

AMENDMENT TO DECLARATIONS
HEARTHSTONE VILLAGE HOMEOWNER ASSOCIATION
APPROVED AT SPECIAL MEETING ON
OCTOBER 1, 2020.

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Eric Schmitz
Monroe County Recorder IN
Recorded as Presented

At a Special Meeting, the Homeowners Association amended Section 14, paragraph 2 of the
Declarations (Book 228 pages 340 and 341) by revising the paragraph to read in its entirety as
follows:

Section 14 (Paragraph 2): Maintenance, repairs, replacements and upkeep of the Common Area
shall be furnished by the Association, as part of the Common Expense. As part of the Common
Expense, the Association is authorized to provide (1) mowing and chemical treatments for all
lawns in the community; (2) snow removal from driveways, sidewalks, and the access road; and
(3) leaf removal. The Association, as part of the Common Expense, shall maintain or remove the
evergreen trees located along Hearthstone Village's northern and western boundaries and located
on the following properties: 1204, 1200, 1203 1310, 1306, 1304, 1302, 1300, 1216, 1214, 1210,
and 1208 S. Hearthstone Court. Upon tree removal, the Owner will be responsible for all
landscape maintenance on the property, including the area of tree removal.

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each social
security number in this document, unless required by law.

BY: Barbara Hudson
Barbara Hudson

1/28/2021
Date

President, January 1, 2019 – December 31, 2020
Hearthstone Village Homeowner Association
P.O. 3171, Bloomington, IN 47402
Managed by: c/o Tempo Properties, 213 S Rogers St, Bloomington, IN 47404

ATTEST

Sylvia Michelle Lowe

1/28/21

SYLVIA MICHELLE LOWE
NOTARY PUBLIC
SEAL
Owen County, STATE OF INDIANA
My Commission Expires Jan. 30, 2026
Commission No. 709924



~~DECLARATIONS~~
DECLARATIONS
AMENDMENT TO ~~DECLARATIONS~~ AS APPROVED AT THE SPECIAL MEETING ON
FEBRUARY 29, 2016

Section 19.12 Prohibition of Leasing

Notwithstanding any provision to the contrary contained herein or the Articles or in the By-Laws, and except as provided in this paragraph, no Owner shall rent his or her Unit to a Third Party. Any provision to the contrary herein or in the Articles or in the ByLaws shall be revised in accordance with this Amendment at the time such documents are updated.

In case of hardship, the Board shall have limited authority to approve an Owner's request to rent his or her Unit for less than one year. Prior to the Amendment's approval date, if an Owner has entered a currently binding rental agreement for his or her Unit, the Owner shall be permitted to continue leasing until the Unit is sold or conveyed to a Third Party.

"Third Party" shall be defined as any person who is not an Owner as that term is defined in the governing documents.

Nothing in this provision shall prevent an Owner and a Third Party (significant other, caregiver, roommate, etc) from jointly residing in the Owner's Unit/home.

HEARTHSTONE HOMEOWNERS ASSOCIATION

Dated: 2/29/16

BY: Barbara Hudson
Barbara Hudson, President
Hearthstone Village HOA

ATTEST:

Laura Parrish
Laura Parrish, Agent of Heathstone Village

State of Indiana)
) SS:
County of Monroe)

Barbara Hudson personally appeared before me, a Notary Public, in and for said County and State on the 29th day of February, 2016, and acknowledged the execution of this document. I certify that the preceding/attached document is a true, exact and unaltered copy.

My Commission Expires:
1-29-23

County of Residence:
Monroe

Laura Parrish
Notary Public

Laura Parrish
(Printed Name)

414666

228 334

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
HEARTHSTONE VILLAGE

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS made this 26th day of August, 1994, by Hearthstone Development Corporation.

R E C I T A L S

(A) Declarant is the sole owner of the fee simple title to the Real Estate; and

(B) Declarant plans to improve the Real Estate by constructing up to thirty-four (34) Patio Homes upon the Real Estate, which development may be completed in sections.

(C) Declarant intends to sell the individual Lots and Patio Homes together with the right to use the Common Areas.

NOW, THEREFORE, Declarant declares that Hearthstone Village, and any additional sections or phases subjected to the terms of this Declaration shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the covenants and restrictions hereinafter set forth expressly and exclusively for the use and benefit of the Real Estate and of each and every person or entity who now or in the future owns any Patio Home within the Project.

Section 1. Definitions. The following terms used in this Declaration shall have the following meanings:

1.1 Association.

"Association" means Hearthstone Village Homeowner's Association, Inc., its successors and assigns, an Indiana not-for-profit corporation which is the incorporated association of Owners, more particularly described in Section 10.

