

**Resolution to Amend Declaration of Covenants, Conditions and Restrictions
of The Royal Run Subdivision**

PROPOSED AMENDMENTS:

If adopted, a new Article XV will be added to the Declaration, which shall read as follows:

ARTICLE XV

LEASING

15.01 General Purposes of Rental Restrictions. The Association's members recognize that an Owner-occupant is psychologically and financially invested in a home to a greater extent than a renter, and thus Owner-occupants maintain their property better than renters generally. The Association's members wish to ensure that the residents within Royal Run share the same proprietary interest in and respect of the Lots and the Common Areas. They also want to encourage residents to not only maintain property values but also to improve them and recognize that Owner occupants have more incentive to do so compared to non-Owner occupants. Thus, the provisions of this Article XV shall be applicable.

15.02 "Rental" and "Lease" Defined. The "Rental Cap" as described in this Article XV is intended to apply to all forms of non-Owner occupancies, except as specifically provided herein. For the purposes of this Article XV, "rented" or "leased," as used interchangeably herein, or any derivative thereof, single or plural, shall mean leased or rented or occupied, whether or not for compensation of any kind, by anyone other than an Owner of the Lot together with members of his or her household or temporary guest. However, the Rental Cap provided in Article XV, Section 15.03 will not apply to any situation where a Lot is occupied by members of the Owner's immediate family. For purposes of this Article XV, "immediate family" shall only include the Owner's parents, children, stepparents, stepchildren, grandparents, grandchildren, step-grandparent, step-grandchild or spouse. This kind of "family" occupancy will not be considered to be a "rental" in the context of the Rental Cap; provided, however, the Owner and occupants will still be subject to the remaining provisions and requirements of this Article XV.

Any Lot owned by a Trustee or by a Fiduciary shall not be deemed to be a rental, provided that the resident is the Trustee, the Fiduciary of an Estate, or a beneficiary of the Trust or Estate, and further provided that no rent, payment, service or other consideration is paid or provided to the Owner or any other party in connection with that occupancy. Any Lot owned by a corporate entity shall annually submit a certificate of corporate ownership to the Association. This certificate will indicate the names of all those persons who have an ownership interest in the corporation, as well as the names of those individuals who will reside on the Lot. The resident of the Lot must be an individual who has an ownership interest in the corporation or entity, and who receives income and/or profit from and shares in the liabilities of the corporation or entity. Otherwise, the Lot will be deemed a rental under the terms of this Article XV.

15.03 Limits on the Number of Rented Lots ("Rental Cap"). No more than ten percent (10%) of the Lots in Royal Run may be leased or rented to non-Owner occupants at any given time, except as may be otherwise provided in this Article XV. If at any time such number of Lots are leased or rented, an Owner who wants to rent or lease his or her Lot which is not already rented shall be placed upon a waiting list by the Board of Directors. When an existing tenant moves out, the Owner of that Lot shall immediately notify the Board of Directors or Managing Agent of such fact. Additionally, when an existing tenant moves out, the Owner must re-rent the Lot within ninety (90) days of the tenant vacating the Lot. If the Owner does not re-rent the Lot within ninety (90) days of the tenant moving out, the Owner will go to the back of the waiting list and that Lot cannot be re-rented until all prior Owners on the waiting list, if any, have had a chance to rent their Lots. Prior to the execution of any lease, the Owner must notify the Board as to that Owner's intent to lease his or her Lot. After receiving such notice, the Board will advise the Owner if the Lot may be leased or whether the maximum number of Lots within Royal Run is currently being leased. If the maximum number of Lots is being leased, the Board will also notify the Owner of that Owner's position on the waiting list.

15.04 Effective Date of "Rental Cap" and "Waiting Period". The Rental Cap will be effective as of the date on which this Amendment is recorded in the Boone County, Indiana Recorder's Office (the "Recording Date"). The "Rental Cap" shall not apply to any Owner holding title to a Lot in Royal Run as of the Recording Date. This exemption shall apply only to the Lot(s) owned by said Owner as of the Recording Date, not other Lots which the Owner may acquire after the Recording Date. By way of example and not limitation, if an Owner owns Lots "A" and "B" as of the Recording Date, the Owner's exemption from the Rental Cap will apply only to Lots "A" and "B." When those Owners of record as of the Recording Date sell, transfer or convey such Lot(s) to another Owner after the Recording Date, such Lot(s) shall immediately become subject to the Rental Cap. Notwithstanding the exemption referred to herein, Owners must comply with all other provisions of this Article XV, including, but not limited to, the two-year Waiting Period set forth in Section 15.10. If such Owner violates any other provision of this Article XV, at any time, said Owner will lose his or her exemption, and his or her Lot(s) will thereafter be subject to the Rental Cap (even if during the term of an existing lease). A list of all Owners of Lots in Royal Run as of the Recording Date is attached hereto as Exhibit "A."

