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GALE A. NEULIEB
CITY CLERK
CITY OF MICHIGAN CITY

MICHIGAN CITY COMMON COUNCIL

ORDINANCE NO. 4771

**ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF MICHIGAN CITY,
INDIANA ESTABLISHING AN ECONOMIC IMPROVEMENT DISTRICT AND
AUTHORIZING AND APPROVING OTHER ACTIONS WITH RESPECT THERETO**

WHEREAS, a petition (the “**Petition**”) for the establishment of an economic improvement district to be known as the “**SOLA Michigan City Economic Improvement District**” (the “**Economic Improvement District**” or “**EID District**”) in the City of Michigan City, Indiana (“**City**”) under Indiana Code 36-7-22 (the “**Act**”), a copy of which is attached hereto as Appendix A, has been filed with the Common Council of the City (this “**Common Council**”) to facilitate additional privately funded debt financing for a multi-story mixed use project including a hotel, a parking structure, residential and retail amenities (collectively, the “**Project**”) to be conducted by YAB Development Partners, LLC or its designee (“**Developer**”) in accordance with that certain Second Amended and Restated Development Agreement between Developer, the City and the Michigan City Redevelopment Commission (“**RDC**”) dated December 10, 2024, as amended (the “**Development Agreement**”);

WHEREAS, the Petition included the following information: (1) the boundaries of a proposed Economic Improvement District, including the boundaries of any zones to be established under Section 5(b) of the Act; (2) the name and address of each parcel and owner of land within the proposed Economic Improvement District and a description of the existing land use and zoning classification of each parcel; (3) a detailed description of the economic improvement projects to be carried out within the proposed Economic Improvement District to support the Project (“**Economic Improvement Projects**”), the estimated cost of the Economic Improvement Projects and the benefits to accrue to the property owners within the Economic Improvement District; (4) a plan for the application of assessment revenue to the cost of the Economic Improvement Projects within the Economic Improvement District; (5) a proposed formula for determining the percentage of the total benefit to be received by each parcel of real property within the Economic Improvement District, in the manner provided by Section 5 of the Act; (6) the number of years in which assessments will be levied; and (7) a proposed list of members for the board of the Economic Improvement District (“**Economic Improvement Board**”);

WHEREAS, the Clerk of the City has cause to be published notice (the “**Notice**”) of a hearing on August 5, 2025 (the “**Hearing**”), on the proposed Economic Improvement District and mailed a copy of the Notice to each owner of real property within the proposed Economic Improvement District;

WHEREAS, at the Hearing, this Common Council heard all owners of real property in the proposed Economic Improvement District (who appeared and requested to be heard) upon the questions of: (1) the sufficiency of the Notice; (2) whether the proposed Economic Improvement Projects are of public utility and benefit; (3) whether the formula to be used for the assessment of special benefits is appropriate; and (4) whether the Economic Improvement District contains all,

or more or less than all, of the property specially benefited by the proposed Economic Improvement Projects;

WHEREAS, at the Hearing, this Common Council received and considered evidence of the benefits from the Economic Improvement Projects accruing to the parcels of real property within the City, and within the Economic Improvement District, based on the following:

- (a) proximity of each parcel to the Economic Improvement Projects;
- (b) accessibility of each parcel to the Economic Improvement Projects;
- (c) true cash value of each parcel;
- (d) true cash value of any improvement on each parcel;
- (e) age of any improvement on each parcel; and
- (f) other similar factors, including without limitation the special benefits accruing to each real property owner receiving financing facilitated by the Economic Improvement Board, including an owner's use of their parcel for commercial purposes as a short-term rental or a hotel and an allocation for any backup assessments required to facilitate the financing of the Project;

WHEREAS, in conjunction with the passage of this Ordinance, the Common Council will consider adoption of (i) an ordinance ("**TIF Bond Ordinance**") authorizing the issuance of economic development revenue bonds (the "**TIF Bonds**") pursuant to Indiana Code 36-7-11.9 and 12, as amended (the "**Economic Development Act**"), the principal of and interest on which TIF Bonds shall be payable solely from certain tax increment financing revenues ("**TIF Revenues**") expected to be pledged for such purpose by the RDC through the adoption of a resolution ("**TIF Resolution**") pursuant to Indiana Code 36-7-14, as amended (the "**Redevelopment Act**") and (ii) an ordinance ("**EID Bond Ordinance**" and together with the TIF Bond Ordinance, the "**Bond Ordinances**") authorizing the issuance of economic development revenue bonds (the "**EID Bonds**" and together with the TIF Bonds, the "**Bonds**"), the principal of and interest on which EID Bonds shall be payable from Pledged Funds (as defined herein) with the proceeds of such Bonds being used to finance a portion of the Economic Improvement Projects which constitute capital improvements (the "**Bond-Financed Improvements**");

WHEREAS, as part of the approval process for the issuance of the Bonds, each of the RDC and the Michigan City Economic Development Commission ("**EDC**") will take certain actions to approve of the Bond Financed Improvements as may be required by the Redevelopment Act and the Economic Development Act (as defined herein), finding that the Project and the Bond Financed Improvements will:

- (a) create an environment conducive to new private investment and business expansion in the City and specifically within and adjacent to the EID District;
- (b) provide and promote significant opportunities for gainful employment of City and regional residents through business retention, expansion and attraction; and

(c) be of public utility and benefit through an improved and diversified economic base for the City; and

WHEREAS, in conjunction with the passage of the Bond Ordinances, the Common Council will confirm the findings of the RDC and EDC, and further find that the Bond Financed Improvements and the Project will be of benefit to the health, prosperity, economic stability and general welfare of the City and its citizens all as defined and contemplated in the Bond Ordinances;

WHEREAS, given the positive economic benefit the Project will provide to the City, it is reasonable to conclude that all of the Economic Improvement Projects made for the Project in the EID District shall be of "public utility and benefit" as contemplated under Section 6(b)(2) of the Act; and

WHEREAS, each of the EID Bonds and the TIF Bonds shall be special and limited obligations of the City, payable solely from the trust estates created and established under the trust indentures for each of the EID Bonds and the TIF Bonds;

WHEREAS, the EID Bonds and any other obligations of the EID District which may be entered into from time to time by the EID District ("EID Debt") shall not represent or constitute a debt of the City, the State of Indiana ("State") or any political subdivision or taxing authority thereof within the meaning of the provisions of the constitution or statutes of the State or a pledge of the faith and credit of the City or the State or any political subdivision or taxing authority thereof;

WHEREAS, neither the faith and credit nor the taxing power of the City, the State or any political subdivision or taxing authority thereof shall be pledged to the payment of the principal of, premium, if any, or the interest on the EID Debt; and

WHEREAS, the EID Debt shall not grant the owners or holders thereof any right to have the City, the State or its general assembly, or any political subdivision or taxing authority of the State, levy any taxes or appropriate any funds for the payment of the principal of, premium, if any, or interest on the EID Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF MICHIGAN CITY, LAPORTE COUNTY, INDIANA AS FOLLOWS:

Section 1. This Common Council hereby determines that:

- (a) the Petition meets the requirements of Sections 4, 5 and 7 of the Act;
- (b) the Economic Improvement Projects to be undertaken in the Economic Improvement District will provide special benefits to property owners in the Economic Improvement District and will be of public utility and benefit;
- (c) the benefits provided by the Economic Improvement Projects will be new benefits that do not replace benefits existing before the establishment of the Economic Improvement District;

- (d) the formula to be used for the assessment of benefits is appropriate;
- (e) the Petition has been signed by (a) a majority of the owners of real property within the Economic Improvement District; and (b) the owners of real property constituting more than 60% of the assessed valuation in the Economic Improvement District ((i) excluding the signatures of any persons described in Section 7(c) of the Act, and (ii) excluding, in determining the total assessed valuation in the proposed economic improvement district, the assessed valuation of any property described in Section 7(d) of the Act;
- (f) the benefit of the Economic Improvement Projects vary from one area and one use to another within the Economic Improvement District from time to time and three zones must be established within the Economic Improvement District to delineate the approximate difference in beneficial impact; and
- (g) the development of certain amenities, such as a parking garage, hotel, supportive retail and residential units, along with other Economic Improvement Projects, within the Economic Improvement District must be encouraged.

Section 2. The Economic Improvement District shall be, and hereby is, established under the Act. The Economic Improvement District is hereby designated the “SOLA Michigan City Economic Improvement District”.

Section 3. The boundaries of the Economic Improvement District shall consist of approximately 2.80 acres of real property as depicted on the map attached hereto and incorporated by reference herein as **Exhibit A** (“**District Land**”). Upon the completion of the replat of the District Land, the final plat shall be further attached hereto as **Exhibit B**.

Section 4. The following three zones under Section 5(b) of the Act shall be, and hereby are, established:

- (a) a zone comprised of the real property interests to be identified and located on the Commercial Parcel (as defined and more specifically described in the final recorded Master Declaration of Covenants, Conditions, and Restrictions for SOLA (“**Final Condo Declaration**”), a substantially final form of which is attached to the Petition) as the Hotel Component (as defined in the Final Condo Declaration) (“**Hotel Property**”), the retail space (“**Retail Space**”) and the other areas of the Project (as defined herein) on the Commercial Parcel excepting the Garage Component (as defined Final Condo Declaration) (the “**Commercial Common Areas**” and together with the Hotel Property, and the Retail Space, “**Zone 1**”);
- (b) a zone comprised of the real property to be identified and located on the Condominium Parcel (as defined in the Final Condo Declaration) inclusive of any individual condos or townhomes (“**Condos**”) and any common areas excepting the Garage Component (“**Condominium Common Areas**” and together with the Condos, “**Zone 2**”); and
- (c) a zone comprised of the real property to be identified and more specifically described in the Final Condo Declaration as the Garage Component (the “**Parking**

Garage” and with any supporting or access areas referred to as **“Zone 3”**, and with Zone 1, and Zone 2, each a **“Zone”** and together the **“Zones”**).

Section 5. The boundaries or designations of each respective Zone set forth in the Final Condo Declaration shall be the boundaries of each respective Zone within the District. A copy of the Final Condo Declaration shall be attached hereto as **Exhibit C** upon its recording.

Section 6. The completion of the Economic Improvement Projects within the Economic Improvement District will include those required to complete the Project including but not limited to (a) the planning or managing of the development or improvement activities of the Zone 3 Improvements (as defined in the Petition) and other portions of the Project described in (b) through (h) below (collectively referred to as **“Planning and Managing Development and Improvement Activities”**), (b) designing, landscaping, beautifying, constructing, or maintaining of certain public areas, public improvements, or public ways (including designing, constructing, or maintaining lighting, infrastructure, utility facilities, improvements, and equipment, water facilities, improvements, and equipment, sewage facilities, improvements, and equipment, streets, or sidewalks for a public area or public way) related to the Project (collectively referred to as **“Public Improvements”**), (c) promoting commercial activity or public events for the Project, including but not limited to the financing, developing, constructing, staffing, marketing, renting-up, managing, operating, maintaining, repairing and sustaining all of the Zone 3 Improvements and the Hotel Property, Retail Space and the rental of Condos located in the EID District (collectively referred to as **“Commercial Activity”**), (d) supporting business recruitment and development for the Hotel Property, the Retail Space, the Parking Garage, and the renting of Condos within the EID District (**“Business Development”**), (e) providing security for public areas for the Project (**“Project Security”**), (f) acquiring, constructing, or maintaining the Parking Garage and potentially other parking facilities (collectively referred to as **“Parking Facilities”**), (g) constructing, rehabilitating, or repairing residential property, including the Developer Condos and improvements related to the habitability of the residential property (collectively referred to **“Residential Property”**), and (h) acquiring, constructing, rehabilitating, or repairing redevelopment projects, economic development facilities described in IC 36-7-11.9-3, pollution control facilities described in IC 36-7-11.9-9, or other local improvements (collectively, **“Other Local Public Improvements”**).

Section 7. The detailed descriptions and estimated cost of all the current anticipated Economic Improvement Projects to be carried out in the District are set forth in **Exhibit D** attached.

Section 8. It is anticipated that all real property owners in the District will have access to and benefit from the completion of the Economic Improvement Projects but that owners of the Condos and the Hotel Property which rent their units or rooms for short-term occupancy will be the primary beneficiaries of the shared Economic Improvement Projects beyond the common area charges allocated to the owners pursuant to the Final Condo Declaration and the associated home owner associations.

Section 9. Each owner in the Economic Improvement District will benefit from the Economic Improvement Projects financed by the EID Bonds based upon the Special Assessments (defined below). Zone 1 will be used primarily for commercial purposes and will benefit generally from the Economic Improvement Projects. Zone 2 will be used for primarily for residential

purposes and will benefit from the Economic Improvement Projects but to a lesser extent than Zone 1 which is predominately used for commercial purposes. Zone 3 also benefits from the Economic Improvement Projects but is allocated the least benefit, as Zone 3 will receive some public revenues for non-Project parking guests which will occasionally use the Economic Improvement Projects while the remainder would be paid by the owners who pay into the homeowners association that owns the Parking Garage under the Final Condo Declaration ("**Project HOA**") which are already accounted for in Zone 1 and Zone 2.

Section 10. The Economic Improvement District was a vacant property prior to the development of the Project and its Economic Improvement Projects.

Section 11. The benefits provided by completion of all the improvements made for the Project, including the Economic Improvement Projects, are all new benefits and will not replace benefits existing before the establishment of the Economic Improvement District and the completion of the Economic Improvement Projects.

Section 12. During the period or term for which any obligation or debt service related to the EID Bonds is outstanding in which any assessment is pledged from the economic improvement fund created under IC 36-7-22-16 ("**Economic Improvement Fund**") as approved by the Board (as defined below) for the Economic Improvement District to fund the completion of the Economic Improvement Projects ("**Pledged EID Assessments**"), the property owner(s) of the real property interests located in the Economic Improvement District, including all subsequent property owner(s) of such improvements, upon the completion of the statutory processes set forth in Indiana Code 36-7-22-12 and Indiana Code 36-7-22-13 for the maximum amounts of the schedule of the Pledged EID Assessments related to the EID Bonds (assuming no other revenues are available for debt service on the EID Bonds), waives its rights to request or file a remonstrance against any Pledged EID Assessments or otherwise contest the validity of an assessment schedule for any Pledged EID Assessments, whether available any time to a property owner as of or after the date of the Petition or which subsequently may be authorized under State law. Notwithstanding the foregoing, the Annual Backup Special Assessment Amount (defined below) shall not exceed the EID Backup Assessment Caps (as defined below), and the foregoing waiver shall not apply to any assessments that exceed the EID Backup Assessment Caps. The Board shall have a December 31st fiscal year-end ("**Fiscal Year**").

Section 13. The assessment revenues to be collected and deposited into the Economic Improvement Fund for the Board shall be done on a zone-by-zone basis ("**Special Assessments**"). The Board shall establish, have and maintain subaccounts within the Economic Improvement Fund in which the Special Assessment for each Zone shall be assessed, collected and deposited by the Board. The amount of the Special Assessments shall be an amount sufficient to collect the special assessments revenue necessary for each Fiscal Year to (a) cover the Annual Cost (as defined herein) of the Board and (b) make the necessary annual payments on all or a portion of the EID Debt.

Section 14. The EID Bonds shall be payable from the following sources ("**Pledged Funds**"):

- (a) Payments from the Developer on a borrower note (the "**Borrower Note**") from certain Project revenues, which are anticipated to be offset by any of funds received under (b), (c) and (d) below;
- (b) TIF Revenues, the pledge of which shall be junior to the TIF Bonds;
- (c) Occupancy EID Assessments (defined below); and
- (d) Backup EID Assessment (as defined below).

Section 15. The Pledged EID Assessments shall consist of the Occupancy EID Assessments and the Backup EID Assessment.

Section 16. The Occupancy EID Assessments shall consist of an assessment levied against the Hotel Property and Condos equal to up to nine percent (9%) for room or unit base night rental cost (as determined by the Board from time to time in accordance with the EID Financing Agreement) and shall apply to the Hotel Property and to any Condos which have been rented more than fourteen (14) days per year (the "**Occupancy EID Assessments**" with the amount collected for a year for purposes of determining the Annual Backup Special Assessment Amount (as defined below) referred to herein as the "**Annual Occupancy EID Assessment Amount**"). The Hotel Owner (as defined in the Petition) and owners of the Condos shall provide the Developer the applicable year's revenue information, which the Developer shall provide the Board no later than October 15 following each annual period commencing October 1 and ending September 30. Hotel Owner and the Developer shall collect such assessments from room or unit renters/guests on behalf of the Board and shall make the payments to the LaPorte County, Indiana Treasurer for the benefit of the Board or to the trustee of the EID Bonds on behalf of the Board, if permitted. The applicable property owner shall be liable for any shortfall and any deficiency in the Occupancy EID Assessments shall be levied against and attach against the applicable property (i.e. Hotel Property for delinquency in occupancy assessment payment related to the Hotel Property or the applicable Condo owner for a delinquency in its occupancy assessment payment).

Section 17. An annual Backup Special Assessment shall be made in accordance with Section 22 herein to the extent that Borrower Note payments, TIF Revenues and Occupancy EID Assessments are insufficient to cover the debt service obligation on the EID Bonds (the "**Backup EID Assessment**").

Section 18. The EID Bonds are anticipated to be issued in one or more series in the aggregate principal amount of approximately \$43,490,000, provided however, such amount may be increased to up to \$80,000,000 to the extent the TIF Bonds are not issued or otherwise placed.

Section 19. No EID Bonds shall be issued after the Project is fully placed in service.

Section 20. The Annual Backup Special Assessment Amount shall not exceed the lesser of the assessments required to meet the debt service obligations (including any coverage ratios) to service the EID Bonds assuming no TIF Revenues, no Occupancy EID Assessment, and no payments made on the Borrower Note ("**EID Backup Assessment Cap**").

Section 21. Any Pledged EID Assessments collected that are not used to make an annual or semi-annual debt service payment on the EID Bonds (whether collected for EID Bond coverage ratio purposes or assessed prior to receipt of other funds deposited in the Economic Improvement Fund) shall first be allocated to establishing or replenishing a reasonable debt service reserve for the EID Bonds and then to the redemption of the EID Bonds pursuant to the trust indentures associated with each series of the EID Bonds.

Section 22. The amount of the Backup EID Assessment revenue collected from each Zone shall be based solely upon the amount of the annual Special Assessments necessary, after considering the other collected Pledged Funds, for each Fiscal Year to (a) cover the Annual Cost of the Board operating the EID District up to \$60,000.00 (which may be increased by up to 2% per year, which is to be payable by owners of Zone 3 Improvements as set forth in Section 23 hereof, and which may not be paid from TIF Revenues) (the “**Annual Cost**”), (b) make the annual payment of all or a portion of the debt service and other related expenses on the EID Bonds, and (c) insure that the Board achieves the required debt service coverage ratio required by the EID Bonds (collectively referred as the “**Annual Backup Special Assessment Amount**” and together with the Annual Occupancy EID Assessment Amount, the “**Annual Special Assessment Amount**”).

Section 23. The Annual Cost of the Board operating the EID District shall be allocated to the owners of Zone 3 Improvements by the Board and assessed against the Zone 3 Improvements and the remainder of the Annual Backup Special Assessment Amount shall be allocated as follows:

- (a) 60% to the Hotel Owner (“**Zone 1 Backup Assessments**”), which Zone 1 Backup Assessments shall be assessed against the Zone 1 Improvements (as defined in the Petition) and payable by the Hotel Owner.
- (b) 30% to the owner(s) of the Zone 2 Improvements (as defined in the Petition) (“**Zone 2 Backup Assessments**”). The Zone 2 Backup Assessments shall be allocated among the owner(s) of the Zone 2 Improvements based upon the assessed value of their respective real property interest.
- (c) 10% to the owner(s) of the Zone 3 Improvements (i.e. the anticipated Project Condo Association) (“**Zone 3 Backup Assessments**”). The Zone 3 Backup Assessments shall be allocated among the owner(s) of the Zone 3 Improvements based upon the assessed value of their respective real property interest. (For example, the Parking Garage is owned by Project Condo Association and has an assessed value of \$30 million and other Zone 3 Improvements are owned by another non-exempt entity (“**Other Zone 3 Owner**”) with an assessed value of \$10 million, 7.5% of the Annual Backup Special Assessment Amount would be assessed against the Parking Garage and payable by the Project Condo Association and 2.5% of the Annual Backup Special Assessment Amount would be assessed against the other Zone 3 Improvements and payable by the Other Zone 3 Owner.)

A determination of assessed value by the Board based upon the available data by the LaPorte County, Indiana Assessor (the “**Assessor**”) or other professionals at such time shall be final for an applicable Fiscal Year and not subject to recalculation for an appeal or a subsequent adjustment by the Assessor. The Board shall update any revisions or determinations as to a real estate interest’s

assessed value when calculating an Annual Backup Special Assessment Amount for a subsequent Fiscal Year.

Section 24. In determining the aggregate Annual Backup Special Assessment Amount, the Board shall determine, in consultation with the trustee of the EID Bonds and the municipal advisor for the City, the amount of TIF Revenues received (or to be received) for the applicable Fiscal Year. The Annual Backup Special Assessment Amount shall be reduced by the TIF Revenues received and available for the EID Bonds (such TIF Revenues to be pledged to the EID Bonds on a junior basis to the pledge thereof to the TIF Bonds), the Annual Occupancy EID Assessment Amount, and any other Project revenues paid by the Developer, effectively reducing the aggregate Zone 1 Backup Assessments, Zone 2 Backup Assessments and Zone 3 Backup Assessment on a prorated basis consistent with the calculation percentages set forth above.

Section 25. The Board may establish a reasonable debt service reserve by Zone to ensure that each Zone's contributions are realized for such Zone's applicable portion of the Annual Special Assessment Amount and available to timely and fully pay the debt service due on the Bonds. If the owners of a respective Zone fail to pay the Zone's respective portion of the Annual Special Assessment Amount, the Board may increase the Zone's respective Annual Special Assessment Amount, as needed, to cover any prior shortfalls and/or to enhance or replenish the Zone's debt service reserve.

Section 26. Prior to the issuance of the EID Bonds, the Board shall provide notice, conduct a public hearing and set an estimated maximum annual backup special assessment schedule for each projected property owner or real property interest in accordance with IC 36-7-22-12 based upon the Developer's estimated projected assessed value projection for the various property interest to be outlined in the Final Condo Declaration ("**Preliminary EID Backup Assessment Cap Schedule**"). The Board shall certify to the Auditor the Preliminary EID Backup Assessment Cap Schedule.

Section 27. Notwithstanding any provision of this Ordinance to the contrary, the assessment methodology set forth in this Ordinance may be adjusted with the approval of the Board and the Developer provided that any adjustments to the assessments or the assessment methodology set forth in this Ordinance that results in aggregate special assessments in excess of the Preliminary EID Backup Assessment Cap Schedule shall required an amendment to this Ordinance in accordance with IC 36-7-22-12 and follow the assessment process set forth in IC 36-7-22-12.

Section 28. The EID Bonds, and the interest payable thereon, shall not represent or constitute a debt of the City, the Redevelopment District, the State or any political subdivision or taxing authority thereof within the meaning of the provisions of the constitution or statutes of the State or a pledge of the faith and credit of the City or the State or any political subdivision or taxing authority thereof.

Section 29. Neither the faith and credit nor the taxing power of the City, the Redevelopment District, the State or any political subdivision or taxing authority thereof shall be pledged to the payment of the principal of, premium, if any, or the interest on the EID Bonds.

Section 30. The EID Bonds shall not grant the owners or holders thereof any right to have the City, the Redevelopment District, the State or its general assembly or any political subdivision or taxing authority of the State, levy any taxes or appropriate any funds for the payment of the principal of, premium, if any, or interest on the EID Bonds.