1.2 Board of Directors.

"Board of Directors" means the governing body of the Association elected by the Owners in accordance with the By-Laws.

1.3 By-Laws

"By-Laws" means the By-Laws of the Association, providing for the administration and management of the Association, a true copy of which is attached to this Declaration as Exhibit A and incorporated herein by reference.

RECORDED
A.M./P.M. _____

SEP 07 1994

Eric Haley
RECORDER MONROE CO., IN

1.4 Common Area.

"Common Area" means the ground designated as such on the recorded Plat(s) of Hearthstone Village and more specifically described in the Plats.

1.5 Common Expenses.

"Common Expenses" means the expenses of administration of the Association, expenses for the upkeep, maintenance, repair and replacement of the Common Area and other costs and expenses incurred by the Association for the common benefit of all Owners; provided, however, that Common Expenses shall not include any costs of initial construction of any Patio Home.

1.6 Declarant.

"Declarant" means Hearthstone Development Corporation developer of the Project, and any successor or assignee of its interest in all or part of the Project or in this Declaration under an instrument or instruments which expressly state that the successor or assignee thereunder shall become the Declarant for purposes of this Declaration.

1.7 Delinquency Date.

"Delinquency Date" means the date which is ten (10) days after the due date of any Regular or Special Assessment.

1.7 Developer.

"Developer" means Declarant. Both words are used interchangeably in this Declaration and in the By-Laws.

1.9 Lot.

"Lot" means any plot of ground designated as such upon the recorded Plat of Hearthstone Village or any part and thing upon which one (1) Patio Home is constructed, is to be constructed or has existed. Whenever used in the Declaration, "Lot" will be deemed to include the Patio Home, if any, located thereon.

1.10 Mortgagee.

"Mortgagee" means the holder of any recorded first mortgage lien on any Lot.

1.11 Owner.

"Owner" means a person, firm, corporation,

partnership, association, trust or other legal entity or any combination thereof, which owns the record fee simple title to a Lot; provided that persons or entities owning a single Lot as tenants in common, joint tenants, tenants by the entirety or any form of joint or divided ownership, shall be deemed one Owner for purposes of this Declaration.

1.12 Patio Home.

"Patio Home" means one of the single-family residential living units constructed upon a Lot.

1.13 Plat.

"Plat" means the Plat prepared by Bledsoe & Tapp consisting of approximately 4.73 acres as more fully described in Exhibit C. Said Plat of Hearthstone Village, Section I, being on record in the Office of the Recorder of Monroe County, Indiana, as document number 414665 in Plat Book C, pages 110. Additional sections subsequently recorded and subjected to the terms of this Declaration, upon recording of the Plat with the Monroe County Recorder's Office, will also be included in such definition.

1.14 Project.

"Project" means Hearthstone Village.

1.15 Property.

"Property" means the Common Area, Patio Homes and all other improvements of every kind and nature whatsoever, now or hereafter located upon the Real Estate and used in connection with the operation, use and enjoyment of the Project.

1.16 Real Estate.

"Real Estate" means the real property described on Exhibit B, which has been subjected to this Declaration and all of the Property located upon the Real Estate.

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

Section 3. Description of Hearthstone Village. Hearthstone Village, Section I (one) consists of sixteen (16) Lots numbered 1 through 16, inclusive, together with the Common Area shown on the Plat. The size of the Lots are as designated on the Plat. Other Real Estate may be platted in subsequently.

The legal description for each Lot in Hearthstone Village, Section

I shall be as follows:

Lot _____ in Hearthstone Village, Section I a subdivision in Monroe County, Indiana, as per Plat thereof recorded _____, 1994 in Plat Book _____, pages _____ in the Office of the Recorder of Monroe County, Indiana.

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

Section 5. Common Area. Common Area includes all the area designated as such on the recorded Plat of the Project. Declarant warrants and guarantees to the Association, for one year from the date Declarant executes the Deed to the Association transferring the Common Area, that all materials and workmanship are free from material defects and that all improvements in the Common Area have been constructed in substantial compliance with the requirements of applicable government ordinances. This warranty specifically excludes any claims for defects in landscaping materials, paving surfaces or ponds. Upon receipt from any Owner of a written notice specifically identifying the defective condition, Declarant shall, within sixty (60) days thereof, inspect the Common Area and if such inspection discloses material defects in material or workmanship, Declarant will, without cost to the Association, remedy such defects within a reasonable time. Declarant shall not be responsible for any conditions, defects or damage which are the result of ordinary expansion and contraction or caused by acts of God. If no written claim is made as provided herein within one (1) year after the deed is executed by Declarant, all claims against Declarant are expressly waived by the Association and all Owners with respect to the Common Area.

