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CLARK COUNTY RECORDER
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DECLARATION OF HORIZONTAL PROPERTY UNIT OWNERSHIP

FOR

STONECREEK VILLAGE PATIO HOME
DEVELOPMENT
HORIZONTAL PROPERTY REGIME

DECLARATION OF HORIZONTAL
PROPERTY REGIME

STONECREEK VILLAGE PATIO HOME DEVELOPMENT
HORIZONTAL PROPERTY REGIME

This Declaration of Horizontal Property Unit Ownership ("Declaration"), made this 7th day of June 2001, by Stonecreek Village, LLC, an Indiana Limited Liability Corporation, ("Declarant"),

Witnesseth:

WHEREAS, the following facts are true:

- A. Declarant is the sole Unit Owner of the fee simple title to the real estate, located in Clark County, Indiana, as set forth in Exhibit "A" attached hereto, hereinafter referred to as the "Real Estate."
- B. Declarant, by execution of this Declaration, hereby creates a Horizontal Property Regime upon the Tract (described below), subject to the provisions of the Horizontal Property Law of the State of Indiana, the Covenants (described below), 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 Horizontal Property Law of the State Of Indiana, Acts 1963, Chapter 349, Sections 1 through 31, as amended. The Act is incorporated herein by reference.
 - b) "Association" means the Stonecreek Village Patio Home Development Homeowners Association, which shall be incorporated as Stonecreek Village Homeowners Association, Inc., its successors and assigns, as more particularly described in the By-laws and project rules.
 - c) "Board of Managers" means the governing body of the Association, being the initial Board of Managers referred to in the By-Laws or subsequent Board of Managers elected by the Co-Unit Owners in accordance with the By-Laws. The term "Board of Managers," as used herein and in the By-Laws, shall by 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 Patio Home 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 Patio Home Condominium Units which may be submitted and subjected to the Act and this Declaration by supplemental declarations as herein provided, and will be identified in supplemental declarations and on plans that will be filed therewith.

- e) "By-Laws" means the By-Laws of the Association providing for the administration and management of the Property and restrictions on its use as required by and in conformity with the provisions of the Act. A true copy of the By-Laws is attached hereto as Exhibit "B" and incorporated herein by reference.
- f) "Patio Home Condominium Unit" means each one of the living units constituting Stonecreek Village Patio Home Development, 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 which may be submitted and subjected to the Act and this Declaration by supplemental declarations as herein provided. "Patio Home Condominium Unit" includes the undivided interest in the Common Areas and Limited Areas appertaining to such unit. Each Patio Home Condominium Unit shall also constitute a "Unit" as described in the Covenants.
- g) "Common Areas" means the common areas and facilities appurtenant to the Property as defined in paragraph 6 of this Declaration.
- h) "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 Unit Owners by the Association or as declared by the Act, the Covenants, this Declaration or the By-Laws.
- i) "Co-Unit Owners" means the Unit Owners of all the Patio Home Condominium Units.
- j) "Stonecreek Village Patio Home Development" means the name by which the Property and Horizontal Property Regime shall be known.
- k) "Covenants" means the Declaration of Covenants, Conditions and Restrictions for Stonecreek Village Patio Home Development, incorporated by reference herein.
- l) "Declarant" means Stonecreek Village, LLC, an Indiana Limited Liability Corporation, and any successors and assigns of it whom it designates in one or more written recorded instruments to have the rights of Declarant hereunder, including, but not limited to, any mortgagee acquiring title to any portion of the Property pursuant to the exercise of rights under, or foreclosure of, a mortgage executed by Declarant.
- m) "Limited Areas" means the limited common areas and facilities as defined in paragraph 7 of this Declaration.
- n) "Member" means every person or entity who holds membership in any of the associations described in the Covenants.
- o) "Mortgage" means the holder of an mortgage lien on a Patio Home Condominium Unit.
- p) "Unit 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 Patio Home Condominium Unit. The Unit Owner of a Patio Home Condominium Unit shall also constitute an

"Unit Owner" as described in the Covenants.

- q) "Percentage Interest" means the percentage of undivided interest in the fee simple title to the Common Areas and Limited Areas appertaining to each Patio Home Condominium Unit as specifically expressed in paragraphs 4 and 8 of this Declaration.
- r) "Percentage Vote" means that percentage of the total vote accruing to all of the Patio Home Condominium Units which is appurtenant to each particular Patio Home Condominium Unit and accrues to the Unit Owner thereof. The Percentage Vote to which each Unit Owner shall be entitled on any matter upon which the Co-Unit Owners are entitled to vote shall be the same percentage as the Percentage Interest appurtenant to such Unit Owner's Patio Home Condominium Unit.
- s) "Plans" or "Plat" means the site plan of the Tract and Buildings prepared and certified by Mark Pangburn, P.E. (#19034) and Blankenbaker & Son, Land surveyors (P.L.S. 900011), all of which are incorporated herein by reference filed of record on ~~May 8~~ ^{September 14}, 2001, in Plat Plat Book 1 at Page 95, in the Office of the Recorder of Clark County, Indiana.
- t) "Property" means the Tract and appurtenant easements, the Patio Home Condominium Units, the Buildings, garages, improvements, and property of every kind and nature whatsoever, real, personal or mixed, located upon the Tract and used in connection with the operation, use and enjoyment of Stonecreek Village Patio Home Development but does not include the personal property of the Unit Owner. "Property" also includes any property that may not be submitted or subjected to the Act or this Declaration by supplemental declarations as herein provided.
- u) "Tract" means Stonecreek Village Patio Home Development, as shown in the plat and being more particularly described by metes and bounds on the plat thereof, together with such other portions of the Real Estate which have, as of any given time, been subjected to the Act and this Declaration either by this Declaration. To the extent there is any irreconcilable conflict between the metes and bounds description of Stonecreek Village Patio Home Development contained in the Plat and the Plans, the Plans shall control.
- (2) Declaration. Declarant hereby expressly declares that the Property shall be a Horizontal Property Regime in accordance with the provisions of the Act.
- (3) Description of Buildings. There shall be twenty-six (26) Buildings, containing four (4) Patio Home Condominium Units each, situated on the Tract as shown on the Plans. In addition, there shall be one (1) clubhouse building.
- (4) Legal Description and Percentage Interest. Each Patio Home Condominium Unit is identified on the Plans by a Building number and Unit letter. The legal description for each Patio Home Condominium Unit shall consist of the Building number and Unit letter as shown on the Plans, and shall be stated as "Unit _____ in Building number _____ in Stonecreek Village Patio Home Development Property Regime." The Percentage Interest of each Unit Owner in the Common Areas and Limited areas as hereinafter defined shall be one one hundred fourth (1/104th).

(5) Description of Patio Home Condominium Units.

(a) Appurtenances. Each Patio Home 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 Patio Home 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 Patio Home 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 Patio Home Condominium Unit shall constitute a part of such Patio Home Condominium Unit, whether or not the same are located within or partly within the boundaries of a Patio Home Condominium Unit. All interior walls and all of the floors and ceilings within the boundaries of a Patio Home Condominium Unit, are considered part of the Patio Home Condominium Unit.

