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Article I

Definitions

Section 1. "Annexation Deed" shall mean a deed recorded pursuant to Article VIII of this Deed to submit additional Development Area or other real property to the jurisdiction of the Association.

Section 2. "Annexed Area" shall mean any real property subjected to the jurisdiction of the Association as provided in Article VIII of this Deed.

Section 3. "Assessments" shall mean Assessments for common expenses to be used for the purposes of maintaining the Community Area and the areas within the boundaries of any Lot that may be required to be maintained by the Association pursuant to an easement or otherwise, and of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and the occupants of the Lots and Residential Units against which the specific Assessment is levied, all as may be specifically authorized from time to time by the Board of Trustees and as more particularly authorized herein.

Section 4. "Association" shall mean and refer to Brookstone Community Association, Inc., an Ohio nonprofit corporation, its successors and assigns. The "Board of Trustees" or "Board" shall have the normal meaning assigned to such an elected body under Ohio nonprofit corporation law.

Section 5. "Code of Regulations" shall refer to the Code of Regulations of Brookstone Community Association, Inc.

Section 6. "Committee" shall mean the Brookstone Design Committee established in Article XI of this Deed.

Section 7. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association for general purposes, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Deed, the Code of Regulations, and the Articles of Incorporation of the Association.

Section 8. "Community Area" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners, including but not limited to all appurtenant rights and easements.

Section 9. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in Brookstone. Such standard may be more specifically determined by the Board of Trustees of the Association.

Section 10. "Developer" shall mean Raven Development Company, and its successors and assigns.

Section 11. "Development Area" shall mean the real property described on Exhibit B attached to this Deed, whether or not annexed as provided in Article VIII of this Deed.

Section 12. "Lot" shall mean a portion of the Property and any improvements constructed thereon, other than the Community Area, intended for any type of independent ownership and use as may be set out in this Deed and as shown on the plat of survey filed with the Franklin County Recorder.

Section 13. "Member" shall mean a person or entity entitled to membership in the Association, as provided in Article III of this Deed.

Section 14. "Neighborhood" shall mean the Property or any Annexed Area designated as such in any Annexation Deed, as provided in Article VIII, Section 6 of this Deed.

Section 15. "Neighborhood Assessments" shall mean amounts levied only against lots in a particular Neighborhood for payment of that Neighborhood's expenses.

Section 16. "Neighborhood Expenses" shall mean expenses attributable to or incurred on behalf of lots in only one Neighborhood and assessed separately from and in addition to Common Expenses.

Section 17. "Owner" shall mean and refer to the record owner, or vendee under a recorded land installment contract, whether one or more persons or entities, of any Lot that is part of the Property, but excluding any party, such as a land contract vendor, who holds the fee simple title merely as security for the performance of an obligation. The term Owner shall include the Developer.

Section 18. "Person" means a natural person, a trustee, a corporation, a partnership, or other legal entity.

Section 19. "Property" shall mean and refer to the real property described in Exhibit "A" attached to this Deed.

Section 20. "Residential Unit" shall mean the portion of the Property intended for any type of independent use and occupancy as a residence by a single family and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) condominium units, apartment units, patio or zero lot line homes, and single family houses with attached or detached private garages constructed on separately platted lots, as may be developed, used, and defined as herein provided. For purposes of this Deed, a "family" shall consist of no more than three (3) persons unless all members are related by blood, marriage, or adoption. For purposes of this Deed, a Residential Unit shall come into existence when substantially complete, as determined by the issuance of a certificate of occupancy by the appropriate government agency.

Section 21. "Restrictions" shall mean these covenants, restrictions, conditions, easements, and Assessments, together with all of the provisions contained herein as they now appear or as they may hereafter be amended.