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

6.1 The right of the Association, upon approval by a written instrument signed by two-thirds of all Class A and B Owners and by two-thirds of all first Mortgagees, to dedicate or transfer all or any part of the Common Area to any public

agency, authority or utility for such Common Area purposes and subject to such conditions as may be agreed by the Association.

6.2 The right of the Association to adopt such rules and regulations regarding the Common Area as it deems necessary as provided in Section 11.

6.3 The Common Area for each section in the Project shall be conveyed to or owned by the Association at the time of conveyance of the first Lot in the Project.

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

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

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

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

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

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

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

10.2 Class B. The Class B Member shall be Declarant and Declarant shall be entitled to ten (10) votes for each Lot owned. The Class B Membership shall cease and terminate upon the first to occur of: (1) the date upon which the written resignation of the Class B Member as such is delivered to the Resident Agent of the Association, provided, however, if Declarant, at such time still owns Lots, such membership shall be converted to a Class A Membership; (2) the date Declarant no longer owns any Lots; or (3) June 30, 1997 (the applicable date of the above being herein referred to as the "Applicable Date").

The initial Board of Directors shall be as designated in the Articles of Incorporation, and such Directors, notwithstanding any provision in this Declaration or the Articles or the By-Laws to the contrary, shall be Directors until the Applicable Date and in the event of any vacancy or vacancies occurring in the Initial Board for any reason prior to the Applicable Date every such vacancy shall be filled by a person appointed by Declarant, who shall thereafter be deemed a member of the Initial Board. Thereafter, the Association shall elect a Board of Directors annually in accordance with and as prescribed by the By-Laws. The Members shall be entitled to vote for the election of the Board of Directors in accordance with the procedure outlined in the By-Laws. The Board of Directors shall be the governing body of the Association representing all of the Members and being responsible for the functions and duties of the Association

including but not limited to the management, maintenance, repair, replacement and upkeep of the Common Area. The Common Area shall be owned, operated and managed by the Association.

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

Section 12. Real Estate Taxes. Real estate taxes are to be separately assessed and taxed to each Lot. In the event that for any year the real estate taxes are not separately assessed and taxed to each Lot, but are assessed and taxed on the Real Estate as a whole, without a breakdown for each Lot, then each Owner shall pay his proportionate share of the real estate taxes assessed to the land comprising the Real Estate assessed as a whole, which shall be the ratio that the square footage in his Lot bears to the total square footage of all the land comprising the Real Estate assessed as a whole, and shall pay his proportionate share of the real estate taxes assessed as a whole based upon the ratio that the square footage of his improved Lot bears to the total square footage of all improved Lots. Any real estate taxes or other assessments which are chargeable against the Common Area shall be paid by the Association and treated as a Common Expenses.

Section 13. Utilities. Each Owner shall pay for his own utilities which are separately metered. Utilities which are not separately metered shall be treated as and paid as part of the Common Expense, unless otherwise determined by the Association.

Section 14. Maintenance, Repairs and Replacements. Each Owner shall at his expense be responsible for the maintenance, repairs, decoration and replacement within his own Patio Home and exterior maintenance upon each Lot and Patio Home except as may otherwise be provided herein. All fixtures and equipment installed within the Patio Home shall be maintained and kept in repair by the Owner thereof. Each Owner shall promptly perform all maintenance and repair in or upon his Patio Home, which if neglected, might adversely affect any Patio Home, Common Area or the value of the Property. Such interior maintenance and repairs include but are not limited to internal water lines, plumbing, electric lines, gas lines, appliances, doors, windows, lamps, and all other accessories belonging to the Owner and appurtenant to the Patio Home. Exterior maintenance includes paint, repair, replacement and care for all exterior doors, roofs, gutters, downspouts, exterior building surfaces, glass surfaces, screens, window fixtures, other hardware and patio or deck, and other exterior improvements.

Maintenance, repairs, replacements and upkeep of the Common Area shall be furnished by the Association, as a part of the Common

Expense. In addition to the maintenance of the Common Area, the Association shall also maintain any trees, shrubs, grass or walks which the Association or Declarant originally planted or installed upon any Lot; any trees, shrubs or landscaping done by an Owner upon the Owner's Lot shall be maintained by the Owner.

