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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PARAMOUNT SPRINGS

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PARAMOUNT SPRINGS

THIS DECLARATION, dated October 14th, 2004, is by **ARBOR INVESTMENTS, LLC**, an Indiana limited liability company ("Developer").

Recitals:

A. Developer is the purchaser and owner of all of the lands contained in the area shown on Exhibit "A", attached hereto and made a part hereof, which lands will be subdivided for development of Paramount Springs, a single family housing development in Madison County, Indiana (the "Development"), and will be more particularly described on the plats of the various sections thereof recorded and to be recorded in the Office of the Recorder of Madison County, Indiana (the "Plats").

B. Developer is about to sell and convey the residential lots situated within the platted areas of the Development and before doing so desires to subject and impose upon all real estate within the platted areas of the Development mutual and beneficial restrictions, covenants, conditions and charges contained herein and as set forth in the Plats (the "Declaration " or "Restrictions") under a general plan or scheme of improvement for the benefit and complement of the lots and lands in the Development and future owners thereof.

Terms:

NOW, THEREFORE, Developer hereby declares that all of the platted lots and lands located within the Development are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the Restrictions, all of which are declared and agreed to be in furtherance of a plan for the improvement and sale of said lots and lands in the Development, and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Development as a whole and of each of said lots situated therein. All of the Restrictions shall run with the land and shall be binding upon Developer and upon the parties having or acquiring any right, title or interest, legal or equitable, in and to the real property or any part or parts thereof subject to the Restrictions, and shall inure to the benefit of Developer's successors in title to any real estate in the Development. Developer specifically reserves unto itself the right and privilege to exclude any real estate from the Development, or to include additional real estate in the Development including real estate adjacent to the Development.

1. **Definitions.** The following are the definitions of the terms as they are used in this Declaration:

A. "Assessment" shall mean the share of the Common Expenses imposed on each Lot or other special assessments, as determined and levied pursuant to the provisions of Section 5 hereof.

B. "Applicable Date" shall mean the date upon which the Class B membership in the Association shall cease and terminate as provided in Section 2A (iii)(b) herein.

C. "Association" shall mean the Paramount Springs Homeowners' Association, Inc., an Indiana nonprofit corporation formed or to be formed under the Indiana Nonprofit Corporation Act of 1991, as amended.

D. "Board" shall mean the Board of Directors of the Association.

E. "Committee" shall mean the Development Control Committee, composed of three (3) members of the Association appointed by the Board. The members of the Committee shall serve for one (1) year terms, but are subject to removal by the Board at any time with or without cause. Any vacancies on the Committee from time to time existing shall be filled by appointment by the Board. Notwithstanding anything herein to the contrary, Developer shall have the powers and authority of the Committee during the Development Period.

F. "Common Area(s)" shall mean those areas and all improvements located thereon set aside for recreation areas, and related facilities, theme structures or landscaped areas or mounds at street entrances, lights, park areas, street landscaping, the Lakes, and any other areas so designated on the Plats.

G. "Common Expenses" shall mean the actual and estimated cost to the Association of the costs for maintenance, management, operation, repair, improvement and replacement of the Common Areas, and any other cost or expense incurred by the Association for the benefit of the Common Areas or for the benefit of the Association, including but not limited to real estate taxes, and other municipal or governmental assessments.

H. "Development Period" shall mean the period of time during which Developer owns at least one (1) Lot.

I. "Lake" or "Lakes" shall mean and refer to the water detention pond(s) or lake(s) and common area portion of the shoreline area as shown on the Plats which serves or shall serve as part of the storm and surface water drainage system serving the Development, as such are or in the future shall be more particularly described on the Plats.

J. "Landscape Easement" shall mean a portion of a Lot designated on the Plat as an area to be landscaped, accessed and maintained by the Association as a Common Area.

K. "Lot" or "Lots" shall mean any parcel(s) of real estate, whether residential or otherwise, described by the Plats.

L. "Member" shall mean any person or entity holding membership in the Association as provided in this Declaration.

M. "Owner" shall mean a person who has or is acquiring any right, title or interest, legal or equitable, in and to a Lot, but excluding those persons having such interest merely as security for the performance of an obligation.

N. "Plat" shall mean the recorded or unrecorded Plat for all or any portion of the property as may be amended from time to time.

2. Organization and Duties of Association.

A. Organization of Association. The Association is or shall be incorporated under the name of Paramount Springs Homeowners' Association, as a nonprofit corporation organized under the laws of the State of Indiana.

i. Membership. Every Owner of a Lot, except as herein provided to the contrary, shall be entitled and required to be a member of the Association. If title to a Lot is held by more than one person, each of such persons shall be a member. An Owner of more than one Lot shall be entitled to, and there shall be required, one membership for each such lot. Each such membership shall be appurtenant to the Lot upon which it is based and shall transfer automatically by voluntary or involuntary conveyance of the title of that Lot. Except as herein otherwise expressly provided, no person or entity other than an Owner or Declarant may be a member of the Association, and a membership in the Association may not be transferred except in connection with the transfer of title to a Lot.

ii. Transfer. A membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of the record title of a Lot and then only to such transferee, by assignment, intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. It shall be the responsibility of each Owner, upon becoming entitled to membership, to so notify the Association in writing, and until so notified, the Association may continue to carry the name of the former Owner as a member, in its sole discretion. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the transferee of title of such Lot, the Association may issue a new membership to the transferee, and thereupon the old membership outstanding in the name of the transferor shall be null and void as though the same had been surrendered.

iii. Voting. The Association shall have two (2) classes of voting membership, as follows:

a. Class A. Class A members shall be all Owners of Lots, with the exception of the Declarant prior to termination of Class B membership, and shall be entitled to one (1) vote for each lot owned with respect to each matter submitted to a vote of members upon which the Class A members are

entitled to vote. When more than one person holds title to any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one Lot. There can be no split vote. Prior to or at the time of any meeting at which a vote is to be taken, each co-Owner or other person entitled to a vote at such meeting shall file with the Secretary of the Association the name of the voting co-Owner or other person entitled to a vote at such meeting, unless such co-Owner or other persons have filed a general voting authority with the Secretary applicable to all votes until rescinded.

b. Class B. Class B members shall be the Declarant and all successors and assigns of the Declarant designated by the Declarant as Class B members in a written notice mailed or delivered to the resident agent of the Association. Each class B member shall be entitled, on all matters requiring a vote of the membership of the Association, to five (5) votes for each Lot owned by them or it and five (5) votes for each single numbered parcel of land shown upon and identified as a Lot on any recorded plat of the Development. 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 members as such is delivered to the resident agent of the Association; (2) expiration of the Development Period; (3) six (6) years after the date of recording of the first conveyance of a Lot to an Owner other than Declarant. Declarant shall each be entitled to one (1) Class A membership for each Lot of which it is the Owner on or after the termination of the Class B membership.

iv. Suspension of Voting Rights. In the event any Owner shall be in arrears in the payment of any amount due under any of the provisions of this Declaration for a period of thirty (30) days, or shall be in default in the performance of any of the terms of this Declaration for a period of thirty (30) days, such Owner's right to vote as a member of the Association shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied.

v. Board of Directors. Following the Applicable Date, the Owners shall elect a Board of Directors of the Association as prescribed by the Association's Articles and Bylaws. The Board of Directors shall manage the affairs of the Association. Until the Applicable Date, the Board shall consist of three (3) persons designated by Declarant, as long as it shall own one or more lots. From and after the Applicable Date, the Board shall consist of five (5) persons elected by the Members.

vi. Proxies. Every Member entitled to vote or execute statements of consent shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed and dated by such Person or his duly authorized agent; provided, however, that the form of any proxy must be reviewed

and approved by the Board prior to the meeting for which the proxy is being submitted; and provided further, that no such proxy shall be valid after the expiration of one (1) year from the date of its execution unless the proxy specifies a shorter term. A Member's proxy shall automatically terminate upon conveyance by that member of his fee title interest in all Lots owned by the Member. An Owner may revoke a proxy pursuant to this section only by actual notice of revocation to the person presiding over a meeting of the Association. Actual notice, in this provision, means a written statement signed by the Owner and delivered to Secretary prior to the meeting or attendance at the meeting by the Owner. A proxy is void if it is not dated or purports to be revocable without notice.

vii. Actions. If a quorum is present, as set forth in the Bylaws, the affirmative vote on any matter of the majority of the votes represented at the meeting (or, in the case of elections in which there are more than two candidates, a plurality of the votes cast) shall be the act of the Members, unless the vote of a greater number is required by law or by the Restrictions.

B. General Duties of the Association. The Association is hereby authorized to act and shall act on behalf of, and in the name, place, and stead of, the individual Owners in all matters pertaining to the maintenance, repair, and replacement, of the Common Areas, the determination of Common Expenses, and the collection of annual and special Assessments. The Association shall also have the right, but not the obligation to act on behalf of any Owner or Owners in seeking enforcement of the terms, covenants, conditions and restrictions contained in the Restrictions. Neither the Association nor its officers or authorized agents shall have any liability whatsoever to any Owner for any action taken under color of authority of this Declaration, or for any failure to take any action called for by this Declaration, unless such act or failure to act is in the nature of a willful or reckless disregard of the rights of the Owners or in the nature of willful, intentional, fraudulent, or reckless misconduct.

C. Amendment of Declaration. The Association shall have the right to amend this Declaration at any time, and from time to time, in accordance with Section 10 of this Declaration.

