereof. Such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under the insurance policy shall include, without limitation, legal liability of the operation, maintenance or use of the Common Areas and Limited Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Association.

(i) Such liability insurance shall contain no provisions relieving the insurer from liability for loss occurring while the hazard is increased, whether or not within the knowledge or control of the Board, or because of any breach of any warranty or condition or any other act or neglect by the Board or any Owner or any other person under either of them.

(ii) Such liability insurance shall provide that such policy may not be canceled or substantially modified (whether or not requested by the Board) except by the insurer giving at least thirty (30) days prior written notice thereof to the Board, the Insurance Trustee, all Owners, all Mortgagees and every other Person in interest who shall have requested such notice of the insurer.

(c) Workmen's compensation and employer's liability insurance in respect to employees of the Association in the amounts and in the form necessary to comply with any applicable law.

(d) Such other policies of insurance, including insurance for the other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Board of Managers.

(e) The provisions of this Paragraph 15 shall not be construed to limit the power or authority of the Board to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association or the Board may deem appropriate from time to time.

(f) Definitions. As used in Paragraph 15, the term "all buildings and improvements" means, without limitation, the Common Areas, Limited Common Areas, and the standard separation walls, fixtures, pipes, wires, conduits and installations installed in Condominium Units as of the date of the initial sale by Declarant, as shown on the Plans as amended from time to time, and replacements thereof, but does not mean any fixtures, alterations, installations or additions in or to a Condominium Unit not shown on the Plans and made by an individual Owner of that Condominium Unit after the sale of the initial conveyance of the Condominium Unit from the Declarant.

(g) Form. Casualty insurance shall be carried in a form or forms naming as the insured the Association for the use and benefit of the Co-Owners according to the loss or damage to their respective Condominium Units and Percentage Interest and payable in case of loss to the Insurance Trustee. Each such policy of insurance shall:

(i) provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of any other insurance obtained by or for any Owner;

(ii) contain no provisions relieving the insurer from liability for loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Board, or because of any breach of warranty or condition or any other act or neglect by the Board or any Owner or any other Person under either of them;

(iii) provide that such Policy may not be canceled or substantially modified (whether or not requested by the Board) except by the insurer giving at least thirty (30) days' prior written notice thereof to the Board, the Insurance Trustee, all Owners, all Mortgagees and every other Person in interest who shall have requested such notice of the insurer;

(iv) contain a waiver by the insurer of any right of subrogation to any right of the Board or Owners against any of them or any other Person under them;

(v) provide that notwithstanding any provisions thereof giving the insurer an election to restore damage in lieu of cash settlement, such option shall not be exercisable in the event the owners do not elect to restore pursuant to Paragraph 17 of the Declaration;

(vi) provide that the policy is primary in the event an Owner has other insurance covering the same loss;

(vii) contain a standard mortgagee clause which shall:

(1) provide that any reference to a mortgagee in such policy shall mean and include any Mortgagee, whether or not named therein and, where applicable, name as Mortgagee Federal National Mortgage Association or Federal Home Loan Mortgage Corporation or their respective services, successors and assigns;

(2) provide that such insurance as to the interest to any Mortgagee shall not be invalidated by any act or neglect of the Board or any Owner, or any persons under any of them;

(3) waive any provisions invalidating such mortgagee clauses by reason of failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, and requirement that the Mortgagee pay premium thereon, and any contribution clause;

(4) provide that without affecting any protection afforded by such mortgage clause, any proceeds payable under such policy shall be payable to the Insurance Trustee; and

(5) Public liability and property damage insurance shall be carried in a form or forms naming as the insured the Board of Directors as trustee for each individual Owner, the Association, the Board of Directors, the Managing Agent, and any person acting on behalf of the Association, and providing for payment of any proceeds therefrom to the Insurance Trustee. The Board shall promptly upon effecting such insurance coverage give written notice to each Owner thereof a current certificate of such insurance, without prejudice to the right of the Owner to maintain additional public liability insurance for his Condominium Unit.

(h) Allocation of Insurance Proceeds. In the event of damage or destruction by fire or other cause to any part of the Property covered by insurance written in the name of the Board as trustee for the Co-owners and their Mortgagees, the following provisions shall apply:

(i) Common Areas and Limited Areas. Proceeds on account of damage to Common Areas and Limited Common Areas shall be allocated among the Owners in accordance with their respective Percentage Interests;

(ii) Condominium Units. Proceeds on account of damage to Condominium Units shall be allocated as follows:

(1) If the Building in which the damaged Condominium Unit is located is to be restored, insurance proceeds shall be allocated to such Condominium Unit in the proportion that the cost of restoration of such Condominium Unit bears to the cost of restoration to all damaged Condominium Units, such cost to be

determined by the Board. In determining such cost, the Board shall not take into consideration the cost of repairing any items specifically excluded from insurance coverage pursuant to the provisions of Paragraph 15(b).

(2) If the Building in which the damaged Condominium Unit is located is not to be restored, insurance proceeds shall be allocated to such Condominium Unit in accordance with the agreed amount of the replacement cost of such Condominium Unit.

(3) In the event a mortgage endorsement has been issued with respect to a particular Condominium Unit, the amount of the insurance proceeds allocated to the Owner of such Condominium Unit shall be held in trust for the Mortgagee and the Owner of such as their interests may appear, but no Mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be restored or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of the mortgage debt any insurance proceeds except distributions thereof made to the Owner and Mortgagee pursuant to these provisions.

(i) Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Co-owners and their Mortgagees as their respective interests appear, in the following manner:

(i) Expense of Trust. All expenses of the Insurance Trustee shall be first paid or provision made therefor.

(ii) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof pursuant to the provisions hereof. Any proceeds remaining after defraying such costs shall be retained by the Association and added to the reserve for replacements established pursuant to the By-Laws except that, with respect to a Condominium Unit in which there was damage to items excluded from the insurance coverage pursuant to Paragraph 15(f), the Owner of such Condominium Unit shall be entitled to receive out of such remaining proceeds his pro-rata share thereof determined according to his Percentage Interest.