In the event the need for maintenance and repair results from the willful or negligent act of the Owner, his family, guests or invitees, and is not covered or paid for by insurance on such Lot, the cost of such maintenance or repair shall be borne by the Owner, and shall be added to and become a part of the assessment to which his Lot is subject and be subject to the same method of collection as the Regular Assessment.

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

Section 15. Alterations, Additions and Improvements. Without the prior written approval of the Board of Directors, no Owner may make any alterations, additions, improvements, repairs, change of colors, excavation, changes in grade or other work which in any way alters the exterior of any Lot or Patio Home located thereon from its natural or improved state existing on the date such Lot was first conveyed by Declarant to the Owner except as otherwise expressly provided in this Declaration.

Section 16. Assessments. Regular and Special Assessments shall be determined and collected as follows:

16.1 Annual Accounting. Annually after the close of each calendar year of the Association and prior to the date of the annual meeting of the Association, the Board of Directors shall cause to be prepared and furnished each Owner a financial statement, which statement shall show all receipts and expenses received, incurred or paid during the preceding calendar year.

16.2 Proposed Annual Budget. Annually on or before the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses for the ensuing year and furnish a copy of such proposed budget to each Owner prior to the annual meeting. The proposed annual budget shall be submitted to the Owners at the annual meeting of the Association for adoption, and if so adopted shall be the basis for the Regular Assessments for the ensuing calendar year. At the annual meeting of the Owners, the proposed budget may be approved in whole or in part, or may be amended in

whole or in part by a majority of the Owners present or represented at the meeting (provided a quorum is present); provided, however, in no event shall the annual meeting of the Owners be adjourned until an annual budget is approved.

The failure or delay of the Board of Directors to prepare a proposed annual budget and to furnish a copy thereof to the Owner shall not constitute a waiver or release of the Owner to pay the Common Expenses.

16.3 Regular Assessments. The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses in the ensuing year as set forth in said budget, contain a proposed assessment against each Lot based on the total amount of said budget divided by the total number of Lots (herein called the "Regular Assessment"). The Regular Assessment against each Patio Home shall be paid in twelve (12) monthly installments on the first day of each month beginning in January following adoption of the budget. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors as directed by the Board of Directors; provided, however, that any Owner may elect to pay Regular Assessments in advance. The Regular Assessment for each year shall become a lien on each separate Lot and Patio Home as of the date of the adoption of the annual budget.

16.4 Special Assessments. In addition to the Regular Assessments authorized above, the Association may levy such Special Assessments as may be necessary for the purpose of defraying, in whole or in part: (1) the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto; and, (2) the expense of any other contingencies or events not provided for in the annual budget or the reserves and working capital of the Association; provided that no Special Assessments shall be levied without the assent of a majority of the Owners at a meeting duly called for this purpose. Each Owner shall pay the Association a Special Assessment based on the total sum approved to meet the costs and expenses as heretofore provided divided by the total number of Lots in the Project. The Association may, in connection with the levy of any Special Assessment, specify that the same shall be payable in installments and specify the due dates thereof.

16.5 Adjustments. In the event that the approved budget and Regular Assessments plus the reserves and working capital of the Association provide insufficient to meet the Association's actual expenses in any year, such deficiencies may be corrected through one or more

Special Assessments. In the event the approved and Regular Assessments exceed actual expenses in any year, such surplus shall be retained and used to offset expenses in the next year(s) or returned to the Owners proportionately as the Board of Directors shall elect.

16.6 Temporary Budget and Assessments. If for any reason an annual budget and the Regular Assessments for any year have not been determined as of January 1 of any such year, the budget and Regular Assessments in effect during the preceding year shall continue in effect until such time as the annual budget and Regular Assessments are determined in accordance with the Declaration and the By-Laws; provided, however, that said preceding budget and Regular Assessments may be increased by up to fifteen percent (15%) as the Board of Directors, by majority vote, may deem necessary in said temporary budget and Regular Assessments.

16.7 Reserve and Working Capital Funds. The Association shall be obligated to establish a reserve fund for the repair of the Common Area based upon good faith estimates of the useful life and replacement cost of such Common Area made or obtained by the Association. The reserve fund shall be funded through the payments by the Owners of Common Expenses and not by an extraordinary or Special Assessment. Extraordinary expenditures not originally included in the annual estimate that become necessary during the year shall be charged first against the reserve fund so established before any Special Assessment is made or levied therefor. In addition to the reserve fund, a working capital fund shall be established and maintained by the Association. At the closing of the initial sale of each Lot to an Owner, the purchaser of such Lot shall deposit with the Association an amount equal to the monthly Regular Assessment prorated to the day of closing (based on a 365 day year) plus the sum of Fifty Dollars (\$50.00). Amounts paid or deposited into the working capital fund shall not relieve an Owner from responsibility for the Regular Assessments due in accordance with this Section 16. All amounts held by the Association pursuant to this Section 16.7 shall be maintained in a federally-insured, interest-bearing account and all interest thereon shall be added to and deemed a part of such fund.