Article II

Property Rights

Section 1. Owner's Easement of Enjoyment. Every Owner shall have, and Grantor does hereby grant to each Owner, a right and easement of ingress and egress, use, and enjoyment in and to the Community Area, which easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to suspend an Owner's voting rights and right to use any of the facilities for any period during which any assessment against that Owner's Lot remains unpaid, and for any infraction by an Owner of the Association's rules and regulations, for the duration of the infraction and for an additional period thereafter not to exceed thirty (30) days;

(b) the right of the Association to borrow money for the purpose of improving the Community Area or any portion thereof, for the purpose of acquiring additional Community Area, or for constructing, repairing, or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage conveying all or any portion of the Community Area. As long as Developer owns any of the Development Area, Developer shall have the right to determine that the Association shall borrow funds and mortgage the Community Area as provided in this section, without any requirement that other Members approve Developer's decision. In addition, the Association may exercise these rights provided such borrowing and mortgage have been approved by at least two-thirds (2/3) of the votes that those Members of the Association who are present or represented by proxy are entitled to cast at a meeting duly called for such purpose, and by Developer, as long as Developer owns any of the Development Area. The lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any and all rights, interest, options, easements, and privileges reserved or established in this Deed for the benefit of the Developer or any Owner, or the holder of any mortgage, irrespective of when executed, given by the Developer or any Owner encumbering any Lot or other property located within the Development Area;

(c) the right of the Association to dedicate or transfer all or any portion of the Community Area to any public

agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least two-thirds (2/3) of the votes that those Members of the Association who are present or represented by proxy are entitled to cast at a meeting duly called for such purpose, and by Developer, as long as Developer owns any of the Development Area; and

(d) the right of the Association to charge reasonable admission and other fees for use of the Community Area facilities as provided in Article X, Section 1 of this Deed, and to impose reasonable limits on the number of guests who may use Community Area facilities.

Section 2. Delegation of Use. In accordance with the Code of Regulations and subject to any reasonable rules, regulations, and limitations that may be adopted in accordance therewith, any Owner may delegate his or her right of enjoyment of the Community Area and facilities to the members of his or her family, tenants, and social invitees. Owners shall be deemed to have delegated all such rights to the occupants of any leased Residential Unit.

Section 3. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment between adjacent Lots and between each Lot and any portion or portions of the Community Area that may be adjacent thereto, to accommodate the placement, settling, shifting, use, or maintenance of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these Restrictions) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Lot and the contiguous portion of the adjacent Community Area or Lot, as the case may be, along a line perpendicular to such boundary at that point; provided, however, that in no event shall an easement for encroachment exist if an encroachment occurred due to willful and unnecessary conduct on the part of an Owner (other than the Developer), tenant, or the Association.

Section 4. Reserved Easements and Rights of the Developer. The Developer hereby reserves on behalf of itself and its successors and assigns, the following easements and rights, which shall apply and be available until the last Residential Unit is completed and the last Lot in the Development Area is sold and conveyed to a bona fide purchaser for value:

(a) the right and easement to maintain reasonable and tasteful signs on the Property indicating lots for sale, identifying models and sales offices and providing other information that the Developer may deem necessary or desirable in connection with the sale or other disposition of the Lots;

(b) the right and easement to use one or more Lots or other portions of the Property for promotional purposes, including

without limitation the display of model residences, the maintenance of a sales office or offices, and other uses incidental to the sale or other disposition of the Lots;

(c) the right and easement to pass over the Community Area for purposes of access to and ingress and egress to and from such models and sales offices, unsold Lots, and other parts of the Property;

(d) the right and easement to use, on a non-exclusive basis, the recreational facilities and other amenities that are part of the Property for reasonable display, demonstration, and promotional purposes;

(e) the right and easement to enter upon the Community Area in order to install, maintain, repair, replace, and use pipes, wires, conduits, and other lines for the purpose of providing water, sanitary sewer, storm sewer, electrical, natural gas, telephone, cable television, and other utility or quasi-utility services to part or all of the Property, including the right to tap into or connect with existing pipes, wires, conduits, or lines without the payment of any tap-in or connection fee therefor; and

(f) the right to enter upon the Community Area to the extent necessary to construct residential and other improvements on any part of the Development Area.

