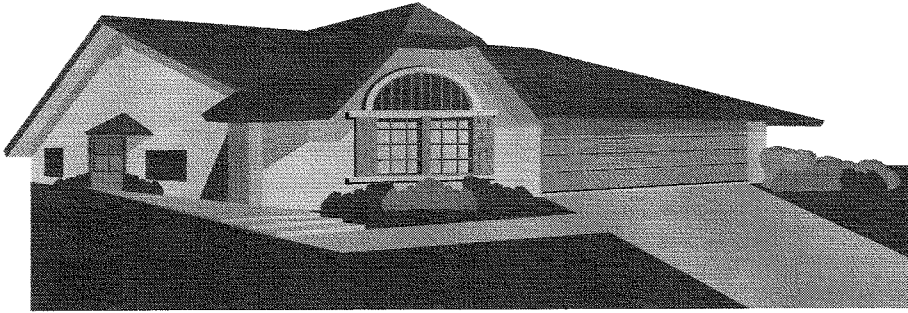


SOMERSET HOMEOWNERS ASSOCIATION, INC.
P. O. BOX 3235, MUNSTER, INDIANA, 46321



Protect Your Property Value - Support Your Homeowners Association!

RESTRICTIVE COVENANTS

**RESTRICTIVE COVENANTS
SOMERSET PHASE I & II
SUBDIVISION
(As amended on October 3, 2001)**

Northwest Properties, LTD., an Indiana corporation (the "Developer"), being the owner of the real estate described in Exhibit "A: attached hereto and made a part hereof (hereinafter the "Real Estate"), does hereby establish and execute these Restrictive covenants which shall hereby establish conditions, covenants, and restrictions to govern the use and occupancy of the lots in Somerset Phase I & II and such conditions, covenants and restrictions shall operate perpetually and run with the land and title to all of the lots on said subdivision, and are as follows, to-wit:

1. No building, wall, fence or other structure shall be erected or placed on any lot or parcel until the building plans, specifications and plot plans showing the location and elevation of such building and the landscaping have been approved in writing as to the conformity and harmony of external design with existing structures in the subdivision and as to the location of the building with respect to topography and finished ground elevation, and as to the sufficiency of the specifications, by a majority of a building committee consisting of Jack B. Kovich, David C. Kovich, and Chris C. Kovich, or by a representative designated by a majority of the members of said building committee (hereinafter the "Building Committee"). No building permit shall be obtained by the Town of Munster, Indiana, until and unless the plans and specifications for the improvements have been given written approval by the Building Committee. In the event of death or resignation of any member of said Building Committee, the remaining member or members shall be authorized to select a replacement, but prior to such selection, the remaining member or members shall be authorized to select a replacement but prior to such selection the remaining member or members shall have full authority by unanimous action to perform all of the duties of the full committee. In case of disagreement among the committee members on any matter officially before the committee, the vote of the majority among such members of the committee shall be controlling.

In the event the Building Committee or its designated representative fails to approve or disapprove any design, location, specifications and elevation within thirty (30) days after plans and specifications have been submitted to it, or in the event if no suit to enjoin the erection of any building or the making of alterations thereof has not been commenced prior to the completion of the roof of such building, such approval will not be required and this covenant will be deemed to have been complied with fully. Neither the members of the Building Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant to this covenant. The powers and duties of such committee and its designated representative shall cease on and after January 1, 2000. Thereafter, the approval described herein shall not be required unless prior to such date and effective thereof a majority of the lot owners in said subdivision appoint a representative or representatives who shall thereafter exercise the same powers previously exercised by said building Committee.

The Developer or the Building Committee or their employees, agents and representatives shall not be liable for any damage, loss or prejudice suffered or claimed by any owner or contractor who submits such plans on account of (a) any defect in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, (b) any structural or other defects in any work done according to such plans and specifications, whether or not defective; (d) the construction or performance of any work, whether or not pursuant to approved plans drawings and specifications, and (e) the development of any property within the Real Estate to the Town of Munster, Lake County, Indiana. Any person submitting plans to the Building committee shall hold the Developer and the Building committee harmless from all damage, loss or prejudice suffered or claimed by any third party, including attorneys' fees incurred.