(b) Boundaries. The boundaries of each Patio Home 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 Patio Home Condominium Unit. In the event any horizontal boundary line as shown on the Plans does not coincide with the actual location of the respective wall, floor or roof surface of the Patio Home Condominium Unit because of inexactness of construction, settling after construction, or for any other reasons, the boundary lines of each Patio Home Condominium Unit shall be deemed to be and treated for purposes of Unit 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 Unit Owner of each Patio Home Condominium Unit in and to such space lying outside of the actual boundary lines of the Patio Home Condominium Unit, but within the appropriate wall, floor or roof surfaces of the Patio Home Condominium Unit.

(6) Common Areas. "Common Areas" means (i) the Tract, excluding the Patio Home Condominium Units; (ii) the foundations, columns, girders, beams, supports and exterior surfaces of roofs of the Buildings; (iii) the yards, gardens, sidewalks and parking areas, except to the extent the same are otherwise classified and defined herein as part of the Patio Home Condominium Unit or Limited Areas; (iv) central electricity, gas, water, and sanitary sewer mains serving the Buildings, if any; (v) exterior lighting fixtures and electrical service lighting the exterior of the Buildings unless separately metered to a particular Patio Home Condominium Unit; (vi) pipes, ducts, electrical wiring and conduits and public utilities lines which serve more than one Patio Home Condominium Unit; (vii) roofs and exterior perimeter walls of the Buildings, except to the extent the same are otherwise classified and defined herein as part of the Patio Home Condominium Unit or Limited Areas; (viii) satellite dishes and cable TV; and (ix) all facilities and appurtenances located outside of the boundary lines of the Patio Home Condominium Units.

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

a) The driveways and sidewalks of each Building, if any (except those located within the interior of

Patio Home Condominium Units), shall be limited to the use of the Patio Home Condominium Units of such Building.

b) Patios and porches, and the driveways and sidewalks serving a particular Patio Home Condominium Unit shall be limited to the exclusive use of the Patio Home Condominium Unit to which they are attached or appertain; provided, however, that any Unit Owner of a Patio Home Condominium Unit desiring to make any improvements or landscaping changes to such area around his patio or porch so designated on the Plans shall first obtain the written approval as to the location, size, style, material, design, color and architecture of said improvements from the Board of Managers and, provided further, that the Unit Owner to whose Patio Home Condominium Unit said improvements are to be attached shall construct and maintain the improvements thereon and maintain the improvements, all at Unit Owner's expense.

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

8. Unit Ownership of Common Areas and Percentage Interest. Each Unit Owner shall have an undivided one one hundred fourth (1/104th) interest in the Common Areas and Limited Areas, as tenants in common with all other Unit Owners, equal to his Patio Home Condominium Unit's Percentage Interest. Each Patio Home Condominium Unit is granted an equal interest in the Common Areas and Limited areas. The Percentage Interest in the Common Areas and Limited Areas appertaining to each Patio Home Condominium Unit is set forth in paragraph 4 of this Declaration Except as otherwise provided or permitted herein, the Percentage interest appertaining to each separate Patio Home 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 Unit Owners and Mortgagees and then only if in compliance with all requirements of the Act.

The Percentage Interest appertaining to each Patio Home Condominium Unit shall also be the Percentage Vote allocable to the Unit Owner thereof in all matters with respect to Stonecreek Village Patio Home Development and the Association in which the Co-Unit 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 Patio Home Condominium Unit, then in such event, an easement shall be deemed to exist and run to the Co-Unit Owners and the Association for the maintenance, use and enjoyment of such Common Area or Limited Area.

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

Pursuant to this Declaration, each Unit Owner shall have a right and easement of enjoyment in and to all Common Areas (as defined in the Covenants) that shall be appurtenant to and shall pass with title to each Patio Home Condominium Unit, subject to remaining provisions of the Covenants.

10. Real Estate Taxes. Real Estate Taxes are to be separately assessed and taxed to each Patio Home 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 Patio Home Condominium Unit, but are assessed and taxed on the Property (or the Property and any other portions of the Real Estate) as a whole, then each Unit Owner shall pay his proportionate share of such taxes to the extent attributable to the Property in accordance with his respective Percentage Interest.

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

12. Association of Co-Unit Owners. Subject to the rights of Declarant reserved in paragraph 25 hereof and the rights set forth in the Covenants, the maintenance, repair, upkeep, replacement, administration, management and operation of the Property shall be by the Association. Each Unit Owner of a Patio Home Condominium Unit shall, automatically upon becoming an Unit Owner of a Patio Home Condominium Unit, be and become a member of the Association (as defined in the By-laws) and shall remain a member of said associations until such time as his Unit Ownership ceases, but membership shall terminate when such person ceases to be an Unit Owner, and will be transferred to the new Unit Owner.

The Association shall elect a Board of Managers annually (except for an Initial Board of Managers defined in the By-Laws) in accordance with and as prescribed by the By-Laws. Each Unit Owner shall be entitled to cast his Percentage Vote for the election of the Board of Managers, except for such Initial Board of Managers who shall serve for the period provided in they By-Laws. Each person serving on the Initial Board of Managers, whether as an original member thereof or as a member thereof appointed by Declarant to fill a vacancy, shall be deemed a member of the Association and an Unit Owner solely for the purpose of qualifying to act as a member of the Board of Managers shall be deemed or considered a member of the Association nor an Unit Owner of a Patio Home Condominium Unit for any other purpose (unless he is actually an Unit Owner of a Patio Home Condominium Unit and thereby a member of the Association).

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

13. Maintenance, Repairs and Replacements. Each Unit Owner shall, at his expense, be responsible for the maintenance, repairs, decoration and replacement within his own Patio Home Condominium Unit and as provided in the By-Laws within Limited Areas reserved for his use. Each Unit Owner shall repair any defect occurring in his Patio Home Condominium Unit which, if not repaired, might adversely affect any Patio Home Condominium Unit, Common Area or Limited Area. 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 herein or in the By-Laws. The Unit Owner shall remain responsible for all maintenance and repair items for fixtures, wiring, plumbing, and other mechanisms as elaborated in the By-Laws, including but not limited to section 5.7 of the By-Laws, that lie above the floor and within the walls of the Unit, as well as for appliances and equipment installed for or at the request of the Unit Owner.

Subject to 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 Patio Home 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 Improvement. No Unit Owner shall make any alterations or additions to or which would affect the Common Areas or Limited Areas without the prior written approval of the Board of Managers, nor shall any Unit Owner make any alteration in or to his respective Patio Home Condominium Unit and within the boundaries thereof which would affect the safety or structural integrity of the Building in which the Patio Home Condominium Unit is located nor shall any Unit Owner change the color of any of the Common Areas or Limited Areas without the prior written approval of the Board of Managers. The Board of Managers shall make reasonable accommodations in the rules, regulations or restrictions in order to afford a handicapped person equal opportunity to use and enjoy the Patio Home Condominium Unit. Declarant reserves the right to change the interior design and arrangement of all Patio Home Condominium Units and alter the boundaries between Patio Home Condominium Units so long as Declarant owns the Patio Home Condominium Units so altered. No such change shall increase the number of Patio Home Condominium Units nor change the Percentage Interest applicable to such Patio Home Condominium Units so authorized, such changes shall be reflected by a supplement to the Plans and such supplement to the Plans need not be approved by the Association or any other Unit Owners.