(iii) Failure to Reconsider or Repair. If it is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed in accordance with I.C. 32-25-8-12.

(iv) Certificate. In making distributions to Co-owners and their Mortgagees, the Insurance Trustee may rely upon a certificate issued by the Board as to the names of the Co-owners and their respective shares of the distribution, and, with respect to the names of Mortgagees, may rely upon a certificate from an attorney-at-law who, or a title insurance company which, has examined the mortgage records in the office of the Recorder of Marion County, Indiana, as to the names of the holders of mortgages of record.

(j) Association as Owner's Agent. The Association, acting by its Board of Managers, is hereby irrevocably appointed agent for each Owner of any interest in the Property to negotiate all claims arising under insurance policies purchased by the Board, and to execute and deliver releases upon the payment of claims.

(k) Individual Policies-Recommendation of Declarant. Any Owner or Mortgagee may obtain additional insurance (including a "condominium unit-owner's endorsement") at his own expense. Such insurance shall provide that it shall be without contribution as against the insurance maintained by the Board. Such insurance shall contain the same waiver of subrogation provision as that set forth in Paragraph 15(g). If an insured loss is sustained on the Property and the amount of insurance proceeds that would otherwise be payable to the Insurance Trustee is reduced due to proration of insurance purchased pursuant to this Paragraph, the Owner shall assign the proceeds of the personally purchased insurance, to the extent of the amount of the reduction, to the Insurance Trustee to be distributed as provided in Paragraph 15(i). The Declarant recommends that each Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Managers, a policy insuring against loss or damage to personal property used or incidental to the occupancy of the Condominium Unit, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the Condominium Unit made or acquired at the expense of the Owner.

(l) Certificates. The Board shall cause to be issued to each Owner, or Mortgagee, a certificate of insurance evidencing the insurance coverage maintained by the Association.

16. Casualty and Restoration.

(a) Except as hereinafter provided, damage to or destruction of any Building due to fire or any other casualty or disaster shall be promptly repaired and reconstructed by the Association and the proceeds of insurance, if any, shall be applied for that purpose; provided, however, that repair and reconstruction shall not be compulsory in the event of "complete destruction of all of the Buildings" (hereinafter defined) and shall only be done in accordance with the provisions hereinafter set forth. As used herein, the term "complete destruction of

all of the Buildings" means a determination, made by a vote of two-thirds (2/3) of all Co-owners at a special meeting of the Association called for the purpose of making such determination, that total destruction of all of the Buildings has occurred. A special meeting of the Association shall be called and held within ninety (90) days after any fire or any other casualty or disaster damaging or destroying any of the Buildings for the purpose of making the determination of whether or not there has been a complete destruction of all of the Buildings. If such a special meeting is not called and held within such ninety (90) day period, or if the determination of whether or not there has been a complete destruction of all the Buildings has not been made within such ninety (90) day period, then it shall be conclusively presumed that the Co-owners determined that there was not a complete destruction of all of the Buildings, and the Association shall proceed with repair and reconstruction as herein provided.

(b) If the insurance proceeds, if any, received by the Association as a result of any such fire or any other casualty or disaster are not adequate to cover the cost of repair and reconstruction, or in the event there are no insurance proceeds, and if the Property is not to be removed from the Act, the cost for restoring the damage and repairing and reconstructing the Building or Buildings so damaged or destroyed (or the costs thereof in excess of insurance proceeds received, if any) shall be paid by all of the Co-owners of Condominium Units in proportion to the ratio that the Percentage Interest of each Condominium Unit bears to the total Percentage Interest of all Condominium Units. Any such amounts payable by the Co-owners shall be assessed as part of the Common Expenses and shall constitute a lien from the time of assessment as provided herein and in the Act.

(c) For purposes of subparagraph (a) and (b) above, repair, reconstruction and restoration shall mean construction or rebuilding of the Condominium Units to as near as possible the same condition as they existed immediately prior to the damage or destruction and with the same type of architecture.

(d) If, under subparagraph (a) above, it is determined by the Co-owners at the special meeting of the Association referred to therein that there has been a complete destruction of all of the Buildings, the Co-owners shall, at said same special meeting, vote to determine whether or not such complete destruction of the Buildings shall be repaired and reconstructed. The Buildings shall not be reconstructed or repaired if it is the determination of the Co-owners at said special meeting that there has been a complete destruction of all of the Buildings, unless by a vote of two-thirds (2/3) or more of all of the Co-owners a decision is made to rebuild, reconstruct and repair the Buildings. If two-thirds (2/3) or more of all of the Co-owners vote and decide that the Buildings are to be rebuilt, reconstructed and repaired, the insurance proceeds, if any, received by the Association shall be applied and any excess of construction costs over insurance proceeds, if any, received by the Association shall be contributed and paid as hereinabove provided in subparagraphs (a) and (b).

(e) If, in any case of the complete destruction of all of the Buildings, less than two-thirds (2/3) of all of the Co-owners vote in favor of the rebuilding, reconstruction and repair of the Buildings, the Buildings shall not be rebuilt, reconstructed or repaired and, in such event, the Property shall be deemed and considered as to be removed from the provisions of the Act under I.C. 32-25-8-16 and, in accordance with I.C. 32-25-8-12:

(i) the Property shall be deemed to be owned in common by the Co-owners;

(ii) the undivided interest in the Property owned in common which shall appertain to each Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Areas;

(iii) any liens affecting any of the Condominium Units shall be deemed to be transferred in accordance with the existing Priorities to the percentage of the undivided interest of the Owner in the Property; and

(iv) the Property shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Property, if any, shall be considered as one (1) fund and shall be divided among all the Co-owners in a percentage equal to the percentage of undivided interest owned by each Owner in the Property, after first paying out of the respective shares of the Co-owners, to the extent sufficient for the purpose, all liens on the undivided interest in the Property owned by each Owner.