This reservation of rights and easements is subject to the understanding that (1) any use of the foregoing rights and easements shall not unreasonably interfere with the use and enjoyment of the Community Area by occupants, and (2) if any damage or destruction occurs to the Community Area as a result of such use, the Community Area shall be restored promptly to the condition that existed immediately prior to such use at the sole expense of the persons making the use. The Restrictions within this Section may not be amended without Developer's written consent, so long as Developer owns any Development Area.

Article III

Membership and Voting Rights

Each Owner of an entire or undivided fraction of a fee simple interest in any Lot that is subject to this Deed, including Owners of Lots annexed pursuant to Article VIII, and including Developer as to each Lot owned by Developer, shall be a member of the Association. In addition, as long as Developer owns any of the Development Area, Developer shall be a Member of the Association and shall be entitled to exercise 15 votes in addition to the

votes attributable to Lots owned by Developer. Membership shall be appurtenant to and may not be separated from such ownership. The membership of each Owner shall terminate when he or she ceases to own his or her undivided fee simple interest(s) in a Lot, and upon the sale, transfer, or other disposition of each undivided fee simple interest, the membership in the Association automatically shall be transferred to the new Owner(s) of the interest. Members shall be entitled on all issues to one vote for each Lot in which they hold the interest required for membership hereunder; unless the context requires otherwise, a "majority of the Members," as used in this Deed or in the Code of Regulations, shall mean a majority of the votes attributable to Lots subject to this Deed or any Annexation Deed, even if one or more Members exercise multiple votes as Owners of more than one Lot. There shall be only one vote per Lot. Each vote attributable to Developer's continued ownership of Development Area shall be equal in value to a vote attributable to ownership of a Lot, but shall not be included in any determination of whether a quorum is present at any meeting or in any determination of the minimum number of votes that will be necessary for any vote by the membership to be effective. When more than one person or entity holds an interest in any Lot, the vote for that Lot shall be exercised as those persons or entities themselves determine and advise the secretary of the Association prior to a meeting. In the absence of such advice, the Lot's vote shall be suspended if two or more people attempt to exercise it inconsistently.

Article IV

Maintenance

Section 1. Association's Responsibility. The Association shall maintain the Community Area and keep it in good repair, such maintenance to be funded as hereinafter provided. This maintenance shall include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, improvements, equipment, fixtures, furnishings, and other property of the Association. Costs of Community Area maintenance shall be a Common Expense.

The Association may assume responsibility for or coordination of any or all activities that otherwise would be the Owners' responsibility. The approval of Developer, so long as Developer owns any Development Area, and of two-thirds of the Members shall be required for the assumption of any or all maintenance responsibilities of all Owners. The assumption of any or all maintenance responsibilities of an individual Owner shall be requested in writing by that Owner and shall require approval by the Board of Trustees or its designee, subject to the rules, regulations, and Assessments imposed by the Board of Trustees.

Section 2. Owners' Responsibilities. All maintenance of the Lots and all structures, driveways, parking areas, and other improvements thereon

shall be the sole responsibility of the Owner thereof, who shall maintain said improvements in a manner consistent with the Community-Wide Standard of Brookstone and the Restrictions. Responsibilities shall include (but not be limited to) lawn care, landscape maintenance, exterior painting, roof replacement, snow removal, and general cleaning and upkeep of the Residential Unit and Lot. As described in Section 1 of this Article, any or all of these responsibilities may be assumed or coordinated by the Association.

If any Owner fails or refuses to maintain all improvements on his or her Lot in good condition and repair and such maintenance is not part of the maintenance responsibilities assumed by the Association pursuant to the preceding Section, the Association may serve the Owner with a written demand that he or she promptly perform all necessary or desirable maintenance, repair, and replacement. If the Owner fails to complete such work within ten (10) days thereafter, and if the condition of the improvements requiring the maintenance, repair, or replacement creates a danger to public health or safety or significantly diminishes the value of other parts of the Property, the Association may perform any necessary or desirable maintenance, repairs, or replacements on behalf of the Owner and may levy a special lot assessment against him or her to obtain reimbursement for the cost thereof.