15. Insurance. The Co-Unit Owners, through the Association, shall also purchase a master casualty insurance policy affording fire and extended coverage insuring the Property in an amount consonant with the full replacement value of the improvements which, in whole or in part, comprise the Buildings and all Limited and Common Areas. The insurance on the buildings (Units) shall include replacement value of appliances, equipment and fixtures installed by the Developer and sold with the Units initially. If the Board of Managers can obtain such coverage for reasonable amounts they shall also obtain "all risk" coverage. The Board of Managers shall be responsible for reviewing at least annually the amount and type of such insurance and shall purchase such additional insurance as is necessary to provide the insurance required above. If deemed advisable by the Board of Managers, the Board of Managers may cause such full replacement value to be determined by a qualified appraiser. The cost of any such appraisal shall be a Common Area Expense. Such insurance coverage shall be for the benefit of each Unit Owner, and, if applicable, the Mortgagee of each Unit Owner upon the following terms and conditions:

- a) All proceed payable as a result of casualty losses sustained which are covered by insurance purchased by the Association as hereinabove set forth shall be paid to it or to the Board of Managers, who shall act as the insurance trustees and hold such proceeds for the benefit of the individual Unit Owners and Mortgagees. The proceeds shall be sued or disbursed by the

Association or Board of Managers, as appropriate, only in accordance with the provisions of this Declaration and any surety bond or bonds obtained by the Board of Managers concerning the officer of the Association as provided in the By-Laws shall specifically include protection for any insurance proceeds as received.

- b) The interest of each damaged Unit Owner in the trust fund of insurance proceeds shall be the ratio of the direct damage of each damaged Unit Owner to the damages of all Unit Owners directly damaged by any event insured under the said master casualty insurance policy.
- c) Such master casualty insurance policy, and "all risk" coverage if obtained, shall (to the extent the same are obtainable) contain provisions that the insurer (a) waives its right to subrogation as to any claim against the Association, the Board of Managers, its agents and employees, Unit Owners, their respective agents and guests, and (b) waives any defense based on the invalidity arising from the acts of the insured, and (c) contains an endorsement that such policy shall not be terminated for nonpayment of premiums without at least ten (10) days' prior written notice to Mortgagees and, providing further, if the Board of Managers is able to obtain such insurance upon reasonable terms, (i) that the insurer shall not be entitled to contribution against casualty insurance which may be purchased by individual Unit Owners as hereinafter permitted, and (ii) that not withstanding any provisions thereof giving the insurer an election to restore damage in lieu of a cash settlement, such option shall not be exercisable in the event the Unit Owners do not elect to restore pursuant to paragraph 16 of this Declaration. The obligation to restore runs not only to the Condominium Unit, but also to Buildings, Common Areas and Limited Areas.
- d) The Co-Unit Owners, through the Association, shall also purchase a master comprehensive public liability insurance policy in such amount or amounts as the Board of Managers shall deem appropriate from time to time. Such comprehensive public liability insurance policy shall cover the Association, the Board of Managers, any committee or organ of the Association or Board of Managers, any managing agent appointed or employed by the Association, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to Stonecreek Village Patio Home Development, all Unit Owners of Patio Home Condominium Units and all other persons entitled to occupy any Patio Home Condominium Unit or other portions of Stonecreek Village Patio Home Development.
- e) The Co-Unit Owners, through the Association, shall also obtain any other insurance required by law to be maintained, including, but not limited to, workmen's compensation insurance, and such other insurance as the Board of Managers shall from time to time deem necessary, advisable or appropriate. Such insurance coverage shall also provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of each Unit Owner, the Association, the Board of Managers and any managing agent acting on behalf of the Association.
- f) The premiums for all such insurance hereinabove described shall be paid by the Association as part of the Common Expenses. When any such policy of insurance hereinabove described has been obtained by or on behalf of the Association, written notice of the attainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Unit Owner of Mortgagee whose interest may be affected thereby, which notice shall be furnished by

the officer of the Association who is required to send notices of meetings of the Association.

- g) In no event shall any distribution of proceeds be made by the Board of Managers directly to an Unit Owner where there is a mortgagee endorsement on the certificate of insurance. In such event any remittances shall be to the Unit Owner and his Mortgagee jointly.
- h) Each Unit Owner shall be solely responsible for loss or damage to the contents of his Patio Home Condominium Unit however caused (including, but not limited to, all floor, ceiling and wall coverings and fixtures, betterments and improvements installed by him) and his personal property stored elsewhere on the Property, and the Association shall have no liability to the Unit Owner for loss or damage to the contents of any Patio Home Condominium Unit or Garage Unit. Each Unit Owner shall be solely responsible for obtaining his own insurance to cover any such loss and risk. Each Unit Owner shall have the right to purchase such additional insurance at his own expense as he may deem necessary, including, but not limited to: (1) personal liability insurance provided all such insurance shall contain the same provisions for waiver of subrogation as referred to in the foregoing provisions for the master casualty insurance policy to be obtained by the Association and (2) casualty insurance upon his Patio Home Condominium Unit but such insurance shall provide that it shall be without contribution as against the casualty insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds which would otherwise be payable on the insurance purchased by the Association pursuant to this paragraph due to proration of insurance purchased by an Unit Owner under this paragraph, the Unit Owner agrees to assign the proceeds of this latter insurance, to the extent of the amount of such reduction, to the Association to be distributed as herein provided.

16. Casualty and Restoration.

- a) Except as hereinafter provided, damage to or destruction of any Building, Limited Area or Common Area due to fire or 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 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-Unit 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 thirty (30) 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 thirty (30) 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 thirty (30) day period, then it shall be conclusively presumed that the Co-Unit Owners determined that there was not a complete destruction of all of the Buildings, and the 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

horizontal property regime, 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 Unit Owners of Patio Home Condominium Units in proportion to the ratio that the Percentage Interest of each Patio Home Condominium Unit bears to the total Percentage Interest of all Patio Home Condominium Units. Any such amounts payable by the Co-Unit Owners shall be assessed as part of the Common Expenses and shall constitute a lien from the time of assessment as provided herein in the Act.

- c) For purposes of subparagraphs (a) and (b) above, repair, reconstruction and restoration shall mean construction or rebuilding of the Patio Home 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-Unit 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-Unit 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-Unit 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) of all of the Co-Unit Owners a decision is made to rebuild, reconstruct and repair the Buildings. If two-thirds (2/3) of all of the Co-Unit Owners vote and decide that the Buildings are to be rebuilt, reconstructed and repaired, the insurance proceeds, if any, received by 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-Unit 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 Section 28 (as presently written) of the Act, and, in accordance with Section 21 as presently written) of the Act:
 - (i) the Property shall be deemed to be owned in common by the Patio Home Condominium Unit Unit Owners;
 - (ii) the undivided interest in the Property owned in common which shall appertain to each Patio Home Condominium Unit Unit Owner shall be the percentage of undivided interest previously owned by such Unit Owner in the Common Areas;
 - (iii) any liens affecting any of the Patio Home Condominium Units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the Patio Home Condominium Unit Unit Owner in the property; and
 - (iv) the Property shall be subject to an action for partition at the suit of any Patio Home Condominium Unit Unit 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 Patio Home Condominium Unit Owners in a percentage equal to the percentage of undivided interest owned by each Unit Owner in the Property, after first paying out of the respective shares of the Patio Home Condominium Unit Owners, to the extent sufficient for the purpose, all liens on the undivided interest in the Property owned by each Patio Home Condominium Unit 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 Unit 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 Twenty Thousand Dollars (\$20,000.00), 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, 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 Twenty Thousand Dollars (\$20,000.00), 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 costs as estimated by said architect for the work remaining to be done subsequent to the date of such certificate, do not exceed the amount of the construction fund remaining after payment of the sum so requested.
 - iii. Encroachments upon or in favor of Patio Home 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 Unit 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 are occupied and maintained.