Section 31. The proceeds from the EID Bonds shall only be used to reimburse or to fund costs incurred by the Developer related the Economic Improvement Projects in accordance with the EID Financing Agreement.

Section 32. After completion of the Project, the full initial assessment of the property interests and the final issuance of the EID Bonds, the Board shall review the Preliminary EID Backup Assessment Cap Schedule and issue a final EID Backup Assessment Cap schedule ("**Final EID Backup Assessment Cap Schedule**"). To the extent that the Final EID Backup Assessment Cap Schedule includes an Annual Backup Special Assessment Amount that exceed a particular real property interest's maximum Annual Backup Special Assessment Amount set forth in the Preliminary EID Backup Assessment Cap Schedule, the Board shall provide notice to such owners, conduct a hearing and set a revised maximum EID Backup Assessment Cap for such real property interest. The Board shall then approve a Final EID Backup Assessment Cap Schedule (including, if applicable, reducing a real property interest's maximum EID Backup Assessment Cap) provided that the Final EID Backup Assessment Cap Schedule achieves the aggregate debt service and debt service coverage ratios contemplated with the issuance of the Bonds. The Final EID Backup Assessment Cap Schedule shall be recorded with the LaPorte County, Indiana Recorder (the "**Recorder**") and the Assessor.

Section 33. The Board may exempt a business established within the EID District after the creation of the EID District from assessment of any type of Special Assessment for a period not to exceed one (1) year as contemplated under IC 36-7-22-10.

Section 34. The plan for the application of assessment revenue and formula to be used for the assessment of special benefits shall be based upon the methods set forth in the Petition.

Section 35. The Board shall set and certify the final Special Assessment schedule for an applicable Fiscal Year ("**Annual Special Assessment Schedule**") and shall record the Annual Special Assessment Schedule with the Auditor by January 15 of such Fiscal Year. No Annual Backup Special Assessment Amount levied on a particular real estate property interest shall exceed the respective collective maximum Annual Backup Special Assessment Amount set forth in the Final EID Backup Assessment Cap Schedule (or until such Final EID Backup Assessment Cap Schedule is approved, the Preliminary EID Backup Assessment Cap Schedule).

Section 36. The signing of the Annual Special Assessment Schedule for each calendar year by a majority of the members of the Board and the delivery of the Annual Special Assessment Schedule to the Auditor shall constitute a final and conclusive determination of the benefits that are assessed.

Section 37. The Board shall include with each Annual Special Assessment Schedule certified by the Board to the Auditor ("**Assessment Supplement Statement**") an allocation of the Special Assessments into the following categories (as applicable):

- (1) Interest on the EID Bonds;
- (2) Principal of the EID Bonds;
- (3) Other EID Bond expenses;
- (4) Economic Improvement Projects maintenance and repair charges; and
- (5) Other EID District expenses.

Section 38. The Auditor shall cause the information set forth in the Assessment Supplement Statement to be reflected on the tax statements of the persons owning the property affected by the Special Assessment as prepared by the Treasurer of LaPorte County, Indiana.

Section 39. Each Special Assessment is a lien on the real property that is assessed, second only to the ad valorem property taxes levied on the property located in the EID District as set forth and contemplated in IC 36-7-22-12(g) (“Statutory Lien”) and shall be in compliance with IC 36-7-22-12 and any other applicable provisions under the Act. If unpaid, each Special Assessment shall otherwise accrue all penalties, interest, etc., applicable to unpaid property taxes under Indiana law.

Section 40. Any real property subject to a Statutory Lien shall be subject to sale in accordance with IC 6-1.1-24 and 6-1.1-25.

Section 41. The Board acknowledges and agrees that for payment of each Special Assessment the Board shall look solely to the Statutory Lien to secure and collect the payment of each Special Assessment, except as otherwise agreed and consented to by the owner of the real property to which the Special Assessment is levied.

Section 42. In addition to the Statutory Lien, the Board shall have and retain the right to also enforce, pursue, collect and secure the payment of each Special Assessment by agreement or instrument with a security interest in and on any other property located in the EID District as determined by the Board, including by mortgage, security agreement, UCC filings and any other form of secured transaction, upon the written consent and agreement of the owner of such property (“Other Collateral”).

Section 43. The Board shall have and retain the right to pledge and assign the Special Assessment and any Other Collateral to secure the EID Bonds as determined from time to time by the Board.

Section 44. There shall be no other assessments of any type within the EID District.

Section 45. The Special Assessments with respect to EID Bonds are to remain in place for a period of up to thirty-five (35) years from the date when such EID Bonds are issued to finance a portion of the Project.

Section 46. It is anticipated that the EID Bonds shall be issued by the City pursuant to Economic Development Act.

Section 47. Any property owned by the RDC and used for an exempt purpose that is located in the EID District is and shall continue to be exempt from property taxation under IC 6-1.1-10.

Section 48. For the Economic Improvement District, an economic improvement board under the Act shall be, and is hereby, established (such economic improvement board, the “**Board**”), which Board is hereby designated the “**Sola Michigan City Economic Improvement Board**”. The Board shall have three members appointed by the City. One member shall be appointed by the City (“**City Representative**”). The other two members represent owners of real property within the Economic Improvement District, which initially will be Petitioner 1 (as defined in the Petition) and Petitioner 2 (as defined in the Petition) representatives. Once Petitioner 1 and Petitioner 2 transfer their interest in the District Land to the Project, including portions to the Project Developer and the Project HOA, one representative will be a manager or owner of Developer or its designee that owns real property within the Economic Improvement District (“**Developer Representative**”) and one will be a manager of the Project HOA (“**HOA Representative**”).

Section 49. This Common Council hereby appoints the following persons as the initial members of the Board:

Skylar York, as the City Representative

Clarence Hulse, as Petitioner 1 representative

Seth Spence, as Petitioner 2 representative

Effective upon the Initial District Land Transfer, the following persons shall become the members of the Board:

Skylar York, as the City Representative

Scott Goodman, the Developer Representative

Alan Schachtman, the Project HOA

This Common Council may at any time or from time to time appoint and remove without cause any person as a member of the Board. Each person appointed as a member of the Board shall serve for a term (a) commencing on the later of (i) such person’s appointment, or (ii) such person’s qualification; and (b) ending on the earliest of (i) such person’s removal, (ii) such person’s disqualification, or (iii) such person’s resignation. The appointment of each new member of the Board as a Developer Representative or a Project HOA Representative shall be subject to the prior written approval of the Developer and the Project HOA Representative, respectively.

Section 50. It is intended that the Board shall be treated as an organization contemplated in Section 115(2) of the Internal Revenue Code.

Section 51. Any EID Bonds for the District shall be issued as provided in and in accordance with IC 36-7-22 or IC 36-7-12 as determined from time to time by the Board and the Common Council (“**EID Bond Financing**”).

Section 52. The Board shall have and retain the right to pledge and assign the Special Assessment and any Other Collateral to secure the EID Bonds as determined from time to time by the Board.

Section 53. With each series of EID Bonds issued, the Board shall enter into a financing agreement with the City and Developer (for each EID Bond Financing, an “**EID Financing Agreement**”). A memorandum of the EID Financing Agreement disclosing the EID Waiver Provision (defined below) along with any other provisions required by the City shall be recorded in the offices of the Recorder and the Auditor of the County as part of the closing of series of EID Bonds.

Section 54. Each EID Financing Agreement shall have a waiver provision substantially similar to the provision below included therein (collectively referred to as the “**EID Waiver Provision**”):

“The City, the Developer, and all property owners, including all subsequent property owner(s) of any portion of the land located in the Economic Improvement District, hereby waive its rights (if any) to file an action to contest (a) the existence of the Economic Improvement District or the improvements in the Economic Improvement District under the Act, (b) the validity of the Economic Improvement District ordinance adopted to establish the Economic Improvement District and Zones 1, 2, and 3 under IC 36-7-22-7, or (c) the assessment schedule, including any assessments up to the Final EID Backup Assessment Cap Schedule as contemplated by the Ordinance, as contemplated under IC 36-7-22-13 whether available any time to such property owner as of or after the date of this Agreement or which subsequently may be authorized under the laws of the State of Indiana. Any subsequent property owners of land located in the Economic Improvement District shall be required to acknowledge the existence of the Economic Improvement District and declare and make the same waivers as set forth above concurrent with purchase of such land.”

Section 55. The Mayor of the City, the Clerk of the City and the Controller of the City and each other officer of the City shall be, and hereby is, authorized and directed, for and on behalf of the City to execute and deliver any instrument and take any other action determined by such officer to be necessary or convenient to carry out the purposes of this Ordinance, which determination shall be conclusively evidenced by such officer’s execution and delivery of such instrument or taking of such other action.

Section 56. Should any provision (section, paragraph, sentence, clause or any other portion) of this Ordinance be declared by a court of competent jurisdiction to be invalid for any reason, the remaining provisions shall not be affected, if such remaining provisions can, without the invalid provision, be given the effect intended by this Common Council in adopting this Ordinance. To this end, the provisions of this Ordinance are severable.

Section 57. When implementing this Ordinance, this Ordinance and the Act shall be liberally construed by the parties to affect the purposes of this Ordinance and the Act to the extent allowed under Indiana law.

Section 58. This Ordinance shall be in full force and effect upon adoption and compliance with Indiana Code 36-2-4-8.

Section 59. This Ordinance may be amended in accordance with the Act. Any amendment to this Ordinance shall be subject to prior written approval of the Developer.


Section 60. The foregoing recitals are fully incorporated herein by this reference.

This Ordinance to be effective upon passage by the Council and approval by the Mayor.


INTRODUCED BY:


Tracie Tillman, Member
Michigan City Common Council

Passed by the Common Council of the City of Michigan City, Indiana this 4th day of August, 2025 by a vote of 9 to 0.


Tracie Tillman, President
Michigan City Common Council

(Approved) (Vetoed) by me on the 11 day of August, 2025.


Angie Nelson Deutch, Mayor
City of Michigan City, Indiana

ATTEST:

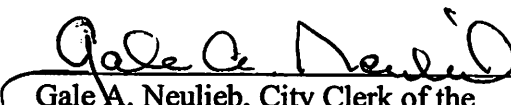

Gale A. Neulieb, City Clerk of the
City of Michigan City, Indiana

EXHIBIT A

DISTRICT LAND DEPICTION

EXHIBIT B

FINAL DISTRICT PLAT

(To be attached post adoption upon its completion and recording)

EXHIBIT C

FINAL CONDO DECLARATION

(To be attached post adoption upon its completion and recording)

EXHIBIT D

ECONOMIC IMPROVEMENT PROJECTS DETAILED DESCRIPTIONS AND COST ESTIMATES¹

1. Planning and Managing Development and Improvement Activities – Architectural, engineering and project management for public improvements (\$5,000,000)
2. Public Improvements -- Public amenity deck, relocation of 2nd street and Washington interchange (\$10,000,000)
3. Commercial Activity -- Retail and food and beverage space/locations open to the public (\$22,000,000)
4. Business Development – Initial business recruitment and development activities (exact scope and amounts to be approved as part of an annual operating budget)
5. Project Security -- Internal and external security systems including exterior lighting (\$1,000,000)
6. Parking Facilities – Construction of parking and loading facilities (\$30,000,000)
7. Residential Property -- Development assistance for condominiums/townhomes (\$11,000,000)
8. Other Local Public Improvements -- Landscaping, sidewalks, curb and gutter, access panels for utilities (\$1,000,000)

¹ These descriptions and cost estimates are only estimated uses of funds from the EID District. The exact uses of any capital projects funded by the Bonds shall be those costs eligible under the Bond documents with all other costs subject to approval by the Board of the EID District.

APPENDIX I

ECONOMIC IMPROVEMENT DISTRICT PETITION

FILED

JUL 10 2025

GALE A. NEULIEB
CITY CLERK
CITY OF MICHIGAN CITY

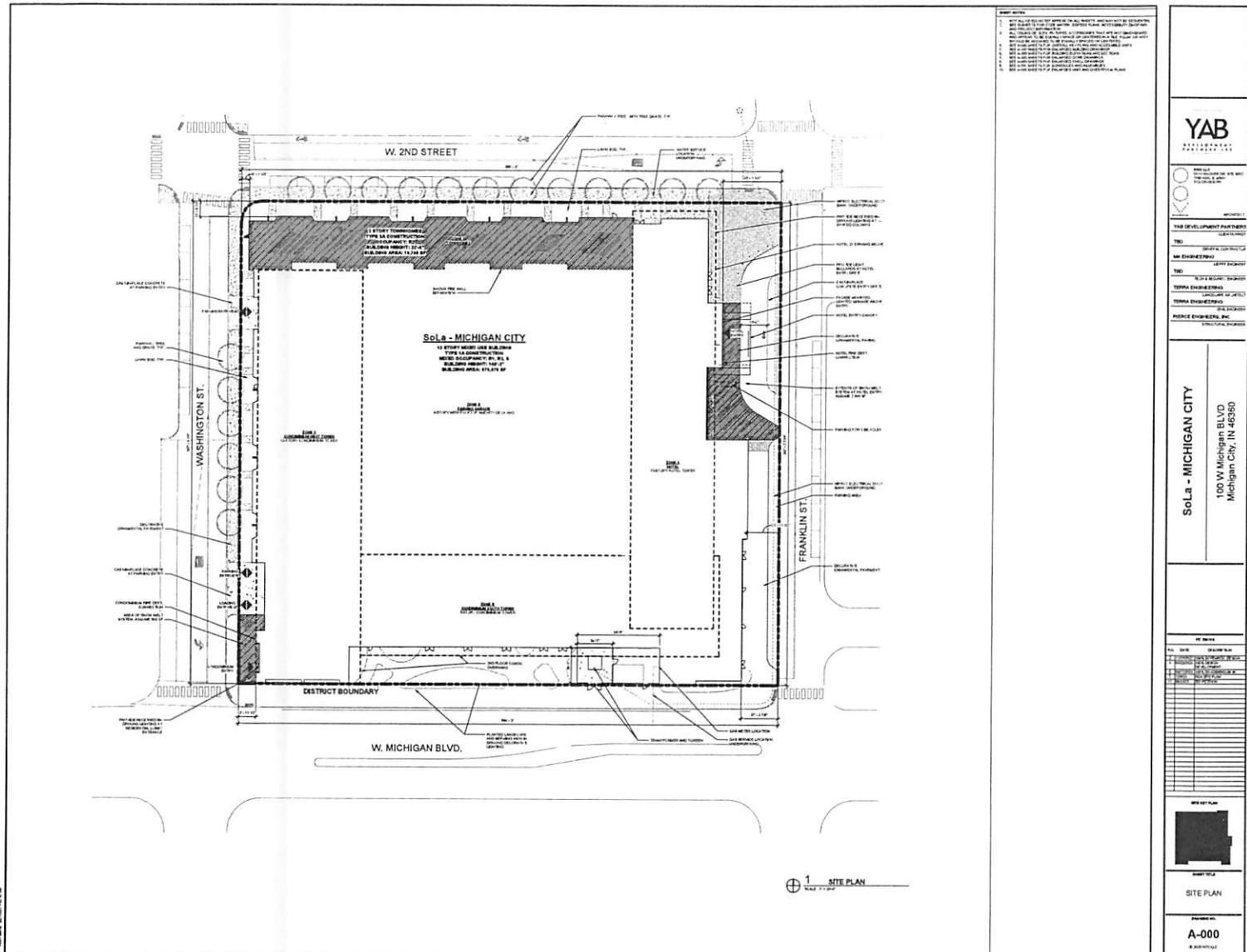


Exhibit "A"

FILED

JUL 10 2025

GALE A. NEULIEB
CITY CLERK
CITY OF MICHIGAN CITY

**PETITION FOR ESTABLISHMENT OF
ECONOMIC IMPROVEMENT DISTRICT
PURSUANT TO INDIANA CODE § 36-7-22**

Lakefront LLC ("Petitioner 1") and South Lakeside LLC ("Petitioner 2" and with Petitioner 1, the "Petitioners") respectfully petition the Common Council ("Common Council") of the City of Michigan City, Indiana ("City"), as the legislative body of the City, to establish an Economic Improvement District pursuant to IC 36-7-22 ("Act") to be known as the "SoLa Project Economic Improvement District," the proposed boundaries of which consists of approximately 2.80 acres of real property depicted on the diagram attached hereto and incorporated by reference herein as Exhibit A ("EID District") with (a) the real property interests to be identified and located on the Commercial Parcel (as defined and more specifically described in the final recorded Master Declaration of Covenants, Conditions, and Restrictions for SOLA ("Final Condo Declaration"), a substantially final form of which is attached hereto and incorporated by reference herein as Exhibit B) as the Hotel Component (as defined in the Final Condo Declaration) ("Hotel Property"), the retail space ("Retail Space") and the other areas of the Project (as defined herein) on the Commercial Parcel excepting the Garage Component (as defined Final Condo Declaration) (the "Commercial Common Areas" and together with the Hotel Property, and the Retail Space, "Zone 1"), (b) the real property to be identified and located on the Condominium Parcel (as defined in the Final Condo Declaration) inclusive of any individual condos or townhomes ("Condos") and any common areas excepting the Garage Component ("Condominium Common Areas and together with the Condos, "Zone 2") and (c) the real property to be identified and more specifically described in the Final Condo Declaration as the Garage Component (the "Parking Garage" and with any supporting or access areas referred to as "Zone 3", and with Zone 1, and Zone 2, each a "Zone" and together the "Zones") and further in support of this Petition, the Petitioners state (collectively referred to as the "Petition"):

Boundaries of District and Zones

1. The boundaries for the EID District are set forth in Exhibit A.
2. The Final Condo Declaration will be recorded in the offices of the Recorder of LaPorte County, Indiana ("Recorder") and the Auditor of LaPorte County, Indiana ("Auditor") upon substantial completion of the Project (as defined below).
3. The boundaries for each Zone are set forth in the Final Condo Declaration.

Name, Address and Land Use of Parcels and Current Land Owners

4. Petitioner 1 Owner: Lakefront LLC
Mailing Address: Two Cadence Park Plaza, Michigan City, IN 46360
Common Address: Franklin St., Michigan City, IN 46360
Tax Id No.: 46-01-29-251-013.000-022
Abbreviated Legal: 42-01-29-251-013 E O S L T 1-4 EX NW COR LT 2 & MID PT
W1/2 LT 3 BLK 8 & VAC ALLEY & W 1/2 VAC FRANKLIN ST
ADJ

("Petitioner 1 Land")

Exhibit "A" Petition

5. **Petitioner 1 Owner:** South Lakeside LLC
 Mailing Address: Two Cadence Park Plaza, Michigan City, IN 46360
 Common Address: West Michigan Blvd., Michigan City, IN 46360
 Tax Id No.: 46-01-29-251-.024.000-022
 Abbreviated Legal: 42-01-29-251-024 E O S LTS 5-8 BLK 8 &W 1½ VAC
 FRANKLIN ST ADJ & VAC ALLEY BTWN LTS 6 & 7

("Petitioner 2 Land")

6. **Other:** City of Michigan City, Indiana and its Department of Redevelopment
 Mailing Address: 100 E. Michigan Boulevard, Michigan City, IN 46360
 Common Address: Washington Street & 2nd Street, Michigan City, IN 46360
 Tax Id. No.: 46-01-29-251-004.000-022; 46-01-29-251-025.000-022
 Abbreviated Legal: 42-01-29-251-004 28.05 FT ON WASH. ST. CMG.27.5 FT N OF
 SW COR W 1/2 EOS LT 3 BLK
 42-01-29-251-025 EOS NW COR W 1/2 LT 2 BLK 8

("RDC Land" and together with the Petitioner 1 Land and the Petitioner 2 Land, the "Land") and mailing address]

7. The entire EID District is currently used and zoned as Downtown Core (CBD1) for retail, commercial, office, civic and residential uses, including the development of a multi-story mixed use project including a hotel, a parking structure, residential and retail amenities (collectively, the "Project").
8. The Petitioners and Michigan City Redevelopment Commission ("RDC") are the only owners of real property and improvements located in the EID District as of the date of this Petition.
9. The RDC Land located within the EID District is currently exempt from property taxation under IC 6-1.1-10.
10. The Petitioners and RDC represent 100% of the owners of real property in the EID District as determined under IC 36-7-22-7.
11. The Petitioners and RDC represent real property owners constituting 100% of the assessed valuation of property in the EID District subject to property taxation as determined under IC 36-7-22-7.
12. Pursuant to that certain Second Amended and Restated Development Agreement between YAB Development Partners, LLC ("Developer"), the City and the RDC dated December 10, 2024, as amended (the "Development Agreement"), an approximately 242-room hotel will be constructed in Zone 1 ("Hotel") and Retail Space of approximately 21,000 square feet (which together with the Hotel and any other improvements in Zone 1, the "Zone 1 Improvements" and its owner shall be referred to as the "Hotel Owner").
13. Pursuant to the Development Agreement, approximately 188 condos/townhomes ("Condos") will be constructed with a portion of such Condos to be owned by the

Developer, YAB SOLA Partners, LLC, a Delaware limited liability company and affiliate of Developer ("Project Developer"), SOLA Vacation Rentals, LLC, a Delaware limited liability company ("Condo Developer") or another Developer designee ("Developer Condos") and the remaining Condos (the "Private Condos" which Private Condos, Developer Condos and any related improvements shall be referred to as the "Zone 2 Improvements") which will eventually be sold to third parties ("Private Condo Owners").

14. Zone 3 will be comprised of the Parking Garage, which are anticipated to include an approximately 385 parking structure and any supporting areas (the "Zone 3 Improvements") and will be owned by the project condo association ("Project Condo Association") established under the Final Condo Declaration for the benefit of the owners of certain property interests set forth under the Final Condo Declaration.
15. The Board shall enter into a financing agreement with the Project Developer (an "EID Financing Agreement") to provide for certain economic improvement projects in the EID District including but not limited to (a) the planning or managing of the development or improvement activities of the Zone 3 Improvements and other portions of the Project described in (b) through (h) below (collectively referred to as "Planning and Managing Development and Improvement Activities"), (b) designing, landscaping, beautifying, constructing, or maintaining of certain public areas, public improvements, or public ways (including designing, constructing, or maintaining lighting, infrastructure, utility facilities, improvements, and equipment, water facilities, improvements, and equipment, sewage facilities, improvements, and equipment, streets, or sidewalks for a public area or public way) related to the Project (collectively referred to as "Public Improvements"), (c) promoting commercial activity or public events for the Project, including but not limited to the financing, developing, constructing, staffing, marketing, renting-up, managing, operating, maintaining, repairing and sustaining all of the Zone 3 Improvements and the Hotel, Retail Space and the rental of Condos located in the EID District (collectively referred to as "Commercial Activity"), (d) supporting business recruitment and development for the Hotel, the Retail Space, the Parking Garage, and the renting of Condos within the EID District ("Business Development"), (e) providing security for public areas for the Project ("Project Security"), (f) acquiring, constructing, or maintaining the Parking Garage and potentially other parking facilities (collectively referred to as "Parking Facilities"), (g) constructing, rehabilitating, or repairing residential property, including the Developer Condos and improvements related to the habitability of the residential property (collectively referred to "Residential Property") and (h) acquiring, constructing, rehabilitating, or repairing redevelopment projects, economic development facilities described in IC 36-7-11.9-3, pollution control facilities described in IC 36-7-11.9-9, or other local improvements (collectively, "Other Local Public Improvements" and together with the Planning and Managing Development and Improvement Activities, the Public Improvements, the Commercial Activity, the Business Development, the Project Security, the Parking Facilities, and the Residential Property, the "Economic Improvement Projects"). A description and an initial estimate of the proposed Economic Improvement Projects are as set forth at Exhibit C.