16.8 Status of Funds Collected by Association. All funds collected pursuant to this Section 16 shall be held and expended by the Association solely for the purposes designated herein, and, except for such adjustments as may be required to reflect delinquent or prepaid Regular or Special Assessments, shall be deemed to be held for the use, benefit and account of the Owners for the payment of Common Expenses.

16.9 Accounting Practices of the Association. The annual budget, the Regular Assessment and all sums assessed by the Association shall be established by using generally accepted accounting principles. The annual budget and the Regular Assessment shall, in addition, be established to include the establishment and maintenance of a replacement reserve fund for capital expenditures and replacement and repair of the Common Area and of Patio Homes to the extent such capital expenditures and replacement and repair is the obligation of the Association, which replacement reserve fund shall be used for those purposes and not for usual and ordinary repair expenses of the Common Area. Such replacement reserve fund for capital expenditures and repair of the Common Area shall be maintained by the Association in a separate, federally insured interest-bearing account or accounts selected from time to time by the Board of Directors.

16.10 Collection of Assessments. Each Assessment shall be due and payable on the due date thereof as specified in this Declaration or in the By-Laws, or if not so specified, then on any due date(s) determined by the Board of Directors. Any Regular or Special Assessment which is not paid in full by the Delinquency Date shall be deemed delinquent without further notice or demand to the defaulting Owner, and shall bear interest on the unpaid balance thereof from the Delinquency Date until fully paid, at a rate of interest equal to eighteen percent (18%) per annum. In the event that any costs or expenses, including attorney's fees, are incurred by or on behalf of the Association with respect to the recovery or collection of any delinquent Assessment, all such costs and fees shall be due and payable immediately by such delinquent Owner and shall bear interest from the date incurred until paid in full, at a rate of interest equal to eighteen percent (18%) per annum. All interest and all costs and expenses payable hereunder with respect to a delinquent Assessment shall be added to and deemed a part of such delinquent Assessment and shall constitute a lien on the delinquent Owner's Lot and Patio Home as of the date on which such delinquent Assessment first became a lien. In the event that any Assessment is not fully paid on or before the Delinquency Date, the Association shall be entitled to accelerate and declare due and payable in full all installments of Assessments due for the calendar year in which such delinquency occurs, and to enforce payment of the same by foreclosure of said lien and/or other appropriate legal proceedings in accordance with the laws of the State of Indiana. The Owner and any occupant of the Patio Home shall be jointly and severally liable for the payment to the Association of reasonable rental for such Patio Home and the Board of Directors shall be entitled to the appointment of a

receiver for the purpose of preserving the Patio Home and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular Assessments or Special Assessments. The Board of Directors may at its option, bring suit to recover a money judgment for any unpaid Regular Assessment or Special Assessment without foreclosing or waiving the lien securing the same.

16.11 Subordination of Assessment Lien to Mortgage. Notwithstanding anything contained in this Declaration, the Articles of Incorporation of the Association or the By-Laws, any sale or transfer of a Lot or Patio Homes to a Mortgagee pursuant to a foreclosure on its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in a manner provided by law with respect to mortgage foreclosure shall extinguish the lien of any unpaid installment of any Regular Assessment or Special Assessment as to such installment which became due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien cannot relieve the prior Owner from personal liability therefore.

Section 17. Insurance. Each Patio Home in the project will be insured with the same insurance company chosen by the Board of Directors of the Homeowner's Association. The limit of insurance for each Patio Home will be equal to the full replacement cost thereof and each owner will be responsible for the premium for their individual Patio Home. Such insurance coverage shall be for the benefit of each Owner, the Homeowner's Association and the Owner's Mortgagee (if applicable). In the event of damage or destruction to any Patio Home, the Owner, Mortgagee (if applicable) and Homeowner's Association shall use such insurance proceeds to repair or restore the damaged property. If for any reason an Owner does not pay the premium allocated to their unit, the Association will add such cost to the Owner's Assessment, which will become immediately due and payable.