The two-year Waiting Period set forth in Section 15.10 herein shall not apply to any Lot which is rented or leased by its Owner to a non-Owner occupant as of the Recording Date, so long as the Owner-landlord mails or otherwise delivers to the Managing Agent (at the address shown in the notice of the Recording Date), within sixty (60) days after the Recording Date, a copy of each executed lease of such Owner-landlord's Lot(s) which is in effect as of the Recording Date. The Owners of such pre-Recording Date rented Lots shall not be subject to the Waiting Period set forth in Section 15.10 but shall be subject to the remaining provisions of this Article XV. However, when the Owners of record of any of the pre-Recording Date rented Lots sell, transfer or convey such Lot(s) to another Owner after the date of recording of this Amendment, such Lot(s) shall immediately become subject to the Waiting Period. The failure of any such Owner-landlord of a leased or rented Lot to deliver a copy of such pre-Recording Date lease within said sixty (60) day period shall result in said Owner-landlord's Lot being subject to the Waiting Period (from and after the date of expiration of such pre-Recording Date lease, without opportunity for renewal).

Any Lot that falls under the exceptions of this Section 15.04 shall not be counted as one of the ten percent (10%) of Lots that may be rented at any given time.

15.05 Hardship Exceptions and Waiver. If an Owner wishes to rent or lease his or her Lot, but the maximum number of Lots is currently being leased, the Owner may request the Board of Directors to waive the "Rental Cap" and approve a proposed lease if the Owner establishes to the Board's satisfaction that the "Rental Cap" will cause undue hardship. If the Board, upon a majority vote of the Directors, approves in writing of the Owner's request, the Owner may rent said Lot, subject to any further conditions or limitations imposed by the Board in the Board's discretion, but only if the Owner satisfies all other requirements of Article XV. Such decision is at the sole discretion of the Board. The duration of a hardship exception will be no longer than one (1) year. Upon expiration of the one-year hardship period, if Owners want to request an additional hardship waiver, they must submit to the Board a new application, which the Board, upon a majority vote of the Directors, may approve or deny in its discretion. An undue hardship is defined as:

- (a) Temporary relocation of the residence of an Owner to a point outside of a fifty (50) mile radius of the perimeter of Royal Run made necessary due to a change of employment of at least one (1) of such Owners, which must be documented by written confirmation from the Owner's employer;
- (b) Necessary relocation of the residence of an Owner due to mental or physical infirmity or disability of at least one (1) of such Owners; or
- (c) The Owner is a reservist in the United States Armed Forces who is called to temporary active duty or is active-duty personnel in the United States Armed Forces, and is temporarily deployed more than fifty (50) miles from the Lot.

If an Owner desires to request an exception based upon hardship circumstances other than those specifically defined in Section 15.05 (a), (b) and (c) above, the Owner must submit a written request describing the nature of the alleged hardship. The Board, upon a majority vote of the Directors, may approve or deny such requests as it deems appropriate on a case-by-case basis.

15.06 General Lease Conditions.

- (a) All leases, including renewals, shall be in writing, and no lease or occupancy agreement shall be entered into for a term of less than one (1) year.
- (b) Owners cannot lease, rent or otherwise operate their home or Lot on a hotel, transient or short-term rental basis, which is defined as any term of less than one (1) year. This short-term rental prohibition includes, but is not limited to, the use of a short-term rental platform through which unaffiliated parties offer to rent a dwelling or portion thereof to an occupant and collects consideration for the rental from the occupant.