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 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 Unit Owners in the Buildings affected and their Mortgagees who are the beneficial Unit 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 another Unit Owner for committing willful or malicious damage.

17. Covenants and Restrictions. The covenants and restrictions applicable to the use and enjoyment of the Patio Home Condominium Units and the Common Areas and limited Areas are set forth in the Project Rules and the By-Laws of Stonecreek Village Homeowners, Inc. (the "By-laws"), including the limitation that each of the Patio Home Condominium Units shall be limited to residential use and such other restrictions as are set forth in the By-Laws and in the Covenants. These restrictions are for the mutual benefit and protection of the present and future Unit Owners and shall run with the land and inure to the benefit of and be enforceable by any Unit Owner or by the Association; and with respect to any restrictions contained in the Covenants, may be enforceable by any Unit Owner, by Association or by any Member. Present or future Unit 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, including, but not limited to, any covenants and restrictions set forth in the By-Laws, so long as construction and initial sales of Patio Home Condominium Units shall continue, Declarant shall have, the right to use and maintain any Patio Home Condominium Units owned by Declarant, such other portions of the Property (other than individual Patio Home Condominium Units owned by persons other than Declarant) and any portions of the Real Estate not then part of the Property, all of such number and size and at such locations as Declarant, in its sole discretion, may determine, as Declarant may deem advisable or necessary in its sole discretion to aid in the construction and sale of Patio Home Condominium Units, or to promote or effect sales of Patio Home Condominium Units or for the conduction of any business or activity attendant thereto, including, but not limited to, model Patio Home 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. At no time shall any of such facilities so used or maintained by Declarant 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.

18. 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 Unit Owners having the aggregate of 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 provision of the By-Laws.
- (d) Adoption. Any proposed amendment to this Declaration must be approved by a vote of not less than seventy-five percent (75%) in the aggregate of the Percentage Vote at a properly convened meeting. In the event any Patio Home 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 Unit 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. The voting interest represented by such a unit may only be exercised with the consent of the mortgagee.
- (e) Special Amendments. No amendment to this Declaration shall be adopted which changes (1) the Percentage Interest with respect to any Condominium for the Common Expenses, without the approval of one hundred percent (100%) of the Co-Unit Owners and all Mortgagees whose mortgage interests have been made known to the Board of Managers in accordance with the provisions of the By-Laws except for changes pursuant to paragraph 21 herein, 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.
- (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 Clark 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-Unit Owners, the Association, the Board of Managers, any Mortgagees or any other person, 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, or (ii) such amendment or supplement is made to implement expansion of the property and Stonecreek Village Patio Home Development pursuant to Declarant's reserved right to expand the same as set forth in paragraph 21

hereof, or (iii) such amendment is necessary to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing & 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, or is necessary to accommodate and afford a handicapped person equal opportunity to use and enjoy the Patio Home Condominium Unit. This right shall be exercised subject to the consent of any other Unit Owners pursuant to I.C. 32-1-6-7(d). None of the rights reserved in favor of the Declarant shall be exercised in a manner that adversely affects or prejudices the rights of the holder of any Mortgage..

19. Acceptance and Ratification. All present and future Unit Owners, Mortgagees, tenants and occupants or the Patio Home Condominium Units shall be subject to and shall comply with the provisions of this Declaration, the Act, the By-Laws appended hereto, the Covenants and the rules and regulations as adopted by the Board of Managers and the Association 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 Patio Home Condominium Unit shall constitute an agreement that the provisions of this Declaration, the Act, the By-Laws the Covenants and rules and regulations, as each may be amended or supplemented from time to time, are accepted and ratified by such Unit 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 Patio Home 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 or Patio Home Condominium Units or any part of the Property in any manner shall be subject to the Declaration, the Covenants, the Act, the By-Laws, and the rules and regulations applicable thereto, as each may be amended or supplemented from time to time.

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

21. Expandable Condominium and Declarant's Reserved Rights. Stonecreek Village Patio Home Development 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 Stonecreek Village Patio Home Development in accordance with the provisions of the Act. If this condominium is to be expanded it shall only be with a tract of land contiguous with Stonecreek Village Patio Home Development. In such an event, the Unit Ownership interests of the existing Unit Owners in Common and Limited Areas shall become a percentage equal to one (1) divided by the total number of Units. Any expansion is subject to the consent of the Co-Unit Owners, as specified in Section 8 of the Covenants.

22. Granting and Reservation of Easements.

(a) The Board of Managers of the Association is granted the authority to grant easements.

(b) 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, relocating and otherwise servicing utility equipment, facilities and installations to serve the Property, to provide access to and ingress and egress to and from the Property and to provide for the rendering of public and quasi-public services to the Property.

23. Easement for Utilities and Public and Quasi-Public Vehicles. All public and quasi-public vehicles, including, but not limited to, police, fire and other emergency vehicles, trash and garbage collection, post office vehicles, and privately owned delivery vehicles, shall have the right to enter upon the streets, Common Areas and Limited Areas of Stonecreek Village Patio Home Development in the performance of their duties. An easement is also granted to all utilities and their agents for ingress, egress, installation, replacement, repairing and maintaining of such utilities, including, but not limited to, water, sewers, gas, cable, telephones, and electricity on the Property; provided, however, nothing herein shall permit the installation of sewers, electric lines, water lines, or other utilities, except as initially designed and approved by Declarant or as thereafter may be approved by the Board of Managers. By virtue of this easement, the electric, cable and telephone utilities are expressly permitted to erect and maintain the necessary equipment on the Property and to affix and maintain electric and telephone wires, circuits, and conduits on, above, across and under the Buildings, an on, above, across and under the roofs and exterior walls of the Buildings.

24. Reservation of Rights to the Use of Common Areas. As more particularly set forth in the Covenants, the Unit Owner of any Unit shall have the benefit of the use of Common Areas or portions thereof, to include the Clubhouse, (if any), recreational facilities (if any), and associated facilities, for the use of the Members. The Members shall then pay for the use of such facilities in accordance with the provisions set forth in the Covenants or adopted hereafter. This amount shall be included in the general and special assessments.

25. Initial Management. As set forth in the By-Laws, the initial Board of Managers consists and will consist of persons selected by Declarant. The Board of Managers may enter into a management agreement with Declarant (or a corporation or other entity affiliated with Declarant) for a term not to exceed three (3) years with either party having the right to terminate upon 90 days' notice 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 Unit Owners of individual Patio Home Condominium Units, the Limited Areas, and, in general, perform all of the duties and obligations of the Association. Such management agreement may be renewed by the parties for additional terms of three (3) or less years. Such management agreement is or will be subject to termination by the expiration of its terms, in which event the Association shall thereupon and thereafter resume performance of all of its duties an obligations and functions. Notwithstanding anything to the contrary contained herein, so long as a management agreement between the Association and Declarant (or its affiliate, as appropriate) is in effect, Declarant (or its affiliate as appropriate) shall have, and Declarant hereby reserves to itself (or to its affiliate, as appropriate), the exclusive right to manage the Property and to perform all the functions of the Association.