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

Each Owner shall have the right to purchase at his own expense any additional insurance he may deem necessary, and each Owner shall be solely responsible for homeowner's liability insurance and for the insurance on the contents of his Patio Home and his

personal property stored elsewhere on the Property. All insurance obtained, whether obtained by the Association or the Owners, including but not limited to insurance on the individual Patio Homes, insurance on improvements in the Common Area and liability insurance, shall provide that the insurance company providing such insurance waives its right of subrogation, if any, against the Owners, the Association and their agents.

Section 18. Casualty and Restoration. In the event of damage or destruction of any Patio Home by fire or other casualty, the Owner thereof shall cause such Patio Home to be promptly repaired and restored. The proceeds of insurance carried for the benefit of the Owner and Mortgagee for such purpose shall be applied to the cost of such restoration. In the event insurance proceeds are inadequate to cover the costs of reconstruction or in the event there are no proceeds, the Owners of the Patio Homes directly affected by the damage shall pay the cost for restoring the Patio Home. A Patio Home shall be deemed directly affected if and only if a part of such Patio Home, including but not limited to, any party wall of such Patio Home, is damaged or destroyed. If any Owner fails or refuses to reconstruct his Patio Home when required, the Association may pursue whatever legal means are available to cause such restoration, including but not limited to the Association completing the restoration and paying the cost thereof, with the cost attributable to the Owner or Owners who refuse or fail to make the restoration when required becoming a lien on such defaulting Owner's Lot and subject to foreclosure in the same manner as provided for a lien for Common Expenses.

The restoration referred to in this Section 18 shall include the costs of construction incurred rebuilding the Patio Homes in the same condition as they existed immediately prior to the destruction or damage and with the same type of architecture. Notwithstanding any other provisions in this Declaration, all Patio Homes which are destroyed or damaged shall be restored pursuant to the provisions of this Section 18 of this Declaration, unless a majority vote of the Members of the Association decide that such restoration is not necessary, and all improvements in the Common Area which are damaged or destroyed shall be restored by the Association unless two-thirds of the Class A and B Members of the Association and two-thirds of all first Mortgagees decide not to make such restoration or to make such restoration in a different manner.

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

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

Section 19. Covenants and Restrictions. The following covenants and restrictions on the use and enjoyment of the Lots, Patio Homes, Common Area and Property are for the mutual benefit and protection of the present and future Owners and shall run with the land and inure to the benefit of and be enforceable by any Owner, by the Association, its successors or assigns. Present or future Owners of 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:

19.1 All Patio Homes shall be used exclusively for residential purposes and the occupancy as a private dwelling for Owner, Owner's family, tenants and social guests and for no other purpose.

19.2 Except for the initial construction of Patio Homes, no additional buildings shall be erected or located on the Real Estate other than on the Lots or as otherwise shown on the Plat except as originally constructed by Declarant or as approved in writing by the Board of Directors.

19.3 Nothing shall be done or kept in any Patio Home or in the Common Area which will cause an increase in the rate of insurance on any other Patio Home or the contents thereof. No Owner shall permit anything to be done or kept in his Patio Home or in the Common Area which will result in the cancellation of insurance on any other Patio Home or contents thereof, or which would be in violation of any law or ordinance.

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

19.5 No advertising signs (except one "for sale: or one

"for rent" sign per Lot of not more than five square feet), unsightly objects or nuisances shall be erected, placed or permitted to remain on any Lot, or Common Area, not shall any Lot or Common Area be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any other Patio Home or any resident thereof, including, without limiting the generality of the foregoing, noise by the use of any musical instruments, radio, television, loudspeakers, electrical equipment, amplifiers or other equipment or machines. Notwithstanding any provision in this Section or elsewhere in this Declaration or the By-Laws, Declarant may maintain on the Property during the period of construction and sale of the Patio Homes on the Real Estate such facilities as Declarant in its sole discretion deems necessary for the construction and sale of the Lots and Patio Homes including but not limited to a business office, storage area, construction yards, signs, model units, construction office, sales office, management offices, and business offices. At no time shall facilities so used and maintained by Declarant be or become part of the Common Area unless so designated by Declarant and Declarant shall have the right to remove the same from the Property at any time.

19.6 No clothes, sheets, blankets, rugs, laundry or other things shall be hung out or exposed from any Patio Home or any Lot where they are visible to other Owners or the public, nor shall any such items be hung out or exposed on any part of the Common Area. All Lots and the Common Area shall be kept free and clear of rubbish, debris, and other unsightly materials, except in those areas designated for the temporary storage thereof.