D. Insurance. The Association shall maintain in force adequate public liability insurance protecting the Association against liability for property damage and personal injury. The Association may, but need not, maintain in force adequate officers and directors insurance covering the officers and directors of the Association. If appropriate, the Association shall also maintain in force adequate fire and extended coverage insurance, insuring all Common Areas against fire, windstorm, vandalism, and such other hazards as may be insurable under standard "extended coverage" provisions, in an amount equal to the full insurable value of such improvements and property. The Association shall notify all mortgagees which have requested notice of any lapse, cancellation, or material modification of any insurance policy. All policies of insurance shall contain an endorsement or clause whereby the insurer waives any right to be subrogated to any claim against the Association, its officers, Board members, the Developer, any property manager, their respective

employees and agents, the Owners and occupants, and also waives any defenses based on co-insurance or on invalidity arising from acts of the insured, and shall cover claims of one or more parties against other insured parties.

The Association may maintain a fidelity bond indemnifying the Association, the Board and the Owners for loss of funds resulting from fraudulent or dishonest acts of any director, officer, employee or anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The fidelity bond should cover the maximum amount of funds which will be in the custody of the Association or its management agent at any time, but in no event shall such fidelity bond coverage be less than the sum of one (1) years' assessment on all Lots in the Development, plus the Association's reserve funds.

The Association shall cause all insurance policies and fidelity bonds to provide at least ten (10) days written notice to the Association, and all mortgagees who have requested such notice, before the insurance policies or fidelity bonds can be canceled or substantially modified for any reason.

E. Condemnation, Destruction. In the event that any of the Common Areas shall be condemned or taken by any competent public authority, or in the event the same shall be damaged or destroyed by any cause whatsoever, the Association shall represent the interests of the Owners in any proceedings, negotiations, insurance adjustments, settlements, or agreements in connection with such condemnation, damage, or destruction. Any sums recovered by the Association shall be applied, first, to the restoration and repair of any Common Areas condemned, damaged, or destroyed, to the extent such restoration or repair is practicable, and the balance of such sums shall either be held as a reserve for future maintenance of the Common Areas or turned over to the Owners in proportion to their Pro-Rata Shares (as hereinafter defined), whichever may be determined by a majority vote of the members of the Association. Each Owner shall be responsible for pursuing his own action for damages to his Lot, either by reason of direct damage thereto or by reason of an impairment of value due to damage to the Common Areas. The Association shall notify all Mortgagees of which it has notice of any condemnation, damage, or destruction of any Common Areas.

F. Mortgagee's Rights. Any mortgagees of any Owners shall have the right, at their option, jointly or severally, to pay taxes or other charges which are in default or which may or have become a charge against the Common Areas and to pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for the Common Areas, and mortgagees making such payment shall be owed immediate reimbursement therefore from the Association. In addition, neither the Owners nor the Association shall materially impair the right of any mortgagee holding, insuring, or guaranteeing any mortgage on all or any portion of the Real Estate.

3. **Powers of Committee.**

A. In General. No dwelling, building structure, fencing, exterior painting (excluding repainting in the same color) or exterior improvement of any type or kind (except landscaping), including but not limited to basketball goals or backboards, awnings, patios, decks, porches, gazebos, shall be constructed or placed on any Lot without the prior written approval of the Committee. Such approval shall be obtained only after written application requesting authorization has been made to the Committee by the Owner of the Lot. Such written application shall be in the manner and form prescribed from time to time by the Committee, and the Committee may require a set of plans and specifications for any such proposed construction or improvement. The Committee may require that such plans include plot plans showing the location of all improvements existing upon the Lot and the location of the improvements proposed to be constructed or placed upon the Lot, each properly and clearly designated. The Committee may also require that such plans and specifications set forth the color and composition of all exterior materials proposed to be used and any proposed landscaping, together with any other material or information which the Committee may require. Notwithstanding anything herein to the contrary, approval of the Committee will not be required for improvements, fencing or structures placed on a Lot by the Developer.

B. Power of Disapproval.. The Committee may refuse to grant permission to construct, place or make the requested improvement, when:

i. The plans, specifications, drawings or other material submitted are themselves inadequate or incomplete, or show the proposed improvements to be in violation of the Restrictions;

ii. The design, proposed material or color scheme of a proposed improvement is not in harmony with the general surroundings of the Lot or with adjacent buildings or structures, including trim, siding, roof and brick colors, or with the Development in general;

iii. The proposed improvement or any part thereof would architecturally, in the reasonable judgment of the Committee, be contrary to the interests, welfare or rights of all or any other Owners.

C. Duties of the Committee. The Committee shall approve or disapprove proposed improvements within thirty (30) days after all required information shall have been received. A copy of submitted materials shall be retained by the Committee for its permanent files. All notifications to applicants shall be in writing, and, in the event that such notification is one of disapproval, it shall specify the reason or reasons therefore. The Committee shall further affix its signature of approval upon the site plans for purposes of obtaining an Improvement Location Permit, or similar permit, from the applicable governmental authority, if such are required.

D. Liability of the Committee. Neither the Committee nor any agent or member thereof, nor Developer during the Development Period or thereafter, shall be responsible in any way for any defects in any plans, specifications or other materials submitted to it, nor for any defects in any work done according thereto.

E. Inspection. The Committee or its designated agent may inspect work being performed to assure compliance with these Restrictions and applicable regulations.

F. Rules Governing Building on Several Contiguous Lots Having One Owner. Whenever two or more contiguous Lots shall be owned by the same Owner, and such Owner shall desire to use two or more of said Lots as a site for a single dwelling, he shall apply in writing to the Committee for permission to so use said Lots. If permission for such a use shall be granted, the Lots constituting the site for such single dwelling shall be treated as a single Lot for the purpose of determining the Assessment and for applying these Restrictions to said Lots, so long as such Lots remain improved with one single dwelling.

4. Remedies.

A. In General. Any party to whose benefit the Restrictions inure, including Developer, any Owner, the Association, or any applicable governmental authority, may proceed at law or in equity to prevent the occurrence or continuation of any violation of these Restrictions, but Developer or the Association shall not be liable for damages of any kind to any person for failing either to enforce or carry out any of the Restrictions.

B. Delay or Failure to Enforce. No delay or failure on the part of any aggrieved party to invoke any available remedy with respect to a violation of any one or more of the Restrictions shall be held to be a waiver by that party (or an estoppel of that party to assert) any right available to him upon the occurrence, recurrence or continuation of such violation or violations of the Restrictions.

5. Covenants for Maintenance Assessments.

A. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of preserving the values of the Lots within the Development and promoting the health, safety, and welfare of the Owners, users, and occupants of the Development and, in particular, for the Association's obligations relating to the improvement, repairing, operating, and maintenance of the Common Areas, including, but not limited to, the payment of taxes and insurance thereon, enforcement of the Restrictions, and for the cost of labor, equipment, material, and management furnished with respect to the Common Areas; provided that the Association shall not be responsible for the replacement, repair or maintenance of any Common Areas which are or hereafter may be dedicated to the public. Each Owner (except the Developer) hereby covenants and agrees to pay to the Association:

i. A Pro-rata Share (as hereinafter defined) of the annual Assessment fixed, established, and determined from time to time, as hereinafter provided.

ii. A Pro-rata Share (as hereinafter defined) of any special Assessments fixed, established, and determined from time to time, as hereinafter provided.

The Developer hereby covenants and agrees to pay to the Association during the Development Period an amount equal to the difference, if any, between the expenditures of the Association made pursuant to this Section 5 A and the aggregate amount of the annual Assessments collected by the Association.

B. Liability for Assessment. Each Assessment, together with any interest thereon and any costs of collection thereof, including attorneys' fees, shall be a charge on each Lot other than Lots owned by the Developer and shall constitute a lien from and after the due date thereof in favor of the Association upon each such Lot. Each such Assessment, together with any interest thereon and any costs of collection thereof, including attorneys' fees, shall also be the personal obligation of the Owner of each such Lot at the time when the Assessment is due. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof, nor shall any sale or transfer relieve any Owner of the personal liability hereby imposed. The personal obligation for delinquent Assessments shall not pass to any successor in title unless such obligation is expressly assumed by such successor.

C. Pro-rata Share. The Pro-rata Share of each Owner for purposes of this Section 5 shall be the percentage obtained by dividing one by the total number of Lots shown on the Plats of the Development ("Pro-rata Share"), except, as provided in Section 5.F herein.

D. Basis of Annual Assessments. The Board shall establish an annual budget prior to the beginning of each fiscal year, setting forth estimates of all Common Expenses for the coming fiscal year, together with a reasonable allowance for contingencies and reserves of the Association. A copy of this budget shall be mailed or delivered to each Owner prior to the beginning of each fiscal year of the Association.

E. Basis of Special Assessments. Should the Board at any time during the fiscal year determine that the Assessment levied with respect to such year are insufficient to pay the Common Expenses for such year, the Board may, at any time, and from time to time levy such special Assessments as it may deem necessary for meeting the Common Expenses. In addition, the Board shall have the right to levy at any time, and from time to time, one or more special Assessments for the purpose of defraying, in whole, or in part, any unanticipated Common Expense not provided for by the annual Assessments.