26. Costs and Attorneys' Fees. In any proceeding arising because of failure of an Unit 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.

27. Waiver. No Unit 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 Patio Home Condominium Unit.

28. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provisions of this Declaration of 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.

29. 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.

30. Plans. The Plans setting forth the layout, location, identification numbers, and dimensions of the Patio Home Condominium Units and the Property are incorporated into this Declaration by reference, and have been filed in the office of the Recorder of Clark County, Indiana, in Flat Book 1, Page 95, as of June 8, 2001.

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

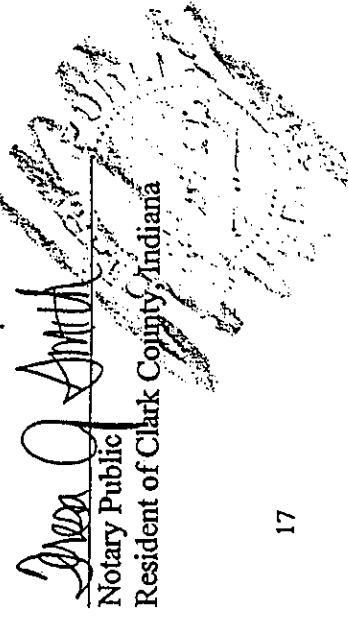
Stonecreek Village, LLC.
BY: BWT Development, LLC
Managing Member of Stonecreek Village, LLC

By: Tim Brown
Tim Brown, Member and Manager

STATE OF INDIANA, COUNTY OF CLARK SS:

Before me, a Notary Public in and for said County and State, personally appeared Stonecreek Village, LLC, by BWT Development, LLC by its manager and member Timothy W. Brown, and acknowledged the execution of the above and foregoing Declaration of Horizontal Property Unit Ownership on this 7th day of June 2001.

Debra J. Smith
Notary Public
Resident of Clark County, Indiana



My commission expires: April 3, 2009

Prepared By: Michael A. Gillenwater, 411 Watt St., Jeffersonville IN. 47130

BY-LAWS
OF
CO-OWNERS OF STONECREEK VILLAGE
HOMEOWNERS, INC.

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The following By-Laws shall apply to the Stonecreek Village Patio Home Development and its homeowners association, Stonecreek Village Homeowners Association, Inc. (hereinafter called the "Project"), located on Charlestown Pike in Clark County, Indiana, as described in and created by Declaration of Horizontal Property Regime (hereinafter called the "Declaration"), recorded in the office of the Recorder of Clark County, Indiana, at Jeffersonville, and to all present and future owners, tenants, and occupants of any units of the Project and all other persons who shall at any time use the Project.

ARTICLE I

Membership

Section 1. Qualification.

All owners of units of the Stonecreek Village Project shall constitute the members of the Homeowners Association (herein called "Association"). The owner of any unit upon acquiring thereof shall automatically become a member of the Association and shall remain a member membership in the Association shall automatically cease.

Section 2. Place of Meetings.

Meetings of the Association shall be held in the Project or such other suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 3. Annual Meetings.

Annual meetings of the Association shall be held on the last Monday of March of each year at a time set by the Board of Managers or such other date as may be determined by the Board with notice to the membership. The first such meeting for Unit Owners shall occur following surrender by the Developer of control of the Board of Managers as provided in the aforesaid Declaration.

Section 4. Special Meetings.

Special meetings of the Association may be held at any time upon the call of the President or a petition signed by at least 25% of the Unit Owners and presented to the Secretary following surrender of Developer's control.

Section 5. Notice of Meetings.

The Secretary shall give written or printed notice of each annual and special meeting to every Unit Owner according to the Association's record of ownership at least five (5) days before the date set for such meeting, stating whether it is an annual or special meeting the authority for the call thereof, the place, day and hour of such meeting, and the purpose therefore in any of the following ways: (a) by delivering it to him personally or (b) by leaving it at his unit in the Project or at his

usual residence or place of business or (c) by mailing it, postage prepaid, addressed to him at his address as it appears on the Association's record of ownership. If notice is given pursuant to the provisions of this section, the failure of any Unit Owner to receive actual notice of any meeting shall in no way invalidate such meeting or any actions taken. The presence of any Unit Owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

Section 6. Quorum.

The presence at any meeting in person or by proxy of a majority of the Unit Owners shall constitute a quorum and the acts of a majority of the Unit Owners present, in person or by proxy, at any meeting at which a quorum is present shall be the acts of the Association except as otherwise provided herein. The term "majority of Unit Owners" in these By-Laws means the owners of units of more than 50% of the units in Stonecreek Village.

Section 7. Voting.

The owner of each unit shall be entitled to one (1) vote per unit. Votes may be cast in person or by proxy by the respective Unit Owners as shown in the record of ownership of the Association. Any executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Association for any unit owned or controlled by him in such capacity whether or not the same shall have been transferred to his name in the Association's record of ownership provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such unit in such capacity.

Section 8. Proxies and Pledges.

The authority given by any Unit Owner to another person to represent him at meetings of the Association shall be in writing, signed by such owner and filed with the Secretary, and unless limited by its terms shall continue until revoked by writing, filed with the Secretary or by the death or incapacity of such owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale or lease of any unit or interest therein, a true copy of which is filed with the Board through the Secretary, Administrator or Managing Agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

Section 9. Adjournment.

Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the Unit Owners present whether or not a quorum is present without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

ARTICLE II

Board of Managers

Section 1. Number and Qualifications.

The affairs of the Association and the Project shall be governed by a Board of Managers composed of at least three (3) persons, all of whom shall be owners. The Board members shall serve without compensation unless otherwise authorized by the Association.

Section 2. Powers.

The Board of Managers shall have all powers necessary for the Managers of the affairs of the Association and may do all such acts and things therefore as are not by law, the Declaration or these By-Laws directed to be exercised or done only by the Unit Owners.

Section 3. Election and Term.

Election of Board members shall be by ballot with one vote per office cast at each election at each annual meeting and any special meeting called for that purpose. The selection of directors may be done by a written ballot mailed to every owner of record and returned by a date certain as determined by the Board. Directors shall hold office for a period of two (2) years and until their respective successors have been elected, subject to removal as herein provided. Provided, however, at the annual meeting of the Association of Co-Owners in the year 2001 1, three (3) directors shall be chosen by ballot with the two (2) directors chosen by the largest number of votes shall serve a term of two (2) years and the next succeeding director in terms of the number of ballots cast shall serve a term of one (1) year. Subsequent elections after 2001 shall serve a term of two (2) years except for the filling of vacancies in an unexpired term.

Section 4. Vacancies.

Vacancies in the Board of Managers caused by any reason other than removal of a director by the Association shall be filled by vote of a majority of the remaining directors even though they may constitute less than a quorum, and each person so elected shall be a director until his successor is elected at the next annual meeting of the Association. Death, incapacity or resignation of any director or his continuous absence from the State of Kentucky for more than six (6) months shall cause his office to become vacant.

Section 5. Removal of Board Members.

At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by vote of a majority of Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at such meeting.

Section 6. Annual Meeting.

An organizational meeting of the Board of Managers shall be held at the place of and immediately following each annual meeting of the Association, and no notice shall be necessary to any Board members in order validly to constitute such meeting provided that a majority of the whole Board shall be present. At such meeting, the Board shall elect the officers of the Association for the ensuing year.

Section 7. Regular Meeting.

Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the Board members, but at least one such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each Board member, personally or by mail, telephone, telegraph, at least one day prior to the date of such meeting.

Section 8. Special Meetings.

Special meetings of the Board of Managers may be called by the President on at least eight (8) hours' notice to each Board member, given personally or by telephone or telegraph, which notice shall state the time, place, and purpose of such meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and with like notice on the written request of at least two Board members.

Section 9. Waiver of Notice.

Before or at any meeting of the Board of Managers any Board member may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting shall be waiver of notice to him of such meeting. If all the Board members are present at any meeting of the Board, no notice thereof shall be required.

Section 10. Quorum of Board.

At all meetings of the Board of Managers, a majority of the total number of members of the Board shall constitute a quorum for the transaction of business, and the acts of a majority present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. Fidelity Bonds.

The Board of Managers may require that all officers, employees, and agents of the Association handling or responsible for its funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 12. Other Duties.

The Board shall give timely notice to the holder, insurer or guarantor of a mortgage on any unit of:

- a. any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage;
- b. any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage;
- c. a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the owners, association; and,
- d. any proposed action that requires the consent of eligible mortgage holders.

ARTICLE III

Officers

Section 1. Designation.

The principal officers of the Board shall be a President a Vice-President, a Secretary, and a Treasurer who shall be elected by the Board of Managers. The offices of Secretary and Treasurer may be combined in one person. The Board may appoint an Assistant Treasurer, an Assistant Secretary, and such other officer as in its judgment may be necessary.

Section 2. Election and Term.

The officers of the Board shall be elected annually by the Board of Managers at its annual meeting and shall hold office at the pleasure of the Board.

Section 3. Removal.

Any officer may be removed either with or without cause by vote of a majority of the members of the Board of Managers and his successor elected at any regular meeting of the Board or any special meeting.

Section 4. President and Vice-President.

The President of the Board shall be the Chief Executive Officer of the Association and shall preside at all meetings of the Association and the Board of Managers. Subject to the control of the Board he shall exercise general supervision and direction over the management and conduct of the business and affairs of the Association. He shall also have such other powers and duties from time to time as deemed necessary by the Board. The Vice-President shall so serve in the absence of the President.

Section 5. Secretary.

The Secretary shall attend and keep the minutes of all meetings of the Association and of the Board of Managers, give all notices thereof as provided by these By-Laws, maintain and keep a continuous and accurate record of ownership of all units, and have charge of such books, documents, and records of the Association as the Board may direct.

Section 6. Treasurer.

The Treasurer shall maintain and keep the financial records and books of account of the Association, prepare regular reports thereof, and be responsible for the proper deposit and custody in the name of the Association of all funds and securities.

Section 7. Auditor.

The Board may appoint annually an accountant or accounting firm as auditor who may not be an officer of the Association nor own any interest in any unit to audit the books and financial records of the Association.

ARTICLE IV

Managers

Section 1. Management.

The Board of Managers shall at all times manage and operate the Project and have such powers and duties as may be necessary or proper therefore including, without limitation, the following:

- (a) Supervision of the immediate management and operation of the Project;
- (b) Inspection, maintenance, repair, replacement, and restoration of the common elements and any additions and alterations thereto;
- (c) Purchase, maintenance, and replacement of any equipment provided for all water and utility services required for the common elements;

- (d) Provision at each unit of all water, sewer, electricity, and such other utility services and utilities as the Board shall deem necessary either at the expense of such unit or as a common expense as determined by the Board;
- (e) Employment, supervision, and dismissal of such personnel as may be necessary for the maintenance and operation of the Project;
- (f) Preparation at least sixty (6) days before each fiscal year of a proposed budget and schedule of assessments for such year;
- (g) Collection of all installments of assessments levied and payment of all common expenses authorized by the Board;
- (h) Purchase and maintenance of all policies of hazard and liability insurance for the Project required by the Declaration and such other insurance and bonds as may be required or authorized by the Declaration, the Association or the Board;
- (i) Notification of all persons having any interest in any unit according to the Association's records of ownership of delinquency exceeding thirty (30) days in the payment of any assessment against such unit
- (j) Assignment and supervision of motor vehicle parking including the authority to make reasonable rules, fines, and charges in regard thereto;
- (k) Supervision of the use of the common elements including use of Limited Common Elements which includes adoption and enforcement of Project Rules and enforcement of the provisions of the Declaration and these By-Laws.
- (l) The right to establish monetary fines for the purpose of enforcing the Project Rules, the Declaration, and the Bylaws of the Association. Fines shall become enforceable upon thirty (30) days written notice to the offending owner.

Section 2. Managing Agent.

The Board of Managers may employ from time to time a responsible Managing Agent or Administrator to manage and control the Project subject at all times to direction by the Board with all the administrative functions set forth specifically in preceding Section 1 and such other powers and duties and at such compensation as the Board may establish.

Section 3. Representation.

The President or Managing Agent, subject to the direction of the Board of Managers, shall represent the Association or any two or more Unit Owners similarly situated as a class in any proceeding affecting the Association, the common elements or more than one unit, and may participate in such proceedings without limiting the rights of any Unit Owners to participate individually.

Section 4. Execution of Instruments.

All checks, drafts, notes, acceptances, conveyances, contracts, and other instruments shall be signed on behalf of the Association by such person or persons as shall be provided by general or special resolution of the Board of Managers, or in the absence of any such resolution of the Board of Managers, or in the absence of any such resolution applicable to such instrument, by the President or the Treasurer.

ARTICLE V

Obligations of the Unit Owners

Section 1. Assessments.

All Unit Owners shall pay to the Board of Managers, or if a Managing Agent is appointed, to the Managing Agent, in advance, on the first day of each and every month the monthly assessments against their respective units for common expenses of the Project in accordance with the Declaration. The assessment is delinquent if not received on or before the first day of the month that it is due. In the event any Unit Owner is delinquent in the payment of any monthly assessment for a period in excess of fifteen (15) days, a penalty of 10% of the delinquent assessment shall be payable for each month of delinquency beginning with the initial month. Without exception, the assessment levied hereunder for the benefit of the Association is not subject to credit or set-off unless authorized by the Association of Co-Owners. In addition, the Board may from time to time post in a conspicuous place upon the common elements the names of such delinquent Unit Owners and the delinquent amounts.

Section 2. Maintenance of Units.

Every Unit Owner shall at his own expense and at all times repair, maintain, and keep his unit including, without limitation, all garages and patio areas along with all internal installations therein such as water, electricity, telephone, sewer, sanitation, air conditioning, lights, and all other fixtures and accessories belonging to such unit, and the interior decorated or finished surfaces of all walls, floors, and ceilings of such unit in good order and condition except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform

shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Managers or the Managing Agent. In addition, each Unit Owner shall keep clean all interior and exterior windows and patio areas even though such items are a part of the general or limited common elements. Every Unit Owner and occupant shall reimburse the Association promptly on demand for all expenses incurred by the Association in repairing or replacing any loss or damage to the common elements where caused by such owner or occupant or by their guests or members of their households or incurred for cleaning or repairing appurtenant limited common elements. They shall give prompt notice to the Board of Managers or Managing Agent of any loss or damage or other defect in the Project when discovered.

Section 3. Use of Project.