2. The Real Estate may be used for residential purposes only.

3. All residential buildings and/or garages shall be at least thirty-five (35) feet from the property line which fronts the street. The Building Committee shall have the sole power to change the minimum building setback lines, but such changes must be: in conformity with the subdivision ordinance of the Town of Munster, Indiana, be in writing, recorded and for good cause shown.
4. No structure shall be erected, altered, placed or permitted to remain on any lot in this subdivision other than a single-family dwelling not to exceed two stories in height, unless said structure is expressly approved by the Building Committee. Structure as referred to herein shall mean fence, kennel, patio, playhouse, building, shelter, lean-to, garage, storage shed, whether temporary or permanent, upon the Real Estate or any other buildings or fixture except the dwelling house which extends above ground level. Each dwelling shall have a private garage for not less than two cars, or for more than three cars. For purposes of the preceding restriction, a dwelling house containing two full stories plus an attic shall be deemed a two-story house.
5. All residential structures shall comply with the following: (1) All one-story residential structures shall have a minimum first floor area of 1,800 square feet; (2) All bi-level and tri-level residential structures shall have a minimum first and upper floor(s) area of 1,800 square feet, not including the below grade levels of said structure. (3) All one and one-half story residential structures shall have a minimum floor area of 1,800 square feet not including the below grade level; (4) All quad-level split residential structures shall have a minimum floor area of 1,800 square feet above grade level; (5) All two-story residential structures shall have a minimum total floor area of 2,200 square feet above grade level. In computing the minimum square footage required above, the computation of square footage shall exclude porches, breezeways, attached garages or basements. All garages erected on the real estate shall be attached to the residence.
6. Each dwelling shall have an exterior of at least twenty-five percent (25%) stone or brick masonry front – no artificial materials shall be permitted. If not, the dwelling will be designed architecturally to fit the community and the plans and specifications must be initially approved in writing by the Building Committee.
7. All windows constructed upon the Real Estate shall be made of wood, vinyl clad wood or metal clad wood. All metal windows are not permitted. The name of the manufacturer and the type of windows to be installed are to be submitted to the Building Committee in accordance with Paragraph 1 above.
8. All driveways must be constructed of either asphalt or concrete, and construction of a driveway must be completed within ninety (90) days after occupancy of a residential dwelling on the lot. Brick or cobblestone driveways may be installed upon approval of the Building Committee.
9. Pursuant to the Munster Town Ordinance, sidewalks are to be installed at the homeowner's expense.
10. Each front yard and side yard up to the rear of the residential building and perpendicular thereto shall be landscaped with sod grass. Only the back yards may be seeded. An underground sprinkler system is required to service the sodded areas.
11. Each lot owner shall be required to plant in the front or side yard areas at least six (6) trees with a minimum diameter of two and one-half (2 ½) inches in width and a minimum of eight (8) feet in height above grade and a minimum of twenty (20) shrubs. Shorter, ornamental trees may be used to satisfy this requirement upon approval of the Building Committee. In accordance with the requirements of the Town of Munster, trees are to be planted in the parkway area (between curb and sidewalk) of each lot. This condition may be satisfied by including two of the six (6) trees required under this paragraph.