F. Fiscal Year; Date of Commencement of Assessments; Due Dates. The fiscal year of the Association shall be established by the Association and may be changed from time to time by action of the Association. At the election of the Developer, the annual

Assessments of each Lot in each section of the Development shall commence on the date upon which the Developer first conveys ownership of any Lot in such section to an Owner. The amount of the first annual Assessment due and payable for each Owner shall be prorated to the end of the assessment year from the date of the closing of the Owner's Lot and shall be paid at the time of the closing of the Owner's Lot. The first annual Assessment within each section of the Development shall be made for the balance of the Association's fiscal year in which such Assessment is made and shall become due and payable commencing on any date fixed by the Association. The annual Assessment for each year after the first assessment year shall be due and payable on the first day of each fiscal year of the Association. Annual Assessments shall be due and payable in full as of the above date, except that the Association may from time to time by resolution authorize the payment of such Assessments in installments.

G. Start-Up Fund.

Upon the closing of the initial conveyance of each Lot to an Owner other than the Developer, the Purchaser of such Lot shall pay to the Association, in addition to any other amounts then owed or due to the Association, as a contribution to its start-up fund, an amount equal to one-sixth (1/6th) of the then current annual Assessment against such Lot, which payment shall be non-refundable and shall not be considered as an advance payment of any Assessment or other charge owed to the Association with respect to such Lot.

The start-up fund shall be used by the Association for the payment of, or reimbursement to, Developer for advances to the Association and initial and set-up expenses of the Association.

H. Duties of the Association.

i. The Board shall keep proper books and records of the levy and collection of each annual and special Assessment, including a roster setting forth the identification of each and every Lot and each Assessment applicable thereto, which books and records shall be kept by the Association and shall be available for the inspection and copying by each Owner (or duly authorized representative of any Owner) at all reasonable times during regular business hours of the Association. The Board shall cause written notice of all Assessments levied by the Association upon the Lots and upon the Owners to be mailed or delivered to the Owners or their designated representatives as promptly as practicable and in any event not less than thirty (30) days prior to the due date of such Assessment or any installment thereof. In the event such notice is mailed or delivered less than thirty (30) days prior to the due date of the Assessment to which such notice pertains, payment of such Assessment shall not be deemed past due for any purpose if paid by the Owner within thirty (30) days after the date of actual mailing or delivery of such notice.

ii. The Association shall promptly furnish to any Owner or any mortgagee of any Owner upon request a certificate in writing signed by an officer of the Association, setting forth the extent to which Assessments have been levied and paid with respect to such requesting Owner's or mortgagee's Lot. As to any person relying thereon, such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

iii. The Association shall notify any mortgagee from which it has received a request for notice of any default in the performance by any owner of any obligation under the By-laws or this Declaration which is not cured within sixty (60) days.

I. Non-payment of Assessments, Remedies of Association.

i. If any Assessment is not paid on the date when due, then such Assessment shall be deemed delinquent and shall, together with any interest thereon and any cost of collection thereof, including attorneys' fees, become a continuing lien on the Lot against which such Assessment was made, and such lien shall be binding upon and enforceable as a personal liability of the Owner of such Lot as of the date of levy of such Assessment, and shall be enforceable against the interest of such Owner and all future successors and assignees of such Owner in such Lot, and shall be collected in the same manner as the Assessments described in paragraph ii hereof, provided, however, that such lien shall be subordinate to any mortgage on such Lot recorded prior to the date on which such Assessment becomes due.

ii. If any Assessment upon any Lot is not paid within thirty (30) days after the due date, the Owner shall pay a late charge in the amount of Twenty-five Dollars ($25.00) for the first thirty (30) day period and an additional Twenty-five Dollars ($25.00) for any subsequent fifteen (15) day period. The Association may bring an action in any court having jurisdiction against the delinquent Owner to enforce payment of the same and/or to foreclose the lien against said Owner's Lot, and there shall be added to the amount of such Assessment all costs of such action, including the Association's attorneys fees, and in the event a judgment is obtained, such judgment shall include such interest, costs, and attorneys' fees.

J. Adjustments. In the event that the amounts actually expended by the Association for Common Expenses in any fiscal year exceed the amounts budgeted and assessed for Common Expenses for that fiscal year, the amount of such deficit shall be carried over and become an additional basis for Assessments for the following fiscal year. Such deficit may be recouped either by inclusion in the budget for annual Assessments or by the making of one or more special Assessments for such purpose, at the option of the Association. In the event that the amounts budgeted and assessed for Common Expenses in any fiscal year exceed the amount actually expended by the Association for Common

Expenses for that fiscal year, the Board, at its discretion, shall either retain the excess amount as a reserve for future expenditures or shall credit a Pro-Rata Share of such excess against the Assessment(s) due from each Owner for the next fiscal year(s).

6. **Effect of Becoming an Owner**. The Owners of any Lot subject to these Restrictions, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Developer or a subsequent Owner of such Lot, shall accept such deed and execute such contract subject to each and every restriction and agreement herein contained. By acceptance of such deed or execution of such contract, the new Owner acknowledges the rights and powers of Developer with respect to these Restrictions and also for themselves, their heirs, personal representatives, successors and assigns. Such Owners covenant and agree and consent to and with Developer and to and with the Owners and subsequent owners of each of the Lots affected by these Restrictions to keep, observe, comply with and perform such Restrictions and agreements.

7. **Control of the Common Areas.**

A. Control by the Board. The Board shall regulate the Common Areas and shall provide for the maintenance thereof in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures in the vicinity thereof and the natural or other vegetation and topography of the Common Areas.

B. Conditions. No improvements, excavation, changes in grade or other work shall be done upon the Common Areas by any Owner, nor shall the Common Areas be changed by any Owner from its natural or improved existing state, without the prior written approval of the Board.

8. **The Lakes**. Declarant shall convey title to the Lakes to the Association. The Association shall be responsible for maintaining the Lakes. Maintenance costs of the Lakes shall be assessed as a general assessment against the Lots. Each Owner of a Lot that abuts a Lake shall be responsible at all times for maintaining so much of the bank of the Lake above the Lake level as constitutes a part of, or abuts, its Lot and shall keep that portion of the Lake abutting his Lot free of debris and otherwise in reasonably clean condition.

No boats shall be permitted on any part of a Lake and no dock, pier, wall or other structure may be extended into the Lake without the prior written consent of the Architectural Review Committee and such governmental authority as may have jurisdiction there over, including but not limited to, the Greenfield Board of Works. No swimming will be permitted in any Lake except and to the extent authorized by the Board of Directors. Each Owner of a Lot abutting a Lake shall indemnify and hold harmless Declarant, the Association and each other Owner against any loss or damage incurred as a result of injury to any person or damage to any property, or as a result of any other cause or thing, arising from or related to use of, or access to, a Lake by any person who gains access thereto from, over, or across such Owner's Lot. Declarant shall have no liability to any person with respect to a Lake, the use thereof or access thereto, or with respect to any damage to any Lot resulting from a Lake or the proximity of a Lot thereto, including damage from erosion.

9. Restrictions, Covenants and Regulations

A. Restrictions on Use. The following covenants and restrictions on the use and enjoyment of the Lots and the Common Areas, and shall be in addition to any other covenants or restrictions contained herein or in the Plats. All such covenants and restrictions are for the mutual benefit and protection of the present and future Owners and shall run with the land and inure to the benefit of and be enforceable by any Owner or the Association. Present or future Owners or the Association shall be entitled to injunctive relief against any violation or attempted violation of any of such covenants and restrictions, and shall, in addition, be entitled to damages for any injuries or losses resulting from any violations thereof, but there shall be no right of reversion or forfeiture resulting from such violation. These covenants and restrictions are as follows:

i. Use of Common Areas. No one other than Owners who are Members in good standing with the Association, or such an Owner's occupant, tenants, guests or invitees, may use the Common Areas. All such persons shall observe and be governed by such rules and regulations as may from time to time be promulgated and issued by the Board governing the operation, use and enjoyment of the Common Areas. No person shall be allowed to plant trees, landscape or do any gardening in any part of the Lakes, Landscape Easements, or the Common Areas, except with express permission from the Board. The Lakes and the Common Areas shall be used and enjoyed only for the purposes for which they are designed and intended, and shall be used subject to the rules and regulations from time to time adopted by the Board. Without limiting the generality of the foregoing, the Lakes are and will be an integral part of the storm water drainage system serving the Development, and are intended to be used for such purpose and primarily as a visual and aesthetic amenity and not as a recreational amenity. Accordingly, no use shall be made of the Lakes which in any way interferes with their proper functioning as part of such storm water drainage system. No boating, swimming, diving, skiing, ice skating or other recreational activity shall be permitted in or on the Lakes. No sewage, garbage, refuse, or other solid, liquid, gaseous or other materials or items (other than storm and surface water drainage) shall be put into the Lakes, except the Association may take steps to clean and purify the waters thereof by the addition of chemicals or other substances commonly used for such purposes or by providing therein structures and equipment to aerate the same. Fishing from the shoreline area of the Lakes by an Owner, his occupants, his invited guests and family, shall be permitted subject to rules determined by the Association and abeyance and compliance with all applicable fishing and game laws, ordinances, rules and regulations. No Owner or other person shall take or remove any water from or out of the Lakes, or utilize the water contained therein for any purposes, including, without limitation, connection with any sprinkler or irrigation systems. No piers, docks, retaining walls, rafts or other improvements shall be built, constructed or located on any Lot or on the Properties, except by Developer and/or the Association, which extend into, or to within twenty-five (25) feet from the shoreline of the Lakes, except by Developer/Association.