- (c) A copy of each executed lease or occupancy agreement by an Owner which identifies the tenant (but which may have the rental amount deleted) shall be provided to the Board or the Managing Agent by the Owner within fifteen (15) days after execution. Additionally, within fifteen (15) days of execution of the lease, the Owner must provide to the Board or Managing Agent a completed and signed "Rental Residents Information Sheet," which includes the following information:
 - 1. The tenant(s) name, telephone number, vehicle description(s), and license plate number(s); and
 - 2. Acknowledgment that the renter has received a copy of the Association's governing documents, including the Declaration, By-Laws, Articles of Incorporation, and Rules and Regulations.
- (d) No portion of any Lot other than the entire Lot shall be leased or rented for any period. No subleasing is permitted.
- (e) All leases shall be made expressly subject and subordinate in all respects to the terms of the Declaration, By-Laws, Articles of Incorporation, and any rules and regulations promulgated by the Board, as amended, to the same extent as if the tenant were an Owner and a member of the Association. The Owner shall supply copies of such legal documents to the tenants prior to the effective date of the lease.
- (f) All leases shall provide for direct action by the Association and/or any Owner against the tenant with or without joinder of the Owner of such Lot. If such provision is not in the lease, it will be deemed to be in such lease.
- (g) The Owner cannot be delinquent in the payment of any assessments or other charges to the Association. If at any time an Owner becomes delinquent, the Board shall have the right to revoke said Owner's right to lease the Owner's Lot, even if during the term of a lease.

15.07 Owner is Still Liable. No lease shall provide, or be interpreted or construed to provide, for a release of the Owner from his or her responsibility to the Association and the other Owners for compliance with the provisions of the Declaration, the Articles of Incorporation, the By-Laws, and any rules and regulations promulgated by the Board of Directors, or from the Owner's liability to the Association for payments of assessments or any other charges.

15.08 Violations. Any lease or attempted lease of a Lot in violation of the provisions of this Article XV shall be voidable at the election of the Association's Board of Directors, except that neither party to such lease may assert this provision of this Article XV to avoid its obligations thereunder. In the event of a violation, the Association or any Owner has the right to exercise all available remedies at law or equity, including, but not limited to, bringing an action for injunctive relief to remove the tenant(s).

15.09 Burden of Proof. Anything to the contrary herein notwithstanding, if at any time a Lot is not occupied by one of the Owners thereof, there shall be a presumption that the Lot is being leased and subject to the provisions of this Article XV, and the Owners shall have the burden of proving to the satisfaction of the Board of Directors that the occupancy is not in violation of the terms of this Article XV, including but not limited to the delivery to the Board of a written statement of the nature and circumstances of the occupancy and any written document or memorandum that is the legal basis for the occupancy. For purposes of this Article XV and this Section 15.09, any occupancy pursuant to a rent to buy contract or similar arrangement or pursuant to any option to purchase by anyone other than an Owner shall be deemed to be a lease, rental or other similar arrangement subject to the restrictions of Article XV. Any purported land contract, contract for deed, or similar agreement must be recorded with the Boone County Recorder to be deemed valid. If such land contract, or a validly-executed memorandum thereof, is not recorded at the time of execution, it will be considered a rental agreement for purposes of this Article XV.

15.10 Two-Year Waiting Period. In addition to all other provisions of this Article XV, for a period of at least two (2) years after an Owner's acquisition of a Lot, said Owner cannot lease such Lot. After such time, said Lot will be eligible to be leased if all other conditions of this Article XV are satisfied and the Rental Cap has not already been reached, and provided further that the Owner is not delinquent in the payment of any assessments or other charges to the Association. The Board may, at its discretion, grant exceptions to the waiting period requirement upon an Owner's showing of undue hardship, as set forth in Section 15.05 herein.

15.11 Maximum Number of Lots Owned by a Single Owner. No Owner may own more than five (5) Lots within Royal Run at any time. This restriction shall not apply to any Owner who owns more than five (5) Lots which were purchased or with respect to which there was a binding purchase agreement prior to the recording of this restriction. For the purposes of this Section 15.11, the term "Owner" shall be defined as set forth in Article I herein. As used in this Section 15.11, "Owner" also means those persons or entities who comprise less than all persons or entities who own in any form or manner the fee simple title or any part thereof to any Lot and those persons or entities who have any interest in any form or manner in the fee simple title or any part thereof to any Lot. As an example but not limitation, if any person or entity owns or has any interest in the ownership of five (5) Lots, whether in his, her or its name only, as joint tenants, as life tenant or by or through any corporation, partnership, trust, limited liability company, or any other entity, that person cannot own a sixth (6th) Lot, whether in his, her or its name only, as joint tenants, as life tenant or by or through a corporation, partnership, trust, limited liability company, or any other entity.

Any purchase agreement, conveyance or lease or rental agreement executed subsequent to the recording of this restriction which violates any provision of this Section 15.11 shall be considered a violation of this Article XV and subject to the enforcement remedies set forth in Section 15.08 herein and elsewhere in this Declaration.