(f) Immediately after a fire or other casualty or disaster causing damage to any property for which the Board of Managers or Association has the responsibility of maintenance and repair, the Board of Managers shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Managers desires.

(g) The proceeds of insurance collected on account of any such casualty, and the sums received by the Board of Managers from collections of assessments against Co-owners on account of such casualty, shall constitute a construction fund which shall be disbursed, if the Building or Buildings are to be reconstructed and repaired, in payment of the costs of reconstruction and repair in the following manner:

(i) If the amount of the estimated cost of reconstruction and repair is less than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Managers; provided, however, that upon request of a Mortgagee which is a beneficiary of an insurance policy, the proceeds of

which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided in the following paragraph (ii).

(ii) If the estimated cost of reconstruction and repair of the Building or other improvement is more than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Indiana and employed by the Board of Managers to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in connection with the work: (1) that the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (2) that there is no other outstanding indebtedness known to the said architect for the services and materials described; and (3) that the cost as estimated by said architect for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(iii) Encroachments upon or in favor of Condominium Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis of a proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was either substantially in accordance with the plans and specifications or as the Buildings were originally constructed. Such encroachments shall be allowed to continue in existence for so long as the Buildings stand.

(iv) In the event that there is any surplus of monies in the construction fund after the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Board of Managers as a reserve or may be used in the maintenance and operation of the Common Areas, or, in the discretion of the Board of Managers it may be distributed to the Owners in the Buildings affected and their Mortgagees who are the beneficial Owners of the fund. The action of the Board of Managers in proceeding to repair or reconstruct damage shall not constitute a waiver of any rights against an Owner for committing willful or malicious damage.

17. Condemnation. If all or part of the Property shall be taken or condemned by any entity or organization with the power of eminent domain or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions shall be applicable.

(a) Representation. The Board of Managers, or the Insurance Trustee, if so appointed by the Board of Managers, shall represent the Co-owners in the condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisitions of the Common Areas, or part thereof, by the condemning authority. Each Owner hereby appoints the Association or its designee as attorney-in-fact for the purposes described in the subparagraph.

(b) Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Insurance Trustee as trustee for all Owners and their Mortgagees according to their respective interests therein.

(c) Total Taking. In the event that the entire Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, this Declaration shall terminate. The Condemnation Award shall be apportioned among the Co-owners in accordance with their respective Percentage Interests and paid into separate accounts, each such account representing one Condominium Unit. Each such account shall remain in the name of the Insurance Trustee and shall be further identified by the legal description of the Condominium Unit and the name of the Owner. From each separate account the Insurance Trustee shall use and disburse the total amount of such accounts, without contribution from one account to the other, first to the payment of valid tax and special assessment liens on the Condominium Unit in favor of any governmental taxing or assessing authority, next to payment of any assessment made pursuant to this Declaration or the By-Laws, next to other holders of liens or encumbrances on the Condominium Unit in the order of priority of their liens, and the balance remaining, if any, to each respective Owner. The Insurance Trustee's compensation in the event of a Taking shall be conducted in a manner consistent with that detailed in Paragraph 15(i) hereof.

(d) Partial Taking. In the event that less than the entire Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, this Declaration shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: As soon as practicable the Insurance Trustee shall, reasonably and in good faith, allocate the Condemnation Award among compensation, damages, or other proceeds, and shall apportion the amounts so allocated among the Owners as follows:

(i) the total amount allocated to the taking of or injury to the Common Areas and Limited Common Areas shall be apportioned among the Co-owners in proportion to their respective Percentage Interests;

(ii) the total amount allocated to the severance damages shall be apportioned to the Owners of those Condominium Units that were not taken or condemned;

(iii) the respective amounts allocated to the taking of or injury to a particular Condominium Unit and/or improvements an Owner has made within his own Condominium Unit shall be apportioned to the Owner of the particular Condominium Unit involved; and

(iv) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Insurance Trustee determines to be equitable in the circumstances.

If any allocations of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Insurance Trustee shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be made by the Insurance Trustee by checks payable jointly to the respective Owners and their respective Mortgagees, provided that, with respect to an Owner whose Condominium Unit was taken or condemned, there shall first be deducted therefrom and paid or applied by the Insurance Trustee as appropriate such Owner's pro-rata share of the expenses of the Insurance Trustee, the amounts of any valid tax or special assessment lien in favor of any governmental taxing or assessing authority and any assessments made pursuant of this Declaration of the By-Laws.

(e) Reorganization. In the event a partial taking results in the taking of a complete Condominium Unit, the Owner thereof shall automatically cease to be an Owner and a member of the Association. Thereafter, the Board of Managers shall reallocate to the remaining Owners, pro-rata, the Percentage Interest of such Owner. Such reallocation shall be submitted by the Board of Managers to the Owners of the remaining Condominium Units for approval by Owners eligible to cast not less than two-thirds of the Percentage Interests thereof and appropriate amendment of this Declaration, but any such amendment to be effective must be approved by at least fifty-one percent (51%) of Mortgagees.

(f) Restoration and Repair. Anything to the contrary in this Paragraph 17 notwithstanding, in the event that less than the entire Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof and any Condominium Unit, Common Area or Limited Common Area may reasonably be restored or repaired, as determined by an independent licensed architect or engineer employed by the Board of Managers for making such determination or by at least fifty-one percent (51%) of Mortgagees, the amount, if any, of the Condemnation Award allocable to the taking of or injury to the Common Areas and Limited Common Areas and to severance damages shall be applied to the cost of restoration or repair of such Common Area and/or Limited Common Area, and the amount, if any, allocable to the taking of or injury to a particular Condominium Unit that may be restored or repaired shall be applied to the cost of such restoration or repair, the provisions of Paragraph 16(b) shall apply.