ii. Nuisance. No nuisance shall be permitted to exist on any Lot and no waste shall be committed on any Lot which shall or might damage or cause injury to the Common Areas.

iii. Setback Lines. Building setback lines shall be established on the Plat. The minimum setback lines shall be as follows:

a. The setback from street right of ways shall be a minimum of thirty (30) feet or as shown on the Plat.

b. A minimum rear yard of twenty (20) feet will be provided for each Lot within the Development.

c. The minimum side yard setback within the Development will be no less than the aggregate of five (5) feet.

iv. Utility Easements and Drainage and Regulated Drain Easements. "Utility Easements" as shown on the Plat shall be reserved for the use of public utilities for the installation of water, sewer, gas, tile and/or electric lines, poles, ducts, pipes, etc., on, over, under, and to said easement for local public use. These easements are not for the use of, and shall not be used for, high voltage electric transmission lines or high pressure liquid transmission pipe lines, except by written permission of the Association. "Drainage Easements" shall be reserved as drainage swales, and said swales are to be maintained by the Owner of any Lot affected. All easements shown as "Utility Easements" are also to be considered drainage easements and are subject to all restrictions of drainage easements. No permanent or other structures are to be erected or maintained upon any easements shown upon the Plat and Owners of Lots shall take their titles subject to the rights of the above-described easements. "Regulated Drain Easements" as shown on the Plat are subject to the authority of the Madison County Drainage Board and further described in the "Madison County Drainage Board Covenants" on the Plat. No permanent structures, such as but not limited to decks, porches, sun rooms, walks patios, swimming pools and fences may be placed upon or over the "Regulated Drain Easement" without the written consent of the Madison County Drainage Board. No trees, shrubs or woody vegetation may be placed upon or over the "Regulated Drain Easement" without the written consent of the Madison County Drainage Board and said trees, shrubs, or woody vegetation may be removed by the Madison County Drainage Board, if necessary, for the proper operation or maintenance of the Regulated Drain. Temporary structures may be placed upon or over the "Regulated Drain Easement" with the written consent of the Madison County Drainage Board, but shall be removed immediately by the Owner when so ordered by the Madison County Drainage Board. All non approved structures either permanent or temporary which are caused to be removed shall not be compensated for by the Madison County Drainage Board and are placed within the Regulated Drain Easement at the peril of the Owner.

v. Land Use and Building Type. No Lot shall be used except for residential purposes, nor shall any Lot be subdivided. No buildings shall be erected, altered, placed or permitted to remain on any Lot other than one single family dwelling. All dwellings shall have and maintain house number identifications and mail boxes which are uniform throughout the Development.

vi. Building Location. No building shall be located on any Lot nearer to the front line, nor nearer to the side street lines than the minimum set back lines referenced herein. For the purpose of this covenant, eaves, steps and open porches shall not be considered a part of the building, provided that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot.

vii. Pools. No above-ground pools shall be permitted in the Development. In-ground swimming pools, hot tubs, spas or associated structures shall not be erected or placed on any Lot until the construction plans, including a plot plan, have been approved by the Committee.

viii. Temporary and Outbuilding Structures. No structures of a temporary character, trailer, basement, tent, or garage, shall be used on any Lot as a residence, or for any other purpose, either temporarily or permanently. No outbuildings of any type, including mini-barns, sheds or barns, shall be located anywhere on a Lot. For the purpose of this covenant, structures needed and used by the Developer shall be allowed to remain during the Development Period and for a reasonable time thereafter.

ix. Livestock and Poultry. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot except family pets, which may be kept, provided they are not kept, bred or maintained for commercial purposes and do not create or constitute a nuisance, as determined in the sole discretion of the Board.

x. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, garbage or other waste, and same shall not be kept except in sanitary containers out of public view.

xi. Fences. Ornamental fences or continuous shrub plantings which would in any way serve the purpose of a fence shall not be erected until approved by the Committee.

xii. Signs. No sign of any kind shall be displayed to the public view on any Lot, except one sign of not more than five square feet, advertising the property for sale or for rent, or signs used by the Developer to advertise, market, sell, or otherwise in connection with the Development, the Lots or other related purposed during the Development Period.

xiii. Satellite Dishes/Antennae. No antennae, satellite dishes, or other signal receiving devices, shall be placed or erected on any Lot; provided, however, one (1) satellite dish with a diameter two (2) feet or less shall be permitted on a Lot if such is not visible from the street.

xiv. Vehicles. No boats, campers, trailers of any kind, buses, mobile homes, trucks (other than light-duty trucks), or other vehicles other than passenger automobiles and sport/utility vehicles, shall be parked or stored anywhere within the Development, other than in the permanent and enclosed garage of a Lot. No repair work shall be done on any vehicle within the Development, except that minor repairs and maintenance of vehicles owned by an Owner may be performed within a driveway area

xv. Sight Distance. No fence, wall, hedge, shrub planting or trees which obstructs sight lines at elevations between three (3) and twelve (12) feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points fifteen (15) feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight line limitations shall apply on any lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement.

B. Declarant's Rights. Declarant shall have the same rights as any other Owner as to Lots owned by it from time to time, except as otherwise specified herein. In addition, until the expiration of the Development Period, Declarant shall have the right and easement over the Common Area for the completion of improvements and making repairs to improvements (whether on the Common Area, or upon unsold Lots, or upon other portions of the Real Estate and the right to maintain signs upon the Common Area and any other portions of the Development other than Lots owned by an Owner other than Declarant) for the purpose of marketing homes, and to invite and escort the public thereon for such purpose.

C. Non-applicability to Association. Notwithstanding anything to the contrary contained herein, the covenants and restrictions set forth in subsection A of this Section 9 shall not apply to or be binding upon the Association in its management, administration, operation, maintenance, repair, replacement and upkeep of the Lakes and Common Areas to the extent the application thereof could or might hinder, delay or otherwise adversely affect the Association in the performance of its duties, obligations and responsibilities as to the Lakes Landscape Area and Common Areas.

10. Duration. The foregoing covenants, conditions and restrictions are to run with the land and shall be binding on all parties and all persons claiming under them for a period commencing on the date this Declaration is recorded and expiring June 1, 2029, at which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years. Changes or amendments in these covenants, conditions and restrictions may be made by Owners in accordance with paragraph 10 hereof.

11. Amendment of Declaration.

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

i. Notice. Notice of the subject matter of any proposed amendment shall be included in the notice of the meeting at which the proposed amendment is to be considered.

ii. Resolution. A resolution to adopt a proposed amendment may be proposed by the Board of Directors or Owners having in the aggregate at least a majority of the votes of all Owners.

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

iv. 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 votes of all Owners; provided, however, that during the Development Period, any amendment to this Declaration shall require the prior written approval of Developer. In the event any Lot is subject to a first mortgage, the mortgagee thereunder shall be notified of the meeting and the proposed amendment in the same manner as an Owner if the mortgagee has given prior written notice of its mortgage interest to the Association.

v. Special Amendments. No amendment to this Declaration shall be adopted which changes the applicable share of an Owner's liability for assessments, or the method of determining the same, without, in each and any of such circumstances, the unanimous approval of all Owners and all mortgagees whose mortgage interests have been made known to the Association.

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

B. Amendments by Developer Alone. Notwithstanding the foregoing or anything elsewhere contained herein, the Developer shall have and hereby reserves the right and power acting alone, and without the consent or approval of any other of the Owners, the Association, the Board of Directors, any mortgagees or any other person, except as provided below, to amend or supplement this Declaration at any time and from time to time if such amendment or supplement is made (a) 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, 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, (b) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Lots, (c) to bring this Declaration into compliance with any statutory requirements, (d) to comply with or satisfy the requirements of any insurance underwriters, insurance rating bureaus or organizations which perform (or may in the future perform) functions similar to those performed by such agencies or entities, (e) to annex additional real estate to the Development, or (f) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved by, and granted by each Owner to the Developer to vote in favor of, make, or consent to any amendments described in this subsection B on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Developer to vote in favor of, make, execute and record any such amendments. The right of the Developer to act pursuant to rights reserved or granted under this subsection B shall terminate upon the completion of the Development Period.

C. Protection of Declarant. Until the expiration of the Development Period, the prior written approval of Declarant, as developer of the Development, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Development or sell or lease Lots therein in accordance with this Declaration shall become effective. Notwithstanding any other provisions of the Restrictions, until the expiration of the Development Period, the Association shall not take any action to significantly reduce the Association maintenance or other services without the prior written approval of the Declarant.

12. Ordinanace/Master Plan All Lots shall be subject to all terms, covenants, and ordinances reflected on the Zoning Approval of Paramount Springs Subdivision dated _____, as amended from time to time, and recorded with the Recorder of Madison County, Indiana.

13. Severability. Every one of the Restrictions is hereby declared to be independent of, and severable from, the rest of the Restrictions and of and from every other one of the Restrictions, and of and from every combination of the Restrictions. Therefore, if any of the Restrictions shall be held to be invalid or to be unenforceable, or to lack the quality of running with the land, that holding shall be without effect upon the validity, enforceability or "running" quality of any other one of the Restrictions.

IN WITNESS WHEREOF, the Developer has caused this Declaration of Covenants, Conditions and Restrictions for Paramount Springs to be executed as of the date written above.