12. The constructions of any residential structure must be commenced within eighteen (18) months from the date of closing of sale and shall be completed within nine (9) months from the date of commencement of construction. Landscaping (including sodding) and the installation of the sprinkler system shall also be completed within said nine (9) month period. The Building Committee may extend this time if in their opinion, weather or other conditions prohibit such timely completion. No unnecessary building materials, piles of fill or piles of trash are permitted.
13. No unlawful or immoral uses of activities shall be permitted on the Real Estate in this subdivision.
14. No obnoxious or offensive trade or activity shall be carried on upon the Real Estate in this subdivision, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept only in sanitary containers. Each lot owner shall keep and maintain the general area surrounding the lot and the lot itself, clear of debris, overgrown weeds, construction materials and equipment before and during the construction of improvements thereon. Any violation hereof shall be a violation of these restrictive covenants and subject to paragraph 27 below. Alternatively and at the option of Developer, or the Homeowner's Association (paragraph 25 below), if a lot owner fails to comply with this paragraph after seven (7) days of written notice, Developer or the Homeowner's Association shall satisfy this paragraph as pertaining to such lot and the lot owner shall be liable for all costs and expenses incurred.
15. No truck, tractor, motor home, trailer, boat, utility vehicle, camper, etc. Shall be permitted to be parked on any lot or anywhere in the subdivision for more than 48 hours unless in a garage or granted approval in writing by the Building Committee. It is the intent of the Building Committee to restrict parking of the above-mentioned vehicles to the garages upon the lots and to further restrict vehicular parking in the subdivision to the automobiles regularly used by the owners in this subdivision.
16. No satellite dishes or above-ground pools shall be permitted on the Real Estate in this subdivision.
17. All fuel tanks shall be buried in the installation and maintenance thereof, shall comply with all applicable safety ordinances and regulations. If permitted, oil tanks may be located in garages.
18. No outside clothesline shall be erected or maintained on any lot.
19. Strips of ground shall be reserved as easements for the use of public utilities, for the installation and maintenance of poles, ducts, wires, pipelines, lines and for drainage. No permanent or other structures are to be erected or maintained upon said strips of land. The owners of lots shall take their titles subject to such easements, and such easements are for the benefit of all lot owners in said subdivision.
20. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept on any lot, provided that; they are not kept, bred or maintained for any commercial or hobby purpose, that they are kept in pens approved by the Building Committee, they do not create a nuisance and that they are not permitted to roam elsewhere in the subdivision except on a leash.
21. Developer shall install on the Real Estate privacy fencing of a various size and type along White Oak Avenue and the Conrail Rail Road tracks. Said fencing shall be considered a part of the "Common Areas" noted hereafter and shall be maintained and replaced by the Somerset Homeowner's Association (see paragraph 25 below) Consequently, no individual lot owner shall in any way replace, repair, damage, deface, impair the integrity thereof, stain or paint said fencing. Any violation hereof shall be considered a violation of these Restrictive Covenants and accordingly subject to paragraph 27 below.

Any additional fencing installed by lot owner shall be no greater than six feet (6') in height and constructed around the side and rear yards of any lot in the subdivision. All fences shall be approved by the Building Committee. A greater height around swimming pools may be allowed if the same is required by ordinance or statute. Fencing for swimming pools shall be erected so as to encompass the pool area only and shall not include on any easements located either adjacent to or on the homeowner's property. In any and all events, chain link fences are prohibited from use anywhere in the subdivision.

22. Every residential unit must have at least one (1) coach light prominently display in the area normally designated as the front yard of the lot. Such coach light shall be operational from dusk to dawn. Each coach light shall be the same. The type shall be designated by the Developer. The location shall be identified on the plans and specification submitted for the approval of the Building Committee as set forth in Paragraph 1.
23. Every residential unit shall have the same mailbox stand. Said stand shall be provided by the Developer.
24. No trees in excess of six inches in diameter and exceeding twenty feet in height may be cut or removed from any lot in the subdivision without prior written consent of the Building Committee.
25. The Somerset Homeowners Association, Inc. hereinafter referred to as the "Association," which shall be an Indiana not-for-profit corporation, shall be created by the Developer acting on behalf of the owners and future owners of lots in this subdivision.