(g) Alternative Valuation in Event of Total Taking. In the event the amount of the Condemnation Award is determined in negotiation, judicial decree or otherwise according to the value of individual Condominium Units as separately determined, the Condominium Award shall be apportioned, with respect to such Condominium Units, according to the values so determined and not in accordance with the respective Percentage Interests of the Co-owners, but if the value of the Common Areas and/or Limited Common Areas is determined separately, the amount of the Condemnation Award attributable thereto shall be allocated among the Co-owners in accordance with their respective Percentage Interests.

18. Covenants and Restrictions. The covenants and restrictions applicable to the use and enjoyment of the Condominium Units and the Common Areas and Limited Areas are set forth in the By-Laws, including the limitation that each of the Condominium Units shall be limited to residential use. These covenants and restrictions are for the mutual benefit and protection of the present and future Owners and shall run with the land and inure to the benefit of, and be enforceable by, any Owner or by the Association. Present or future Owners or the Association shall be entitled to injunctive relief against any violation or attempted violation of these provisions, and shall be entitled to damages for any injuries resulting from any violations thereof, but there shall be no right of reversion or forfeiture of title resulting from such violation.

Notwithstanding anything to the contrary contained herein or in the By-Laws, Declarant shall have, until the date described in Paragraph 22 hereof as the date upon which Declarant's right to expand the Property and Stone Bridge, the right to use and maintain any Condominium Units owned by Declarant, such other portions of the Property (other than individual Condominium Units owned by persons other than Declarant), and any portions of the Real Estate not then part of Tract I or a subsequent Tract subjected to this Declaration by a Supplemental Declaration, all of such number and size and at such locations as Declarant, in its sole discretion, may deem advisable or necessary to aid in the construction and sale of Condominium Units, or to promote or effect sales of Condominium Units or for the conducting of any business or activity attendant thereto, including, but not limited to, model Condominium Units, storage areas, construction yards, signs, construction offices, sales offices, management offices and business offices. Declarant shall have the right to relocate any or all of the same from time to time as it desires. Declarant shall have the right to install model homes, sales offices, and directional and informational signage on the Property from time to time as it desires. At no time shall any of such facilities so used or maintained by Declarant (including without limitation Declarant's use of the clubhouse as a sales use) be or become part of the Common Areas, unless so designated by Declarant, and Declarant shall have the right to remove the same from the Property at any time. Declarant's right to operate a sales office shall continue for one hundred eighty (180) days after the last Condominium Unit developed on the Property has been conveyed by Declaration to an Owner, and Declarant may operate such sales office for the marketing of the Property and/or any other community being developed by Declarant or its affiliates.

19. Sale, Lease or Other Transfer of Condominium Unit by Owner. For the purpose of the congenial and residential character of Stone Bridge, and for the protection of the Owners with regard to insuring having financially responsible residents, the lease of any Condominium Unit by any Owner shall be subject to the following conditions and restrictions:

(a) No Owner, except as listed in (b) below, shall lease his or her Condominium Unit or enter into any other rental or letting agreement for his or her Condominium Unit for a term of less than three hundred sixty-five (365) days. In any event, Owner shall use the lease form which has been approved by the Board of Managers, and a copy of such lease shall be provided by Owner to the Board of Managers promptly after execution thereof.

(b) The Declarant, may at its discretion, enter into short-term leases with any Owners for a period of less than three hundred sixty-five (365) days each for the express purpose of using said Condominium Units for temporary sales offices or models, for a period not to exceed 1 year after the Applicable Date (as defined in the By-Laws).

(c) The Association shall have no right of first refusal to purchase any Condominium Unit which an Owner wishes to sell, and an Owner may sell his or her Condominium Unit free of any such restriction.

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

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

(b) Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Managers or Owners having in the aggregate at least a majority of the Percentage Vote.

(c) Meeting. The resolution concerning a proposed amendment must be adopted by the designated vote at a meeting duly called and held in accordance with the provisions of the By-Laws.

(d) Adoption. Any proposed amendment to this Declaration must be approved by a vote of not less than sixty-seven percent (67%) in the aggregate of the Percentage Vote. In the event any Condominium Unit is subject to a first mortgage, the Mortgagee shall be notified of the meeting and the proposed amendment in the same manner as an owner, if the Mortgagee has given prior notice of its mortgage interest to the Board of Managers in accordance with the provisions of the By-Laws.

(e) Special Amendments.

(i) 100% Consent Requirement. No amendment to this Declaration shall be adopted which changes (1) the Percentage Interest with respect to any Condominium unit or the applicable share of an Owner's liability for the Common Expenses, without the approval of one hundred percent (100%) of the Co-owners, or (2) the provisions of paragraph 16 of this Declaration with respect to reconstruction or repair in the event of fire or any other casualty or disaster, without the unanimous approval of all Mortgagees whose mortgage interests have been made known to the Board of Managers in accordance with the provisions of the By-Laws.

(ii) Two-Thirds Consent Requirement. Any proposed Material Amendment (as hereinafter defined) to this Declaration must be approved by a vote of not less than two-thirds (2/3) of the Percentage Interest. In the event any Condominium Unit is subject to a first mortgage, the Mortgagee shall be notified of the meeting and the proposed Material Amendment in the same manner as an Owner if the Mortgagee has given prior notice of the mortgage interest to the Board of Managers in accordance with the By-Laws, and any proposed Material Amendment must be approved by a vote of not less than a majority of the Mortgagees. A Mortgagee who receives a written request to approve amendments and does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request. A change to any of the following shall be deemed to be Material Amendment:

- (1) Voting rights;
- (2) Assessments, assessment liens or subordination of assessment liens;
- (3) Reserves for maintenance, repair and replacement of Common Areas;
- (4) Insurance or fidelity bonds;
- (5) Rights to use of the Common Areas or Limited Areas;
- (6) Responsibility for maintenance and repair;
- (7) Reallocation of interests in Common Areas or Limited Areas, or rights to their use;
- (8) Boundaries of any Condominium Unit;
- (9) Convertibility of Condominium Units into Common Areas or vice versa;

(10) Expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project, except as provided for herein;

(11) Leasing of Condominium Units;

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

(13) A decision by the Association to establish self-management when a professional manager had been required previously by a Mortgagee;

(14) Restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration;

(15) Any action to terminate the legal status of the Property after substantial destruction or condemnation occurs; or

(16) Any provision that expressly benefits mortgage holders, insurers or guarantors.