ARBOR INVESTMENTS, LLC, an Indiana limited liability company

Prepared By:

Curtis A. Rector, Managing Member

NOTARY PUBLIC SEAL INDIANA

STATE OF INDIANA)
)SS:
COUNTY OF MARION)

On this 14th day of October, 2004, personally appeared before me, a notary public, Curtis A. Rector, Member, Arbor Investments, LLC, an Indiana limited liability company, who acknowledged the execution of the foregoing Declaration of Covenants, Conditions and Restrictions for Paramount Springs on behalf of such company, and who, having been duly sworn, stated that the representations therein contained are true.

Witness my hand and Notarial Seal this 14th day of October, 2004.

Michael K. Terry, Notary Public

My Commission Expires:

13 Sep 07

County of Residence:

Hancock

END OF DOCUMENT

State of Indiana
Office of the Secretary of State

CERTIFICATE OF INCORPORATION

of

PARAMOUNT SPRINGS HOMEOWNERS ASSOCIATION, INC.

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

NOW, THEREFORE, with this document I certify that said transaction will become effective Wednesday, January 10, 2007.

In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, January 10, 2007.

Todd Rokita

TODD ROKITA,
SECRETARY OF STATE

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ARTICLES OF INCORPORATION
OF
PARAMOUNT SPRINGS HOMEOWNERS ASSOCIATION, INC.

The undersigned incorporator, desiring to form a corporation pursuant to the provisions of the Indiana Nonprofit Corporation Act of 1991, executes the following Articles of Incorporation:

ARTICLE I
Name

Section 1.01. Name and Type. The name of this Corporation shall be Paramount Springs Homeowners Association, Inc., an Indiana non-profit corporation. This Corporation is a mutual benefit corporation. Certain capitalized words used herein shall have the meaning set forth in Article XI below.

ARTICLE II
Purposes and Powers

Section 2.01. Primary Purposes. The purposes for which this Corporation is formed are to exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Declaration and all Supplemental Declarations.

Section 2.02. Additional Purposes. In addition, the Corporation is formed for the promotion of the health, safety and welfare of the residents of Paramount Springs and other nonprofitable purposes that are authorized by the Act and permitted to be carried on by an organization exempt from Federal income taxation under the provisions of Section 528 of the Internal Revenue Code of 1996 (hereinafter referred to as the "Code") and the Regulations issued pursuant thereto, as amended.

Section 2.03. Specific Powers. Subject to any specific written limitations or restrictions imposed by the Act, by the Code, by other law, or by the Declaration or the Articles, and solely in furtherance of but not in addition to the purposes set forth in Section 2.01 and 2.02 of these Articles, the Corporation shall have the following specific powers:

A. To Manage, etc. To manage, maintain, repair and replace the Common Area, and appurtenant easements, improvements and other property of every kind and nature whatsoever, real, personal or mixed, located upon the Common Area or used or held for use in connection with the business or operation of the Corporation for the benefit and use of the members of the Corporation, subject to such restraints or suspensions of use and voting rights of members as are provided herein, in the By-laws and in the Declaration.

B. To Make Assessments. To fix, levy and collect Assessments and to enforce payment thereof by all lawful means.

C. To Promulgate Rules. To promulgate such rules and regulations and perform such deeds as are deemed necessary to achieve the aforesaid purposes.

D. To Insure. To secure from insurers licensed and approved in the State of Indiana, appropriate fire/property damage coverage, comprehensive general liability coverage and such other forms of insurance as may be deemed necessary or appropriate.

E. To Secure Services. To secure professional managerial services by employing a professional manager, contracting with a professional management service or entity, or otherwise, which services may include administrative, managerial, bookkeeping, legal, architectural, engineering, maintenance, repair, construction and other services.

F. To Acquire and Dispose of Property. To acquire by give, purchase or other means, to own, hold, enjoy, lease, operate, maintain, convey, sell, transfer, mortgage or otherwise encumber or dedicate for public use, real or personal property in connection with the business of the Corporation subject to the provisions of the Declaration.

G. To Borrow. To borrow money and, subject to the provisions of the Declaration, to give, as security therefore, a mortgage or other security interest in any or all real or personal property owned by the Corporation, or a pledge of monies to be received pursuant to the provisions of the Declaration or any Supplemental Declaration, and to assign and pledge its right to make Assessments and its rights to claim a lien therefore.

H. To Appoint a Fiscal Agent. To appoint any Person as its fiscal agent to collect all Assessments and charges levied by the Corporation and to enforce the Corporation's liens for unpaid Assessments and charges or any other lien held by the Corporation.

I. To Make Contracts. To enter into, perform, cancel and rescind all kinds of contractual obligations, including the guarantee of the obligations and performance of others.

J. To Act With Others. To perform any act which the Corporation acting alone has the power and capacity to perform by acting as a partner or otherwise in association with any Person or Persons, whether legally constituted or informally organized.

K. To Pay. To pay all Operating Expenses, including all licenses, taxes or governmental charges levied or imposed against the property.

L. To Merge. To participate in mergers and consolidations with other nonprofit corporations organized for the same purpose or annex additional real estate as provided in the Declaration.

M. To Otherwise Act. To have and to exercise any and all powers, rights and privileges which a corporation organized under the Act may now or hereafter have or exercise.

Section 2.04. Limitations Upon Powers.

A. Earnings. No member of the Corporation shall have or receive any earnings from the Corporation, except a member who is an employee of the Corporation, in which event he may receive fair and reasonable compensation for his services as an employee; and a member may also receive payments of principal and interest at a rate not exceeding that from time to time permitted by the Act on funds loaned or advanced by him to the Corporation.

B. Loans to Directors. The Corporation shall make neither advancements for services to be performed in the future, nor any loan of money or property to any director or officer of the Corporation.

C. Dissolution. In the event of dissolution of the Corporation, all assets remaining after payment of all debts of the Corporation, including advances and loans of members of the Corporation, and, if so authorized by the Board of Directors, distribution to members of the Corporation of such amounts as may be authorized by the Act, shall be dedicated by the Board of Directors to an appropriate public agency to be used for purposes similar to those for which this Corporation was organized. In the event such dedication is refused acceptance, such assets shall be transferred by the Board of Directors to the State of Indiana or any instrumentality or subdivision thereof exclusively for public purposes, or to any nonprofit corporation whose purposes are substantially the same as those of the Corporation and which, at the time of transfer, is exempt from Federal taxation under Sections 501(c)(3), 501(c)(4) or 528 of the Code or the corresponding provisions of any future United States Internal Revenue Law. Any such assets not so dedicated or transferred by the Board of Directors shall be disposed of in accordance with the Act. No member, director or officer of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the assets of the Corporation on dissolution of the Corporation, except as otherwise provided in these Articles or in the Act.

D. Prohibited Activities.

(1) No part of the net earnings of the Corporation shall inure to the benefit of any member, director or officer of the Corporation, or to any private individual;

(2) No substantial part of the activities of the Corporation shall be devoted to attempting to influence legislation by propaganda or otherwise within the meaning of the prospective provisions of the Code;

(3) The Corporation shall not directly or indirectly participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of, or in opposition to, any candidate for public office;

(4) Notwithstanding any other provision of these Articles, the Corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by any organization exempt from Federal taxation under Section 528 of the Code and Regulations issued pursuant thereto, as amended, or the corresponding provisions of any future United States internal revenue law, if the effect thereof is to subject the gross income of the Corporation to federal income taxation at rates established for corporations engaged in business for profit unless the purposes of the Corporation set forth in Section 2.01 of these Articles cannot otherwise be achieved.

ARTICLE III
Period of Existence

Section 3.01. Period of Existence. The period during which the corporation shall continue is perpetual.

ARTICLE IV
Registered Agent and Registered Office

Section 4.01. Registered Agent. The name and address of the Registered Agent in charge of the Corporation's principal office is Curtis A. Rector, 6666 E. 75th Street, Suite 400, Indianapolis, Indiana, 46250.

Section 4.02 Registered Office. The post office address of the registered office of the Corporation is 6666 E. 75th Street, Suite 400, Indianapolis, Indiana, 46250.

ARTICLE V
Membership

Section 5.01. Classes of Membership. The Corporation shall have two (2) classes of members as follows:

A. Class A. Every Person, other than Declarant, who is an Owner shall be a Class A member of the Corporation. Class A membership shall be appurtenant to and may not be separated from the ownership of a Lot.

B. Class B. The Declarant shall be a Class B member. No other Person, except a successor to substantially all of the interest of the Declarant in the Property, shall hold a Class B membership in the Corporation.

Section 5.02. Voting Rights.

A. Class A Members. Each Lot shall have appurtenant thereto one (1) vote which may be cast by the Owners thereof who are present in Person or proxy pursuant to the voting procedures established in the By-Laws.

B. Class B Members. The Class B member, if present, in Person or by proxy, shall be entitled to five (5) votes for each Lot owned by the Class B member.

C. Casting of Votes. Members who are not natural persons shall designate by written notice to the Secretary of the Corporation the name of an individual who is authorized to exercise the right of such Member to vote. The name of such individual shall be kept on the records of the Corporation and may be changed only by written notice to the Secretary.

D. Tabulation of Votes. In any matter upon which a vote of the Members is required or allowed, the votes of Class A members and the Class B member shall be totaled and considered as though there were a single class of membership.

Section 5.03. Termination of Membership.