16. It is anticipated that the owners of Condos that do not rent their units will benefit less from the Economic Improvement Projects than the commercial enterprises in Zone 1 and the renters of the Condos in Zone 2 and will be sharing the expenses of the improvements in Zone 3 under the Final Condo Declaration, including any assessments levied by the EID District.
17. The Petitioners and RDC anticipate transferring its Land to Project Developer, Project HOA (defined below), and/or other affiliates to construct the Project, and at construction completion, the Project Developer will record the Final Condo Declaration with the Recorder and Auditor. Any interest in the RDC Land not transferred shall remain exempt from special assessment as provided in IC 36-7-22-7(d).
18. Upon the recording of the Final Condo Declaration, the Project Developer will commence the conveying of the Zone 1 Improvements to the Hotel Owner, the Private Condos to Private Condo Owners, the Developer Condos to the Condo Developer, and the Zone 3 Improvement to the Project Condo Association.

Waiver of Rights of Real Property Owners

19. Each Petitioner, including all subsequent owner(s) of any portion of the Land in the EID District, hereby waives its rights under IC 36-7-22-13 to file an action to contest its status as an owner of real property in the EID District under the Act or the validity of the EID District ordinance adopted to establish the EID District ("EID Ordinance") and Zones 1, 2 and 3 under IC 36-7-22-7, whether available any time to a property owner as of or after the date of this Petition or which subsequently may be authorized by the General Assembly of the State of Indiana to the extent permitted by applicable law. In conjunction with each series of EID Bonds being issued, the Board shall enter into an EID Financing Agreement with the Project Developer and the City regarding the use of EID Bond proceeds. A memorandum of the EID Financing Agreement disclosing the EID Waiver Provision (defined below) along with any other provisions required by the City shall be recorded in the offices of the Recorder and the Auditor of the County as part of the closing of series of EID Bonds.
20. During the period or term for which any obligation or debt service related to the EID Bonds (as defined below) is outstanding in which any assessment is pledged from the economic improvement fund created under IC 36-7-22-16 ("Economic Improvement Fund") as approved by the Board (as defined below) for the EID District to fund the completion of the Economic Improvement Projects ("Pledged EID Assessments"), the property owner(s) of the Land or other real property located in the EID District, including all subsequent property owner(s) of such improvements, upon the completion of the statutory processes set forth in Indiana Code 36-7-22-12 and Indiana Code 36-7-22-13 for the maximum amounts of the schedule of the Pledged EID Assessments related to the EID Bonds (assuming no other revenues are available for debt service on the EID Bonds), waives its rights to request or file a remonstrance against any Pledged EID Assessments or otherwise contest the validity of an assessment schedule for any Pledged EID Assessments, whether available any time to a property owner as of or after the date of this Petition or which subsequently may be authorized by the General Assembly of the State of Indiana.

Notwithstanding the foregoing, the Annual Backup Special Assessments shall not exceed the EID Backup Assessment Caps (as defined below), and the foregoing waiver shall not apply to any assessments that exceed the EID Backup Assessment Caps.

21. It is anticipated that any subsequent property owners of improvements of real property located in the EID District will be required to acknowledge the existence of the EID District and declare and make the same waivers as set forth above concurrent with the purchase of such improvements.

EID Improvement Project Public Uses, Purposes, Utility and Benefits

22. In conjunction with the passage of the EID Ordinance, it is anticipated that the RDC will adopt a resolution ("TIF Resolution") pledging certain tax increment financing revenues from the Allocation Area (as defined below) ("TIF Revenues") to the payment of the principal of and interest on certain TIF Bonds (as defined below) issued for the Project and for Economic Improvement Projects ("EID Bonds") pursuant to Indiana Code 36-7-14, as amended (the "Redevelopment Act").
23. Prior to the adoption of the TIF Resolution, the RDC will adopt an amending declaratory resolution (as subsequently confirmed, the "Redevelopment Declaratory Resolution") designating a portion of the Consolidated Economic Development Area that comprises the EID District (the "Economic Development Area") as an allocation area (the "Allocation Area") and approving an amendment to the Economic Development Plan (the "Plan") for the Economic Development Area.
24. Pursuant to Section 2(a) of the Redevelopment Act, the redevelopment of areas needing redevelopment are by law "public uses and purposes."
25. Pursuant to Section 2(b) of the Redevelopment Act, the City is required, to the extent feasible under the Redevelopment Act and consistent with the needs of the City as a whole, to afford a maximum opportunity for rehabilitation or redevelopment of areas by private enterprise.
26. Prior to the process leading to the passage of the TIF Resolution and the ordinances related to the issuance of TIF Bonds and the EID Bonds, respectively (the "Bond Ordinances"), the Michigan City Economic Development Commission ("EDC") will issue an economic development report and the RDC will review a tax impact analysis prepared by Baker Tilly Municipal Advisors, LLC, that the Project will:
 - a. Create an environment conducive to new private investment and business expansion in the City and within, adjacent to and within proximity of the EID District consistent with the Plan approved by the RDC;
 - b. Provide and promote significant opportunities for gainful employment of City and regional residents through business retention, expansion and attraction; and
 - c. Be a public utility and benefit through an improved and diversified economic base of the City.

27. Prior to the passage of the TIF Resolution and the Bond Ordinances, respectively, the RDC and the EDC will conclude that the Project in the EID District consists of "local public improvements" as contemplated under IC 36-7-14-39(b)(3).
28. Prior to the passage of the Bond Ordinances, the EDC shall hold a public hearing and determine that all of the improvements made for the Project in the EID District are "economic development facilities" as contemplated under IC 36-7-11.9-3 and recommend the City approve the issuance of the TIF Bonds for the Project and the EID Bonds to fund a portion of the Project consisting of Economic Improvement Projects that are capital projects.
29. Prior to the passage of the Bond Ordinances, the EDC will determine that the diversification of industry, the creation of business opportunities and creation of opportunities for gainful employment attributable to the Project within the jurisdiction of the City is desirable, serves a public purpose, and is of benefit to the health and general welfare of the City; and that it is in the public interest that the City take action as it lawfully may to encourage the diversification of industry, the creation of business opportunities, and the creation of opportunities for gainful employment attributable to the Project within the jurisdiction of the City.
30. In conjunction with the passage of the Bond Ordinances, the City will confirm the findings of the RDC and EDC set forth above, and further find that all of the Economic Improvement Projects made for the Project will be of benefit to the health, prosperity, economic stability and general welfare of the City and its citizens all as defined and contemplated in the Bond Ordinances.
31. Based upon the foregoing it is reasonable to conclude that all of the Economic Improvement Projects made for the Project in the EID District shall be of "public utility and benefit" as contemplated under IC 36-7-22-6(b)(2).

Economic Improvement Projects Financing

32. It is anticipated that the total cost of the Project (including all reserves and soft costs) will exceed \$300,000,000.
33. It is anticipated that the TIF Revenues from the Allocation Area will be pledged, on a senior basis, to support a series of bonds to finance a portion of the Project that are not payable from the Economic Improvement Fund or Pledged EID Assessments, which bonds may not exceed \$47,500,000 ("TIF Bonds"). The TIF Bonds shall be payable solely from the TIF Revenues and the proceeds will be provided to the Project Developer for the Project.
34. The EID Bonds will be issued in one or more series to finance a portion of the Project and a portion of Economic Improvement Projects that are capital projects including but not limited to construction, development and capitalized interest or reserves attributable to the Hotel, the Retail Space, the Developer Condos, and the Parking Facilities.
35. The proceeds of the EID Bonds will be loaned by the City, by and through the EDC, to the Project Developer, the Project Condo Association, and/or an affiliate thereof ("Borrower")

pursuant to the Financing Agreement, which repayment obligation of Borrower will be evidenced by a promissory note ("Borrower Note").

36. The EID Bonds will be payable from the following sources to the extent set forth in the Financing Agreement ("Pledged Funds"):
 - a. Project Developer payments on the Borrower Note from Project revenues, which are anticipated to be offset by any of funds received under (b), (c) and (d) below;
 - b. TIF Revenues, the pledge of which shall be junior to the TIF Bonds;
 - c. Occupancy EID Assessments; and
 - d. Backup EID Assessment (as defined below).
37. The Pledged EID Assessments shall consist of the Occupancy EID Assessments and the Backup EID Assessment.
38. The Occupancy EID Assessments shall consist of an assessment levied against the Hotel Property and Condos equal to up to nine percent (9%) for room or unit base night rental cost and shall apply to the Hotel Property and to any Condos which have been rented more than fourteen (14) days per year (the "Occupancy EID Assessments"). The Hotel Owner and owners of the Condos shall provide Project Developer the applicable year's revenue information, which Project Developer shall provide the Board no later than October 15 following each annual period commencing October 1 and ending September 30. Hotel Owner and Project Developer shall collect such assessments from room or unit renters/guests on behalf of the Board and shall make the payments to the County Treasurer for the benefit of the Board or to the trustee of the EID Bonds on behalf of the Board if permitted. The applicable property owner shall be liability for any shortfall and any deficiency in the Occupancy EID Assessments shall be levied against and attach against the applicable property (i.e. Hotel Property for delinquency in occupancy assessment payment related to the Hotel or the applicable Condo owner for a delinquency in its occupancy assessment payment).
39. An annual Backup EID Assessment shall be made in accordance with Section 55 herein to the extent that Borrower Note payments, TIF Revenues and Occupancy EID Assessments are insufficient to cover the debt service obligation on the EID Bonds (the "Backup EID Assessment").
40. The EID Bonds are anticipated to be issued in one or more series in the aggregate principal amount of approximately \$43,490,000, provided however, such amount may be increased to up to \$80,000,000 to the extent the TIF Bonds are not issued or otherwise placed.
41. No EID Bonds shall be issued after the Project is fully placed in service.
42. The Annual Backup Special Assessments shall not exceed the lesser of the assessments required to meet the debt service obligations (including any coverage ratios) to service the

EID Bonds assuming no TIF Revenues, no Occupancy EID Assessment, and no payments made on the Borrower Note ("EID Backup Assessment Cap").

43. Any Pledged EID Assessments collected that are not used to make an annual or semi-annual debt service payment on the EID Bonds (whether collected for Bond coverage ratio purposes or assessed prior to receipt of other funds deposited in the Economic Improvement Fund) shall first be allocated to establishing or replenishing a reasonable debt service reserve for the EID Bonds and then to the redemption of the EID Bonds pursuant to the trust indentures associated with each series.

Benefits to Accrue to the Property Owners within the EID District

44. It is anticipated all of the owners of real property interests in the EID District will have access to and benefit from the completion of the following Economic Improvement Projects:
- a. Public Improvements;
 - b. Parking Facilities (*either as a matter of right or as hourly or monthly public parking*);
 - c. Hotel (*at standard rates*);
 - d. Retail Space (*as customers*); and
 - e. Units or activity generated from the Residential Property.
45. It is anticipated that the commercial entities will particularly benefit from the above Economic Improvement Projects and will also benefit from the following:
- a. Planning and Managing Development and Improvement Activities;
 - b. Commercial Activity;
 - c. Business Development; and
 - d. Project Security.
46. The RDC will benefit from the new property taxes to be derived from the EID District in excess of the taxes attributable to the base assessed value of the property in the EID District that will enable the RDC to pay debt service on bonds issued under IC 36-7-14-25.1, or to make payments or provide security on leases payable under IC 36-7-14-25.2, in order to provide public improvements in the EID District.
47. The RDC will also benefit from the Parking Facilities and an agreed upon percentage of the parking spaces in the Parking Facilities are anticipated to be available to the general public to the extent not required for tenants or guests of the Project, which spaces are currently not available in the EID District.

48. Each owner of a building in a Zone will benefit from the Project Developer obtaining funding from the Board (defined below) to finance the cost of the Project.
49. The EID District was a vacant property prior to the development of the Project.
50. The benefits provided by completion of the Economic Improvement Projects for the Project are all new benefits and will not replace benefits existing before the establishment of the EID District and the completion of the EID Improvements Projects.
51. The Hotel Property and the renters of Condos, as primary commercial uses, will benefit the most from the Economic Improvement Projects.

Assessments, Application, Benefit, Formula, EID Bonds and Terms

52. The assessment revenues to be collected and deposited into the Economic Improvement Fund for the Board shall be done on a zone-by-zone basis ("Special Assessments"). The Board shall establish, have and maintain subaccounts within the Economic Improvement Fund in which the Special Assessment for each Zone shall be assessed, collected and deposited by the Board. The Board shall have a December 31st fiscal year end ("Fiscal Year").
53. The amount of Occupancy EID Assessments collected for a year for purposes of determining the Annual Backup Special Assessment Amount is (collectively referred to herein as the "Annual Occupancy EID Assessment Amount").
54. The amount of the Backup EID Assessment revenue collected from each Zone shall be based solely upon the amount of annual Special Assessments necessary, after considering the other collected Pledged Funds, for each Fiscal Year to (a) cover the annual cost of the Board operating the EID District up to \$60,000.00 (which may be increased by up to 2% per year) (the "Annual Cost"), (b) make the annual payment of all or a portion of the debt service and other related expenses on the EID Bonds, and (c) insure that the Board achieves the required debt service coverage ratio required by the EID Bonds (collectively referred as the "Annual Backup Special Assessment Amount" and together with the Annual Occupancy EID Assessment Amount, the "Annual Special Assessment Amount").
55. The Annual Cost of the Board operating the EID District shall be allocated to the owners of Zone 3 by the Board and assessed against the Zone 3 Improvements and the remainder of the Annual Backup Special Assessment Amount shall be allocated as follows:
 - a. 60% to the Hotel Owner ("Zone 1 Backup Assessments"), which Zone 1 Backup Assessments shall be assessed against the Zone 1 Improvements and payable by the Hotel Owner.
 - b. 30% to the owner(s) of the Zone 2 Improvements ("Zone 2 Backup Assessments"). The Zone 2 Backup Assessments shall be allocated among the owner(s) of the Zone 2 Improvements based upon the assessed value of their respective real property interest.

- c. 10% to the owner(s) of the Zone 3 Improvements (i.e. the anticipated Project Condo Association) ("**Zone 3 Backup Assessments**"). The Zone 3 Backup Assessments shall be allocated among the owner(s) of the Zone 3 Improvements based upon the assessed value of their respective real property interest. (For example, the Parking Garage is owned by Project Condo Association and has an assessed value of \$30 million and other Zone 3 Improvements are owned by another non-exempt entity ("**Other Zone 3 Owner**") with an assessed value of \$10 million, 7.5% of the Annual Backup Special Assessment Amount would be assessed against the Parking Garage and payable by the Project Condo Association and 2.5% of the Annual Backup Special Assessment Amount would be assessed against the other Zone 3 Improvements and payable by the Other Zone 3 Owner.)

A determination of assessed value by the Board based upon the available data by the LaPorte County, Indiana Assessor (the "**Assessor**") or other professionals shall be final for an applicable Fiscal Year and not subject to recalculation for an appeal or a subsequent adjustment by the Assessor. The Board shall update any revisions or determinations as to a real estate interest's assessed value when calculating an Annual Backup Special Assessment Amount for a subsequent Fiscal Year.

- 56. The Board may establish a reasonable debt service reserve by Zone to ensure that each Zone's contributions are realized for such Zone's applicable portion of the Annual Special Assessment Amount and available to timely and fully pay the debt service due on the EID Bonds. If the owners of a respective Zone fail to pay the Zone's respective portion of the Annual Special Assessment Amount, the Board may increase the Zone's respective Annual Special Assessment Amount, as needed, to cover any prior shortfalls and/or to enhance or replenish the Zone's debt service reserve.
- 57. In determining the aggregate Annual Special Assessment Amount, the Board shall determine, in consultation with the trustee of the EID Bonds and the municipal advisor for the City, the amount of TIF Revenues received (or to be received) for the applicable Fiscal Year ("**Non-Assessment Fiscal Year Receipts**"). The Annual Backup Special Assessment Amount shall be reduced by the TIF Revenues received and available for the EID Bonds, the Annual Occupancy EID Assessment Amount, and other Project revenues paid by the Project Developer, effectively reducing the aggregate Zone 1 Backup Assessments, Zone 2 Backup Assessments and Zone 3 Backup Assessment on a prorated basis consistent with the calculation percentages set forth above.
- 58. Prior to the issuance of the EID Bonds, the Board shall provide notice, conduct a public hearing and set an estimated maximum annual backup special assessment schedule for each projected property owner or real property interest in accordance with IC 36-7-22-12 based upon the Project Developer's estimated projected assessed value projection for the various property interest to be outlined in the Final Condo Declaration ("**Preliminary EID Backup Assessment Cap Schedule**"). The Board shall certify to the Auditor the Preliminary EID Backup Assessment Cap Schedule.

59. The EID Bonds, and the interest payable thereon, shall not represent or constitute a debt of the City, the Redevelopment District, the State of Indiana ("State") or any political subdivision or taxing authority thereof within the meaning of the provisions of the constitution or statutes of the State or a pledge of the faith and credit of the City or the State or any political subdivision or taxing authority thereof.
60. Neither the faith and credit nor the taxing power of the City, the Redevelopment District, the State or any political subdivision or taxing authority thereof shall be pledged to the payment of the principal of, premium, if any, or the interest on the EID Bonds.
61. The EID Bonds shall not grant the owners or holders thereof any right to have the City, the Redevelopment District, the State or its general assembly or any political subdivision or taxing authority of the State, levy any taxes or appropriate any funds for the payment of the principal of, premium, if any, or interest on the EID Bonds.
62. The proceeds from the EID Bonds shall only be used to reimburse or to fund costs incurred by the Project Developer related the Economic Improvement Projects in accordance with the Financing Agreement.
63. After completion of the Project, the full initial assessment of the property interests and the final issuance of the EID Bonds, the Board shall review the Preliminary EID Backup Assessment Cap Schedule and issue a final EID Backup Assessment Cap schedule ("Final EID Backup Assessment Cap Schedule"). To the extent that the Final EID Backup Assessment Cap Schedule includes an Annual Backup Special Assessment Amount that exceed a particular real property interest's maximum Annual Backup Special Assessment Amount set forth in the Preliminary EID Backup Assessment Cap Schedule, the Board shall provide notice to such owners, conduct a hearing and set a revised maximum EID Backup Assessment Cap for such real property interest. The Board shall then approve a Final EID Backup Assessment Cap Schedule (including, if applicable, reducing a real property interest's maximum EID Backup Assessment Cap) provided that the Final EID Backup Assessment Cap Schedule achieves the aggregate debt service and debt service coverage ratios contemplated with the issuance of the EID Bonds. The Final EID Backup Assessment Cap Schedule shall be recorded with the Recorder and the Assessor.
64. The Board may exempt a business established within the EID District after the creation of the EID District from assessment of any type of Special Assessment for a period not to exceed one (1) year as contemplated under IC 36-7-22-10.
65. The plan for the application of assessment revenue and formula to be used for the assessment of special benefits shall be based upon the methods set forth in this Petition.
66. The Board shall set and certify the final Special Assessment schedule for an applicable Fiscal Year ("Annual Special Assessment Schedule") and shall record the Annual Special Assessment Schedule with the Auditor by January 15 of such Fiscal Year. No Annual Backup Special Assessment Amount levied on a particular real estate property interest shall exceed the respective collective maximum Annual Backup Special Assessment Amount set forth in the Final EID Backup Assessment Cap Schedule (or until such Final EID

Backup Assessment Cap Schedule is approved, the Preliminary EID Backup Assessment Cap Schedule).

67. The signing of the Annual Special Assessment Schedule for each calendar year by a majority of the members of the Board and the delivery of the Annual Special Assessment Schedule to the Auditor shall constitute a final and conclusive determination of the benefits that are assessed.
68. The Board shall include with each Annual Special Assessment Schedule certified by the Board to the Auditor ("Assessment Supplement Statement") an allocation of the Special Assessments into the following categories (as applicable):
 - i. Interest;
 - ii. Principal;
 - iii. Other Bond expenses;
 - iv. EID Improvement Project maintenance and repair charges; and
 - v. Other EID District expenses.
69. The Auditor shall cause the information set forth in the Assessment Supplement Statement to be reflected on the tax statements of the persons owning the property affected by the Special Assessment as prepared by the Treasurer of LaPorte County, Indiana.
70. Each Special Assessment is a lien on the real property that is assessed, second only to the ad valorem property taxes levied on the property located in the EID District as set forth and contemplated in IC 36-7-22-12(g) ("Statutory Lien") and shall be in compliance with IC 36-7-22-12 and any other applicable provisions under the Act.[If unpaid, each Special Assessment shall otherwise accrue all penalties, interest, etc., applicable to unpaid property taxes under Indiana law.]
71. Any real property subject to a Statutory Lien shall be subject to sale in accordance with IC 6-1.1-24 and 6-1.1-25.
72. The Board acknowledges and agrees that for payment of each Special Assessment the Board shall look solely to the Statutory Lien to secure and collect the payment of each Special Assessment, except as otherwise agreed and consented to by the owner of the real property to which the Special Assessment is levied.
73. In addition to the Statutory Lien, the Board shall have and retain the right to also enforce, pursue, collect and secure the payment of each Special Assessment by agreement or instrument with a security interest in and on any other property located in the EID District as determined by the Board, including by mortgage, security agreement, UCC filings and any other form of secured transaction, upon the written consent and agreement of the owner of such property ("Other Collateral").

74. The Board shall have and retain the right to pledge and assign the Special Assessment and any Other Collateral to secure the EID Bonds as determined from time to time by the Board.
75. There shall be no other assessments of any type within the EID District.
76. The Special Assessments with respect to EID Bonds are to remain in place for a period of up to thirty-five (35) years from the date when such EID Bonds are issued to finance a portion of the Project.
77. It is anticipated that the EID Bonds shall be issued by the RDC, the EDC and the City pursuant to a process similar to the process used by such bodies to issue the TIF Bonds as provided in IC 36-7-12.
78. Any property owned by the RDC and used for an exempt purpose that is located in the EID District is and shall continue to be exempt from property taxation under IC 6-1.1-10.

Board

79. A board for the EID District shall be established by the City in accordance with IC 36-7-22-11 (the "Board").
80. The proposed members of the Board are Clarence Hulse as a representative of Petitioner 1, Seth Spencer as a representative of Petitioner 2, and Skyler York as a representative of the City, all of which are at least 18 years of age, and represent entities that own property within the proposed EID District. Upon the transfer of the Land to the Project Developer, the representatives of Petitioner 1 and Petitioner 2 shall be deemed to have resigned, and Scott Goodman and Alan Schachtman shall be deemed appointed as representatives of the Project Developer and the Project HOA as successors in interest, in whole or in part, to Petitioner 1 and Petitioner 2. The Board shall be used for a public purpose and perform an essential governmental function for the City as contemplated in the Act.
81. The performance of the Board's functions shall be for and on behalf of the City as contemplated in the Act.
82. For as long as the RDC owns the RDC Land comprising the EID District, the Economic Development Agreement shall have the following provision included therein:

"The City, EDC and RDC, including all subsequent property owner(s) of any portion of the land or improvements located in the EID District, hereby waive its rights (if any) to file an action to contest the RDC's status as an owner of land in the EID District under the Act or the validity of the EID District ordinance adopted to establish the EID District and Zones 1, 2 and 3 under IC 36-7-22-7 as contemplated under IC 36-7-22-13 whether available any time to such property owner as of or after the date of this Agreement or which subsequently may be authorized by the General Assembly of the State of Indiana. Any subsequent property owners of land located in the EID District will be required to acknowledge the existence of the EID District and declare and make the same waivers as set forth above concurrent with the purchase of such land; provided however, in no event

shall the City, RDC or EDC be subject to assessment in the EID District at any time."