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

(g) Amendments by Declarant Only. Notwithstanding the foregoing or anything elsewhere contained herein, the Declarant shall have the right, acting alone and without the consent or approval of the Co-owners, the Association, the Board of Managers, any Mortgagees or any other person, at any time prior to the Applicable Date (as defined in the By-Laws), to amend or supplement this Declaration from time to time if (i) such amendment or supplement is necessary to conform this Declaration to the Act, as amended from time to time, (ii) such amendment or supplement is made to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Veterans Administration or any other governmental agency or any other public, quasi public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (iii) such amendment or supplement is necessary to induce any such agencies or entities, to make, purchase, sell, insure or guarantee first mortgages, (iv) such amendment or supplement is made to correct clerical or typographical errors or clarify Declarant's original intent, (v) such amendment is made to implement expansion of the Property an Stone Bridge, pursuant to Declarant's reserved rights to expand the same as set forth in Paragraph 22 hereof, or (vi) such

amendment is necessary to implement any changes in Stone Bridge permitted to be made by Declarant under this Declaration.

21. Acceptance and Ratification. All present and future Owners, Mortgagees, tenants and occupants of the Condominium Units shall be subject to and shall comply with the provisions of this Declaration, the Act, the By-Laws appended hereto, and the rules and regulations as adopted by the Board of Managers as each may be amended or supplemented from time to time. The acceptance of a deed of conveyance or the act of occupancy of any Condominium Unit shall constitute an agreement that the provisions of this Declaration, the Act, the By-Laws and rules and regulations as each may be amended or supplemented from time to time are accepted and ratified by such Owner, tenant or occupant, and all such provisions shall be covenants running with the land and shall bind any person having, at any time, any interest or estate in a Condominium Unit or the Property, as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof. All persons, corporations, partnerships, trusts, associations, or other legal entities who may occupy, use, enjoy or control a Condominium Unit or Condominium Units or any part of the Property in any manner shall be subject to the Declaration, the Act, the By-Laws, and the rules and regulations applicable thereto, as each may be amended or supplemented from time to time.

22. Expandable Condominium and Declarant's Reserved Rights. Stone Bridge is and shall be an "expandable condominium," as defined in the Act, and Declarant expressly reserves the right and option to expand the Property and Stone Bridge in accordance with the provisions of the Act and the following provisions:

(a) The real estate described and defined herein as the Tract (in paragraph B of the introductory recitals of this Declaration) is the real estate being subjected to Stone Bridge Condominium by this Declaration and constitutes the first phase of the general plan of development of the Real Estate. The balance of the Real Estate is the area into which the Declarant may expand Stone Bridge. The maximum number of Condominium Units which may be developed on the Real Estate, including Condominium Units on the Tract as defined in this original Declaration, shall be ninety-four (94) in twenty-five (25) buildings, as depicted on the conceptual site plan attached as Exhibit "C". Subject to said limit as to the maximum number of Condominium Units to be developed on the Real Estate, Stone Bridge may be expanded by Declarant to include additional portions of the Real Estate in one (1) or more additional phases by the execution and recording of one (1) or more amendments or supplements to this Declaration; provided, however, that no single exercise of such right and option of expansion as to any part or parts of the Real Estate shall preclude Declarant from thereafter from time to time further expanding Stone Bridge to include other portions of the Real Estate, and such right and option of expansion may be exercised by Declarant from time to time as to all or any portions of the Real Estate, so long as such expansion is done on or before seven (7) years after the date of recordation of this Declaration.

Such expansion is entirely at the discretion of the Declarant and nothing contained in this original Declaration or otherwise shall require Declarant to expand Stone Bridge beyond Tract 1 (as defined and described in paragraph B of the introductory recitals of this Declaration) or any other portions of the Real Estate, which Declarant may voluntarily and in its sole discretion from time to time subject to this Declaration by amendments or supplements to this Declaration as provided above.

(b) The Percentage Interest which will appertain to each Condominium Unit in Stone Bridge may be changed to reflect any expansion from time to time by Declarant in accordance with the terms hereof (including the Percentage Interest which appertains to each of the Condominium Units included in this original Declaration). The Percentage Interest shall be equal to the number one (1) divided by the total number of all the Condominium Units which, from time to time, have been subjected and submitted to this Declaration and then constitute a part of Stone Bridge.

(c) Simultaneously with the recording of amendments or supplements to this Declaration expanding Stone Bridge, Declarant shall record new Plans as required by the Act. Such amendments or supplements to this Declaration shall include provisions reallocating Percentage Interests in the Common Areas on the same basis as the Condominium Units depicted in the prior Plans. Such reallocation of Percentage Interests shall vest when the amendment or supplement to the Declaration incorporating those changes has been recorded.

(d) When the amendment or supplement to the Declaration incorporating the addition of Condominium Units or expansion of Common Areas, or both, is recorded, all liens including, but not limited to, mortgage liens shall be released as to the Percentage Interests in the Common Areas described in the Declaration and shall attach to the reallocated Percentage Interests in the Common Areas as though the liens had attached to those Percentage Interests on the date of the recordation of the mortgage or other lien. The Percentage Interest appertaining to additional Condominium Units being added by the amendment or supplement to the Declaration are subject to mortgage liens upon the recordation of the amendment or supplement to the Declaration.

(e) In furtherance of the foregoing, a power coupled with an interest is hereby granted to the Declarant, as attorney-in-fact, to shift the Percentage Interest in the Common Areas appurtenant to each Condominium Unit to the percentages set forth in each such amendment or supplement to this Declaration recorded pursuant to this Paragraph 22. Each deed, mortgage or other instrument with respect to a Condominium Unit and acceptance thereof shall be deemed a grant and acknowledgement of and consent to such power to said attorney-in-fact and shall be deemed to reserve to said attorney-in-fact the power to shift and reallocate from time to time the percentages of ownership in the Common Areas appurtenant to each Condominium Unit to the percentages set forth in each such recorded amendment or supplement to this Declaration.