A. Class A Members. Membership in the Corporation shall lapse and terminate when a Class A member ceases to be an Owner.

B. Class B Member. The Class B membership shall cease and be converted to Class A membership on the happening of the events set forth in Section Section 2 A (iii) (b) of the Declaration.

Section 5.04. Suspension of Membership Rights. No Class A or Class B member may be expelled from membership in the Corporation for any reason. The Board of Directors shall have the right to suspend the voting rights of a Class A member for a period during which any Assessment or charge owed by the Member remains unpaid in excess of thirty (30) days.

Section 5.05. Meetings of Members. All meetings of the Members shall be held at such place within the State of Indiana as may be designated by the Board of Directors pursuant to the provisions of the By-Laws. Notice of meetings need not be given to Associate Members if notice thereof is given to the Members appointing such Associate Members.

Section 5.06. No Preferences, etc. There shall be no other preferences, limitations, or restrictions with respect to the relative rights of the Members.

ARTICLE VI
Directors

Section 6.01. Number of Directors. The initial Board of Directors of the Corporation shall consist of no fewer than three (3) Members nor more than five (5) members. The number of Directors of the Corporation shall be specified from time to time in the By-Laws, but the minimum number shall be three (3) and the maximum number shall be five (5).

Section 6.02. Names and Post Office Addresses. The names and post office addresses of the initial members of the Board of Directors are as follows:

NAME	ADDRESS
Curtis A. Rector	6666 E. 75th Street, Suite 400 Indianapolis, Indiana 46250
Richard Henderson	6666 E. 75th Street, Suite 400 Indianapolis, Indiana 46250
Margaret Wood	6666 E. 75th Street, Suite 400 Indianapolis, Indiana 46250

ARTICLE VII
Incorporator

Section 7.01. Name and Address of Incorporator. The name and post office address of the incorporator is Curtis A. Rector, 6666 E. 75th Street, Suite 400, Indianapolis, Indiana 46250.

ARTICLE VIII
Statement with Respect to Property

Section 8.01. Property of Corporation. The Corporation, upon its incorporation, has no property of value.

ARTICLE IX
Provision for Regulation and Conduct of the Affairs of the Corporation

Section 9.01. Management of Corporation. The affairs of the Corporation shall be managed by the Board of Directors.

Section 9.02. Code of By-laws. The Board of Directors of the Corporation shall have the power, without the assent of the Members, to make, alter, amend, or repeal the By-Laws.

Section 9.03. Officers. The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as may be prescribed by the By-Laws or prescribed by resolution of the Board of Directors in the manner specified in the By-Laws. The offices of President and Secretary shall not be occupied by the same Person.

Section 9.04. Initial Board. The Initial Board of Directors, named in Section 6.02 hereof, shall serve as the Board of Directors of the Corporation until the Applicable Date and, in the event of any vacancy or vacancies occurring in the Initial Board for any reason or cause whatsoever prior to the Applicable Date, every such vacancy shall be filled by an individual appointed by Declarant. Any such individual appointed by Declarant shall thereafter be deemed a member of the Initial Board. If the Initial Board of Directors named in Section 6.02 hereof consists of fewer members than the maximum number of members specified hereunder then, at any time prior to the Applicable Date, the Declarant may, in its sole discretion, appoint an additional member, or additional members, so long as the number of members comprising the Board of Directors is always less than or equal to the maximum number of members permitted hereunder. Any additional members appointed by the Declarant shall thereafter be deemed to be a member of the Initial Board of Directors.

Section 9.05. Term of Office of Directors and Officers. Each officer and director shall hold his office for the term specified in the By-Laws, but no term shall end until a successor is elected and qualified for the office to be vacated.

Section 9.06. Removal of Member of the Board of Directors. After the Applicable Date, any member of the Board of Directors may be removed or replaced, with or without cause, at a meeting of the Members called for such purpose by the affirmative vote of three-fifths (3/5) of all the votes allocated to Members. Prior to the Applicable Date, any Director may be removed by Declarant with or without cause.

Section 9.07. Amendment of Articles of Incorporation. The Corporation reserves the right to amend, alter, change or repeal any provisions contained in the Articles or any amendment hereto, in any manner now or hereafter prescribed or permitted by the Act or any amendment thereto; but such power of amendment does not authorize any amendment that would permit any part of the net earnings of the Corporation to inure to the benefit of any private individual, that would modify the provisions of Section 2.04 if such modification would have the effect of disqualifying this Corporation as an organization exempt from Federal income taxation under the provisions of Section 528 of the Code, as amended, or such equivalent provision as may hereafter exist from time to time, or that, would be in conflict with the provisions of the Declaration or any Supplemental Declaration.

Section 9.08. Non-Liability. No member or Director of the Association shall be liable for any of the Associations obligations.

Section 9.09. Consent Resolutions. Any action required or permitted to be taken at any meeting of the members or of the Board of Directors may be taken without a meeting if, prior to such action a written consent to such action is signed by all members or all Directors, as the case may be, and such written consent is filed with the minutes of the proceedings of the members or of the Board.

Section 9.10. Liability to the Corporation. No person shall be liable to the Corporation for any loss or damage suffered by the Corporation on account of any action taken or omitted to be taken by such person in good faith as a Director, officer, employee or agent of the Corporation if such person (A) exercised or used the same degree of care as an ordinary prudent person in a like position would use under similar circumstances; or (B) took or omitted to take such action in reliance upon information, opinions, reports or statements, including financial statements and other financial data, in each case, prepared or presented by any officer, employee or committee of the Board of Directors of the Corporation, or legal counsel, public accountants or other professional persons engaged by the Corporation, but such person shall not be considered to be acting in good faith if such person has actual knowledge concerning the matter in questions that would cause such reliance to be unwarranted; or (C) has not breached or failed to perform the duties of their position or office in compliance with the Act, Articles of the Corporation and By-Laws of the Corporation in a manner constituting willful misconduct or recklessness.

Section 9.11. Indemnification. The Corporation shall indemnify any Director or officer or former Director of officer of the Corporation, or any person who may have served at its request as a director or officer of another corporation, against expenses (including attorney's fees), judgment, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the defense of any action, suit, or proceeding, whether civil, administrative, or investigative, in which he was, is made, or is threatened to be made a party by reason of being or having been a Director or officer or former Director or officer of the Corporation, or serving or having served at its request as a director or officer of another corporation, except in relation to matters as to which the person's acts or omissions are adjudged in the action, suit, or proceeding to be a breach of the person's duty to the Corporation. Such duty to the Corporation shall be to discharge the duties of the office in a manner that does not constitute willful misconduct or recklessness in the exercise of good faith and reasonable belief that the action or actions were in or not opposed to the best interest of the Corporation. The termination of any action, suit, or proceeding by adverse judgment, order, or settlement (whether with or without court approval) shall not, alone, create a presumption that the Director or officer or former Director or officer of the Corporation, or any person who may have served at its request as a director or officer of another corporation, did not properly discharge his duty to the Corporation. If several claims, issues, or matters are involved, a Director of officer of former Director or officer of the Corporation, or any person who may have served at its request as a director or officer of another corporation, may be entitled to indemnification concerning some matters even though indemnification may or can not be given concerning other matters, Any Director or officer serving in any capacity for another corporation, who were it not for the influence or vote of the Corporation would not be so serving, shall be deemed to be serving at the request of the Corporation. In addition:

A. To the extent that an individual has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in this Section 9.11, or in the defense of any claim, issue or matter therein, the individual shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred in connection therewith.

B. Any indemnification, against underlying liability, provided for in this Section 9.11 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of any Director or officer or former Director or officer of the Corporation, or any person who may have served at its request as a director or officer of another corporation, is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 9.10. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding; (2) if such an independent quorum is not obtainable, by majority vote of a committee duly designated by the full Board of Directors (in which designation directors who are parties may participate), consisting solely of two (2) or more directors not at the time parties to the proceeding; (3) by special legal counsel (i) selected by the independent quorum of the Board of Directors (or the independent committee thereof if no such quorum can be obtained), or (ii) if no such independent quorum or committee thereof can be obtained, selected by majority vote of the full Board of Directors (in which selection directors who are parties may participate); or (4) by the Members, who are not directors, who are at the time parties to the proceeding. Notwithstanding the foregoing, any Director or officer or former Director or officer of the Corporation, or any person who may have served at its request as a director or officer of another corporation, shall be able to contest any determination that he or she has not met the applicable standard of conduct, by petitioning a court of appropriate jurisdiction.

C. Expenses incurred in defending any action, suit, or proceeding, whether civil, administrative, or investigative, may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding upon receipt of a written undertaking by or on behalf of any Director or officer or former Director or officer of the Corporation, or any person who may have served at its request as a director or officer of another corporation, to repay the amount paid by the Corporation if it shall ultimately be determined that he or she is not entitled to indemnification as provided in the Articles of Incorporation. No advance shall be given if the Corporation has completed the determination of conduct procedure as provided for in Section 9.11(B) and it is determined that the individual will be precluded from indemnification.

D. The indemnification provided by this Section 9.11 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any By-Laws, agreement, vote of members or disinterested Directors, as a matter of law, or otherwise, both as to actions in the officer's or director's official capacity and as to actions in another capacity while holding such office, and shall continue as to a person who has ceased

to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

E. The indemnification and advancement of expenses provided by, or granted pursuant to the Articles of Incorporation shall vest at the time of occurrence or performance of any event, act or omission giving rise to any action, suit or proceeding of the nature referred to in these Articles and, once vested, shall not later be impaired as a result of any amendment, repeal, alteration or other modification of any or all of these provisions.