83. Through the power of the City to appoint the Board, the EID District and the Board shall effectively be subject to the supervision of the City as provided in IC 36-7-22-11.
84. Each annual budget prepared by the Board for the EID District shall be subject to approval, modification or rejection by the City as contemplated in IC 36-7-22-17.
85. If the ordinance establishing the EID District is repealed, the assets and liabilities of the EID District shall be disposed of in a manner determined by the City where liabilities incurred by the EID District are not an obligation of the City, RDC or EDC and are payable only from the Special Assessments and other revenues of the EID as contemplated in IC 36-7-22-20. Notwithstanding the foregoing, the EID District and Special Assessments shall not be repealed while any EID Bonds are outstanding in which any assessment is pledged from the Economic Improvement Fund created under IC 36-7-22-16.
86. It is intended that the Board shall be treated as an organization contemplated in Section 115(2) of the Internal Revenue Code of 1986, as amended.

Petitioners

87. The Petitioners and RDC that have signed this Petition own one hundred percent (100%) of the real property within the EID District as of the date of their execution of this Petition.
88. The Petitioners and RDC that have signed this Petition are owners of real property constituting one hundred percent (100%) of the assessed valuation within the EID District as of the date of their execution of this Petition.

Pursuant to the Act, Petitioners respectfully requests that the Common Council proceed with a public hearing on the establishment of the EID District and determine that:

1. This Petition meets the requirements of Sections 4, 5 and 7 of the Act;
2. The Project, including but not limited to the Economic Improvement Projects, will provide special benefits to property owners in the EID District and will be of public utility and benefit;
3. The benefits provided by the Economic Improvement Projects will be new benefits that do not replace benefits existing before the establishment of the EID District; and
4. The formula to be used for the assessment of benefits set forth in this Petition is appropriate.

WHEREFORE, Petitioners respectfully request that the Common Council grant this Petition and move forward to create the EID District.

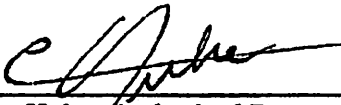
[Signature page to follow]

**PETITION FOR ESTABLISHMENT OF ECONOMIC IMPROVEMENT
DISTRICT PURSUANT TO INDIANA CODE § 36-7-22**

Respectfully submitted on July 8, 2025.

PETITIONER 1

LAKEFRONT LLC

By: 
Clarence Hulse, Authorized Representative

PETITIONER 2

SOUTH LAKESIDE LLC

By: 
Seth Spencer, Authorized Representative

CONSENT & WAIVER

The Michigan City Redevelopment Commission, for and on behalf of the City of Michigan City and its Department of Redevelopment, hereby consents to the filing of this Petition and waives its right to contest the validity of the ordinance establishing the EID District as set forth in IC 36-7-22-13(a)(1).

RDC

**MICHIGAN CITY REDEVELOPMENT
COMMISSION**

By: _____


Sheila Mathas, President

Date: _____

7/9/25

ATTEST:



Clarence Huise/Secretary

EXHIBIT A

DISTRICT LAND DEPICTION

(See attached)

EXHIBIT B

FORM OF CONDO DECLARATION

(see attached)

DRAFT FORM DATED 12/15/24 – TO BE FINALIZED UPON ACQUISITION OF REAL ESTATE BY DECLARANT OR AN AFFILIATE OR SUBSIDIARY THEREOF. DECLARANT SHALL ENDEAVOR TO PROVIDE ALL PROSPECTIVE PURCHASERS WITH (a) PROMPT WRITTEN NOTICE OF ANY MATERIAL CHANGES TO THIS DRAFT AND (b) A COPY OF THE FINAL DECLARATION ONCE EXECUTED AND RECORDED IN THE OFFICIAL RECORDS OF LAPORTE COUNTY, INDIANA.

MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

SOLA

DRAFT

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- TABLE OF EXHIBITS -

<u>Exhibit</u>	<u>Subject Matter</u>
"A"	Property Initially Submitted
"A-1"	Legal Description of the Commercial Parcel
"A-2"	Legal Description of the Condominium Parcel
"A-3"	Description/Depiction of the Garage Component
"A-4"	Description/Depiction of the Hotel Component
"B"	Site Plan
"C"	Initial Use Restrictions and Rules
"D"	Schedule of Unit Parking Spaces and Unit Storage Lockers
"E"	Form of Joinder to Master Declaration

DRAFT FORM DATED 12/15/24 – TO BE FINALIZED UPON ACQUISITION OF REAL ESTATE BY DECLARANT OR AN AFFILIATE OR SUBSIDIARY THEREOF. DECLARANT SHALL ENDEAVOR TO PROVIDE ALL PROSPECTIVE PURCHASERS WITH (a) PROMPT WRITTEN NOTICE OF ANY MATERIAL CHANGES TO THIS DRAFT AND (b) A COPY OF THE FINAL DECLARATION ONCE EXECUTED AND RECORDED IN THE OFFICIAL RECORDS OF LAPORTE COUNTY, INDIANA.

MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

SOLA

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SOLA (this "Declaration") is made this ____ day of _____, 2025 (the "Effective Date"), by YAB Development Partners, LLC, an Indiana limited liability company ("Declarant").

PART ONE: INTRODUCTION TO THE COMMUNITY

Declarant is the master developer of the integrated, mixed-use development containing residential, restaurant, commercial/retail, and hospitality components which is known as SoLa, and desires to establish this Declaration to provide a system of standards and procedures for the overall development of SoLa and for the governance, administration, maintenance, upkeep, and preservation of SoLa as a community comprised of various land uses which complement and support one another and the larger community of which SoLa is a part.

Capitalized terms used in this Declaration and not otherwise defined herein shall have the meanings set forth in Article II. Captions used for or in Sections, Articles and Exhibits of this Declaration are for convenience of reference only and shall not affect the construction of this Declaration. The terms "include", "including" and "such as" shall each be construed as if followed by the phrase "without being limited to". Any reference in this Declaration to a document or agreement or other instrument of any kind shall be deemed to include any and all amendments, modifications, extensions, replacements or supplements thereto from time to time.

Each Owner is responsible for complying with the Governing Documents and shall be responsible to cause any occupant of such Owner's Parcel, as well as all their respective lessees, guests and invitees, to comply with the Governing Documents.

Article I. Creation of the Community

1.1. Purpose and Intent.

Declarant intends to establish a general plan of development for, and to provide for the overall development, governance, administration, maintenance, upkeep, and preservation of, the mixed-use development known as SoLa. An integral part of the development plan for SoLa is the creation of SoLa Master Association, Inc., an association comprised of all Owners, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.

1.2. Binding Effect.

SoLa shall consist of the real property described in Exhibit "A", which real property shall be owned, conveyed and used subject to the provisions of this Declaration, which shall constitute a covenant running with the title to such property and shall be binding upon all Persons now or hereafter having any right, title, or interest in any portion of SoLa, and their heirs, successors, successors in title, and assigns.

This Declaration shall remain in effect and shall be enforceable by Declarant, the Association, any Owner and their respective legal representatives, heirs, successors, and assigns, for an initial term of approximately fifty (50) years from the Effective Date. After such time, this Declaration shall be extended automatically for four (4) successive periods of ten (10) years each, unless (i) if the Declarant Control Period has not terminated, an instrument signed by Declarant is Recorded within the year preceding the expiration of the initial term or any extension term, terminating this Declaration, or (ii) if the Declarant Control Period has terminated, an instrument signed by the then Owners of at

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least seventy-five percent (75%) of the land area comprising SoLa is Recorded within the year preceding the expiration of the initial term or any extension term, agreeing to terminate this Declaration, and, in either case, this Declaration shall terminate as of the date specified in such instrument. Notwithstanding the foregoing, all easements created in this Declaration shall be perpetual to the fullest extent of the law, unless otherwise specifically stated herein, and shall be deemed re-made and re-granted as necessary upon the first conveyance of any part of SoLa to any Owner other than Declarant.

1.3. Governing Documents.

The Governing Documents for SoLa consist of:

- this Declaration and such Supplemental Declarations as may be Recorded from time to time to supplement this Declaration with additional covenants, restrictions and easements applicable to particular areas within SoLa;
- the Articles of Incorporation and By-Laws of SoLa Master Association, Inc.;
- the Restrictions and Rules described in Article III;
- the Architectural Guidelines described in Article IV; and
- such resolutions as the Association's Board of Directors may adopt from time to time pursuant to this Declaration and the By-Laws.

The Governing Documents apply to all Owners within SoLa as provided herein. This Declaration acknowledges that certain areas within SoLa may be subjected to additional covenants, restrictions and easements in the future, which may be administered by Additional Associations. In such case, if there is a conflict between or among the Governing Documents and any such additional covenants, restrictions, and easements, or the governing documents or policies of any such Additional Association, the Governing Documents shall control. Notwithstanding anything to the contrary contained herein, in the event the terms and provisions of this Declaration should conflict with the terms and provisions of any other Governing Document, the terms and provisions of this Declaration shall control in every instance, and the terms and provisions of the Articles shall control the By-Laws. However, nothing in this Section shall preclude any Condominium Declaration, Supplemental Declaration or other covenants applicable to any portion of SoLa from containing additional covenants, easements or restrictions which are more restrictive than the provisions of this Declaration, and in such case the more restrictive shall control. The Association, Declarant, every Owner, every Ground Lessee and any designee of Declarant, an Owner or a Ground Lessee shall have the right to take legal action to enforce the Governing Documents, including the right to seek specific performance. The Association and Declarant shall have the specific enforcement powers and remedies described in Section 7.5 and elsewhere in the Governing Documents.

If a court should determine that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or other applications of such provision.

Article II. Concepts and Definitions

The terms used in the Governing Documents are intended to have their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

"Additional Association": A condominium association or other owners' association, if any, having jurisdiction over particular areas within SoLa concurrent with (but subject to) the jurisdiction of the Association. An Additional Association shall be a subset of the Association and shall therefore only be responsible for the affairs of their specific developments within SoLa. Except for the association of Condominium Unit Owners (which association is hereby approved by Declarant), Additional Associations may only be formed with the prior written consent of the Board and the Board shall have the right to approve all governing documents of any Additional Association.

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"Amenities": The fitness center, yoga studio, game room, co-working space, spa, pool, pool deck, dog run, and courtyards, all as shown on the Site Plan.

"Architectural Guidelines": The architectural, design and construction guidelines and standards and review procedures adopted by Declarant pursuant to Article IV.

"Articles": The Articles of Incorporation of SoLa Master Association, Inc., filed with the Secretary of State of the State of Indiana.

"Assessments": The Base Assessments, the Service Area Assessments, the Special Assessments, the Specific Assessments, and any and all other assessments which are levied by the Association in accordance with the provisions of this Declaration or any Supplemental Declaration.

"Association": SoLa Master Association, Inc., an Indiana not-for-profit corporation, its successors or assigns.

"Base Assessment": Assessments levied on all Parcels subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Parcels, as determined in accordance with Section 8.1.

"Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the Articles and the By-Laws and generally serving the same role as the board of directors under Indiana corporate law.

"Building Activity": Any improvements, alterations, change of colors, excavations, changes in grade, plantings, or other work that in any way alter(s) any Parcel, including the construction, erection or alteration of any improvement, building, fixture, equipment, fence, wall, swimming pool, ball court, patio, deck, parking area, or other structure on a Parcel, or the installation or alteration of any signage on any Parcel. Building Activity shall not include any improvements, alterations, change of colors, or other work (including any interior signage) with respect to the interior of any improvement or other building on a Parcel.

"Building Plan": To the extent applicable and appropriate for the contemplated Building Activity, (a) a site plan prepared by a licensed engineer or architect, (b) a foundation plan and proposed finished floor elevations, (c) building plans, including elevation and floor plans, (d) samples of exterior building materials, (e) a landscaping plan, (f) an exterior lighting plan, and (g) all other data or information that the Reviewer may reasonably request with respect to the Building Activity.

"By-Laws": The By-Laws of SoLa Master Association, Inc.

"City": The City of Michigan City, Indiana.

"Commercial Parcel": The portion of SoLa identified as such on the Site Plan and legally described on Exhibit "A-1" attached hereto and made a part hereof, together with all improvements thereon and all rights, privileges, interests, easements and appurtenances belonging or in any wise pertaining thereto. The Commercial Parcel includes the Hotel Component, a portion of the Garage Component, and the other areas of SoLa that are not included in the Condominium Parcel.

"Common Area": All portions of SoLa that are intended for the benefit and common use and enjoyment of the Owners and their respective lessees, guests, invitees, employees, customers, successors and assigns (whether such Common Area is located on property owned by the Association, an Owner, or a public body or authority), including those which are designated as Common Area on the Site Plan, together with all improvements thereon and all personal property related thereto intended for the common use and enjoyment of the Owners, and all real and personal property that may subsequently be acquired by the Association (whether by fee, easement, license or otherwise), or dedicated to and accepted by the Association pursuant to a plat for the common use and enjoyment of the Owners. The term shall include all access drives and roadways, surface parking lots, shared stairwells, shared elevators and elevator shafts, drainage lakes, pond and areas, walking paths, sidewalks, parks, planting areas, landscaping materials, lighting,

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hardscape, and other improvements (collectively, "Improvements") located within SoLa and intended for the common use and enjoyment of the Owners. For avoidance of doubt, the term shall also include the shared access ways, drives, doors and means of ingress and egress to and from the Garage and adjacent right of way and the other portions of SoLa, but the Garage as a whole shall not constitute Common Area. The term shall include Limited Common Area, as defined below. Notwithstanding anything to the contrary herein, the Board, in its reasonable discretion, may deem any Improvement installed by an Owner and located on property that is designated Common Area is not intended for the common use and enjoyment of the Owners or does not provide a material benefit to the Owners other than such Owner, in which case the Board may designate such Improvement as not part of the Common Area and such Owner shall be responsible for the maintenance, upkeep, repair, replacement and insurance of such Improvement as set forth in Sections 5.1 and 5.3, at its own expense. Such designation may occur as part of the Building Plan approval or at any time by notice to the applicable Owner. Unless otherwise expressly provided in this Declaration, the Amenities shall not be considered part of the Common Area.

"Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by Declarant or the Association for the general benefit of all Owners and their respective lessees, guests, invitees, employees, customers, successors and assigns, including: all costs and expenses incurred in connection with ownership, maintenance, upkeep, repair, replacement and/or reconstruction of the Common Area and any landscaping, lighting, hardscape, structures or improvements located thereon (including trash collection, payroll, management fees and other administrative costs); real estate taxes and assessments attributable to Common Area; utilities for the Common Area or consumed in furtherance of the Association's duties and obligations; costs and expenses incurred in connection with any off-site utilities or drainage facilities serving SoLa or any portion thereof; and costs and expenses of the Association in conducting its affairs and generally discharging the duties and obligations imposed upon it by this Declaration or assumed by it pursuant to authorization granted by the Governing Documents, for the general benefit of all Owners, including any reasonable reserve (but not an expenditure therefrom), as the Board may find necessary and appropriate pursuant to the Governing Documents; costs and expenses incurred by the Association of with respect to the operation, management, maintenance, repair and replacement of the Garage and the Garage Component, responsibility for which is hereby delegated to the Association. Common Expenses shall not include any expenses incurred during the Declarant Control Period for initial development or other original construction or capital improvement costs for the initial development of SoLa.

"Common Facilities": Any electrical, fuel, gas, water, water cooling, water heating, sanitary sewer, storm sewer, drainage, plumbing, heating, cooling, ventilating, telephone, television, telecommunications, data processing, elevators, escalators, transportation, security, fire-protection, life safety, emergency power, trash removal and mechanical equipment, systems and facilities, building and pole lighting, drive lanes, landscape and hardscape areas, and any other utilities, equipment or facilities located or to be installed or constructed in, on, over, across, under or through a Parcel, and at the time serving that Parcel and another Parcel or Parcels, excluding any utilities, equipment or facilities not owned by any Owner, and further excluding any such utilities, equipment or facilities owned by an Owner but located entirely within a Parcel and designed to serve and at the time serving only that Parcel.

"Common Structural Supports": The foundations, columns, girders, beams, plates, poured or precast concrete slabs, podiums, supports and other structural members located or to be installed or constructed in, on, over, across, under or through and designed to serve or at the time serving a Parcel or Parcels other than or in addition to the Parcel on which the same are situated.

"Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing within SoLa, or the minimum standards established pursuant to City ordinances and the Restrictions and Rules, whichever is a higher standard.

"Condominium Act": The Condominium Law of the State of Indiana, Indiana Code §32-25-1 et. seq., as such Condominium Act may be amended from time to time.

"Condominium Declaration": A Recorded declaration of Horizontal Property Regime by which a particular portion of SoLa is or may be submitted to the condominium form of ownership. It is anticipated that only the Condominium Parcel will be subjected to a Condominium Declaration.

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"Condominium Parcel": The portion of SoLa identified as such on the Site Plan and legally described on Exhibit "A-2" attached hereto and made a part hereof, together with all improvements thereon and all rights, privileges, interests, easements and appurtenances belonging or in any wise pertaining thereto.

"Condominium Unit Owner": the owner of fee simple title to any condominium unit within the Condominium Parcel.

"County": LaPorte County, Indiana.

"Declarant": YAB Development Partners, LLC, an Indiana limited liability company, or any successor or assign who is designated as Declarant in a Recorded instrument executed by the immediately preceding Declarant.

"Declarant Affiliate": Any natural person, corporation, limited liability company, limited liability partnership, general partnership, limited partnership, or sole proprietorship (a) owning, owned by, or under common control with, Declarant, (b) of which Declarant is a member or partner, or (c) which is a member of Declarant.

"Declarant Control Period": The period of time during which Declarant is entitled to appoint all of the members of the Board, as provided in the By-Laws. The Declarant Control Period shall terminate on the first to occur of the following:

(a) when no portion of the real property comprising SoLa is owned or Ground Leased by Declarant or a Declarant Affiliate;

(b) when, in its discretion, Declarant so determines.

"Garage": The structured parking facility to be located within the Garage Component containing approximately 394 parking spaces, together with entrances and exits, ramps and drives, elevator lobbies, and related facilities.

"Garage Component": The portion of SoLa identified as such on the Site Plan and depicted and/or described on Exhibit "A-3" attached hereto and made a part hereof, together with all improvements thereon and all rights, privileges, interests, easements and appurtenances belonging or in any wise pertaining thereto. As indicated on Exhibit "A-3" a portion of the Garage Component is part of the Commercial Parcel and a portion of the Garage Component is part of the Condominium Parcel.

"Governing Documents": A collective term referring to the documents identified in Section 1.3.

"Ground Lease": Any lease of a Parcel or Parcels from an Owner to a Ground Lessee, for a term (excluding options) of at least fifteen (15) years.

"Ground Leased": means leased pursuant to a Ground Lease.

"Ground Lessee": Any Person, who from time to time shall lease a Parcel or Parcels from an Owner pursuant to a Ground Lease.

"Horizontal Property Regime": A horizontal property regime established in SoLa pursuant to I.C. 32-25-1 or any successor provision authorizing the creation of a horizontal property regime.

"Hotel Component": The portion of SoLa identified as such on the Site Plan and depicted and/or described on Exhibit "A-4" attached hereto and made a part hereof, together with all improvements thereon and all rights, privileges, interests, easements and appurtenances belonging or in any wise pertaining thereto. The Hotel Component is part of the Commercial Parcel.

"Limited Common Area": A portion of the Common Area primarily benefiting one or more Owners, but less than all Owners, including Service Areas, as described in Article XII.

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“Member”: A Person subject to membership in the Association pursuant to Section 6.2.

“Mortgage”: A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Parcel. The term **“Mortgagee”** shall refer to a beneficiary or holder of a Mortgage.

“Nonresidential Parcel”: A Parcel which is intended for independent ownership, development and use by an Owner for any permitted nonresidential purpose, including offices, retail stores, hotels, parking facilities and/or as a rental apartment development containing multiple apartments or residences with shared facilities (all of which apartments or residences are owned by a single Owner or co-Owners, or lessee of an Owner or sublessee of a Ground Lessee, and leased or otherwise operated on a commercial basis, whether or not for profit). The term shall include all of the real property comprising the Nonresidential Parcel as well as any improvements thereon.

“Owner”: One or more Persons who hold the record title to any Parcel, but excluding in all cases any party holding an interest merely as security for the performance of an obligation; provided, that, an Owner shall mean any Ground Lessee of a Parcel or Parcels, as to any period of time during which (i) there is a Ground Lease in effect with respect to such Parcel or Parcels, and (ii) the particular rights, duties and privileges of the Owner of such Parcel or Parcels with respect to the Declaration have been assigned to the Ground Lessee of the Parcel or Parcels pursuant to the Ground Lease as to which notice has been given to the Declarant or the Association in accordance with Article XX of this Declaration. Upon creation of a condominium established by the recording of a Condominium Declaration, for the period of time that the Condominium Declaration remains in force and effect (and the corresponding portion of SoLa remains governed by the Condominium Act), the Additional Association established by the Condominium Declaration, rather than the individual Condominium Unit Owners, shall be deemed the Owner of the Condominium Parcel for purposes of this Declaration, and such Additional Association, rather than its members or the individual Condominium Unit Owners, shall exercise and be subject to the rights and responsibilities of the “Owner” of the Condominium Parcel under this Declaration. Notwithstanding the foregoing, to the extent that the Association owns record title to any Parcel, the Association shall not be deemed an Owner hereunder for purposes of exercising any right to vote.

“Parcel”: An inclusive term referring to the Commercial Parcel and the Condominium Parcel.

“Party Wall(s) and Structure(s)”: Any wall, floor, ceiling or other separation that is located, installed or constructed at, or upon or to form any vertical or horizontal boundary or separation between Parcels, including beams, columns, girders, plates, poured or precast concrete slabs, foundations, and membranes supports forming a part of any such wall, floor, ceiling or other separation or to which any such wall, floor, ceiling or separation is or shall be attached or affixed, and including any Common Facilities, Common Structural Supports, or equipment or utilities located or to be installed or constructed within or attached or affixed to any wall, floor, ceiling or other separation.

“Percentage Interest”: The percentage of SoLa attributable to each Parcel, calculated by dividing the total number of square feet of space within a Parcel (rounded to the nearest hundredth) by the sum of the total number of square feet of space within all of SoLa (rounded to the nearest hundredth), with the quotient rounded to the nearest hundredth. When determining the total number of square feet of space within all of SoLa, there shall be excluded from the calculation the square footage of any portion of SoLa owned by the Association.

“Person”: A natural person, a corporation, a partnership, a limited liability company, a trustee, a political subdivision or any other legal entity.

“Project Agreement”: That certain Second Amended and Restated Development Agreement (You Are Beautiful Site), dated as of December 10, 2024, by and among Declarant, City, and the City of Michigan City Redevelopment Commission, as the same may be modified, amended and supplemented from time to time.

“Record”, “Recording”, or “Recorded”: The act of filing a legal instrument in the office of the recorder of LaPorte County, Indiana, or such other place as may be designated as the official location for recording deeds, leases, plats and similar documents affecting title to real estate in SoLa, or a term describing an instrument which has been so filed.

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"Residential Area": A portion of the real property comprising SoLa which is intended for development as Residential Parcels or is comprised of a group of Residential Parcels. As of the Effective Date, the only the Condominium Parcel shall be deemed a Residential Area.

"Residential Parcel": A portion of the real property comprising SoLa which is intended for ownership, development and use by an Owner as an attached or detached residence for a single family in a manner consistent with this Declaration and any applicable Condominium Declaration or Supplemental Declaration. The term shall, unless otherwise specified, include residential condominiums, townhomes, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots, as well as vacant land intended for development as such. The term shall include all portions of the unit or lot as well as any structure thereon.