(f) Each Owner of a Condominium Unit by acceptance of a deed thereto, further acknowledges, consents and agrees, as to each such amendment or supplement to this Declaration that is recorded as follows:

(i) The portion of the Real Estate described in each such amendment or supplement to this Declaration shall be governed in all respects by the provisions of this Declaration.

(ii) The Percentage Interest in the Common Areas appurtenant to each Condominium Unit shall automatically be shifted and reallocated to the extent set forth in each such recorded amendment or supplement to this Declaration and upon the recording of each such amendment or supplement to this Declaration, shall thereby be deemed to be released and divested from such Owner and reconveyed and reallocated among the other Owners as set forth in each such recorded amendment or supplement to this Declaration.

(iii) Each deed, mortgage or other instrument affecting a Condominium Unit shall be deemed given subject to the conditional limitation that the Percentage Interest in the Common Areas appurtenant to each Condominium Unit shall, upon the recording of each amendment or supplement to this Declaration, be divested pro tanto to the reduced percentage set forth in such amendment or supplement to this Declaration and vested among the other Owners, Mortgagees and others owning an interest in the other Condominium Units in accordance with the terms and percentages of each such recorded amendment or supplement to this Declaration.

(iv) A right of revocation is hereby reserved by the grantor in each such deed, mortgage or other instrument of a Condominium Unit to so amend and reallocate the Percentage Interest in the Common Areas appurtenant to each Condominium Unit.

(v) The Percentage Interest in the Common Areas appurtenant to each Condominium Unit shall include and be deemed to include any additional Common Areas included in land to which Stone Bridge is expanded by a recorded amendment or supplement to this Declaration and each deed, mortgage or other instrument affecting a Condominium Unit shall be deemed to include such additional Common Areas as such amendments or supplements to this Declaration are recorded.

(vi) Each Owner shall have a perpetual easement, appurtenant to his Condominium Unit for the use of any such additional Common Areas described in any recorded amendment or supplement to this Declaration, for the purposes therein set forth, except as to any portion the use of which is limited by exclusive easements granted to the Owners of specific Condominium Units (also known as Limited Common Areas) as

may be provided in any such amendment or supplement to this Declaration.

(vii) The recording of any such amendment or supplement to this Declaration shall not alter the amount of the lien for Common Expenses assessed to or against a Condominium Unit prior to such recording.

(viii) Each Owner, by acceptance of the deed conveying his Condominium Unit, agrees for himself and all those claiming under him, including Mortgagees, that this Declaration and each amendment or supplement to this Declaration and the Act, that any changes in the respective Percentage Interest in the Common Areas as set forth in each such amendment or supplement to this Declaration shall be deemed to be made by agreement of all Owners.

(ix) Each Owner agrees to execute and delivery such documents necessary or desirable to cause the provisions of this paragraph 23 to comply with the Act as it may be amended from time to time.

(g) In the event Declarant elects to expand the Property and Stone Bridge, all improvements constructed on that portion of the Real Estate added to Tract I (one or more of which may be referred to herein in the singular as the "Expansion Parcel") shall be consistent with the improvements then located on Tract I in terms of structure type and the quality of construction. No lien arising in connection with Declarant's ownership of, and construction of improvements on, any such Expansion Parcel shall adversely affect the rights of existing Owners or the priority of first mortgages on Condominium Units in the existing Property. All taxes and other assessment relating to the Expansion Parcel covering any period prior to the addition of the Expansion Parcel to this Declaration shall be paid by or otherwise satisfactorily provided for by Declarant.

23. Negligence. Each Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by the negligence of any member of his family or his or their guests, employees, agents or lessees, to the extent that such expense is not covered by the proceeds of insurance carried by the Association. An Owner shall pay the amount of any increase in insurance premiums occasioned by his use, misuse, occupancy or abandonment of his Condominium Unit or its appurtenances or of the Common Areas or Limited Areas.

24. Granting of Easements. The Board of Managers of the Association is granted the authority to grant and amend easements to utility companies (excluding transportation companies) upon such terms and conditions and for such consideration as they deem appropriate.

25. Reservation of Rights to the Use of the Common Areas; Easements and Encumbrances. Declarant shall have, and hereby reserves, an easement over, across

upon, along, in, through and under the Common Areas and, to the extent necessary, the Limited Areas, for the purposes of installing, maintaining, repairing, replacing, relocating and otherwise servicing utility equipment, facilities and installations to serve the Property and any portions of the Real Estate which are not part of the Property, to provide access to and ingress and egress to and from the Property and to any such portions of the Real Estate which are not part of the Property, to make improvements to and within the Property and any such portions of the Real Estate which are not part of the Property, and to provide for the rendering of public and quasi-public services to the Property and such portions of the Real Estate which are not part of the Property. The foregoing easement shall be a transferable easement and Declarant may, at any time and from time to time, grant similar easements, rights or privileges to other persons and parties for the same purposes. By way of example, but not in limitation of the generality of the foregoing, Declarant, and others to whom Declarant may grant such similar easements, rights or privileges, may so use the Common Areas and, to the extent necessary, the Limited Areas, to supply utility services to the Property and any portions of the Real Estate which are not part of the Property and to permit public and quasi-public vehicles, including but not limited to police, fire and other emergency vehicles, trash and garbage collection, post office vehicles and privately owned delivery vehicles, and their personnel to enter upon and use the streets, the Common Areas and, to the extent necessary, the Limited Areas of Stone Bridge in the performance of their duties.