Section 9.12. Conflicting Provisions. Any further provisions consistent with the Articles of Incorporation and the laws of this state, for the regulation and conduct of the affairs of the Corporation, and creating, defining, limiting or regulating the powers of this Corporation, of the Directors or of the members, may from time to time prescribed by the By-Laws of the Corporation. If there is any conflict between these Articles and the Declaration, the Declaration shall control. If there is a conflict between the By-Laws and the Declaration, the Declaration shall control. If there is any conflict between these Articles and the By-Laws, these Articles shall control.

ARTICLE X
Distribution of Assets on Dissolution or Final Liquidation

Section 10.01. The Corporation may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution or liquidation of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, Corporation, trust or other organization to be devoted to such similar purposes.

ARTICLE XI
Definitions

Section 11.01. Terms. The following terms, as used in these Articles, and in the By-Laws, unless the context clearly requires otherwise, shall mean the following:

A. "Act" means The Indiana General Nonprofit Corporation Act of 1991, as amended from time to time.

B. "Applicable Date" means the date the Class B membership terminates as specified in Section 5.03(B) of these Articles.

C. "Articles" means the Articles of Incorporation of the Corporation, as amended from time to time.

D. "Assessment" means all sums lawfully assessed against the Members by the Corporation or as declared by the Declaration, any Supplementary Declaration, the Articles or the By-Laws.

E. "Board of Directors" means the governing body of the Corporation.

F. "By-Laws" means the Code of By-Laws of the Corporation, as amended from time to time.

G. "Corporation" means Paramount Springs Homeowners Association, Inc., an Indiana non-profit corporation.

H. "Declaration" means the Declaration of Covenants, Conditions and Restrictions of Paramount Springs which was recorded in the office of the Recorder of Madison County, Indiana, on October 19, 2004, as Instrument Number 200425480.

I. "Development Area" means the "Property" as that term is defined in the Declaration.

J. "Declarant" means Arbor Investments, LLC, an Indiana limited liability company, its successors and assigns to its interest in the Property other than Owners purchasing Lots or Residences by deed from Declarant (unless the conveyance indicates an intent that the grantee assume the rights and obligations of Declarant).

K. "Initial Board" means those individuals appointed by Declarant as Directors pursuant to the power granted to Declarant in Section 9.04 of these Articles.

L. "Lot" means a platted lot as shown on a Plat.

M. "Member" means a Class A or Class B member of the Corporation and "Members" means Class A and Class B members of the Corporation.

N. "Operating Expenses" means expenses of administration of the Corporation and expenses for the upkeep, maintenance, repair and replacement of the Community Area and other Property.

O. "Owner" means a Person, including Declarant, who at the time has or is acquiring any interest in a Lot except a Person who has or is acquiring such an interest merely as security for the performance of an obligation.

P. "Person" means an individual, firm, corporation, partnership, association, joint venture, trust or other legal entity, or any combination thereof.

Q. "Plat" means a plat of a part or all of the Property recorded in the Office of the Recorder of Hamilton County, Indiana.

R. "Residence" means any structure intended exclusively for occupancy by a single family together with all appurtenances thereto, including private garage and outbuildings and recreational facilities usual and incidental to the use of a single family residential lot.

S. "Supplemental Declaration" means any supplemental declaration of covenants, conditions of restrictions that may be recorded after the Declaration.

Section 11.02. Other Terms. Any capitalized word used herein or in the By-Laws and not otherwise defined above in Section 11.01 shall, unless the context required otherwise, have the meaning set forth in Article II of the Declaration.

The undersigned, being the sole Incorporator designated in Article 7, does hereby adopt these Articles of Incorporation, representing by his execution hereof to the Secretary of State of the State of Indiana and all persons whom it may concern that a membership list of the Corporation for which a Certificate of Incorporation is hereby applied for has heretofore been opened in accordance with the Act and that at least one (1) person has signed such membership list.

IN WITNESS WHEREOF, the undersigned executes these Articles of Incorporation and verifies, subject to penalties of perjury, that the facts contained herein are true, to the best of his knowledge, information and belief, this 15 day of November, 2004.

Curtis A. Rector, Incorporator

Prepared by: Stephen A. Backer, Backer & Backer, P.C., 8710 North Meridian Street, Indianapolis, IN 46260.

BY-LAWS OF
PARAMOUNT SPRINGS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
General

Section 1. The name of the corporation is Paramount Springs Homeowners Association, Inc. (hereinafter referred to as the "Association").

Section 2. The principal office of the Association shall be located at 6666 E. 75th Street, Suite 400, Indianapolis, Indiana 46250, until and unless changed in accordance with law by the Board of Directors.

Section 3. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE II
Definitions

Section 1. "Declarant" shall mean Arbor Investments, LLC, an Indiana limited liability company and any successors and assigns of it whom it designates in one or more written recorded instruments to have the rights of Developer under the Declaration, including, without limitation, any mortgagee acquiring title to any portion of the Property (as such term is defined in the Declaration) pursuant to the exercise of rights under, or foreclosure of, a mortgage executed by Developer.

Section 2. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of Paramount Springs which was recorded in the Office of the Recorder of Madison County, Indiana on October 19, 2004 as Instrument No. 200425480.

Section 3. "Association" shall mean and refer to this corporation, which is also referred to as the "Association" in the Declaration and the "Corporation" in the Articles of Incorporation of this the Association.

Section 4. "Applicable Date" shall mean and refer to the date the Class B membership terminates as specified in Section 5.03B of the Articles of Incorporation of this Association.

Section 5. All of the terms as defined and used in the Declaration shall have the same meanings in these By-Laws and reference is specifically made to Article II of the Declaration containing definitions of terms.

ARTICLE III
Membership and Voting Rights

Section 1. Membership, Transfer, Voting Rights. Reference is hereby made to Article II of the Declaration and Article V of the Articles of Incorporation which sets forth terms, provisions and conditions governing and relating to membership in the Association, transfer of membership and voting rights of classes of Members, all of which terms, provisions and conditions are incorporated herein by reference.

Section 2. Quorum. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast thirty percent (30%) of the total number of votes entitled to be cast (Class A and Class B votes combined) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 3. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting of the Members of the Association. Cumulative voting shall not be permitted.

Section 4. Majority Required. A majority of the votes of Members present (in person or by proxy) at a meeting at which a quorum is present shall be sufficient for the transaction of all business of the Association except on matters where a greater vote is required by the Declaration, the Articles of Incorporation, the By-Laws or by statute.

Section 5. Meetings. Meetings of the Members of the Association shall be in accordance with the following provisions:

A. Place. Meetings of the Members shall be held at such place in Madison County, Indiana, as may be designated by the Board of Directors of the Association.

B. Annual Meetings. The first annual meeting of the Members shall be held within six (6) months after the close of the first fiscal year of the Association, the exact date to be decided by the Board of Directors. At such first annual meeting of the Members, the Members may designate a regular day or date for successive annual meetings, which date shall be not more than six (6) months after the close of each fiscal year of the Association. If the Members fail to designate such a regular day or date, the Board of Directors may continue to designate the day or date of the next annual meeting until such a designation is made by the

Members. If any designated day or date falls upon a legal holiday, the actual date of the meeting shall be the next business day succeeding such designated day or date.

C. Special Meetings. Special meetings of the Members shall be called by the President of the Association, by resolution of the Board of Directors of the Association or upon a written petition signed by Members of the Association who are entitled to vote sixty percent (60%) of all votes of the membership. Notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

D. Notice of Meetings. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast thirty percent (30%) of all the votes of each class (Class A and Class B votes combined) of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

E. Order of Business. The order of business at all meetings of the members shall, to the extent applicable, be as follows:

1. Roll call.
2. Proof of notice of meeting or waiver of notice.
3. Reading of minutes of preceding meeting.
4. Reports of officers.
5. Reports of committees.
6. Election of director.
7. Unfinished business.
8. New business.

F. Voting by Co-Owners and Entities. The vote appurtenant to any Lot in which more than one person owns an interest may be exercised by any of such persons present at any meeting, unless the Association is advised (by objection or protest at the meeting or written notice prior thereto) by any other person owning an interest in such Lot that the Owners of the Lot are unable to agree upon the manner in which the vote appurtenant to such Lot shall be cast at such meeting or on any particular question to come before such meeting. In such event, the vote appurtenant to the Lot shall not be counted at the meeting or on the particular question noted, as the case may be. In the event any Lot is owned by a corporation, then the vote appurtenant to such Lot shall be cast by a person designated in a certified resolution signed by the president or any vice president of such corporation and

attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Association prior to the meeting. The vote appurtenant to any Lot owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and unless any objection or protest by any other such trustee or partner is noted at such meeting or in writing prior thereto, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes.

G. Suspension of Voting Rights. No Class A Member shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due to the Association shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors.

ARTICLE IV
Nomination and Election of Directors

Section 1. Nomination. The Initial Board of Directors, named in Section 6.02 of the Articles of Incorporation of this Association, shall serve as the Board of Directors of the Corporation until the Applicable Date and, in the event of any vacancy or vacancies occurring in the Initial Board for any reason or cause whatsoever prior to the Applicable Date, every such vacancy shall be filled by an individual appointed by Declarant. Any such individual appointed by Declarant shall thereafter be deemed a member of the Initial Board. After the Applicable Date, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the members of the Association. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors at each annual meeting of the Members and shall serve until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made only from among Members of the Association, or persons deemed to be Members eligible to serve as directors thereof or otherwise eligible to serve on the Board of Directors in accordance with the Declaration and the Articles of Incorporation of the Association.