Section 3. **Party Walls.** Each wall that serves and separates any two (2) adjoining Residential Units shall constitute a party wall, and to the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligent or willful acts or omissions shall apply thereto.

The cost of reasonable repair and maintenance of the party walls shall be shared by the Owners who use the walls, in equal proportions. The construction materials (such as soundboard, fiberglass batt insulation, fire rated drywall, drywall mounting clips, and/or masonry) and techniques shall not affect the structural bearing, fire resistance, or sound transmission characteristics of the Residential Units of which the walls are a part.

If a party wall is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance or costs of repair are not paid out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owner or Owners thereafter use the wall, they shall contribute to the cost of restoration in equal proportions, without prejudice, however, to the right of any Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions. The right of any Owner to contribution from any other Owner under this section shall be appurtenant to the Lot and shall pass to that Owner's successors-in-title.

Notwithstanding any other provision of this section, to the extent that damage to a party wall is not covered and paid for by the insurance provided for in this Deed, an Owner who by negligent or willful act or omission causes any party wall to be exposed to the elements shall bear the

whole cost of furnishing the necessary protection against such elements. The right of any Owner to contribution from any other Owner under this section shall be appurtenant to the Lot and shall pass to that Owner's successors-in-title.

Section 4. Contiguous Property. The cost of repair and maintenance of contiguous property (other than party walls) that straddles the property line and is not easily repaired or maintained separately by the Owners of the Lots on which it is located (the "Contiguous Property") shall be shared by the Owners who use the contiguous property in proportion to each Owner's benefit. Contiguous property shall include, but not be limited to: (i) a roof that lies on the same plane or elevation and crosses the property line; (ii) fence posts that straddle the property line with fencing material on both sides of the posts; (iii) garden walls; and (iv) plant material on the property line.

If contiguous property is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance or repair is not paid for out of the proceeds of insurance, any Owner who has used the Contiguous Property may restore it, and if the other Owner or Owners thereafter use the Contiguous Property, they shall contribute to the cost of restoration in equal proportions, without prejudice, however, to the right of any Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions. The right of any Owner to contribution from any other Owner under this section shall be appurtenant to the Lot and shall pass to that Owner's successors-in-title.

Section 5. Adjacent Property. Improvements and landscaping that are intended to be adjacent to a Residential Unit but wholly within the property boundary of the Lot on which the Residential Unit is located (the "Adjacent Property") shall be repaired and maintained solely by that Owner. "Adjacent Property" shall include, but not be limited to: (i) trees, shrubbery, and other flora originally planted within the Lot; provided, however, that the cost to repair damage to the Lot or Community Area on the opposite side of the boundary due to the growth of a root system, trunk, or branches also shall be borne by the Owner of the Adjacent Property; and (ii) fences with posts that straddle or are adjacent to the Lot line with fencing material on only one side of the posts. Improvements shall be deemed Adjacent Property unless the Owners of the contiguous Lots joined in an express request that the Committee established in Article XI of this Deed approve construction of the item as Contiguous Property, and the Committee granted the request.

Section 6. Disputes. Any disputes between Owners that may arise out of the repair and maintenance of Lots or Residential Units shall be submitted to the Board of Trustees or its designee. After full disclosure of the pertinent facts, the Board of Trustees or its designee shall render a decision enforceable with the full authority vested in the Board, including but not limited to the right to expend Association funds for maintenance or repair of an individual Lot or Residential Unit and to impose Assessments and obtain a lien for amounts owed by the Owner of the Lot.

Article V

Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Trustees, or the Board's duly authorized agent, shall have the authority to and shall obtain insurance for all insurable improvements on the Community Area against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief, or against all risks, if such insurance is reasonably available. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

The Board also shall obtain a public liability policy covering the Community Area, the Association, the Board of Trustees, and its members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a Five Hundred Thousand Dollar (\$500,000.00) single person limit for bodily injury and property damage, a One Million Dollar (\$1,000,000.00) limit per occurrence, and a Two Hundred Fifty Thousand Dollar (\$250,000.00) minimum property damage limit.