"Restrictions and Rules": The restrictions and rules set forth in Exhibit "C", as the same may be amended from time to time as permitted hereunder.

"Reviewer": Declarant (or one or more Persons appointed by Declarant) during the Declarant Control Period and, after termination of the Declarant Control Period, the Reviewer shall mean the Board or any party or parties appointed to such role by the Board.

"Service Area": A group of Parcels designated as a separate Service Area pursuant to this Declaration for purposes of sharing Limited Common Areas or receiving other benefits or services from the Association which are not provided to all Parcels within SoLa. A Service Area may be comprised of more than one land use or housing type and may include noncontiguous parcels of property. A Parcel may be part of more than one Service Area. Service Areas may be established and modified as provided in Section 7.3.

"Service Area Assessments": Assessments levied against the Owners of all Parcels in a particular Service Area to fund Service Area Expenses, as described in Section 8.2 and Section 8.3.

"Service Area Expenses": The actual and estimated expenses which Declarant or the Association incurs or expects to incur for the benefit of Owners of Parcels within a particular Service Area or Service Areas, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as the Board may find necessary and appropriate pursuant to the Governing Documents.

"Site Plan": That certain site plan for the development of the property which is or may become a part of SoLa set forth in Exhibit "B" attached hereto and made a part hereof. The Site Plan may be revised from time to time in Declarant's discretion and in accordance with any plat and applicable zoning ordinance. The Site Plan is a flexible document which may reflect Declarant's development plans at a particular time but is established only as a planning tool only for Declarant and is not intended to create any binding obligation to any Person. Inclusion of property on the Site Plan shall in no way obligate Declarant or any Declarant Affiliate to submit it to the terms of this Declaration or the jurisdiction of the Association.

"SoLa": The integrated, mixed-use development containing residential, restaurant, commercial/retail, and hospitality components to be constructed on, and consist of, the real property described in Exhibit "A".

"Special Assessment": Assessments levied in accordance with Section 8.2.

"Specific Assessment": Assessments levied in accordance with Section 8.3.

"Supplemental Declaration": A Recorded instrument which subjects additional property to this Declaration pursuant to Article IX, designates Service Areas, and/or imposes, expressly or by reference, additional restrictions and obligations on particular Parcels described in such instrument. The term shall also refer to an instrument Recorded by Declarant which designates Voting Clusters.

"Voting Member": The person entitled to cast the vote attributable to a particular Parcel pursuant to Sections 6.3(b) and (c) on matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). In the case of the Condominium Parcel, the Voting Member shall be elected or

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appointed by the Additional Association established by the Condominium Declaration to represent and cast all votes attributable to the applicable Condominium Parcel, as provided in Section 6.3 and the applicable Supplemental Declaration.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Article III. Use and Conduct

3.1. Rule Making Authority.

(a) The Board may modify, cancel, limit, create exceptions to, or expand the Restrictions and Rules from time to time in accordance with the notice requirements and procedures set forth in the By-Laws.

(b) The Association shall provide, without cost, a copy of the Restrictions and Rules then in effect to any requesting Member or Mortgagee.

3.2. Owners' Acknowledgment and Notice to Purchasers.

All Owners are given notice that use of their Parcels and the Common Area is limited by the Restrictions and Rules as they may be amended, expanded and otherwise modified. Each Owner hereby acknowledges and agrees that the use and enjoyment and marketability of his or her Parcel can be affected by this provision and that the Restrictions and Rules may change from time to time. All purchasers of Parcels are on notice that changes may have been adopted by the Association. Copies of the current Restrictions and Rules may be obtained from the Association.

3.3. Additional Restrictions.

Each of the Parcels shall be utilized only for such purposes as are permitted by applicable zoning ordinances or as otherwise approved by the applicable governmental authority and for no other purposes. For the avoidance of doubt, unless prohibited by applicable zoning ordinances, short-term vacation rental use shall be permitted with respect to any Residential Parcel.

Article IV. Building Activity

4.1. General.

No Building Activity in SoLa shall be made or done without the prior written approval by the Reviewer of a Building Plan therefor; provided, however, that any initial Building Activity performed by Declarant or a Declarant Affiliate shall not be subject to the terms of this Article IV. In addition to the requirements of this Declaration with respect to Building Activity, so long as the Project Agreement is in effect, any Building Activity on any Parcel that is subject to the terms and conditions of the Project Agreement shall also comply with the applicable requirements of the Project Agreement.

4.2. Building Activity.

(a) Section 4.1 shall not apply to the following (all of which shall be permitted without the prior approval by the Reviewer of a Building Plan therefor): (i) flowers, bushes, shrubs, other plants having a height of less than forty-eight (48) inches; other landscaping activities pertaining to the regular maintenance or replanting of plantings installed pursuant to an approved Building Plan; or additional plantings that are consistent with an approved Building Plan, and (ii) any improvements, alterations, change of colors, or other work (including any interior signage) with respect to the interior of a building on a Parcel. For clarity, Section 4.1 shall apply with respect to any changes not described in this Section 4.2(a), and to any changes to building systems within SoLa or to finishes on the exterior of SoLa.

(b) The approval of the Reviewer shall be in addition to, and not in lieu of, all approvals, consents, permits and/or variances required by law from governmental authorities having jurisdiction over the Parcel, and no

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Owner shall undertake or permit any Building Activity unless all legal requirements with respect thereto have been satisfied. Approval by the Reviewer of a Building Plan shall not be deemed to imply compliance with approvals, consents, permits and/or variances required by law from governmental authorities having jurisdiction over the Parcel.

(c) All Building Activity shall be completed in substantial accordance with the Building Plan approved by the Reviewer.

4.3. Procedures.

Except as hereafter provided, in the event the Reviewer fails to approve, modify or disapprove in writing a Building Plan within thirty (30) days after such plan has been duly filed with the Reviewer in accordance with procedures established by the Reviewer, approval will be deemed denied. In the case of approval of a Building Plan for the initial construction of a Parcel, the Reviewer shall, after consultation with the applicant, endeavor to provide written notice of its approval or disapproval within thirty (30) days after receipt of the proposed Building Plan from the applicant. If the Reviewer disapproves of the proposed Building Plan, then the Reviewer shall endeavor to explain in its written notice specific reasons for its disapproval and the applicant shall be entitled to submit a revised proposed Building Plan. If the applicant does submit a revised proposed Building Plan, the Reviewer shall, after consultation with the applicant, endeavor to provide written notice of its approval or disapproval within thirty (30) days after the revised proposed Building Plan from the applicant has been duly filed (provided, that the Reviewer may not then disapprove of any feature that was included in a prior proposed Building Plan that the Reviewer did not previously disapprove unless in the Reviewer's reasonable good faith judgment, the revisions materially adversely affect such feature). The same process shall apply until such time as the Reviewer approves the Building Plan or the applicant elects not to submit a revised proposed Building Plan.

4.4. Establishment and Application of Standards.

Declarant may prepare the initial Architectural Guidelines, which may contain general provisions applicable to all of SoLa as well as specific provisions which may vary according to land use and from one Parcel to another. The Architectural Guidelines are intended to provide guidance to Owners regarding matters of particular concern to the Reviewer in considering applications hereunder. The Architectural Guidelines are not the exclusive basis for decisions of the Reviewer and compliance with the Architectural Guidelines does not guarantee approval of any Building Plan.

Declarant shall have sole and full authority to amend the Architectural Guidelines during the Declarant Control Period, notwithstanding a delegation of reviewing authority to the Board, unless Declarant also delegates the power to amend to the Board. Upon the expiration or delegation of Declarant's right to amend, the Board shall have the authority to amend the Architectural Guidelines. Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to, require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

The Reviewer shall make the Architectural Guidelines available to Owners who seek to engage in development or construction. In Declarant's discretion, such Architectural Guidelines may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

The Reviewer shall review each Building Plan and apply the Architectural Guidelines in a fair, timely, uniform and reasonable manner consistent with the reasonable discretion inherent in the design review process. In disapproving any Building Plan, the Reviewer shall furnish the applicant with specific reasons for such disapproval and may suggest modifications in such plan which would render the plan acceptable to the Reviewer if resubmitted.

The Reviewer may authorize variances from compliance with the Architectural Guidelines and any of its procedures in its sole discretion; and may take into consideration circumstances such as topography, natural

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obstructions, hardship, or aesthetic or environmental considerations in connection with its determination to issue a variance. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

4.5. Review Fees/Design Consultants.

The Reviewer, at the sole cost and expense of the person submitting a Building Plan for review, may charge a reasonable review fee (as established from time to time by the Board) and/or utilize the services of architects, engineers and other Persons possessing design expertise and experience in evaluating a Building Plan.

4.6. Existing Violations of this Declaration.

The Reviewer shall not be required to consider any Building Plan submitted by an Owner who is, at the time of submission of such Building Plan, in violation of the requirements of this Declaration, unless such Owner submits to the Reviewer with such Building Plan an irrevocable agreement and undertaking (with such surety as the Reviewer may reasonably require) to cure such violation. Under no circumstances shall any action or inaction of the Reviewer with respect to the review of a Building Plan be deemed to be unreasonable, arbitrary or capricious if, at the time of such decision, the Person having submitted a Building Plan for approval by the Reviewer has violated this Declaration, and such violation remains uncured.

4.7. Exercise of Discretion.

The Reviewer may exercise reasonable discretion in approving or disapproving a Building Plan consistent with the provisions of Section 4.4, and every Owner is hereby conclusively presumed to have consented to such exercise of reasonable discretion by the Reviewer. In any judicial proceeding challenging a determination by the Reviewer and in any action initiated to enforce this Declaration in which an abuse of reasonable discretion by the Reviewer is raised as a defense, abuse of reasonable discretion may be established only if a reasonable person, weighing the evidence and drawing all inferences in favor of the Reviewer, could only conclude that such determination constituted an abuse of reasonable discretion.

4.8. Liability of the Reviewer.

The Reviewer shall not be responsible in any way for any defects in any plans, specifications or other materials submitted to it, or for any defects in any work done according thereto. Further, the Reviewer does not make, and shall not be deemed by virtue of any action of approval or disapproval taken by it to have made, any representation or warranty as to the suitability or advisability of the design, the engineering, the method of construction involved, or the materials to be used.

4.9. Completion of Building Activity.

Except as may otherwise be approved in writing by the Reviewer as part of an approved Building Plan, any Building Activity subsequent to the initial construction on a Parcel shall be substantially completed within twenty-four (24) months after the date of commencement of the building process of the Building Activity. For the purposes of this Section, construction will be deemed "substantially completed" or "substantially complete" when the Building Activity has been completed in substantial accordance with the Building Plan.

All landscaping specified in the Building Plan approved by the Reviewer shall be installed on a Parcel in substantial accordance with such approved plan within sixty (60) days following substantial completion of the improvements specified in such Building Plan if such completion occurs between March 1 and October 15; otherwise prior to May 15.

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4.10. Inspection.

Upon reasonable notice to the Owner (provided that notice shall not be required if the Reviewer reasonably determines that injury to persons or damage to property may be imminent, or in the case of an emergency), the Reviewer may inspect work being performed to assure compliance with this Declaration.

4.11. No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Building Activity until the work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or Building Plans for any Building Activity done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, Building Plans, or other matters subsequently or additionally submitted for approval.

Article V. Maintenance and Repair

5.1. Maintenance of Parcels.

Except for Improvements and areas designated as part of the Common Area, each Owner shall maintain such Owner's Parcel and all improvements and landscaping (if any) located on such Parcel in a manner consistent with the Governing Documents, the Community-Wide Standard, all applicable zoning requirements and all applicable covenants, unless such maintenance responsibility is otherwise assigned to and assumed by the Association, an Additional Association, or to another Owner pursuant to an agreement of Record.

Responsibility for maintenance of landscaping under this Section 5.1 shall include responsibility for watering of lawns and other landscaping as needed to maintain it in a healthy condition. It shall also include responsibility for removal and replacement of diseased or dead plant material in a timely fashion and in any event within thirty (30) days of notice from Declarant or the Association.

5.2. Maintenance by Additional Associations.

Any Additional Association shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, applicable zoning ordinances and all applicable covenants.

The Association may assume the maintenance responsibility of any Additional Association, either by agreement with the Additional Association or because, in the opinion of the Board, the level and quality of maintenance then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Service Area Assessment only against the Parcels subject to the jurisdiction of the Additional Association.

5.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement necessary to maintain an Owner's Parcel to a level consistent with the Community-Wide Standard.

Each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on such Owner's Parcel, less a reasonable deductible, unless either an Additional Association (if any) having jurisdiction over the Parcel or the Association carries such insurance (which it may, but is not obligated to do hereunder). If the Association assumes responsibility for obtaining any insurance coverage on behalf of any Owner, the premiums for such insurance shall be levied as a Specific

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Assessment against the benefited Parcel and the Owner. The Association shall have not responsibility for and shall not be required to insure against loss or damage to Owner's personal property.

Each Owner in all areas of SoLa further covenants and agrees that in the event of damage to or destruction of structures on or comprising such Owner's Parcel, the Owner shall proceed to promptly, and in any event within one hundred eighty (180) days of the occurrence of such damage or destruction (unless such time period is extended in the sole discretion of Declarant), repair or to reconstruct in a manner consistent with the original construction or otherwise consistent with the Community-Wide Standard. Alternatively, the Owner shall clear the Parcel and maintain it in a neat and attractive landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds. In any event, as soon as practicable after such damage, but not later than ten (10) days thereafter, the Owner shall secure damaged improvements and commence and thereafter diligently complete the removal of debris and restoration of the unimproved area into a neat and clean condition.

The requirements of this Section shall apply to any Additional Association in the same manner as if the Additional Association were an Owner and the property for which it has maintenance responsibility were a Parcel. Additional covenants applicable to any portion of SoLa set forth in any Condominium Declaration, Supplemental Declaration or other agreement of Record may establish more stringent requirements for insurance and more stringent standards for rebuilding or reconstructing structures on the Parcels within such area and for clearing and maintaining the Parcels in the event the structures are not rebuilt or reconstructed.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

Article VI. The Association and its Members

6.1. Function of Association.

The Association has been established for the purpose of administering SoLa in accordance with the Governing Documents. Its responsibilities include:

- (a) management, maintenance, operation and control of the Common Area;
- (b) interpretation and enforcement of the Governing Documents;
- (c) upholding the Community-Wide Standard within SoLa; and
- (d) upon delegation or termination of Declarant's authority as Reviewer under Article IV, administration by the Board of the architectural review process for SoLa.

6.2. Membership.

Every Owner (except for the Association) shall be a Member of the Association. There shall be only one membership per Parcel. If a Parcel is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3(b) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, member or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

6.3. Voting.

- (a) Classes of Membership. The Association initially shall have two (2) classes of membership, Class "A" and Class "B" as follows:

Class "A". Class "A" Members shall be all Owners of a Parcel, except the Class "B" Member, if such exists.

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Class "B". The sole Class "B" Member shall be Declarant. The Class "B" Member shall not have voting rights relative to the Percentage Interest of Parcels it owns; rather, the consent of the Class "B" member shall be required for various actions of the Board and committees as specifically provided in the Governing Documents. In addition, the Class "B" Member may appoint all of the members of the Board of Directors during the Declarant Control Period, as specified in the Articles and the By-Laws. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents. The Class "B" membership shall terminate upon the earlier of:

- (i) the termination of the Declarant Control Period; or
- (ii) when, in its discretion, Declarant so determines and declares in a Recorded instrument.

(b) **Exercise of Voting Rights Generally.** Except as otherwise specified in this Declaration or the By-Laws, the vote(s) for each Parcel owned by a Class "A" Member shall be equal to the Percentage Interest allocated to such Parcel and exercised by the Voting Member representing such Parcel. The Association shall calculate the Percentage Interest assigned to each Parcel within SoLa in accordance with this Declaration, and shall make such calculation available to each Owner upon request. The Owner of each Parcel, or the person designated by such Owner in writing to Secretary of the Association as the voting representative of such Owner shall be the Voting Member for such Parcel, subject to Section 6.3(c). In any situation where there is more than one Owner of a Parcel, the vote for such Parcel shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Parcel's vote shall be suspended if more than one Person seeks to exercise it. No vote(s) shall be exercised for any property which is exempt from assessment under Section 8.7.

(c) **Exercise of Voting Rights for Condominium Units.** No Condominium Unit Owner shall have a right to vote directly in any matter requiring a vote of Class "A" Members and, upon creation of a condominium established by the recording of a Condominium Declaration, the Condominium Parcel shall not be included in any Class "A" Member votes until a Voting Member has been identified to the Secretary of the Association in writing. In the event of a vacancy in the positions of the Voting Member for the Condominium Parcel, the Board may appoint a Voting Member from the board of the Additional Association to represent the Condominium Parcel until a successor is elected. In any situation where there is more than one Owner of a Parcel, the vote for such Parcel shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Parcel's vote shall be suspended if more than one Person seeks to exercise it. The Voting Member may cast all votes which he or she is entitled to cast as the Voting Member deems appropriate in its sole discretion, with or without surveying the Owner(s) whom he or she represents; provided, unless the Board otherwise permits, the Voting Member shall vote all of the votes which he or she is entitled to cast as a block and shall not split the votes.

Article VII. Association Powers and Responsibilities

7.1. Acceptance and Control of Association Property.

(a) The Association, through action of its Board, may acquire, hold, lease (as lessor or lessee), operate and dispose of tangible and intangible personal property and real property. The Board may enter into leases, licenses, easement agreements, or operating agreements for portions of the Common Area, for such consideration or no consideration as the Board deems appropriate, to permit use of such portions of the Common Area by community organizations and by others, whether nonprofit or for profit, and for the provision of goods or services for the general benefit or convenience of owners, occupants and residents of SoLa.

(b) Declarant and its designees may convey to the Association personal property and fee title, leasehold or other property interests in any real property, improved or unimproved, described in Exhibit "A" and the Association shall accept any such property. If Declarant conveys property to the Association as Common Area at no cost to the Association, the Association shall, upon Declarant's written request, reconvey to Declarant any unimproved portions of such property, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

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(c) The Association shall be responsible for management, operation and control of the Common Area, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association and further subject to the Project Agreement and any document of record. The Board may amend the Regulations and Rules regulating use of the Common Area as it deems appropriate.

(d) Declarant or the Association shall have the right to grant easements, licenses, or other rights of use in and to portions of the Common Area in favor of Owner(s) or Additional Associations governing Parcels within SoLa upon such terms and conditions as are acceptable to Declarant or the Association, as applicable.

7.2. Maintenance and Operation of Common Area.

The Association shall maintain, in accordance with the Community-Wide Standard, the Common Area, which shall include:

- (a) all portions of and structures situated on and within the Common Area;
- (b) all streets, surface parking areas and roadways within SoLa until such time as they are accepted by a public body for perpetual maintenance (provided that if the Association determines that the applicable public body is not properly maintaining such streets, surface parking areas and roadways, the Association may, but shall not be required to, perform maintenance thereon and the costs thereof shall be a Common Expense);
- (c) any landscaping within the rights-of-way of streets or roads within or abutting SoLa, whether or not dedicated to the public.
- (d) such portions of any additional property included within the Common Area as may be dictated by this Declaration, the Declarant, any Supplemental Declaration, any Condominium Declaration, any plat, or any contract or agreement for maintenance thereof entered into by the Association.

The Association may enter into property management agreements, service contracts or similar agreements with Persons, including Declarant or Declarant Affiliates, for the performance of its management, operation and maintenance obligations set forth herein for such consideration as the Board deems appropriate. Notwithstanding anything to the contrary herein, any property management agreements, service contracts or other contracts or agreements with Declarant or any Declarant Affiliate the costs of which will be paid, in whole or in part, through any Assessment, shall not exceed market rates.

The Association may maintain other property which it does not own, including property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Association shall maintain the Garage Component on behalf of the Owner of the Commercial Parcel and the Owner(s) of the Condominium Parcel, the costs of which shall be deemed a Common Expense, subject to the right of the Association to seek reimbursement from the Owner(s) of, or other Persons responsible for, certain portions of the Garage Component pursuant to this Declaration, other Recorded covenants, or agreements with the Owner(s) thereof.

The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

Except as otherwise provided herein, during the Declarant Control Period, the Common Area shall not be reduced by amendment of this Declaration or any other means except with Declarant's prior written approval.

Except as specifically provided herein, all costs associated with maintenance, repair, upkeep, replacement, insurance and operation (including utilities and security) of the Common Area shall be a Common Expense, subject to the right of the Association to seek reimbursement from the Owner(s) of, or other Persons responsible for, certain

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portions of the Common Area pursuant to this Declaration, other Recorded covenants, or agreements with the Owner(s) thereof. The cost of maintenance, repair, replacement and insurance of Limited Common Areas shall be a Service Area Expense assessed against the Parcels to which the Limited Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

In the event of the dissolution of the Association, the Association property shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies or to a nonprofit corporation similar to the Association to be used, in any such event, for the common benefit of the Owners for a similar purpose as that when the particular Association property was held by the Association.

7.3. Provision of Benefits or Services to Service Areas.

(a) Declarant, either herein, on the Site Plan and/or by Supplemental Declaration, may assign portions of SoLa to one or more Service Areas (by name or other identifying designation) as it deems appropriate, which Service Areas may be then existing or newly created, and may require that the Association provide benefits or services to such Parcels in addition to those which the Association generally provides to all Parcels. The cost of providing such benefits or services shall be assessed against the Parcels within such Service Area as a Service Area Assessment.

(b) Any group of Owners may petition the Board to designate their Parcels as a Service Area for the purpose of receiving from the Association (a) special benefits or services which are not provided to all Parcels, or (b) a higher level of service than the Association provides to all Parcels. Upon receipt of such petition signed by Owners of a majority of the Percentage Interest allocated to Parcels within the proposed Service Area, the Board shall investigate and determine, in its sole discretion, whether the proposed Service Area is feasible. If the Board determines that the proposed Service Area is feasible, the Board shall investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and the cost thereof, which may include a reasonable administrative charge in such amount as the Board deems appropriate. Upon written approval of the proposal by the Board and the approval of the Owners of at least seventy-five percent (75%) of the Percentage Interest allocated to Parcels within the proposed Service Area of the terms upon which the requested benefits or services will be provided by the Board, the Association shall provide the requested benefits or services and shall assess the cost thereof among the Parcels in the proposed Service Area as a Service Area Assessment pursuant to Section 8.2.

7.4. Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable Association owned real property, including any owned betterments and improvements. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost, under current building ordinances and codes, of the property, including any owned betterments and improvements.

(ii) Commercial general liability insurance, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$3,000,000.00 per occurrence and in the aggregate with respect to bodily injury, personal injury, and property damage.

(iii) Workers compensation insurance, if and to the extent required by law.

(iv) Employer's Liability Insurance, in the minimum amount of One Million Dollars (\$1,000,000.00) with respect to each accident for bodily injury by accident, in the minimum amount of One

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Million Dollars (\$1,000,000.00) in the aggregate for bodily injury by disease and in the minimum amount of One Million Dollars (\$1,000,000.00) per employee in respect to bodily injury by disease.

(v) Directors and officers liability coverage in minimum limits of not less than \$1,000,000 per claim;

(vi) Fidelity/crime insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment.

(vii) Commercial non-owned automobile insurance with minimum limits of not less than \$1,000,000 per occurrence.

(viii) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

Premiums for all insurance on the Common Area shall be Common Expenses, except that premiums for insurance on Limited Common Areas may be included in the Service Area Expenses of the Service Area(s) to which such Limited Common Areas are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverages by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the County. Upon such annual review if recommended by such qualified Person, the Association shall increase its insurance coverages so that the same are commercially reasonable. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.4(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Service Area Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the gross negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Parcels as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) be issued by an insurance company with a Best rating of A-VII or better authorized to do business in Indiana;

(ii) be written in the name of the Association;

(iii) provide that each Owner is an additional insured or loss payee, as available and appropriate; and

(iv) provide a waiver of subrogation under the policies (except for Workers Compensation) against any Owner, Ground Lessee, and sublessee or occupant of a Parcel.