Section 2. Election. After the Applicable Date, election to the Board of Directors shall be by secret written ballot at the annual meeting of the Members of the Association. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V
Board of Directors

Section 1. Number and Qualification. Until the Applicable Date, the affairs of the Association shall be governed by the Initial Board of Directors and shall consist of not fewer than three (3) members nor more than five (5) members. After the Applicable Date, the affairs of the Association shall be governed by a Board of Directors composed of five (5) persons.

Section 2. Additional Qualifications. Where an Owner consists of more than one person, or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner or partner, officer or trustee, as the case may be, of the partnership, corporation, trust or other entity, Owner shall be eligible to serve on the Board of Directors of the Association, except that no Lot may be represented on the Board of Directors by more than one person at a time.

Section 3. Initial Board of Directors. The Initial Board of Directors named in the Articles of Incorporation (the "Initial Board") shall maintain, manage and administer the affairs and the property of the Association until the Applicable Date.

Section 4. Term of Office Generally. At such first annual meeting of the Members of the Association, the Members required by the Declaration, other provisions of these By-Laws, the Articles of Incorporation, or statute.

Section 5. Duties. The Board of Directors shall have the following duties:

A. To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by members holding twenty-five percent (25%) of the total votes of the membership entitled to vote;

B. To supervise all officers, agents and employees of the Association;

C. To establish the annual assessment period and fix the amount of the annual assessment against each member for each Lot owned, all in accordance with the terms of the Declaration and these By-Laws;

D. To fix the amount of any special assessment against each member for each Lot owned, all in accordance with the terms of the Declaration and these By-Laws;

E. To send written notice of each assessment to each Owner in accordance with the Declaration;

F. To foreclose the Association's lien for assessments against any property for which assessments are not paid within thirty (30) days after the due date thereof or to bring an action at law against the Owner or other person personally obligated to pay the same;

G. To issue, or to cause an appropriate officer to issue, upon demand by any person or entity, a certificate setting forth whether or not any assessment has been paid;

H. To procure and maintain the insurance coverages required by the Declaration and such other insurance coverages as the Board of Directors, in its sole discretion, deems necessary or advisable;

I. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, and at least as required by the Declaration; and,

J. To cause all of the Common Areas and all easements hereunder, but not limited to Lake Easements, Landscape Easements, Drainage Easements, and Utility Easements to be maintained to the extent of the Association's responsibilities therefore as provided in the Declaration.

Section 6. Vacancies. Until the Applicable Date any vacancy in the Board of Directors shall be filled by the Declarant. Thereafter, any vacancy in the Board of Directors shall be filled by vote of the majority of remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a director for the unexpired term of his predecessor, or until his successor is elected.

Section 7. Compensation. No Director shall receive compensation for any service he may render to the Association as such director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties, and any Director may be paid and compensated for services to the Association in a capacity other than as a director.

Section 8. Removal of Directors. After the Applicable Date, any Director may be removed with or without cause by a majority vote of the members of the Association. Prior to the Applicable Date, any Director may be removed, with or without cause by the Declarant.

Section 9. Regular Meetings . Regular meetings of the Board of Directors shall be held at such regular intervals, without notice, at such place and hour as may be determined from time to time by resolution of the Board of Directors. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the

Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two-thirds (2/3) of the directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent of the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which quorum is present shall be the acts of the Board of Directors except as otherwise provided in or required by the Declaration, Articles of Incorporation, these By-Laws or statute. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI
Officers and their Duties

Section 1. Enumeration of Offices. The officers of the Association shall be a President and a Secretary, both of whom shall be members of the Board of Directors, and such other officers, such as a Vice-President or a Secretary, as the Board of Directors may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members of the Association.

Section 3. Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year or until his successor is elected and qualified unless he shall sooner resign, be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or Secretary. Such resignation shall take effect on the date of receipt of such notice or at any time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

A. President. The President shall preside at all meetings of the Board of Directors. He shall see that orders and resolutions of the Board are carried out. He shall have the power to appoint committees from among the members of the Association from time to time as he may in his discretion deem appropriate to assist in conducting the affairs of the Association. The President shall have and discharge all the general powers and duties usually vested in the office of the president or chief executive officer of an association or a stock corporation organized under the laws of the State of Indiana.

B. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board of Directors or as are delegated to him by the President.

C. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members; keep the corporate seal of the Association (if any is adopted) and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the members; keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as required by the Board of Directors.

D. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE VII
Committees

The Board of Directors shall appoint the committees provided for in the Declaration and the Nominating Committee referred to in Article IV of these By-Laws. In addition, the Board of Directors or the President may appoint various other committees to carry out the purposes of the Association. Except as otherwise expressly provided in Article IV of these By-Laws with respect to the Nominating Committee, members of such committees may, but need not, be members of the Board of Directors.

ARTICLE VIII
Books of Account and Fiscal Year

Section 1. Books of Account. The Association shall keep detailed books of account showing all expenditures and receipt of administration which shall specify the maintenance and repair expenses of the Common Areas and all easements including, but not limited to the Lake Easement, Landscape Easement, Drainage Easement and Utility Easement Areas and any other expenses incurred by or on behalf of the Association and the members. Such accounts, books, records, financial statements, and other papers of the Association shall be open for inspection by the members and other persons having an interest in any Lot, including any Owner, any lender and any holds, insurer or guarantor of the first mortgage on any Lot, during reasonable business hours or under other reasonable circumstances and shall be audited annually by qualified auditors. The cost of such audits shall be a Common Expense. Any holder, insurer or guarantor of a first mortgage on a Lot shall be entitled upon written request to receive an audited financial statement for the immediately preceding fiscal year free of charge to the requesting party and within a reasonable time of such request. Current copies of the Declaration, the Articles of Incorporation, and the By-Laws of the Association, and other rules concerning the Property, shall be available for inspection by any Owner and lender, and to holders, insurers or guarantors of any first mortgage at the principal office of the Association during normal business hours or under other reasonable circumstances, where copies of the same and of audits may be purchased at reasonable costs.

Section 2. Fiscal Year. The fiscal year of the Association shall commence January 1, and end the following December 31 each year; provided, however, that the fiscal year for purposes of assessments may be different than the general fiscal year of the Association.

ARTICLE IX
Contracts, Loans & Checks

Section 1. Authorization. The Board of Directors may authorize any officer or officers or agent or agents of the Association to enter into any contract or execute any instrument on its behalf. Such authorization may be general or confined to specific instances. Except as provided in these By-

Laws, no officer, agent or employee shall have any power to bind the Association or to render it liable for any purpose or amount unless so authorized by the Board of Directors.

Section 2. Checks. All checks, drafts, or other orders for payment of money by the Association shall be signed by the President, Secretary, Treasurer or such other person as the Board of Directors may from time to time designate by resolution.

ARTICLE X
Miscellaneous

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members of the Association, by a vote of a majority of a quorum of members present in person or by proxy. In addition, the Board of Directors of the Association shall have the right and power, without the consent of the Members, to make, alter, amend or repeal these By-Laws.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

PARAMOUNT SPRINGS HOA

DELINQUENCY PROCEDURES POLICY

The 1st	**Semi Annual HOA Assessment fee due and payable.**
30 days	**"REMINDER NOTICE"** is sent to homeowner requiring full payment. A $25.00 late fee is added to the account at this time.
60 days	**"OVERDUE NOTICE"** is sent to homeowner requiring full payment. A second $25.00 late fee is added to the account at this time.
70 days	**"FINAL NOTICE"** is sent to homeowner requesting payment in full within 15 days. If payment is not received within the allotted 15 days, the account is turned over to the Association Attorney for immediate legal action and filing suit, and a $50.00 management company collection cost administrative fee* will be added to the homeowner's account. A third $25.00 late fee is added to the account at this time.
80 days	**ATTORNEY ACTION;** Delinquent account turned over to the Association's attorney to begin pursuing collection at the owner's expense **(see note below).**

HOMEOWNERS WILL BE RESPONSIBLE FOR ALL COSTS AND FEES RELATED TO THE COLLECTION OF THE ASSOCIATION'S FEES, DEBTS AND CHARGES!

NOTE: **Legal action may result in the Association filing suit to seek a judgment, attachment of assets, garnishment of wages, a lien upon the property and foreclosure. If the Association has to send a homeowner's account to the Attorney for collection; all of the Association fees remaining for the fiscal year will be accelerated (as applicable), as provided for in your documents. The owner will be responsible to pay all HOA fees, late fees, court costs, attorney fees and the management company collection cost administrative fee*.**

***This fee is for the management company's additional time and expense related to dealing with the delinquent account and the Association's attorney.**

PARAMOUNT SPRINGS HOMEOWNERS ASSOCIATION, INC.
Board of Directors
Action by Unanimous Written Consent

The undersigned, being Secretary of the Directors of PARAMOUNT SPRINGS Homeowners Association, Inc. ("Association"), hereby take the following corporate action by unanimous written consent, in lieu of a special meeting for such purposes:

RESOLVED THAT, the Association hereby adopts and /or affirms the Delinquency Policy Resolution, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

Dated: October 17, 2006.

Board of Directors Signature