- (a) All units of the Project shall be used only for one-family residential unit purposes.
- (b) All common elements of the Project shall be used only for their respective purposes as designed.
- (c) No Unit Owner or occupant shall place, store or maintain in the common element any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements or permit said elements to be unsightly or disorderly.
- (d) Every Unit Owner and occupant shall at all time keep his unit and any limited common element appurtenant thereto (including all windows, garages, and patio areas) in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules, and regulations now or hereafter made by any governmental authority, the Association or the Board of Managers applicable to the Project.
- (e) No Unit Owner or occupant shall make or suffer any waste or unlawful, improper or offensive use of his unit or the Project nor alter or remove any furniture, furnishings or equipment of the common elements.
- (f) No Unit Owner or occupant shall erect or place in the Project any structure including fences, walls, and patios or make any additions or alterations to any common elements (including limited common elements) of the Project except as may be permitted in the Declaration and except in accordance with plans and specifications including a detailed plot plan prepared by a licensed architect, if required by the Board, unless approved by the Board of Managers, which approval may be given with accompanying restrictions as to the Unit Owner's duties of maintenance, repair, and replacement of such improvements and any common elements affected thereby.

- (g) No signs, posters or bills may be placed or maintained in the Project unless approved by a majority of Unit Owners except that an owner may place and maintain a "FOR SALE" or "FOR RENT" or similar type sign not more than five (5) feet in front of his unit for a reasonable time not to exceed 3 feet by 2 feet in size.
- (h) No Unit Owner or occupant shall decorate or landscape any entrance or other planting area adjacent to his unit except in accordance with standards therefore established by the Board of Managers or specific plans approved in writing by the Board which standards or approval may be given with accompanying restrictions as to the Unit Owner's duties of maintenance, repair, and replacement of such decorating or landscaping and any common elements affected thereby. A Unit Owner may garden and landscape his patio area only after obtaining Board approval provided that the Association shall not be responsible for any damage thereof resulting from its lawn maintenance.
- (i) All occupants shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions, and amplifiers that may disturb other occupants.
- (j) No garments, rugs or other objects shall be hung from windows or facades of the Project or in other areas.
- (k) No rugs or other objects shall be dusted or shaken from windows of the Project or cleaned by beating or sweeping on any exterior part of the Project.
- (l) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the Project except in the areas provided for such purpose.
- (m) No livestock, poultry, rabbits, snakes or other such animals shall be allowed or kept in any part of the Project. Dogs, cats, and caged animals or birds shall be allowed subject to regulation by the Board including regulations as to the number thereof.
- (n) No Unit Owner or occupant shall without the written approval of the Board of Managers install any wiring for electrical or telephone installations, machines or air conditioning units or other equipment or appurtenances whatsoever on the exterior of the Project or protruding through the walls, windows or roof thereof.
- (o) Nothing shall be allowed, done or kept in any units or common elements of the Project which would overload or impair the floors, walls or roof thereof or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance maintained by or for the Association.

- (p) The Developer of the Project or its agent shall have the right to maintain and show units including the maintenance and showing of model units. A Unit Owner or his agent shall have the right to show his unit at reasonable times of the day for the purpose of sale or lease.

Section 4. Project Rules.

The Board of Managers may adopt, amend or repeal any rules and regulations governing details of the operation and use of the Project not inconsistent with any provisions of law, the Declaration or these By-Laws.

Section 5. Expenses of Enforcement.

Every Unit Owner shall pay to the Association promptly on demand all costs and expenses including reasonable attorneys' fees incurred by or on behalf of the Association in collecting any delinquent assessments against such unit, foreclosing its lien therefore or enforcing any provisions of the Declaration, these Bylaws and Project Rules, including the imposition of any fine imposed under Article V, SubParagraph (D), against such owner or any occupant of such unit.

Section 6. Record Ownership.

Every Unit Owner shall promptly cause to be duly recorded the deed, assignment or other conveyance to him of such unit or other evidence of his title thereto, and shall file a copy of same with the Board of Managers, and the Secretary shall maintain all such information in the record of ownership of the Association.

Section 7. Mortgage.

Any Unit Owner who mortgages his unit, or any interest therein, shall notify the Board of Managers of the name and address of his mortgagee, and also of the release of such mortgage, and the Secretary shall maintain all such information in the record of ownership of the Association. The Board of Managers or Managing Agent at the request of any mortgagee or prospective purchaser of any unit or interest therein shall report to such person the amount of any assessment against such unit then due and payable.

ARTICLE VI

Miscellaneous

Section 1. Amendment.

These By-Laws may be amended in any respect not inconsistent with provisions of law or the Declaration by vote of 60% of the Unit Owners (as defined in the Declaration) at any meeting of the Association duly called for such purpose.

Certificate of Adoption

The undersigned Developer and Owner of all units of the Project hereby adopts the foregoing as the By-Laws of the Association of Co-Owners of Stonecreek Village Homeowners Association, Inc. on this ____ day of _____, 200__.

STONECREEK VILLAGE HOMEOWNERS
ASSOCIATION, INC.

John Watkins, Designated Developer's
Representative for
Stonecreek Village LLC,
By BWT Development, LLC
For the corporation

PROJECT RULES
OF
STONECREEK VILLAGE HOMEOWNERS ASSOCIATION, INC.

The Board of Managers of Stonecreek Village Patio Home Development, incorporated as Stonecreek Village Homeowners Association, Inc. (hereinafter referred to as the "Board"), under authority conferred by both the Declaration of Horizontal Property Ownership for Stonecreek Village Patio Home Development and the By-Laws of Stonecreek Village Homeowners Association, Inc., hereby adopts the following Project Rules (hereinafter referred to as the "Rules") for Stonecreek Village (hereinafter referred to as the "Project"):

1. Wherever in these Rules there is reference to "Unit Owners," such term shall be intended to apply to the Unit Owner of any Condominium Unit located in Stonecreek Village Patio Home Development, to his tenants in residence, and to any guests, invitees or licensees of such Unit Owner, or tenant of such Unit Owner. Wherever in these Rules reference is made to the "Board," such reference shall include the Board and the management agent where such authority is delegated by the Board to such management agent.
2. Nothing shall be done or maintained in any Condominium Unit or upon any common elements which would be in violation of any law.
3. No noxious or offensive activity shall be carried on within or outside any Condominium Unit nor shall anything be done or be permitted to remain in any Condominium Unit or on the common elements which may be or become a nuisance or annoyance to the other Unit Owners.
4. Unit Owners shall not make or permit to be made any disturbing noises which will unreasonably interfere with the rights, comforts or conveniences of any other Unit Owners. All Unit Owners shall keep the volume of any radio, amplifier, stereo, television or musical instrument in their Condominium Unit sufficiently reduced at all times so as not to disturb other Unit Owners in any building.
5. Unit Owners shall not permit any act or thing deemed extra-hazardous on account of fire or that will increase the rate of insurance on the premises. Unit Owners shall not keep any gasoline or other explosives or highly inflammable material in said premises or storage area.
6. No burning of any trash and no unreasonable, unsightly or offensive smelling accumulation or storage of litter, new or used building materials, garbage or trash of any other kind shall be permitted within any Condominium Unit or upon any common element except where expressly authorized by the Board. Trash and garbage containers shall not be permitted to remain in public view except at garbage pick-up points on scheduled pickup days.