26. Initial Management. As set forth in the By-Laws, the Initial Board of Managers consists and will consist of persons selected by Declarant until the Applicable Date (as defined in the By-Laws). The Board of Managers has entered or will hereafter enter, into a management agreement with Declarant (or a corporation or other entity affiliated with Declarant) for a term which will expire not later than the Applicable Date, under which Declarant (or such affiliate of Declarant, as appropriate) will provide supervision, fiscal and general management and maintenance of the Common Areas and, to the extent the same is not otherwise the responsibility of Owners of individual Condominium Units, the Limited Areas, and, in general, perform all of the duties and obligations of the Association. Such management agreement is or will be subject to termination by Declarant (or its affiliate, as appropriate) at any time prior to the expiration of its term, in which event the Association shall thereupon and thereafter resume performance of all of its duties and obligations and functions. Notwithstanding anything to the contrary contained herein, so long as such management agreement remains in effect, Declarant (or its affiliate, as appropriate) shall have, and Declarant hereby reserves to itself (or to its affiliate, as appropriate), the exclusive right to manage the Property and to perform all the functions of the Association.

27. First Lien Holders' Rights.

(a) Notices of Action. Notwithstanding anything to the contrary contained in this paragraph or any other provision of this Declaration, the By-Laws or the Act, a holder, insurer or guarantor of a first mortgage, upon written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the unit number), will be entitled to timely written notice of:

(i) Any proposed amendment of the Declaration or By-Laws effecting a change in (i) the boundaries of any Condominium Unit or the exclusive easement rights appertaining thereto, (ii) the interests in the Common Areas or Limited Areas appertaining to any Condominium Unit or the liability for Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any unit or (iv) the purposes to which any Condominium Unit or the Common Areas are restricted;

(ii) Any proposed termination of the condominium regime;

(iii) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Condominium Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;

(iv) Any delinquency in the payment of assessments or charges owed by an Owner of a Condominium Unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days;

(v) Any lapse, cancellation or material modification of any insurance policy maintained by the Association.

(b) Other Provisions for First Lien Holders.

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

(ii) Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of the Property requires the approval of the eligible holders of first mortgages on Condominium Units to which at least fifty-one percent (51%) of the Percentage Votes of the Condominium Units subject to mortgages held by such eligible holders are allocated.

(iii) Unless the formula for reallocation of interests in the Common Areas after a partial condemnation or partial destruction of the condominium project is fixed in advance by the Declaration or by applicable law, no reallocation of interests in the Common Areas resulting from a partial condemnation project may be effected without the approval of the eligible holders of first mortgages on units to which at least

fifty-one percent (51%) of the votes of units subject to mortgages held by such eligible holders are allocated.

(iv) As used in this paragraph, the term "eligible holder, insurer or guarantor" shall mean a holder, insurer or guarantor of a first mortgage on a Condominium Unit which has requested notice in accordance with the provisions of paragraph 25(a) above.

28. Declarant's Obligation to Pay Assessments. Declarant (or Declarant's successor in interest) is excused from paying regular or special assessments or otherwise contributing toward expenses referred to herein or in I.C. 32-25-4-4, as amended from time to time, for those Condominium Units titled in their names from the date of recordation of this Declaration until the first day of the twenty-fourth calendar month following the month in which the closing of the sale of the first Condominium Unit occurs.

If, however, the expenses referred to herein or in I.C. 32-25-4-4, as amended from time to time, incurred during the stated period exceed the amount assessed against other Co-owners, then Declarant, or Declarant's successor, shall pay the excess in proportion to the number of Lots owned by Declarant to Lots owned determined as of the date a deficit is created.

29. Right of Action. Subject to the provisions of Paragraph 30, the Association and any Aggrieved Owner (as further defined herein) shall have a right of action against any Owner or Owners for failure to comply with the provisions of the Declaration, By-Laws or any decision of the Association or its Board of Managers which are made pursuant to authority granted to the Association or its Board of Managers in such documents. Owners shall have a similar right against the Association.

For purposes of this Declaration an "Aggrieved Owner" shall mean an Owner whose rights are affected or infringed by any such alleged failure to comply with the provisions of the Declaration, By-Laws or any decision of the Association or its Board of Directors in a manner different from the rights of all other Condominium Unit owners. Any Owner who alleges that he is an "Aggrieved Owner" shall first notify the Board of Directors to be held within thirty (30) days of such request (or within five (5) days in an emergency situation) to establish to the Board and the Association that such Owner is "Aggrieved" within the meaning hereof, prior to the commencement of any right of action commenced hereunder.

30. Exculpation. The instrument is executed and delivered on the express condition that everything herein to the contrary notwithstanding, each and all of the representations, covenants, undertakings and agreements herein made on the part of Declarant ("Representations"), while in form purporting to be the Representations of Declarant, are nevertheless each and every one of them, made and intended not as personal Representations by Declarant or for the purpose or with the intention of binding Declarant personally but are made and intended for the purpose of binding only Tract 1; and no personal liability or personal responsibility is assumed by nor shall at any time be

asserted or enforceable against Declarant personally of its members or managers, on account of this instrument or on account of, in connection with or arising out of any Representations of Declarant in this instrument contained, either express or implied, all such personal liability, if any, being expressly waived and released by each Person who acquires any interest in a Condominium Unit as a condition to the acquisition thereof.

31. Costs and Attorneys' Fees. In any Proceeding arising because of failure of an Owner to make any payments required by this Declaration, the By-Laws or the Act, or to comply with any provision of the Declaration, the Act, the By-Laws, or the rules and regulations adopted pursuant thereto as each may be amended from time to time, the Association shall be entitled to recover its costs and reasonable attorneys' fees incurred in connection with such default or failure.

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

33. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provision of this Declaration or the By-Laws filed herewith shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration or the attached By-Laws.

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

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

PREMIER VILLAGES, LLC,  
an Indiana limited liability company

By: Cathy Armour  
Cathy Armour

Title: Member

STATE OF INDIANA )  
 ) SS:  
COUNTY OF JOHNSON )

Before me, a Notary Public in and for said County and State, personally appeared Cathy Armour, the member of Premier Villages, LLC, an Indiana limited liability company, who acknowledged the execution of the above and foregoing Declaration of Condominium for and on behalf of said limited liability company.