(c) In Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

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Damaged improvements on the Common Area shall be repaired or reconstructed unless the Board and the Class "B" Member, if any, decide within sixty (60) days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, or after payment required to be made to a Mortgagee, shall be retained by the Association for the benefit of its Members or the Owners of Parcels within the insured Service Area, as appropriate.

7.5. Compliance and Enforcement.

(a) Every Owner shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in the By-Laws. To the extent permitted by Indiana law, such sanctions may include:

(i) imposing reasonable monetary fines which shall constitute a lien upon the violator's Parcel. (In the event that any occupant, guest or invitee of a Parcel violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);

(ii) suspending an Owner's right to vote if the Owner is more than thirty (30) days delinquent in paying any Assessment or other charge owed to the Association;

(iii) suspending any Owner's right to use the Common Area; provided, such suspension shall not impair an Owner's right to vehicular and pedestrian ingress and egress to and from its Parcel, and the right to park within parking areas;

(iv) suspending any services provided by the Association to an Owner or the Owner's Parcel if the Owner is more than thirty (30) days delinquent in paying any Assessment or other charge owed to the Association;

(v) exercising legal self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

(vi) without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner of a Parcel who fails to comply with the terms and provisions of Article IV from continuing or performing any further activities in SoLa; and

(vii) levying Specific Assessments to cover costs incurred by the Association to bring a Parcel into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the By-Laws:

(viii) exercising legal self-help in any emergency situation (specifically including the towing of vehicles that are in violation of parking rules and regulations), and entry onto any Parcel for such purpose shall not be considered a trespass; and

(ix) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

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In addition to any other enforcement rights, if an Owner fails to perform properly such Owner's maintenance responsibility after written notice specifying the maintenance required and a reasonable opportunity to perform such maintenance, the Association may Record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Association against the Parcel and the Owner as a Specific Assessment. If an Additional Association fails to perform its maintenance responsibilities, the Association may perform such maintenance and assess the costs as a Specific Assessment against all Parcels within the jurisdiction of such Additional Association.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including attorneys' fees and court costs, reasonably incurred in such action.

(b) The decision to have the Association pursue enforcement action in any particular case shall be left to the Board's discretion. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

- (i) the Association's position is not strong enough to justify taking any or further action; or
- (ii) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or
- (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- (iv) it is not in the Association's best interest, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule, nor shall it preclude any Owner from taking action at law or in equity to enforce the Governing Documents.

The Association, by contract or other agreement, may enforce applicable city and county ordinances, if applicable, and permit the County or the City to enforce ordinances within SoLa for the benefit of the Association and its Members.

7.6. Implied Rights: Board Authority.

The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

To the extent permitted by Indiana law, the Board may institute, defend, settle, or intervene on behalf of the Association in, mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Area, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its members.

7.7. Indemnification of Officers, Directors and Others.

Subject to Indiana law, the Association shall indemnify, defend and forever hold harmless every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director,

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or committee member, except that such obligation to indemnify and defend shall be limited to those actions for which liability is limited under this Section.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers, directors, and committee members shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers, directors or committee members may also be Members of the Association). The Association shall indemnify, defend and forever hold each such officer, director and committee member harmless from any and all damages and expenses, including counsel fees, for liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance as set forth in Section 7.4 to fund this obligation, if such insurance is reasonably available.

7.8. Safety and Security.

Each Owner and occupant of a Parcel, and their respective lessees, guests and invitees, shall be responsible for their own personal safety and the security of their property in SoLa. The Association may, but shall not be obligated to, maintain or support certain activities within SoLa designed to enhance the level of safety or security which each person provides for himself and his property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within SoLa, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to SoLa, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and shall be responsible for informing its lessees, guests and invitees and all occupants of its Parcel that the Association, its Board and committees, and Declarant are not guarantors of security or safety and that each Person using SoLa assumes all risks of personal injury and loss or damage to property, including Parcels and the contents of Parcels, resulting from acts of third parties.

7.9. Powers of the Association Relating to Additional Associations.

The Association shall have the power to block any action taken or contemplated to be taken by any Additional Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association also shall have the power to require specific action to be taken by any Additional Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor.

An Additional Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Additional Association fails to comply, the Association shall have the right, to the extent permitted by Indiana law, to effect such action on behalf of the Additional Association and levy Specific Assessments against the Parcels subject to the Additional Association's jurisdiction to cover the costs incurred, as well as an administrative charge and sanctions.

7.10. Provision of Services.

The Association may provide, or provide for, services and facilities for the Members and their Parcels, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant or a Declarant Affiliate, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities provided at the option of an Owner, or may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the Base Assessment if provided to all Parcels. By way of example, such services and facilities might include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities.

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Nothing in this Section shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to all Owners or Parcels as a Common Expense shall not exempt any Owner from the obligation to pay Assessments for such services.

7.11. Relationships with Other Properties.

The Association may enter into contractual agreements, easements and covenants to share costs with the owner of any neighboring property to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.12. Facilities and Services Open to the Public.

Certain facilities and areas within SoLa may be open for use and enjoyment of the public. Such facilities and areas may include: roads, sidewalks, greenbelts, trails, paths, parks, parking facilities, and similar areas conducive to public gathering and interaction. Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Common Area or the Board may so designate them at any time thereafter, or the same may be designated as open to the public on a plat. The availability of such areas to the general public shall not relieve any Owner of responsibility for Assessments levied to fund the Association expenses incurred in connection with such areas.

Article VIII. Association Finances

8.1. Budgeting for and Allocating Association Expenses.

(a) **Preparation of Budget.** At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses of the Association for the coming year, to be allocated among all Parcels, and separate budgets reflecting the estimated Service Area Expenses for each Service Area to which the Association expects to provide benefits or services during the budget period. Each budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than Assessments levied against the Parcels, and the amount estimated to be generated through the levy of Assessments against the Parcels.

The estimated expenses in each budget may include, a reasonable contribution to a reserve fund for repair and replacement of any capital items to be maintained as a Common Expense or as a Service Area Expense, respectively. In determining the amount of such reserve contribution, the Board shall take into account the number and nature of replaceable assets, the expected life of each, the expected repair or replacement cost, and the contribution required to fund the projected need by annual contributions over the expected useful life of the asset.

(b) **Calculation of Base Assessments.** Upon determining the total amount of income required to be generated through the levy of Base Assessments, the Association shall allocate such amount among all Parcels subject to assessment under Section 8.6 on the effective date of the budget in accordance with the Percentage Interest attributable to each Parcel. The amount allocated to each Parcel shall then be levied as a Base Assessment.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 8.1(b)), which may be either a contribution, an advance against future Assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

(c) **Calculation of Service Area Assessments.** The total amount of estimated Service Area Expenses for each Service Area shall be allocated among all Parcels within the applicable Service Area in accordance with the following formula and levied against each of the Parcels within such Service Area as a Service Area Assessment:

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The share of any Service Area Expenses to be assessed by the Association against a Parcel subject to a particular Assessment under this Article VIII shall be represented by a fraction, the numerator of which is the Percentage Interest assigned to the particular Parcel and the denominator of which is the total Percentage Interest assigned to all Parcels subject to such Assessment. Such fraction shall be multiplied by the total dollar amount of the expenses to be assessed in order to determine the dollar amount of the Assessment to be levied against the particular Parcel. The dollar amount of the Assessment shall be equally divided among all Parcels subject to such Assessment.

All amounts collected by the Association as Service Area Assessments shall be held in trust for and expended solely for the benefit of the Service Area for which they were collected and shall be accounted for separately from the Association's general funds.

(d) Notice of Budget and Assessment. The Board shall send a copy of the final budget, together with notice of the amount of the Base Assessment and any Service Area Assessment to be levied pursuant to such budget, to each Owner and the Additional Association having jurisdiction over such Owner's Parcel, if applicable, at least thirty (30) days prior to the effective date of such budget. The Common Expense budget shall automatically become effective unless disapproved at a meeting by both (x) Voting Members representing at least seventy-five percent (75%) of the total Class "A" votes in the Association; and (y) the Class "B" Member, if such exists. The Service Area Expense budget for each Service Area shall automatically become effective unless disapproved at a meeting by Owners of sixty-seven percent (67%) of the Percentage Interest allocated to Parcels within the Service Area, except that the right to disapprove shall apply only to those line items which are attributable to services or benefits requested by the Owners of the Parcels within the Service Area and shall not apply to any item which the Governing Documents specifically require to be assessed as a Service Area Assessment. There shall be no obligation to call a meeting for the purpose of considering any budget except, in the case of the Common Expense budget, on petition of the Voting Members as provided for special meetings in the By-Laws, and in the case of any Service Area budget, on petition of Owners of a least twenty-five percent (25%) of the Percentage Interest allocated to Parcels within the Service Area. Any such petition must be presented to the Board within ten (10) days after delivery of the budget and notice of any Assessment.

(e) Budget Revisions. The Board may revise the budget and adjust the Assessments levied pursuant thereto from time to time during the year.

8.2. Special Assessments.

In addition to other authorized Assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted, or to cover Service Area Expenses. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Parcels within any Service Area if such Special Assessment is for Service Area Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of both (x) the Board; and (y) the affirmative vote or written consent of the Class "B" member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. In addition to the Special Assessments authorized above, the Association shall, without any affirmative vote or consent required from any Owner, levy a Special Assessment to cover any shortfall of revenue for payment of budgeted expenses due to (i) unpaid Assessments described in the last paragraph of Section 8.5, and (ii) unpaid Base Assessments or Service Area Assessments, in each case if the shortfall would result in a failure to meet the Community-Wide Standard. Special Assessments to cover unpaid Assessments described in the last paragraph of Section 8.5 shall be levied against the Owners of all Parcels subject to assessment under Section 8.6. Special Assessments to cover unpaid Base Assessments shall be levied against the Owners of all Parcels subject to assessment under Section 8.6 except for the Owners of Parcels that failed to pay the Base Assessments for which the Special Assessment is being made and the Owners paying such Special Assessment shall receive a credit against future Base Assessments if amounts owed for such unpaid Base Assessments are recovered. Special Assessments to cover unpaid Service Area Assessments shall be levied against the Owners of all Parcels within the applicable Service Area except for the Owners of Parcels that failed to pay the Service Area Assessments for which the Special Assessment is being made and the Owners paying such Special Assessment shall receive a credit against future Service Area Assessments if amounts owed for such unpaid Service Area Assessments are recovered.

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8.3. Specific Assessments.

The Association shall have the power to levy Specific Assessments against a particular Parcel or Parcels as follows:

- (a) to cover the costs, including overhead and administrative costs, of providing services to Parcels upon request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 7.10). Specific Assessments for special services may be levied in advance of the provision of the requested service; and
- (b) to cover costs incurred in bringing the Parcel into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Parcel, their agents, contractors, employees, licensees, invitees, or guests; and
- (c) to cover costs incurred or expected to be incurred by the Association to set up, clean up, provide additional security, utilities or other services in connection with any festival or other special events sponsored by the Owners or occupants of any Parcel or group of Parcels, upon the Board's determination, in the exercise of its business judgment, that such services are necessary or appropriate.

The Association may also levy a Specific Assessment against the Parcels within any Service Area to reimburse the Association for costs incurred in bringing the Service Area into compliance with the provisions of the Governing Documents.

8.4. Obligation for Assessments.

(a) Personal Obligation. Each Owner is hereby deemed to covenant and agree to pay all Assessments authorized in the Governing Documents. All Assessments, together with interest (computed from its due date at a rate of the Prime Rate plus four percent (4%) per annum, subject to the limitations of Indiana law), late charges as determined by Board resolution (provided, that, any late charge shall not exceed \$250.00 for each late Assessment payment), costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Parcel until paid in full. Upon a transfer of title to a Parcel, the grantee shall be jointly and severally liable for any Assessment and other charges due at the time of conveyance.

(b) Additional Associations. To the extent Parcels are under the jurisdiction of an Additional Association, such Additional Association shall be obligated to collect Assessments from the Owners of the Parcels under its jurisdiction and shall promptly remit the same to the Association when such Assessments are due in accordance with the terms hereof. Each Additional Association shall be liable to the Association for the payment of all (i) levied Base Assessments in accordance with the total number of Parcels under its jurisdiction, (ii) Special Assessments in accordance with the total number of Parcels under its jurisdiction against which Special Assessments are levied, (iii) Specific Assessments in accordance with the total number of Parcels under its jurisdiction against which Specific Assessments are levied, and (iv) Service Area Assessments in accordance with the total number of Parcels under its jurisdiction against which Service Area Assessments are levied. If the Additional Association fails to collect any Assessment from one of its Owners, such Additional Association shall be obligated to advance such sum on behalf of such delinquent Owner. If the Additional Association fails to promptly remit such sums to the Association, the Association and Declarant shall have the right to pursue all remedies provided at law or in equity against such Additional Association, and such delinquent Owner, in addition to those remedies set forth in this Declaration. If an Owner fails to pay any or all Assessments levied against his or her Parcel(s) to the Additional Association, the Additional Association, as well as the Association, shall have all remedies set forth in the applicable homeowner's association declaration or Condominium Declaration governing such Parcel for nonpayment of Common Expenses.

Failure of the Board to fix Assessment amounts or rates or to deliver or mail each Additional Association or Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner and Additional Association from the obligation to pay Assessments. In such event, each Owner shall continue to pay Base Assessments and Service Area Assessments on the same basis as during the last year for which an Assessment was

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made, if any, until a new budget becomes effective and a new Assessment is levied pursuant thereto. Any such budget may include as an expense item any shortfall in amounts previously collected.

No Owner may exempt himself from liability for Assessments by non-use of Common Area, abandonment of his Parcel, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Upon written request, the Association shall furnish to any Owner or Additional Association liable for any type of Assessment a certificate in writing signed by an Association officer setting forth whether such Assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

8.5. Lien for Assessments.

The Association shall have a lien against each Parcel to secure payment of delinquent Assessments, as well as interest, late charges (subject to the limitations of Indiana law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; and (b) the lien or charge of any Recorded Mortgage. The Association may Record a claim of lien, setting forth the amount of any unpaid, delinquent Assessment and the rate of interest due thereon. The Association may at any time thereafter bring an action to foreclose the lien against the Parcel assessed, in the manner in which mortgages on real property are foreclosed, and/or a suit on the personal obligation of the Owner, or both, as the case may be.

The Association may bid for the Parcel at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Parcel. While the Association is the Owner of a Parcel following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessment shall be levied on it; and (c) each other Parcel shall be charged, in addition to its usual Assessment, its pro rata share of the Assessment that would have been charged such Parcel had it not been acquired by the Association. The Association may sue for unpaid Assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Sale or transfer of any Parcel shall not affect the assessment lien or relieve such Parcel from the lien for any subsequent Assessments. However, the sale or transfer of any Parcel pursuant to foreclosure of a Mortgage or the transfer by deed-in-lieu of foreclosure shall extinguish the lien as to any installments of Assessments due prior to such Mortgagee's foreclosure or such transfer by deed-in-lieu of foreclosure and the subsequent Owner to the foreclosed Parcel or transferee pursuant to a deed-in-lieu of foreclosure shall not be personally liable for Assessments on such Parcel due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be Common Expenses collectible from Owners of all Parcels subject to assessment under Section 8.6, including such acquirer and their respective successors and assigns.

8.6. Authority to Assess Owners; Time of Payment.

The obligation to pay Assessments as provided for in this Article shall commence as to each Parcel on the first day of the month following: (a) the month in which the Parcel is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies Assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Service Area Assessment, if any, levied on each Parcel shall be adjusted according to the number of months remaining in the fiscal year at the time Assessments commence on the Parcel.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of Assessments at closing of the transfer of title to a Parcel and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, Assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Service Area Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any Assessments

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or other charges levied on his Parcel, the Board may require the outstanding balance on all Assessments on its Parcel to be paid in full immediately.

8.7. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Service Area Assessments, and Special Assessments:

- (a) Any property dedicated to and accepted by any governmental authority or public utility.

PART FOUR: COMMUNITY DEVELOPMENT

Article IX. Expansion of the Community

9.1. Reserved.

9.2. Additional Covenants and Easements.

Declarant may subject any portion of SoLa to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Service Area Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by someone other than Declarant, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.3. Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and Assessment liability in accordance with the provisions of this Declaration.

Article X. Additional Rights Reserved to Declarant

10.1. Withdrawal of Property.

Declarant reserves the right, in its sole discretion, during the Declarant Control Period, to determine at any time that all or any portion of the property comprising SoLa then owned or Ground Leased by a Declarant Affiliate should be withdrawn from all or any portion of the Governing Documents by execution of a statement ("Withdrawal Statement") indicating such intent and determination which shall contain a legal description of such portion of the property to be withdrawn. Upon the Recordation of the Withdrawal Statement among the public records of the County, the property described therein shall no longer be part of SoLa and such withdrawn property may be developed and/or used by Declarant for any purpose allowed by law. Declarant reserves the right to so amend this Declaration without the consent of the Association, any Additional Association, any Owner or any Mortgagee; provided, that the consent of the Declarant Affiliate which owns or is a Ground Lessee of such property shall be required.

10.2. Right to Approve Changes in SoLa Standards.

During the Declarant Control Period, no amendment to or modification of any Restrictions and Rules or Architectural Guidelines shall be effective without prior notice to and the written approval of Declarant.

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10.3. Development and Sales Activities.

Until the Recording by Declarant of a written statement that all development and/or sales activity has ceased or the date that no portion of the real property comprising SoLa is owned or Ground Leased by Declarant or a Declarant Affiliate, whichever is earlier:

(a) Declarant may construct and maintain upon portions of SoLa then owned or Ground Leased by Declarant or a Declarant Affiliate and the Common Area such facilities and activities as Declarant, in its sole opinion, may deem to be reasonably required, convenient, or incidental to the development, construction and/or sale of Parcels, including business offices, signs, model units, and sales offices. Declarant shall have easements for access to and use of such facilities at no charge.

(b) Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

10.4. Control of and Changes in Development Plan.

(a) Every Person that acquires any interest in SoLa acknowledges that SoLa is a planned community, the development of which is likely to extend over many years, and that changes in the development plan will likely occur as the development of SoLa proceeds. Each such Person therefore agrees not to protest, challenge, remonstrate against or otherwise object to changes made or proposed by Declarant in the Site Plan or the general development plan for SoLa or in the uses or density of property in the vicinity of, but beyond, the boundaries of SoLa being developed by Declarant or a Declarant Affiliate.

(b) No Person shall Record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of SoLa without Declarant's review and written consent. Any attempted Recordation without the consent(s) required by this Section 10.4(b) shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and Recorded by Declarant.

(c) The rights and limitations set forth in this Section 10.4 shall continue in effect until the Recording by Declarant of a written statement that all development and/or sales activity has ceased or forty (40) years from the date this Declaration is Recorded, whichever is earlier.

10.5. Exclusive Rights To Use Name of Development.

Declarant, for itself, its successors, and assigns, hereby reserves (i) the right to change the name of the mixed-use development subject to this Declaration in its sole discretion at any time, and (ii) sole and exclusive rights in and to the name "SoLa" or any subsequent name for the mixed-use development subject to this Declaration (collectively, the "Development Name") and no Person shall use the Development Name or any derivative of such names in any printed or promotional material without Declarant's prior written consent. However, Owners may use the Development Name in printed or promotional material where such term is used solely to specify that the particular property is located within SoLa or is a part of the mixed-use development subject to this Declaration; the Association shall be entitled to use the word "SoLa" in its name.

10.6. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a written instrument signed and Recorded by Declarant. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it

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shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

10.7. Right to Notice of Design or Construction Claims.

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within SoLa in connection with or in anticipation of any potential or pending claim, demand or litigation involving such design or construction unless Declarant has been first notified in writing and given an opportunity to meet with the Owner of the property to discuss the Owner's concerns and conduct their own inspection pursuant to the rights reserved in Section 11.8.

10.8. Governmental Orders.

In connection with the development and operation of SoLa, Declarant may present or be required to present applications for various governmental approvals. If such applications are approved, Declarant intends that the portions of SoLa affected by such governmental approval(s) shall be developed in accordance with all applicable terms and provisions set forth in such governmental approval(s). The effects of any such governmental approvals may include increasing the responsibilities and obligations of the Association, as well as increasing the amount of Assessments due from Owners. The Association shall accept any responsibilities and obligations placed on it by any governmental approval. The Association shall be bound by all of the terms and provisions of any such governmental approval and shall join in and consent to any governmental approval at the request of Declarant. Declarant shall have the right to seek changes to such governmental approvals after they have been approved without the joinder or consent of any other Person. Additionally, under any governmental approval, Declarant retains the right to amend or add to any of the terms and provisions of this Declaration, the Articles or the By-Laws for the purposes of fulfilling the requirements of any such governmental approval, without the joinder or consent of any Person.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

Article XI. Easements

11.1. Easements in Common Area.

Each Owner is hereby granted a reciprocal, nonexclusive right and easement of use, access, ingress and egress, and enjoyment in and to the Common Area (which, for the avoidance of doubt, excludes (i) the parking spaces located in the Garage and constituting part of the Condominium Parcel or the Commercial Parcel, and (ii) the Amenities, the rights to which shall be governed by separate license agreements between the Owner of the Commercial Parcel and the Condominium Unit Owners), which easement shall be perpetual and appurtenant and shall pass with the title to each Parcel, subject to:

- (a) The Governing Documents, applicable zoning ordinances, any other applicable covenants and restrictions, and any governmental permits or orders;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The Board's right to:
 - (i) adopt rules regulating use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;
 - (ii) dedicate, close or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;
 - (iii) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;

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(iv) permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board and designate other areas and facilities within the Common Area as open for the use and enjoyment of the public; and

(d) The rights of certain Owners to the exclusive use of those portions of the Common Area designated as "Limited Common Areas," as described in Article XII.

(e) The terms and conditions of the Project Agreement, and any instruments of record.

The Owner of a Residential Parcel who resides in the Residential Parcel may extend his or her right of use and enjoyment of the Common Area to the other members of his or her household and to guests, subject to reasonable Board regulation. If the Owner of a Residential Parcel does not reside in the Residential Parcel, the Owner shall be deemed to have assigned all of the Owner's rights to use and enjoy the recreational facilities within the Common Area to the occupants of the Residential Parcel, who may extend the privilege of use and enjoyment to their guests, subject to reasonable Board regulation.

The Owner of a Parcel who occupies the Parcel may extend the Owner's right of use and enjoyment of the Common Area, to such Owner's employees whose regular place of work is located on the Parcel and to the Owner's invitees, guests, and licensees. If the Owner of a Parcel leases the Parcel, the Owner shall be deemed to have assigned all such rights to the lessee, who may extend such privileges of use and enjoyment to its employees, invitees, guests, licensees, and sublessees, subject to the same limitations.

11.2. Reciprocal Easements for Parcels Sharing Common Structural Supports, Etc.

(a) Each Owner of a Parcel that is served or benefited by any Common Structural Supports, Common Facilities, or other Party Walls and Structures shall have the right and nonexclusive easement for ingress, egress, access to, use, maintenance and repair of (to the extent permitted by Section 11.2(e) of this Declaration), and support and service to his or her Parcel now or hereafter provided by, any and all Common Structural Supports, Common Facilities (including stairways, passageways, entry ways and other access ways) and Party Walls and Structures located or to be installed or constructed within, under and upon any other Parcel, and intended or necessary for the beneficial use, enjoyment or support of or access to, any structure or improvement upon or service or utility serving his or her Parcel. Such easement rights shall be perpetual and appurtenant and shall pass with title to such Owner's Parcel.