Cost of insurance coverage obtained by the Association shall be a Common Expense to be included in the Assessments, as provided in Article X, Section 1. All insurance coverage obtained by the Board of Trustees shall be written in the name of the Association as Trustee for the benefitted parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in Ohio and holding a rating of VI or better in the Financial Category as established by Bests Key Rating Guide, if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Community Area shall be for the benefit of the Owners and their mortgagees, as their interests may appear.

(c) Exclusive authority to adjust losses under policies in force on Property insured by the Association shall be vested in the Association's Board of Trustees; provided, however, that no mortgagee that has an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

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(d) All property insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Franklin County area.

(e) The Association's Board of Trustees shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

- (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Trustees, its Manager, the Owners, and their respective tenants, servants, agents, and invitees;
- (ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;
- (iii) that no policy may be cancelled, invalidated, or suspended on account of any one or more individual Owners;
- (iv) that no policy may be cancelled, invalidated, or suspended on account of the conduct of any Trustee, officer, or employee of the Association or its duly authorized manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or mortgagee;
- (v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
- (vi) that no policy may be cancelled or substantially modified without at least thirty (30) days' prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, a fidelity bond or bonds on Trustees, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the Trustees' best business judgment, but may not be less than three (3) months' assessment, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days prior written notice to the Association.

Each Owner may obtain additional insurance at his or her own expense; provided, however, that no Owner shall be entitled to exercise his or her right to maintain insurance coverage in such a way as to decrease the amount that the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy that the Association's Board of Trustees may have in force at any particular time.

Section 2. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for that purpose, shall be disbursed in payment for such repairs or reconstruction as provided in Section 3(b) of this Article. Any proceeds remaining after defraying such costs of repair or reconstruction or, if no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a Lot and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 3 of this Article, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner provided for excess proceeds in Section 2(a) this Article.

Section 3. Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the property covered by insurance written in the name of the Association, the Board of Trustees or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and shall obtain reliable and detailed estimates of the damaged or destroyed property. Repair or reconstruction, as used in this Article, means repairing or restoring the property to substantially the condition in which it existed prior to the fire or other casualty.

(b) Any damage to or destruction of the Community Area shall be repaired or reconstructed unless Developer, as long as Developer owns any Development Area, and at least seventy-five (75%) percent of the total vote of the Association decides within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not

made available to the Association within said period, then the period shall be extended until fifteen days after such information shall be made available; provided, however, that the total extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Community Area damage or destruction shall be repaired or reconstructed.

(c) If the Association determines that the damage or destruction of the Community Area shall not be repaired or reconstructed and does not authorize alternative improvements, then the property shall be restored to its natural, unimproved state and shall be maintained by the Association in a neat and attractive condition as an undeveloped portion of the Community Area.

Section 4. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Trustees shall, without the necessity of a vote of the members, levy a special assessment against all Owners in proportion to the number of Lots owned by such Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. In any fiscal year, the Board may not, without the vote or written assent of a majority of the voting power of the Association residing in members other than the Developer, levy such special Assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 5. Individual Insurance. By taking title to a Lot subject to the terms of this Deed, each Owner covenants and agrees with the Developer and with all other Owners and the Association that he or she will carry all-risk property insurance on the Lot and improvements constructed thereon. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction, the Owner shall proceed promptly to repair or to reconstruct the damaged improvements in a manner consistent with the original construction. If the improvements are totally destroyed and the Owner determines not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction. The Brookstone Design Committee, in its sole discretion, may impose more stringent requirements regarding the standards for rebuilding or reconstructing improvements and for returning a Lot to its natural state.