7. Unit Owners shall not suffer or permit anything to be thrown out of the windows on to the premises or grounds of the common elements or the dusting or shaking of mops, brooms or other cleaning material out of either the windows or the doors of the premises, and shall not permit anything to be placed in or hung from the outside of said windows.
8. There shall be no obstruction of any common elements. Nothing shall be stored upon any common elements without the approval of the Board.
9. No baby carriages, velocipedes, motorcycles, bicycles or other articles of personal property shall be left unattended on the grounds of the common elements.
10. The entrances, doorways, steps, and approaches thereto shall be used only for ingress and egress.
11. No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any common elements at any time.
12. No clothing, laundry, rugs, wash or any other item shall be hung from or spread upon any window, patio area or exterior portion of a Condominium Unit or in or upon a general common element.
13. All personal property placed in any portion of a Condominium Unit or any place appurtenant thereto shall be at the sole risk of the Unit Owner and the Board shall in no event be liable for the loss, destruction, theft or damage to such property.
14. The maintenance, keeping, breeding, boarding, and raising of animals, livestock or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Condominium Unit or upon any common elements, except that this shall not prohibit the keeping of a small dog, cat, and caged birds as domestic pets provided that they are not kept or maintained for commercial purposes or for breeding. Areas within the regime may be designated as the sole areas for the curbing of animals. Provided, however, each owner shall be responsible for cleaning up and removing animal feces from any area of the condominium including the designated area. A fine of Ten Dollars (\$10.00) per incident is hereby imposed upon the offending owner. In no event shall any animal be permitted in any of the common elements of the Project unless carried or on a leash. The owner of such animal shall indemnify the Council of Co-Owners of the Project and hold it harmless against any loss or liability of any kind or character whatsoever arising from or growing out of having any animal in the Project. If a dog or other animal becomes obnoxious to other Unit Owners by barking, by elimination in undesignated areas (designated areas may be set by the Board) or otherwise the owner thereof must cause the problem to be corrected; or if it is not corrected, the Unit Owner, upon written notice
15. All persons shall be properly attired when present on any of the common elements.
16. Solicitors are not permitted on the Project without consent of the Board. If you are contacted by one, please notify the Board's office immediately.

17. The common elements designated as parking areas are for automobiles only. Automobiles must have current license plates and be in operating condition. No auto repairing shall be permitted on the parking areas. Fully maintained conversion vans, SUV's and RUV's shall be deemed to be an automobile for the purpose of this section.

18. All Unit Owners must observe and abide by all parking and traffic regulations as adopted by the Board or local authorities. Vehicles parked in violation of any parking rules or regulations will be towed away at the owner's sole risk and expense with the cost of moving or towing being added as a part of the responsible Unit Owner's maintenance charge. Violators of traffic regulations committed within Stonecreek Village Patio Home Development may be subject to the levy of a fine of up to \$25.00 per incident by the Association.

19. No buses, trucks, motor homes, trailers or commercial vehicles shall be parked in the parking areas or in driveways, except for vehicles utilized for moving the contents of a unit, and other deliveries not to exceed six (6) hours in duration per one visit.

20. No boats, motorcycles or campers shall be parked or stored in parking areas.

21. Parking so as to block sidewalks or driveways shall not be permitted. Each Unit Owner expressly agrees that if he shall illegally park or abandon any vehicle, he will hold the Council of Co-Owners of the Project harmless for any and all damages or losses that may ensue.

22. The water closets and other water and sewer apparatus shall not be used for purposes other than those for which they were designed; and no sweepings, matches, rags, ashes or other improper articles shall be thrown therein. The cost of repairing any damage resulting from misuse of any of the same shall be borne by the Unit Owner causing such damage.

23. The planting of plants, flowers, trees, shrubbery, and crops or landscaping of any other type is prohibited in the general common elements immediately adjacent to the Condominium Units without approval by the Board. All plantings within the limited common areas (patios) shall be the responsibility of the affected owner. Provided, however, the Council of Co-Owners shall have the authority to properly maintain neglected limited common areas. The costs of such maintenance, after notice to the owner, shall become a special assessment against the affected unit.

24. Employees and agents of the Board are not authorized to accept packages, keys, money (except for condominium charges) or articles of any description from or for the benefit of the Unit Owners. If packages, keys, money or articles of any description are left with the employees or agents of the Board, it shall be at the sole risk of the Unit Owner. The Board does not assume any responsibility for loss or damage in such cases.

25. Deliveries requiring entrance to a Unit Owner's Condominium Unit will not be accepted unless the Unit Owner has signed an admittance slip and left a key. The Board cannot assume any responsibility for the condition in which deliveries are received.

26. Should an employee of the Board upon the request of a Unit Owner handle, move, park or drive any automobile placed in the parking area then, and in every such case, such employee shall be deemed the agent of the Unit Owner. The Board shall not be liable for any loss, damage or expense that may be suffered or sustained in connection therewith.

27. Any damage to the equipment, facilities or grounds of the common elements caused by a Unit Owner, his family or pets shall be repaired at the expense of the Unit Owner.

28. In compliance with Section N of the Master Deed of Stonecreek Village, each Unit Owner shall provide the Board of Administration with a Certificate of Insurance from his insurer, showing that he has the required property and comprehensive personal liability insurance in effect, said certificate to provide thirty days notice to the Board prior to cancellation of insurance.

29. The Unit Owner shall comply with all the Project Rules hereinabove set forth and with any other Project Rules which the Board in its discretion may hereafter adopt.

30. No personal property shall be left unattended on the grounds of the common elements (i.e., all areas outside patio fences and building walls including driveways). This includes all personal property such as cooking grills, bicycles, patio or lawn furniture, etc. These items shall be kept either in the unit, in the garage, or inside the patio fence area.

31. All allowed vehicles (see #19 and #20 of the Project Rules) shall be kept in the owner's garage or driveway, except that guests may use common parking areas for a reasonable time (not to exceed seven days).

32. A \$50.00 fee shall be submitted at the time the clubhouse is reserved for a private party. In season, the swimming pool can be included after 7:00 p.m. Prior to 7:00 p.m., the pool area shall remain open to all members and their guests. The exercise room is reserved for the exclusive use of the Residents of Stonecreek Village and only persons 14 years of age or older shall enter the exercise room. To reserve the clubhouse, a check (for the appropriate amount) shall be presented to the sales office at Building 1 or other designated location or address and the date and time marked on the calendar. The member making the reservation is responsible for adding this information on the bulletin board in the foyer of the clubhouse.

The following dates **SHALL NOT** be reserved but shall be available for all members' use or for community wide functions: New Year's Eve, New Year's Day, Derby Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Eve, and Christmas Day, and Super Bowl Sunday. The interior of the clubhouse shall be a smoke-free area without exception.

33. Monthly maintenance fees are due on the 1st of every month following date of deed. There shall be a 10% late payment penalty assessed on any payment made on or after the 16th day of each month and another 10% penalty assessed each thirty days thereafter. Monthly fees are not subject to credit or set-off without prior approval of the Council of Co-Owners.

Certificate of Adoption

The undersigned developer and owner of all units of the Project hereby adopts the foregoing as the Project Rules of the Homeowners Association of Stonecreek Village Patio Home Development on this ___ day of _____, 200__.

STONECREEK VILLAGE HOMEOWNERS
ASSOCIATION, INC.

BY: _____

John Watkins, President
Stonecreek Village Homeowners Inc.
for the corporation and on behalf of
Stonecreek Village LLC
By BWT Development LLC