(b) Subject to Article IV, the Owner of a Parcel may change the location and configuration of the easements of ingress, egress, passageway and access or the location of the Common Facilities located within his or her Parcel, if such change is reasonably necessary for the efficient operation of his or her Parcel, or for aesthetic reasons or in connection with any rebuilding, restoration or reuse of his or her Parcel following destruction or condemnation; provided, however, that (i) any such change shall not interfere materially with the rights and easements appurtenant to any other Parcel to ingress, egress, passageway and access or to use of the Common Facilities as contemplated in Subsection (a) above, (ii) such Owner relocating or reconfiguring such easements or the Common Facilities shall bear the cost of such relocation or reconfiguration and any other costs reasonably incurred by the Owner of any Parcel, or any part thereof, with regard to the easement so relocated or reconfigured as a result thereof, and (iii) such relocation or reconfiguration is not in violation of any other obligations of the Owner under any contract or agreement with any Owner of any other Parcel.

(c) No Owner shall, without the consent of the other Owners which are subject to or benefit from any Common Structural Supports, alter any structure or improvement on his or her Parcel or impose weight on his or her Parcel which would require enlarging, modifying or strengthening any Common Structural Supports or adding new Common Structural Supports on another Owner's Parcel.

(d) Each Owner shall keep and maintain his or her Parcel in good condition and repair and shall not do, or permit anything to be done or fail to do anything on or about his or her Parcel which will cause damage or injury

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to any other Parcel, or any Common Structural Supports, Common Facilities or Party Walls and Structures wherever located or interfere with the rights and easements appurtenant to any other Parcel.

(e) An Owner's obligation to maintain or repair his or her Parcel set forth in Subsection (d) above includes repairs to and replacements of the Common Structural Supports, Common Facilities, and portions of Party Walls and Structures located or intended to be located within such Parcel. If the Owner of a Parcel fails to maintain or repair the structures or improvements on such Owner's Parcel in accordance with such Owners' obligation hereunder and such failure to maintain or repair is likely to result in damage to, to impair the structural integrity of or otherwise to materially interfere with the use and operation of any other Parcel, the Owner of such other Parcel, (i) following at least thirty (30) days written notice to the Owner of the Parcel needing the construction, maintenance or repair specifying the needed maintenance or repair thereof, or (ii) immediately if immediate maintenance or repairs are required in order to prevent injury to persons or property or substantial impairment of the operations conducted on such other Owner's Parcel, may perform such specified maintenance or repairs and, following completion thereof, shall submit a statement to the Owner responsible for such maintenance or repair pursuant to the provisions of this Declaration for the cost of such maintenance or repairs (or the Owner's proportionate share of such cost, if the cost of maintenance and repair is to be shared pursuant to an agreement among such Owners regarding the maintenance of such improvements, Common Structural Supports, Common Facilities, or Party Walls and Structures). The amount of such statement shall be paid by such Owner within thirty (30) days following the receipt of such statement. Such payment shall not limit, restrict, modify or foreclose any remedy or legal right available to such Owner for reimbursement of such costs from any other party, including other Owners pursuant to other contracts or agreements.

(f) The foregoing provisions shall be subject to any laws regarding Horizontal Property Regimes and the terms of any Condominium Declaration, Supplemental Declaration, homeowner's declaration or other Recorded agreement between or among Owners governing such Owner's rights and obligations with respect to Common Structural Supports, Common Facilities or Party Walls and Structures.

11.3. Parking Rights; Storage Lockers.

Although the Garage Component is part of the Commercial Parcel, it is intended that the Garage Component serve all of SoLa and that the Owner of the Commercial Parcel shall grant a license (a "Unit Parking License") to the individual Condominium Unit Owners for the use of certain parking spaces (the "Unit Parking Spaces") and a license (a "Unit Storage License") designated storage spaces (the "Unit Storage Lockers") in accordance with this Section 11.3.

(a) Parking Spaces. The Owner of the Commercial Parcel shall grant each Condominium Unit Owner a Unit Parking License for the use of up to the number of parking spaces indicated on Exhibit "D" attached hereto and made a part hereof. The precise location of the Unit Parking Spaces within the Garage Component shall be established by the Owner of the Commercial Parcel from time to time in a location to be reasonably agreed upon by the Owner of the Commercial Parcel and the Additional Association established pursuant to the Condominium Declaration, and may be relocated from time to time within the Garage Component by the Owner of the Commercial Parcel to an alternative location to be reasonably agreed upon by the Owner of the Commercial Parcel and the Additional Association established pursuant to the Condominium Declaration. The Owner of the Commercial Parcel may require, as a condition precedent to the use of any Unit Parking Spaces, that each Condominium Unit Owner enter into a separate license agreement pertaining to the use and enjoyment of the Unit Parking Spaces designated for such Condominium Unit Owner's condominium unit which license agreement may include various agreements, indemnification obligations, and insurance requirements as determined by the Owner of the Commercial Parcel to be prudent under the circumstances (a "Parking License Agreement"). The Owner of the Commercial Parcel may adopt and enforce reasonable rules and regulations governing the use and enjoyment of the Unit Parking Spaces, and may unilaterally amend or otherwise modify such rules and regulations in its sole discretion, exercised reasonably, in order to ensure the efficient maintenance and operation of the Garage Component (any such rules and regulations, as the same may be amended or modified from time to time, the "Garage Rules"). The Owner of the Commercial Parcel may, but shall not be obligated to, delegate responsibility for adopting and/or enforcing the Garage Rules to the Association, which delegation (if made) will be terminable at the discretion of the Owner of the Commercial Parcel. Unless otherwise expressly stated in the Garage Rules, the Unit Parking Spaces shall: (i) be used solely for vehicular parking of motorcycles, automobiles, sport utility

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vehicles, pick-up trucks, mini-vans and other motor vehicles of similar size and weight (but not heavy duty trucks, motor homes, recreational vehicles, boats, or trailers); (ii) be used solely by the Condominium Unit Owners and their respective tenants, guests, licensees, invitees, agents and, if applicable, employees (collectively with the Condominium Unit Owners, the "Unit Parking Space Users"); (iii) be subject to relocation within the Garage Component as described in this Section 11.3(a); (iv) be used only for parking; (v) be used in strict compliance with the Garage Rules and all applicable local, state or federal laws, statutes, codes, ordinances, requirements, orders, directives, and governmental, or quasi-governmental, standards, rules and regulations; and (vi) not be used, nor shall any Unit Parking Space Users permit or engage in any act or practice which constitutes a nuisance or detracts in any way from the reputation of SoLa, or interferes with the use and enjoyment of the Garage Component by others (including, without limitation, other Unit Parking Space Users, and the tenants, guests, customers, invitees, agents, employees and contractors of the Owner of the Commercial Parcel or its tenants). No Unit Parking Space Users may install or erect any signage within the Garage Component, cause or permit injury or waste to the Unit Parking Spaces or the Garage Component, assign a Parking License Agreement to any third party without the express written consent of the Owner of the Commercial Parcel, grant or permit any right, lien or interest in the Unit Parking Spaces to any third party, or use the Unit Parking Spaces for any purpose other than as described in this Section 11.3(a). By entering into a Parking License Agreement each Condominium Unit Owner, for itself and for all Unit Parking Space Users claiming by, through or under such Condominium Unit Owner, shall be deemed to accept the Unit Parking Spaces and the Garage Component in their "AS-IS", "WHERE-IS", "WITH ALL FAULTS" condition and state of repair as of the effective date of the Parking License Agreement, and shall be further deemed to have acknowledged and agreed that the Owner of the Commercial Parcel has not made, and specifically disclaims, any and all representations or warranties concerning the condition or state of repair of the Garage Component and the Unit Parking Spaces, express or implied, of any kind or nature whatsoever.

(b) Storage Lockers. The Owner of the Commercial Parcel shall each Condominium Unit Owner a Unit Storage License for the use of the Unit Storage Locker indicated on Exhibit "D" attached hereto and made a part hereof. The Unit Storage Lockers will be located within the Garage Component, and may be relocated from time to time within the Garage Component by the Owner of the Commercial Parcel to an alternative location within the Garage Component from time to time. The Owner of the Commercial Parcel may require, as a condition precedent to the use of any Unit Storage Locker, that each Condominium Unit Owner enter into a separate license agreement pertaining to the use and enjoyment of the Unit Storage Locker designated for such Condominium Unit Owner's condominium unit which license agreement may include various agreements, indemnification obligations, and insurance requirements as determined by the Owner of the Commercial Parcel to be prudent under the circumstances (a "Storage License Agreement"). The Owner of the Commercial Parcel may adopt and enforce reasonable rules and regulations governing the use and enjoyment of the Unit Storage Lockers, and may unilaterally amend or otherwise modify such rules and regulations in its sole discretion, exercised reasonably, in order to ensure the efficient maintenance and operation of the Garage Component (any such rules and regulations, as the same may be amended or modified from time to time, the "Storage Rules"). The Owner of the Commercial Parcel may, but shall not be obligated to, delegate responsibility for adopting and/or enforcing the Storage Rules to the Association, which delegation (if made) will be terminable at the discretion of the Owner of the Commercial Parcel. Unless otherwise expressly stated in the Storage Rules, the Unit Storage Lockers shall: (i) be used solely for storage of non-flammable, non-hazardous, non-combustible moveable personal property; (ii) be used solely by the Condominium Unit Owners and their respective tenants, guests, licensees, invitees, agents and, if applicable, employees (collectively with the Condominium Unit Owners, the "Unit Storage Users"); (iii) be subject to relocation within the Garage Component as described in this Section 11.3(b); (iv) be used only for storage, and not be used to store any property that exceeds the weight-bearing capacity of the Garage, and/or the point-load capacity of the Unit Storage Locker; (v) be used in strict compliance with the Storage Rules and all applicable local, state or federal laws, statutes, codes, ordinances, requirements, orders, directives, and governmental, or quasi-governmental, standards, rules and regulations; and (vi) not be used, nor shall any Unit Storage Users permit or engage in any act or practice which constitutes a nuisance or detracts in any way from the reputation of SoLa, or interferes with the use and enjoyment of the Garage Component by others (including, without limitation, other Unit Storage Users, and the tenants, guests, customers, invitees, agents, employees and contractors of the Owner of the Commercial Parcel or its tenants). No Unit Storage Users may install or erect any signage within the Garage Component, cause or permit injury or waste to the Unit Storage Lockers or the Garage Component, assign a Storage License Agreement to any third party without the express written consent of the Owner of the Commercial Parcel, grant or permit any right, lien or interest in the Unit Storage Lockers to any third party, or use the Unit Storage Lockers for any purpose other than as described in this Section 11.3(b). By entering into a Storage License

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Agreement each Condominium Unit Owner, for itself and for all Unit Storage Users claiming by, through or under such Condominium Unit Owner, shall be deemed to accept the Unit Storage Lockers and the Garage Component in their "AS-IS", "WHERE-IS", "WITH ALL FAULTS" condition and state of repair as of the effective date of the Storage License Agreement, and shall be further deemed to have acknowledged and agreed that the Owner of the Commercial Parcel has not made, and specifically disclaims, any and all representations or warranties concerning the condition or state of repair of the Garage Component and the Unit Storage Lockers, express or implied, of any kind or nature whatsoever.

11.4. Easements of Encroachment.

Each Owner is hereby granted reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Parcel and any adjacent Common Area and between adjacent Parcels due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.5. Easements for Utilities, Etc.

(a) Installation and Maintenance; Law Enforcement. Declarant, the Association, all utility providers, and the County or other cognizant governmental entity are hereby granted, perpetual, non-exclusive easements throughout SoLa (but not through or underneath a structure) to the extent reasonably necessary for the purpose of:

(i) installing utilities and other infrastructure necessary or convenient to serve SoLa, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, pathways and trails, storm sewer systems, irrigation systems, sanitary sewer systems, street lights and signage on property which is owned or Ground Leased by Declarant or a Declarant Affiliate or within public rights-of-way or easements reserved for such purpose on any plats;

(ii) inspecting, maintaining, repairing and replacing the utilities, infrastructure and other improvements described in Section 11.5(a)(i), including access to read utility meters; and

(iii) entering any part of the Common Area to respond to an emergency.

(b) Right to Grant Specific Easements. Declarant is hereby granted the non-exclusive right and power to grant and Record such specific defined easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property described in Exhibit "A". The Owner of any property to be burdened by any easement granted pursuant to this subsection (b) shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into or underneath the structures on any Parcel, nor shall it unreasonably interfere with the use of any Parcel and, except in an emergency, entry onto any Parcel shall be made only after reasonable notice to the Owner or occupant.

11.6. Easements to Serve Additional Property.

Declarant, its duly authorized agents, successors and assigns are hereby granted a perpetual, nonexclusive easement over the Common Area for the purposes of enjoyment, use, access, and development of the property. This

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easement includes a right of ingress and egress over the Common Area for construction of roads and for connecting and installing any and all utilities and sewers on such property.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of their respective actions in connection with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant, its successors or assigns, shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such property.

11.7. Easements for Maintenance, Emergency and Enforcement.

The Association is hereby granted easements over the Common Area of SoLa as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Parcel for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after two (2) business days prior written notice to the Owner.

11.8. Easement to Inspect and Right to Correct.

Declarant is hereby granted the right to inspect, monitor, test, redesign, and correct any structure, improvement or condition which may exist on any portion of the property within SoLa, including Parcels, and a perpetual, nonexclusive easement of access throughout SoLa to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Parcel shall be only after two (2) business days prior written notice to the Owner and no entry into a dwelling shall be permitted without the consent of the Owner. The Person exercising this easement shall promptly repair, at such Person's own expense, any damage resulting from such exercise.

Article XII. Limited Common Areas

12.1. Purpose.

Certain portions of the Common Area may be designated by Declarant or the Association as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Service Area or Service Areas. By way of illustration and not limitation, Limited Common Areas may include entry features, private access drives or roadways, recreational facilities, canopies, landscaped medians, turnabouts and closes, lakes and other portions of the Common Area within a particular Service Area or Service Areas. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be a Service Area Expense allocated among the Owners in the Service Area(s) to which the Limited Common Areas are assigned.

12.2. Designation.

Initially, any Limited Common Area shall be identified herein, on the Site Plan, or as such in the deed conveying such area to the Association or on a subdivision plat relating to such Common Area. Thereafter, a portion of the Common Area may be designated as Limited Common Area by Declarant or upon approval of the Board.

12.3. Use by Others.

Upon approval of the Owners of a majority of Percentage Interest assigned to Parcels within the Service Area to which any Limited Common Area is assigned, the Association may permit Owners of Parcels in other Service Areas to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Service Area Expenses attributable to such Limited Common Area.

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Article XIII. Party Walls and Other Shared Structures

13.1. General Rules of Law to Apply.

With respect to Party Walls and Structures shared by Parcels, to the extent not inconsistent with the provisions of this Section, any laws governing Horizontal Property Regimes, any Condominium Declaration, Supplemental Declaration, or a Recorded agreement between or among Owners of Parcels sharing any Party Wall and Structure, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

13.2. Maintenance; Damage and Destruction.

The cost of reasonable, routine repair and maintenance of a Party Wall and Structure shall be shared equally by the Owners who make use of the Party Wall and Structure unless other provision for such routine repair and maintenance is made in a Supplemental Declaration or a Recorded agreement between the Owners of the Parcels sharing such Party Wall and Structure.

If any Party Wall and Structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, the cost to restore it shall be shared equally by the Owners who make use of the Party Wall and Structure unless other provisions for such restoration is made in a Supplemental Declaration or a Recorded agreement between the Owners of the Parcels sharing such Party Wall and Structure. However, this provision will not prejudice the right to call for a larger contribution from a certain Owner or Owners 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 land and shall pass to such Owner's successors-in-title.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

Article XIV. Dispute Resolution and Limitation on Litigation

14.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Association and its officers, members, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving SoLa without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 14.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance or dispute arising out of or relating to:

- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- (iii) the design or construction of improvements within SoLa, other than matters of aesthetic judgment under Article IV, which shall not be subject to review;

Except that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 14.2:

- (iv) any suit by the Association to collect Assessments or other amounts due from any Owner;

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(v) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two of this Declaration (relating to creation and maintenance of community standards);

(vi) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(vii) any suit in which any indispensable party is not a Bound Party; and

(viii) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 14.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

14.2. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 14.2(a) (or within such other period as the parties may agree upon), the Claimant shall have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Indianapolis, Indiana area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the parties do not settle the Claim within thirty (30) days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each party shall bear its own costs of the mediation, including attorneys' fees, and each party shall share equally all fees charged by the mediator.

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(d) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including attorneys' fees and court costs.

Article XV. Intentionally Omitted

Article XVI. Mortgagee Provisions

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Parcels (or any interest therein) in SoLa. The provisions of this Article apply to both this Declaration and to the By-Laws notwithstanding any other provisions contained therein.

16.1. Notices of Action.

An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Parcel to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Area of SoLa or which affects any Parcel on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of Assessments or charges owed by a Parcel subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Parcel or the Owner or occupant which is not cured within sixty (60) days; or

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

16.2. No Priority.

No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Parcel in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

16.3. Notice to Association.

Upon request, each Owner, Ground Lessee, and sublessee shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Parcel.

16.4. Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee via an expedited, overnight courier service or mailed by certified U.S. Mail, return receipt requested, postpaid.

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PART SEVEN: CHANGES IN THE COMMUNITY

Article XVII. Changes in Ownership of Parcels

Any Owner desiring to sell or otherwise transfer title to his or her Parcel shall give the Board at least seven (7) days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. An Additional Association shall comply with the same notice requirements in the event of the sale or transfer of a Residential Parcel under its jurisdiction.

Article XVIII. Changes in Common Area

18.1. Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, in its reasonable discretion) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within sixty (60) days after such taking Declarant, so long as Declarant or a Declarant Affiliate is the owner or Ground Lessee of any property subject to this Declaration, and the Board shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.4(c) regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then, subject to the requirements of any first lien mortgage on such Common Area, such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

18.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for the partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

18.3. Transfer or Dedication of Common Area.

The Association may dedicate portions of the Common Area owned by the Association to the County, the City, or to any other local, state, or federal governmental or quasi-governmental entity.

Article XIX. Amendment of Declaration

19.1. By Declarant.

Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Parcels; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Parcels; or (d) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Parcel unless the Owner shall consent in writing.

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In addition, except as otherwise provided in Article XV and Section 19.3, during the Declarant Control Period, Declarant may unilaterally amend this Declaration for any other purpose without the requirement of the Association's consent or the consent of the Owners; provided, that, if the amendment has a material adverse effect upon any right of any Owner, such amendment shall not be made without the written consent of such Owner; and provided, further, that the Association shall, forthwith upon request of Declarant, join in any such amendments or modifications and execute such instruments to evidence such joinder and consent as Declarant shall, from time to time, request.

19.2. By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended: (i) by the affirmative vote or written consent or any combination thereof, of all Voting Members representing at least seventy-five percent (75%) of the total Class "A" votes in the Association, together with (ii) the approval or ratification of a majority of the Board. Amendments for correction of a scrivener's error(s) or other nonmaterial change(s) may be made by Declarant alone until the expiration of the Declarant Control Period, and thereafter by the Board without the need of consent of the Voting Members.

19.3. Amendments Requiring Additional Consents.

Notwithstanding the foregoing provisions of this Article XIX, no amendment to this Declaration or any of the other Governing Documents shall be effective which shall impair or prejudice the rights or priorities of Declarant, or any Eligible Holder without the specific written approval of Declarant, or such Eligible Holder, as applicable.

19.4. Validity and Effective Date.

Prior to the expiration of the Declarant Control Period, no amendment may remove, revoke, or modify any right, privilege, benefit, easement, or obligation of Declarant granted pursuant to the Governing Documents or documents of Record without the written consent of Declarant (or the assignee of such right, privilege, benefit, easement or obligation).

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

A true copy of any amendment to this Declaration shall be sent by the Association to Declarant in accordance with Article XX hereof. Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

19.5. Exhibits.

All Exhibits attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article. All other exhibits are attached for informational purposes only and may be modified or amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

19.6. Joinder and Acknowledgement.

Whenever a Parcel is sold, conveyed or transferred, whether by deed or ground lease, by Declarant to any person or entity that is not a party to this Declaration (an "Acquiring Owner") such Acquiring Owner shall simultaneously execute and deliver to Declarant an acknowledgement and affirmation of this Declaration cross-referencing this Declaration and otherwise in substantially the form attached hereto as Exhibit "E", which Declarant shall promptly cause to be recorded in the Recorder's Office.

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Article XX. NOTICES

Any notice required to be delivered to any Owner under the provisions of this Declaration shall be in writing and shall be deemed to have been properly delivered when either delivered personally, one (1) business day after having been deposited with an expedited, overnight courier service, or mailed by certified U.S. Mail, return receipt requested, postpaid, to the last known address of such Owner as it appears on the records of the Association at the time of such mailing. Each Owner shall register its mailing address with the secretary of the Association from time to time. If an Owner fails to register its mailing address, such address shall be deemed to be the address of the Owner's Parcel.

Any notice required to be delivered to Declarant and/or to the Association under the provisions of this Declaration shall be in writing and shall be deemed to have been properly delivered when either delivered personally, one (1) business day after having been deposited with an expedited, overnight courier service, or mailed by certified U.S. Mail, return receipt requested, postpaid, addressed to Declarant or the Association, as the case may be, at the following addresses or at such other addresses as Declarant or the Association, as the case may be, may hereafter designate by notice:

If to Declarant:	YAB Development Partners, LLC c/o Farpoint Development, LLC ATTN: Scott Goodman 120 N Racine Ave, Suite 200 Chicago, IL 60607
With a copy to:	Brown, Udell, Pomerantz & Delrahim, LTD. ATTN: Jeffrey Arnold 180 North LaSalle Street, Suite 2850 Chicago, Illinois 60601
And a copy to:	Ice Miller LLP ATTN: Jay Augustyn 200 W. Madison Street, Suite 3500 Chicago, IL 60606
If to Association:	SoLa Master Association, Inc. c/o Farpoint Development, LLC ATTN: Scott Goodman 120 N Racine Ave, Suite 200 Chicago, IL 60607
With a copy to:	Brown, Udell, Pomerantz & Delrahim, LTD. ATTN: Jeffrey Arnold 180 North LaSalle Street, Suite 2850 Chicago, Illinois 60601

[Signatures Appear on Following Page(s).]

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IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the date and year first written above.

DECLARANT:

**YAB Development Partners, LLC,
an Indiana limited liability company**

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By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, as the _____ of YAB Development Partners, LLC, an Indiana limited liability company, as the act and deed of said limited liability company, who is personally known to me.

Sworn to before me this ____ day of _____, 2025.

Notary Public for the State of _____

My Commission Expires: _____

My County of Residence is: _____

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law. Aaron Aft, Esq.

This instrument was prepared by Ice Miller LLP, Attn: Aaron Aft, Esq., One American Square, Suite 2900, Indianapolis, IN, 46282.

4871-2308-4739.7

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EXHIBIT "A"

Property Initially Submitted

[To be added – See Site Plan. Site intended to be the "You Are Beautiful" site located at 121 West Michigan Boulevard, Michigan City, IN.]

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EXHIBIT "A-1"

Legal Description of the Commercial Parcel

[To be added — See Site Plan.]

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EXHIBIT "A-2"

Legal Description of the Condominium Parcel

[To be added – See Site Plan.]

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EXHIBIT "A-3"

Description and/or Depiction of the Garage Component

[To be added – See Site Plan.]