19.7 No industry, trade or any commercial or religious activity, educational or otherwise designed for profit, altruism or otherwise, shall be conducted, practiced or permitted on the Property; provided, however, that this prohibition shall not apply to the business activities, if any, of Declarant, his agents or assigns during the construction and sale period, or of the Association, its successors and assigns, acting in furtherance of its powers and purposes.

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

19.9 No boats, campers, trailers of any kind, buses, mobile homes, trucks (except pick-up trucks) or any other unconventional vehicles of any description shall be permitted, parked, or stored anywhere within the Property except as

expressly designated by the Board of Directors in each instance.

19.10 No Owner shall be allowed to plant trees, landscape or do any gardening in the Common Area except with express written permission from the Board of Directors.

19.11 No animals of any kind shall be raised, bred, or kept in any Patio Home or any portion of the Common Area except that small pet dogs, cats, or customary household pets may be kept in a Patio Home, provided that such pet is not kept, bred, or maintained for a commercial purpose, and does not create a nuisance. Pets shall be permitted outdoors only under leash and accompanied by an Owner or other person, and an Owner shall be fully liable for any injury or damage to any person caused by his pet, and shall be responsible for removing from such areas his pet's waste materials. The Board of Directors may adopt such other rules and regulations regarding pets as it may deem appropriate and in the event that in the judgment of the Board of Directors any pet is causing or creating a nuisance or unreasonable disturbance or noise, such pet shall permanently be removed from the Property upon written notice of such determination by a majority of the Board of Directors.

Section 20. Notice to Association. Any Owner who places a first mortgage lien upon his Lot or the Mortgagee shall notify the secretary of the Association thereof and provide the name and address of the Mortgagee. A record of such Mortgagee and name and address shall be maintained by the secretary and any notice required to be given to the Mortgagee pursuant to the terms of this Declaration, the By-Laws, or otherwise, shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record in the time provided. Unless notification of any such mortgage and the name and address of the Mortgagee are furnished to the secretary either by the Owner or the Mortgagee, no notice to any Mortgagee as may be otherwise required by this Declaration, the By-Laws or otherwise shall be required and no Mortgagee shall be entitled to vote on any matter to which he otherwise may be entitled by virtue of this Declaration, the By-Laws, a proxy granted to such Mortgagee in connection with the mortgage or otherwise.

The Association shall upon request of the Mortgagee who has furnished the Association with its name and address as hereinabove provided, furnish such Mortgagee with written notice of any default in the performance by its borrower of any obligations of such borrower under this Declaration or the By-Laws which is not cured within sixty (60) days.

Section 21. Amendment of Declaration. Except as otherwise provided in this Declaration, amendments to this Declaration shall be proposed and adopted in the following manner:

21.1 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.

21.2 Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Directors or by a majority of the votes cast by the Owners.

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

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

21.5 Special Amendment. No amendment to this Declaration shall be adopted which changes: (1) the applicable share of an Owner's liability for the Common Expenses or the method of determining the same; or (2) the provisions of Section 17 of this Declaration with respect to casualty insurance to be maintained by the Association; or (3) provisions of Section 18 of this Declaration with respect to reconstruction or repair in the event of fire or casualty, or (4) changes any of the provisions of Section 16 of this Declaration with respect to the assessments on any Lot, without in each and any of such circumstances, the unanimous approval of all Owners, all Mortgagees and Declarant.

21.6 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 Monroe County, Indiana, and such amendment shall not become effective until so recorded.

21.7 Amendments by Declarant Only. Notwithstanding the foregoing or anything elsewhere contained herein or in the Articles or in the By-Laws, Declarant shall have the right acting alone and without the consent or approval of the Owners, the Association, the Board of Directors, any Mortgagees or any other person, to amend or supplement this Declaration from time to time:

21.7.1 If such amendment is necessary to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration, the Department of

Veterans Affairs or any other governmental agency or any other public, or quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entity; or,

21.7.2 To induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Lots and Patio Homes; or,

21.7.3 To bring this Declaration into compliance with any statutory requirements; or,

21.7.4 To correct clerical or typographical errors in this Declaration or any exhibit hereto or any supplement or amendment thereto.

Section 22. Acceptance and Ratification. All present and future Owners, Mortgagees, tenants and occupants of the Lots shall be subject to and shall comply with the provisions of this Declaration, the Articles of Incorporation, and the By-Laws incorporated herein by reference, and the rules and regulations as adopted by the Board of Directors as each may be amended from time to time. The acceptance of a deed of conveyance or the act of occupancy of any Lot shall constitute an agreement that the provisions of this Declaration, the Articles of Incorporation, the By-Laws, and rules and regulations, as each may be amended from time to time, are accepted and ratified by such Owner, tenant or occupant, and all such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in a Lot 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, trust, associations, or other legal entities who may occupy, use, enjoy or control a Lot or Lots or any part of the Property in any manner shall be subject to this Declaration, the Articles of Incorporation, the By-Laws, and the rules and regulations applicable thereto as each may be amended from time to time.