Notwithstanding the foregoing, if the Board determines that it is in the best interests of Brookstone as a community, or if an Annexation Deed so requires for any Annexed Area, the Association may, but shall not under any circumstances be obligated to, obtain and continue in effect adequate all-risk property insurance in such form as the Board of Trustees may deem appropriate for the full replacement cost of all structures on the Lots. Costs of such coverage shall be a Common Expense to the Association, if carried on all

Lots. If carried on fewer than all Lots, the cost shall be allocated equally among the Lots to which the policy or policies apply. If such insurance is obtained by the Association, this Article shall apply to policy provisions, loss adjustment, and all other subjects to the same extent that this Article applies to insurance on the Community Area. All such insurance shall be for full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to each Member. If all-risk coverage is not reasonably available, policies obtained by Owners or by the Association shall insure against hazards and extended coverage.

Article VI

No Partition

Except as is permitted in this Deed, there shall be no physical partition of the Community Area or any part thereof, nor shall any person who acquires any interest in the Property or any part thereof seek any such judicial partition until the happening of the conditions set forth in Section 3 of Article V, in the case of damage or destruction, or unless the Property has been removed from the provisions of this Deed. This Article shall not be construed to prohibit the Board of Trustees from acquiring and disposing of tangible personal property nor from acquiring title to real property that may or may not be subject to the Restrictions.

Article VII

Condemnation

Whenever all or any part of the Community Area is taken by any authority having the power of condemnation or eminent domain (or conveyed in lieu of and under threat of condemnation, by the Board acting on the written direction of all Owners), each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto, unless otherwise prohibited by law. The award made as compensation for such taking shall be payable to the Association as Trustee for all Owners to be disbursed as follows:

(a) If the taking involves a portion of the Community Area on which improvements have been constructed, then, unless within sixty (60) days after such taking Developer, as long as Developer owns any Development Area, and at least seventy-five (75%) percent of the Members of the Association otherwise determine, the Association shall restore or replace such improvements so taken on the remaining Property included in the Community Area to the extent lands are available therefore, in accordance with plans approved by the Board

of Trustees of the Association. If such improvements are to be repaired or restored, the provisions in Article V of this Deed regarding the disbursement of funds in respect to casualty damage or destruction shall apply.

(b) If the taking does not involve any improvements on the Community Area, or if the Association decides not to repair or restore, or if there are net funds remaining after any restoration or replacement is completed, then the award or net funds shall be disbursed to the Association and used for such purposes as the Board of Trustees of the Association shall determine.

Article VIII

Annexation of Additional Property

Section 1. Annexation of Additional Development Area By Developer. Developer shall have the right, privilege, and option to subject to the authority of the Association, whether in fee simple or leasehold, all or any portion of the Development Area, as the same is described on Exhibit B, attached hereto and incorporated herein by this reference. Developer may exercise this right from time to time and at any time until twenty (20) years after conveyance of the first Lot. Annexation of Development Area during this period shall not require the consent or approval of the Association, except as provided in Section 5 of this Article. Developer may assign to any person the right to annex all or any part of the Development Area, provided the assignee agrees in a written, recorded instrument to develop at least a portion of the Development Area that will be annexed. Any approval rights granted to Developer in this Deed and limited to Developer's ownership of Development Area shall expire upon expiration of the rights created in this section.

Developer's reserved rights to annex additional Development Area shall not be construed so as to create or impose upon Developer any obligation to subject any additional Development Area to the restrictions or to the jurisdiction of the Association, nor any obligation to build housing or other structures of the same type, design, or materials as that constructed on the Property. If some or all of the Development Area is not annexed, Developer's reserved rights shall not impose upon Developer any obligation to impose upon any of the Development Area that is not annexed covenants and restrictions similar to those contained in this Deed, nor shall such rights limit or restrict in any manner the way in which Developer or any subsequent owner may use such Development Area whether or not such uses are consistent with these restrictions.

Section 2. Annexation by the Association. After expiration of Developer's annexation period, as established in Section 1 of this Article, or at any time and from time to time as to real estate not included within the