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EXHIBIT "A-4"

Description and/or Depiction of the Hotel Component

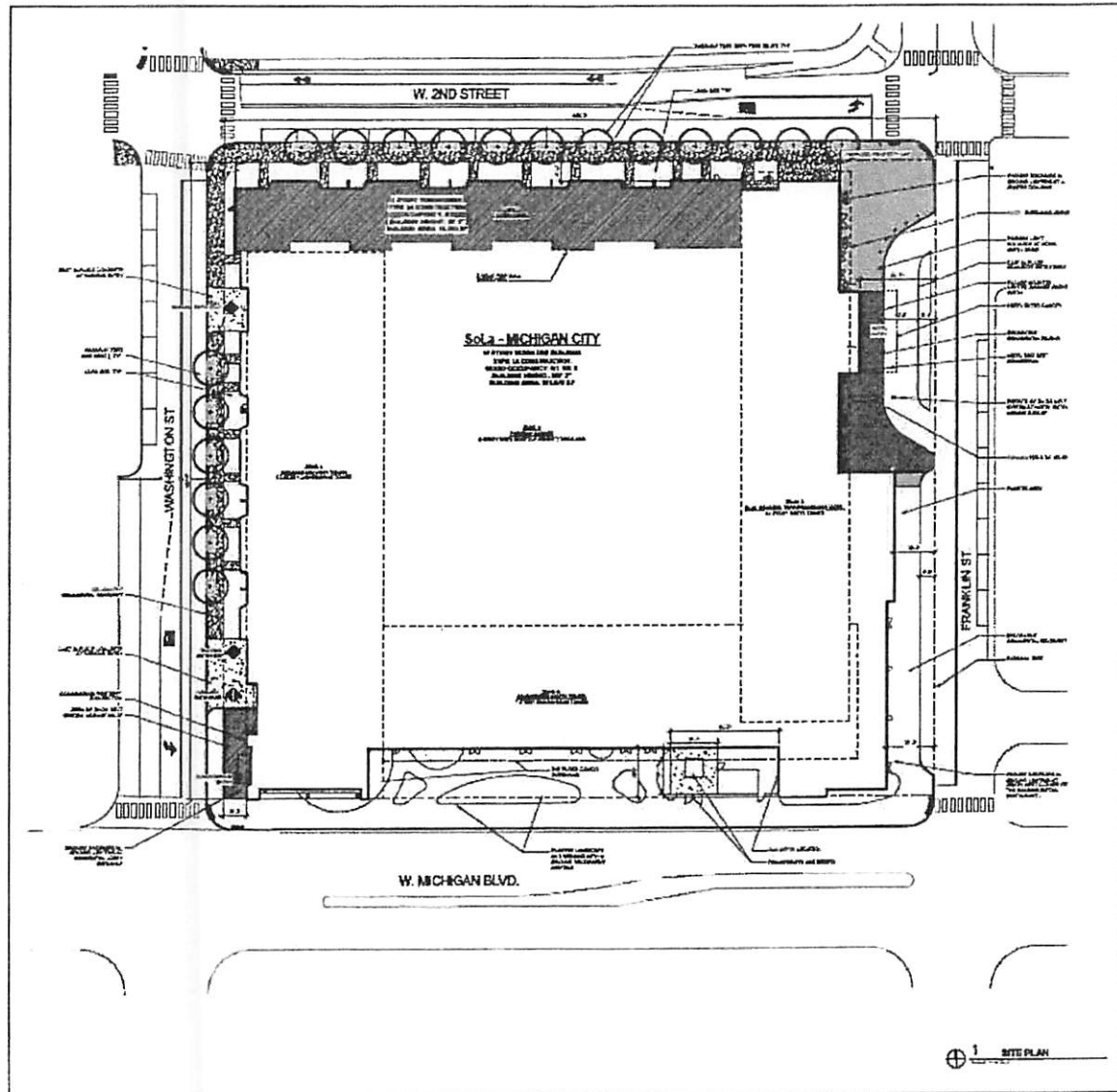
[To be added – See Site Plan.]

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EXHIBIT "B"

Site Plan

[Below image is a preliminary Site Plan generally identifying the project components. Final location, orientation and size of project components remains subject to change.]



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EXHIBIT "C"

Initial Restrictions and Rules

The following restrictions shall apply to all of SoLa until such time as they are amended, modified, repealed or limited pursuant to Article III of the Declaration. The following uses and activities are prohibited within SoLa:

1. Nursing homes, junk or salvage yards; unscreened outside storage of materials or supplies; trailer carts; labor camps; distillation of bones; dumping, disposal, incineration or reduction of garbage; dead animals or refuse; fat rendering; stockyard or slaughter of animals; smelting of iron, tin, zinc or other ores; refining of petroleum or of its products; cemeteries or mausoleums; jail, penal, detention or correction farms; gasoline service stations (but refueling stations for electrical, hydrogen or other alternative fueled vehicles that are either within a garage area or otherwise fully screened from adjacent right of way shall not be prohibited); temporary or portable sawmill; community fair; privately operated sanitary landfill, sewage or treatment plant; boarding and breeding kennels; funeral home; adult bookstore or other establishment engaged in the business of selling, exhibiting or delivering pornographic or obscene materials (as determined by community standards for the area in which the property subject to this Declaration is located); a so-called "head shop" or a facility selling paraphernalia for use with illicit drugs; game room or arcade; off-track betting parlor; pawn shop; thrift shop; a retail store in the business of primarily buying and selling used furniture and household goods, appliances, jewelry, machines or equipment, or other similar secondhand articles or objects (but not including books, compact discs, musical records, antiques or collectable items such as sports cards or comic books); liquidators of merchandise or facilities principally intended for "going out of business" or "fire" sales; flea market; or recycling facility. For the avoidance of doubt, uses that are customary or typical for a retail pharmacy (e.g., Walgreens or CVS) or a national chain bookstore (e.g., Borders or Barnes & Noble) shall not be prohibited uses.

2. Free-standing television or other transmission towers.

3. Any use or activity which is in violation of applicable local, state or federal laws, statutes, codes, ordinances, requirements, orders, directives, standards, rules and regulations, including without limitation any federal, state or local statute, ordinance, regulation, rule, standard or requirement of common law concerning or relating to industrial hygiene or the protection of health and the environment (collectively, "Environmental Laws").

4. The manufacture, use, storage, generation, treatment or disposal of any substance regulated under Environmental Laws (a "Hazardous Substance"), other than materials of the type and in the quantities customarily used at or in hotels, offices, apartment buildings, residences, retail spaces, restaurants, wellness centers, conference centers or parking structures, as applicable, (including cleaning supplies) so long as such materials are stored, used and disposed of in accordance with all applicable Environmental Laws.

5. Any use which involves a substantial risk of release of any Hazardous Substance into the ground, air, surface water, ground water or any other medium in violation of Environmental Laws.

6. Any dangerous or unsafe use such as, for illustration purposes only, the use or storage of explosives.

7. Permanent parking or use of a vehicle in such a way as to function as a sign, including the parking of any vehicle, trailer or similar movable structure containing or supporting any signage between the right-of-way line of any public street and forward of any front building line, with the exception of (i) vehicles actively involved in construction on or serving of the site; (ii) vehicles delivering products to the site in designated loading areas; (iii) vehicles parked in designated truck parking areas of a development that have been screened from or are not generally visible from the public right-of-way; or (iv) passenger vehicles, pick-up trucks, and vans of a size that can fully fit within a standard parking space.

8. Self storage; distribution; bulk warehousing; or similar type facilities.

9. A facility for the sale, rental or leasing of new or used trailers or mobile homes.

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10. A governmental unemployment agency or commission or a parole office.
11. An auction, fire or going out-of-business sale, except for a one-time going out of business sale not exceeding ninety (90) days in duration.
12. A nightclub, bar, restaurant or other establishment that regularly features live performances that are characterized by the exposure of less than completely and opaquely covered human genitals, pubic regions, buttocks, anus, female breast below a point immediately above the top of the areola, or human male genitals in a discernibly turgid state, even if completely and opaquely covered.
13. Any activity which emits foul or obnoxious odors, fumes, dust, smoke, or pollution outside the Parcel or which creates noise, unreasonable risk of fire or explosion, or other conditions which are a nuisance provided, nothing herein shall preclude normal and customary operation of any restaurant.
14. Outside burning of trash, leaves, debris or other materials.
15. Dumping grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any storm sewer, drainage ditch, or any stream, pond, or lake, or elsewhere within SoLa, except that fertilizers may be applied to landscaping on Parcels provided care is taken to minimize runoff, and Declarant may dump and bury rocks and trees removed from a building site on such building site.
16. Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge.
17. Capturing, trapping or killing of wildlife within SoLa, except in circumstances posing a threat to the health or safety of persons using SoLa or the landscaping within SoLa.
18. Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Parcel, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of the Declaration.
19. Dumping, storage, disposal, incineration, treatment, processing or reduction of garbage, or refuse of any nature, except as is incidental to the use, operation and ownership of any property (or a portion thereof) in accordance with this Declaration and in a manner which is not unsightly and does not result in noxious odors emitting from the subject property.
20. Discharge of any fireworks without the prior written consent of the Board.
21. Any of the following occurring in any Common Area or any exterior areas of SoLa without the prior written consent of the Board: (i) public oratory or 'soapboxing', (ii) leafleting, or (iii) group protests or rallies.

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EXHIBIT "D"

Schedule of Unit Parking Spaces and Unit Storage Lockers

UNIT	PARKING SPACES ALLOCATED	STORAGE UNIT
401	1	401
501	1	501
601	1	601
402	1	402
502	1	502
602	1	602
203	1	203
303	1	303
403	1	403
503	1	503
603	1	603
504	1	504
604	1	604
205	1	205
305	1	305
405	1	405
505	1	505
605	1	605
506	1	506
606	1	606
207	1	207
307	1	307
407	1	407
507	1	507
607	1	607
508	1	508
608	1	608
209	1	209
309	1	309
409	1	409
509	1	509
609	1	609
510	1	510
610	1	610
211	1	211
311	1	311
411	1	411
511	1	511
611	1	611

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512	1	512
612	1	612
213	1	213
313	1	313
413	1	413
513A	1	513A
613	1	613
214	1	214
314A	1	314A
414	1	414
514	1	514
614	1	614
714 (T)	1	714 (T)
814	1	814
914	1	914
1014	1	1014
1114	1	1114
1214	1	1214
315	1	315
415*	1	415*
515	1	515
615	1	615
715 (T)	1	715 (T)
815	1	815
915	1	915
1015	1	1015
316	1	316
416	1	416
516	1	516
616	1	616
716	1	716
816	1	816
916	1	916
1016	1	1016
217	1	217
317	1	317
417	1	417
517	1	517
617	1	617
717	1	717
817	1	817
917	1	917
1017	1	1017
1117	1	1117

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1217	1	1217
318	1	318
418	1	418
518	1	518
618	1	618
718	1	718
818	1	818
918	1	918
1018	1	1018
1118	1	1118
1218	1	1218
519	1	519
619	1	619
719	1	719
819	1	819
919	1	919
1019	1	1019
1119	1	1119
1219	1	1219
320	1	320
420	1	420
520	1	520
620	1	620
720	1	720
820	1	820
920	1	920
1020	1	1020
1120	1	1120
1220	1	1220
521	1	521
621	1	621
721	1	721
821	1	821
921	1	921
1021	1	1021
1121	1	1121
1221	1	1221
322	1	322
422	1	422
522	1	522
622	1	622
722	1	722
822	1	822
922	1	922

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1022		1	1022
1122		1	1122
1222		1	1222
423		1	423
523		1	523
623		1	623
723		1	723
823		1	823
923		1	923
1023		1	1023
1123		1	1123
1223		1	1223
324		1	324
424		1	424
524		1	524
624		1	624
724		1	724
824		1	824
924		1	924
1024		1	1024
1124		1	1124
1224		1	1224
325 (T)		1	325 (T)
425 (T)		1	425 (T)
525 (T)		1	525 (T)
625 (T)		1	625 (T)
725 (T)		1	725 (T)
825 (T)		1	825 (T)
925 (T)		1	925 (T)
1025 (T)		1	1025 (T)
1125 (T)		1	1125 (T)
1225 (T)		2	1225 (T)
326 (T)		1	326 (T)
426 (T)		1	426 (T)
526 (T)		1	526 (T)
626 (T)		1	626 (T)
726 (T)		1	726 (T)
826 (T)		1	826 (T)
926 (T)		1	926 (T)
1026 (T)		1	1026 (T)
1126 (T)		1	1126 (T)
1		1	n/a
2		1	n/a
3		1	n/a

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4	1	n/a
5	1	n/a
6	2	n/a
7	2	n/a
8	2	n/a
9	2	n/a
10	2	n/a
11	2	n/a
12	2	n/a
13	2	n/a
14	2	n/a
15	2	n/a
16	2	n/a
17	2	n/a
18	2	n/a
1215-A (T)	2	n/a
1216-B (T)	2	n/a

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EXHIBIT "E"

FORM OF JOINDER TO MASTER DECLARATION

**JOINDER TO THE MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR SOLA**

THIS JOINDER is made and entered into this ____ day of _____, 20____, by and among _____, an Indiana limited liability company ("Declarant"), and _____ ("Joining Owner").

WITNESSETH:

WHEREAS, pursuant to the terms and conditions of the certain Master Declaration of Covenants, Conditions, and Restrictions for SoLa Mixed-Use Development Indianapolis, Indiana (the "Declaration"), to which this Joinder is attached and hereby made a part thereof, Declarant has established a general plan and uniform scheme of development, preservation, use, maintenance and expansion of the mixed-use development known as "SoLa" (and, unless otherwise defined herein, all capitalized terms set forth in this Joinder shall have the same meanings as set forth in the Declaration); and

WHEREAS, Joining Owner is the owner of the real property described in the Declaration as the "____ Parcel" (the "Joining Owner's Property"); and

WHEREAS, with the joint consent of and at the joint direction of Declarant and Joining Owner, the Joining Owner's Property has been included as part of SoLa and incorporated into the legal description for SoLa, as the same is set forth in Exhibit A to the Declaration; and

WHEREAS, Declarant and Joining Owner wish to enter into this Joinder to memorialize and confirm the inclusion of the Joining Owner's Property as part of SoLa and to subject the same to the terms and conditions of the Declaration;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby agree as follows:

1. **Joinder of Joining Owner.** Joining Owner hereby irrevocably and unconditionally: (i) acknowledges, consents to, confirms, affirms and joins Declarant's inclusion of the Joining Owner's Property as part of SoLa and the incorporation of the Joining Owner's Property into the legal description for SoLa, as the same is set forth in Exhibit A to the Declaration; (ii) joins in the Declaration; (iii) agrees to and does hereby subject the Joining Owner's Property to the Declaration and to all of the terms and conditions set forth therein, as fully and to the same extent as if Joining Owner had executed and delivered the Declaration as the "Declarant" thereunder, and (iv) acknowledges and agrees that the Joining Owner's Property shall be and be deemed to be part of SoLa for all purposes under the Declaration.

2. **Declarant's Agreements Relative to Joining Owner's Property.** Declarant hereby irrevocably and unconditionally: (i) acknowledges, consents to, confirms, affirms, joins and accepts all of Joining Owner's actions as set forth in Section 1 above, including, without limitation, Joining Owner's inclusion of the Joining Owner's Property as part of SoLa, joinder in the Declaration and subjection of the Joining Owner's Property to the Declaration as aforesaid; and (ii) acknowledges and agrees that the Joining Owner's Property shall be and be deemed to be part of SoLa for all purposes under the Declaration.

3. **Representation.** Joining Owner hereby represents and warrants to Declarant that: (i) Joining Owner is the owner in fee simple of the Joining Owner's Property; and (ii) Joining Owner has full power and authority to enter into this Joinder and to subject the Joining Owner's Property to all of the terms and conditions set forth herein and in the Declaration.

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4. Legal Effect of Joinder. The terms and conditions set forth in the Declaration and in this Joinder shall run with the land and shall bind and inure to the benefit of Declarant, the Association, the Owners (including Joining Owner) and all of their respective successors and assigns. Declarant and Joining Owner hereby acknowledge and agree that this Joinder is attached to and shall be and be deemed to be a part of the Declaration and shall be effective for all purposes as of the date of recordation of the Declaration.

5. Governing Law. This instrument shall be governed by and construed in accordance with the laws of the State of Indiana.

[signatures appear on following pages]

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IN WITNESS WHEREOF, Declarant and Joining Owner have executed and delivered this instrument to be effective as of the date described in Section 4 above.

DECLARANT:

_____,
an Indiana limited liability company

DRAFT ONLY

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____, as the _____ of _____, a _____ limited liability company, as the act and deed of said limited liability company, who is personally known to me.

Sworn to before me this ____ day of _____, 20____.

Notary Public for the State of _____
My Commission Expires: _____
My County of Residence is: _____

DRAFT

JOINING OWNER:

_____,
an Indiana limited liability company

DRAFT ONLY

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____, as the _____ of _____, a _____ limited liability company, as the act and deed of said limited liability company, who is personally known to me.

Sworn to before me this ____ day of _____, 20____.

Notary Public for the State of _____
My Commission Expires: _____
My County of Residence is: _____

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

This instrument was prepared by _____.

EXHIBIT C

ECONOMIC IMPROVEMENT PROJECTS DETAILED DESCRIPTIONS AND COST ESTIMATES¹

1. Planning and Managing Development and Improvement Activities – Architectural, engineering and project management for public improvements (\$5,000,000)
2. Public Improvements – Public amenity deck, relocation of 2nd street and Washington interchange (\$10,000,000)
3. Commercial Activity -- Retail and food and beverage space/locations open to the public (\$22,000,000)
4. Business Development – Initial business recruitment and development activities (exact scope and amounts to be approved as part of an annual operating budget)
5. Project Security -- Internal and external security systems including exterior lighting (\$1,000,000)
6. Parking Facilities – Construction of parking and loading facilities (\$30,000,000)
7. Residential Property -- Development assistance for condominiums/townhomes (\$11,000,000)
8. Other Local Public Improvements -- Landscaping, sidewalks, curb and gutter, access panels for utilities (\$1,000,000)

¹ These descriptions and cost estimates are only estimated uses of funds from the EID District. The exact uses of any capital projects funded by the Bonds shall be those costs eligible under the Bond documents with all other costs subject to approval by the Board of the EID District.

NOTICE OF PUBLIC HEARING

Notice is hereby given to the residents and taxpayers of the City of Michigan City, Indiana (the "City"), that the Common Council of the City (the "Common Council"), will hold a public hearing at 6:30 p.m., local time, on Monday, August 4, 2025, in the Council Chambers, located at City Hall, 100 East Michigan Boulevard, Michigan City, Indiana, regarding the creation of a proposed economic improvement district in the City to be known as the SoLa Project Economic Improvement District (the "District") pursuant to Indiana Code 36-7-22, a proposed ordinance of the Common Council (the "Ordinance"), and a petition filed by owners of real property within the proposed District (the "Petition").

The District consists of approximately 2.80 acres of real property and the boundaries of the District are the following streets in the City: West 2nd Street will form the northern boundary, Franklin Street will form the eastern boundary, West Michigan Boulevard will form the southern boundary, and Washington Street will form the western boundary, as further depicted in the Ordinance.

The proposed economic improvement projects (the "Projects") eligible to be carried out within the District are as follows:

1. Planning and Managing Development and Improvement Activities – Architectural, engineering and project management for public improvements
2. Public Improvements -- Public amenity deck, relocation of 2nd street and Washington interchange
3. Commercial Activity -- Retail and food and beverage space/locations open to the public
4. Business Development -- Initial business recruitment and development activities (exact scope and amounts to be approved as part of an annual operating budget)
5. Project Security -- Internal and external security systems including exterior lighting
6. Parking Facilities -- Construction of parking and loading facilities
7. Residential Property -- Development assistance for condominiums/townhomes
8. Other Local Public Improvements -- Landscaping, sidewalks, curb and gutter, access panels for utilities

The proposed District will consist of the following three zones (each a "Zone" and collectively the "Zones"): (1) Zone 1, consisting of the Hotel Property, Retail Property and Commercial Common Areas (each as defined in the Ordinance) ("Zone 1" and the improvements therein, the "Zone 1 Improvements"), (2) Zone 2, consisting of the Condos and Condominium Common Areas (each as defined in the Ordinance) ("Zone 2" and the improvements therein, the "Zone 2 Improvements"), and (3) Zone 3, consisting of the Parking Garage (as defined in the Ordinance) and any supporting or access areas ("Zone 3" and the improvements therein, the "Zone 3 Improvements").

The proposed formula for determining the percentage of the total benefit to be received by each parcel of real property within the District shall be as follows:

(i) The assessment revenues to be collected by the District shall be done on a zone-by-zone basis, as further described in the Ordinance and the Petition (the "Special Assessments");

(ii) The Hotel Property and Condos will be assessed an amount equal to up to nine percent (9%) for room or unit base night rental cost and shall apply to the Hotel Property and to any Condos which have been rented more than fourteen (14) days per year, as further described in the Ordinance and the Petition (the "Occupancy EID Assessments");

(iii) A Backup EID Assessment (the "Backup EID Assessment") shall be assessed and collected from each Zone, and shall be based solely upon the amount of annual Special Assessments necessary, after considering the other collected Pledged Funds (as defined in the Ordinance), for each year ending December 31st to (a) cover the annual cost of the Board of the District (the "Board") operating the District up to \$60,000.00 (which may be increased by up to 2% per year) (the "Annual Cost"), (b) make the annual payment of all or a portion of the debt service and other related expenses on the EID Bonds (as defined in the Ordinance), such EID Bonds to be issued by the City in the maximum aggregate principal amount of \$80,000,000, and (c) ensure that the Board achieves the required debt service coverage ratio required by the EID Bonds;

(iv) The Annual Cost of the Board operating the District shall be allocated to the owners of Zone 3 by the Board and assessed against the Zone 3 Improvements and the remainder of the Annual Backup Special Assessment Amount (as defined in the Ordinance) shall be allocated as follows:

a) 60% to the owner of the Zone 1 Improvements ("Zone 1 Backup Assessments"), which Zone 1 Backup Assessments shall be assessed against the Zone 1 Improvements and payable by the owner thereof, as further described in the Ordinance and the Petition.

b) 30% to the owner(s) of the Zone 2 Improvements ("Zone 2 Backup Assessments"). The Zone 2 Backup Assessments shall be allocated among the owner(s) of the Zone 2 Improvements based upon the assessed value of their respective real property interest, as further described in the Ordinance and the Petition.

c) 10% to the owner(s) of the Zone 3 Improvements ("Zone 3 Backup Assessments"). The Zone 3 Backup Assessments shall be allocated among the owner(s) of the Zone 3 Improvements based upon the assessed value of their respective real property interest, as further described in the Ordinance and the Petition.

(v) The application of assessment revenue and formula to be used for the assessment of special benefits shall be based upon the methods as further set forth in the Ordinance and the Petition.

At the public hearing, the Common Council will hear all owners of real property in the proposed District (who appear and request to be heard) upon the questions of (1) the sufficiency of this notice, (2) whether the proposed Projects are of public utility and benefit, (3) whether the formula to be used for the assessment of special benefits is appropriate, and (4) whether the proposed District contains all, or more or less than all, of the property specially benefited by the proposed Projects. Copies of the Ordinance and Petition are on file with the City Clerk of the City and are available for public inspection at the office of the City Clerk during regular business hours daily, except Saturdays, Sundays and legal holidays. After the Common Council conducts the public hearing, the Common Council may adopt the Ordinance establishing the District.

CITY CLERK OF THE CITY OF
MICHIGAN CITY, INDIANA

Friday, July 18, 2025

FILED

JUL 18 2025

GALE A. NEULIEB
CITY CLERK
CITY OF MICHIGAN CITY