WITNESS my hand and Notarial Seal this 17<sup>th</sup> day of March, 2006.

My Commission Expires:

11-23-2012

Valerie S. Hilgert  
Notary Public  
Valerie S. Hilgert  
Printed



VALERIE S. HILGERT, Notary Public  
My Commission Expires: Nov. 23, 2012  
County of Residence: MORGAN

A resident of Morgan County, Indiana

This instrument was prepared by April R. Schilling, Attorney at Law, Locke Reynolds LLP, 201 North Illinois Street, Suite 1000, P.O. Box 44961, Indianapolis, Indiana 46244-0961.

CONSENT OF MORTGAGEE

The undersigned, HomeFederal Bank, a commercial bank chartered under the laws of the State of Indiana ("Mortgagee"), is the mortgagee pursuant to a mortgage encumbering the Tract, as defined in the above and foregoing Declaration, which mortgage is dated \_\_\_\_\_, 2005 and recorded on \_\_\_\_\_, 2005 as Instrument Number \_\_\_\_\_, in the Office of the Recorder of Marion County, Indiana (the "Mortgage"). Mortgagee hereby consents to the recording of the above and foregoing Declaration and the submission of the Tract to the provisions of the Condominium Property Law of the State of Indiana, and further agrees that its Mortgage and other security with respect to the Tract shall be subject to the provisions of the Act and the above and foregoing Declaration and Exhibits attached thereto and the documents incorporated therein; provided, however, except and to the extent that the Mortgage and other security are modified by this Consent, such Mortgage and other security shall remain in full force and effect, unaltered, and enforceable in accordance with their terms.

EXECUTED this 9<sup>th</sup> day of March, 2006.

HomeFederal Bank

By: John F. Schilling  
John F. Schilling, Senior Vice President

STATE OF INDIANA            )  
                   ~~Bartholomew~~    ) SS:  
 COUNTY OF ~~WARRICK~~        )

Before me, a Notary Public in and for said County and State, personally appeared John F. Schilling, the Senior Vice President of HomeFederal Bank, a commercial bank chartered under the laws of the State of Indiana, who acknowledged the execution of the above and foregoing Consent for and on behalf of said bank.

WITNESS my hand and Notarial Seal this 9<sup>th</sup> day of March, 2006.

My Commission Expires:

2/19/08

Brenda K. Buchanan

Notary Public

Brenda K. Buchanan

Printed

A resident of Bartholomew County, Indiana



**BRENDA K. BUCHANAN, NOTARY PUBLIC**  
 County Of Bartholomew, State of Indiana  
 My Commission Expires Feb. 19, 2008

Prescribed by the  
State Board of Accounts  
(2005)

County Form 170

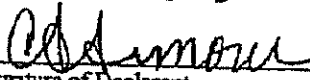
**DECLARATION**

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

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

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

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

  
\_\_\_\_\_  
Signature of Declarant  
Cathy Ann Armour  
\_\_\_\_\_  
Printed Name of Declarant

## EXHIBIT "A"

Legal Description - Real Estate

Part of the Southeast Quarter of Section 15, Township 14 North, Range 4 East of the Second Principal Meridian, Marion County, Indiana, more particularly described as follows:

Commencing at a Harrison Monument found in place, marking the Southeast corner of said Southeast Quarter Section; thence South 88 degrees 14 minutes 54 seconds West (bearing from State Plane Coordinates, E Zone, NAD 83) on and along the South line of said Southeast Quarter Section a distance of 675.43 feet to the POINT OF BEGINNING of this described tract of land; thence continuing South 88 degrees 14 minutes 54 seconds West along said South line a distance of 1075.70 feet; thence North 00 degrees 17 minutes 22 seconds East parallel to the East line of said Southeast Quarter Section a distance of 994.67 feet to a point on the North line of a 0.975 acre tract of land described in "Quieting Title Judgment", Cause No. 49D02-0104-CP-000599, dated February 7, 2003; thence North 88 degrees 11 minutes 03 seconds East on and along the North line of said 0.975 acre tract of land a distance of 853.94 feet; thence South 00 degrees 17 minutes 22 seconds West parallel to the East line of said Southeast Quarter Section a distance of 485.30 feet; thence North 88 degrees 14 minutes 54 seconds East parallel to the South line of said Southeast Quarter Section a distance of 221.79 feet; thence South 00 degrees 17 minutes 22 seconds West parallel to the East line of said Southeast Quarter Section a distance of 510.32 feet to the Point of Beginning containing 22.092 acres (962,333 square feet) more or less.

## EXHIBIT "B"

Legal Description - Tract 1

## Block 25

Part of the Southeast Quarter of Section 15, Township 14 North, Range 4 East of the Second Principal Meridian, Marion County, Indiana, more particularly described as follows:

Commencing at a Harrison Monument found in place, marking the Southeast corner of said Southeast Quarter Section; thence South 88 degrees 14 minutes 54 seconds West (bearing from State Plane Coordinates, E Zone, NAD 83) on and along the South line of said Southeast Quarter Section a distance of 675.43 feet to the Southeast corner of a tract of land described in Instrument Number 2005-0028175; thence North 00 degrees 17 minutes 22 seconds East on and along the East line of said tract of land a distance of 355.42 feet to the Point of Beginning; thence South 89 degrees 55 minutes 02 seconds West a distance of 201.16 feet to a point on the center line of Cool Hollow Way; thence North 01 degrees 44 minutes 48 seconds West a distance of 148.95 feet to a North line of said tract of land; thence North 88 degrees 14 minutes 54 seconds East on and along said North line a distance of 206.58 feet to said East line of said tract of land; thence South 00 degrees 17 minutes 22 seconds West on and along said East line a distance of 154.90 feet to the Point of Beginning, containing 0.711 acres, more or less.