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

Section 24. Waiver. No Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by abandonment of his Lot.

Section 25. Severability Clause. The invalidity of any covenant, restriction, condition, limitation or other provision of this Declaration, the Articles or the By-Laws, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, the Articles, or the By-Laws, and each shall be enforced to the greatest extent permitted by law.

Section 26. Pronouns. Any reference to the masculine, feminine or neuter gender herein shall, unless the context clearly requires to the contrary, be deemed to refer to and include all genders. The singular shall include and refer to the plural and vice versa as appropriate.

Section 27. Interpretation. The captions and titles of the various articles, sections, sub-sections, paragraphs and sub-paragraphs of this Declaration are inserted herein for ease and convenience of reference only and shall not be used as an aid in interpreting or construing this Declaration or any provision hereof.

Section 28. The Plat. The plat of Hearthstone Village, Section I is incorporated into this Declaration by reference and has been filed in the Office of the Recorder of Monroe County, Indiana, as of the 7th day of September, 1994, in Plat Book 0, pages 110.

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

HEARTHSTONE DEVELOPMENT CORPORATION

By: Stephen C. Rumble
Stephen C. Rumble, President

CITY OF INDIANA)

228 353

COUNTY OF MONROE)

SS:

Stephen C. Rumble personally appeared before me, a Notary Public, in and for said County and State on the 26 day of August, 1994, and acknowledged the execution of the foregoing Articles of Incorporation, and after being duly sworn, stated that the statements contained therein are true.

My Commission Expires:

5/8/96

Lisa D. Hoover
Notary Public

County of Residence:

Monroe

LISA D. HOOPER
(Name Printed)

This Instrument Prepared By: Michael K. Bonnell, Attorney at Law, P.O. Box 5691, Bloomington, Indiana 47407 (812)339-0764.

EXHIBIT C

223 370

Hearthstone Village
Section 1

A part of the Southwest quarter of Section 1, Township 8 North, Range 1 West Monroe County Indiana more particularly described as follows:

Commencing at the Southeast corner of said Southwest quarter; thence North 00 degrees 33 minutes 41 seconds West along the East line of the Southwest quarter 662.56 feet; thence South 89 degrees 15 minutes 15 seconds West 40.92 feet to the West Right-of-Way of State Road 446 and the Point of Beginning; thence South 89 degrees 15 minutes 15 seconds West 108.60 feet to a tangent curve concave to the North having a radius of 280.00 feet; thence westerly along said curve 42.99 feet; thence North 81 degrees 56 minutes 54 seconds West 82.61 feet to a tangent curve concave to the South having a radius of 220.00 feet; thence westerly along said curve 108.75 feet; thence South 69 degrees 43 minutes 47 seconds West 64.56 feet to a tangent curve concave to the South having a radius of 280.00 feet; thence southwesterly along said curve 6.10 feet to a point of compound curvature the radius point of which bears South 19 degrees 01 minutes 20 seconds East 25.00 feet; thence southerly through a central angle of 74 degrees 46 minutes 49 seconds along said curve 32.63 feet; thence South 03 degrees 48 minutes 09 seconds East 62.05 feet to a tangent curve concave to the East having a radius of 25.00 feet; thence along said curve 25.06 feet to a point of compound curvature the radius point of which bears South 28 degrees 46 minutes 36 seconds West 40.00 feet; thence through a central angle of 237 degrees 25 minutes 16 seconds along said curve 165.75 feet; thence North 03 degrees 48 minutes 09 seconds West 106.74 feet to a tangent curve having a radius of 25.00 feet; thence northwesterly along said curve 38.03 feet; thence South 89 degrees 02 minutes 45 seconds West 95.46 feet; thence North 00 degrees 34 minutes 50 seconds West 389.07 feet; thence North 88 degrees 56 minutes 04 seconds East 375.85 feet; thence South 00 degrees 33 minutes 29 seconds East 170.64 feet; thence North 88 degrees 54 minutes 11 seconds East 217.26 feet to the west of Right-of-Way of State Road 446; thence along said Right-of-Way South 00 degrees 48 minutes 36 seconds East 189.68 feet to the Point of Beginning containing 4.35 acres more or less.