Each owner of a lot in Somerset and Somerset Phase II shall be a member of the Association and shall be entitled to cast one (1) vote at all meetings for each lot that is owned. The purpose of the Association is to manage and to support financially all park and common areas including any recreational areas, the provisions of such security services as may be deemed advisable and practical in the sole discretion of the Association or, until such time as the Association is created by the Developer, in the sole discretion of the Developer, and all purposes as the membership deems necessary. After its creation by the Developer, the Association shall conduct a meeting at least once each year to organize itself and to elect its officers. The Association shall adopt bylaws for its government and levy and collect dues. The Association shall impose and collect annual assessments for the maintenance and improvements of park areas or other "common areas" and for the provision of the aforesaid security services, provided, however, the total of such dues and assessments levied against such lot will be Three Hundred and Seventy five and no 00/100 Dollars (\$375.00) per year starting the year 2001. Such annual dues will remain fixed at Three Hundred and Seventy five and no 00/100 Dollars (\$375.00) for five consecutive years (until the year 2005). Starting the year 2006, the Association Directors will be limited to increasing the maximum Assessment in an amount that is in direct proportion to the increase in the United States Government's consumer price index, urban households. The base year for the index shall be 2006. Those assessments shall be levied equally on each lot in all phases to the recorded Plat of Somerset Subdivision. Failure to pay said assessments or annual dues shall be a violation of these covenants and restrictions. Any such assessments or annual dues shall be billed by the Association to the owner of each lot during the year on May 1 and shall be due and payable within thirty (30) days. All lots shall, from and after the recording of these restrictions, be subject to said annual dues and assessments. Said dues and assessments shall be a lien in favor of the Association upon the lot against which such dues and assessments are charged until paid, which lien shall be enforced in the same manner as is provided in the mechanic's lien statutes of the State of Indiana. Provided further, that any person purchasing or dealing with said lot may rely upon a certificate signed by the president or secretary of the Association showing the amount of said dues and assessments which are due and unpaid as of the date of such certificate and the Association shall not be entitled to enforce any lien for such charge accruing prior to the date shown in said certificate. The within above described lien is subordinate to any first mortgage lien. Any past due annual dues, assessments or other charges assessable hereunder shall bear interest at the rate of twelve percent

(12%) per annum commencing thirty (30) days after the same become due and with attorneys' fees, and shall be due and payable without relief from valuation and appraisal laws.

The Association may be formed for, and engage in, such other activities as may be beneficial to the lot owners, to the public at large, or which may qualify the Association as a "not for profit corporation or association," as defined in the Internal Revenue code. Until such time as the Association is created by the developer acting on behalf of the Association to be formed, shall be entitled to carry out the responsibilities assigned to, and enjoy and exercise the rights and powers granted to, the Association pursuant to these restrictions; provided, however, the total of such dues and assessments levied by the Developer in such capacity against each lot shall not exceed one hundred fifty and no/100 Dollars (\$150.00) per lot per year so long as the association has not been created and the Developer is acting in such capacity on behalf of the Association to be formed. The developer shall not be responsible for such assessment on lots held as inventory prior to sale.

Within sixty (60) days of written notification by Developer to each lot owner that Developer intends to transfer the management responsibilities of the Association to the lot owners, the lot owners shall organize themselves as set forth above and assume the management of the Association. Thereafter it shall be the sole responsibility of the lot owners to conduct the Association in their discretion.

The Association will establish and maintain an emergency fund. The fund will be used to address large expenses of maintenance and improvement. The minimum balance requirement of said fund will be determined by the Association Directors. If at the beginning of a fiscal year the Emergency Fund balance is over 1½ times the Association's total annual dues, then the Association will wave collecting dues for that year.

Example

The Year 2007

Starting Balance = \$78,000.

Total Annual Dues = \$375/lot X 131 lots = \$49,125

\$49,125 X 1.5 = \$73,687.50

Starting balance is \$78,000. This is greater than 1½ times total annual dues. Association will not to collect dues for the year 2007.

26. The undersigned shall have and hereby reserves the right and power and without consent or approval of any of the owners of lots in the subdivision or mortgages of said lots to amend or supplement these Restrictive Covenants at any time and from time to time if such amendment or supplement is made (a) to comply with requirement of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, or any other governmental agency or any other public, quasi public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (b) to induce any of such agencies or entities to make purchase, sell, insure or guarantee first mortgages covering the lots of the subdivision and the structures constructed or located thereon, (c) to bring these Restrictive Covenants into compliance with any law or statutory requirement, (d) to correct clerical or typographical errors in these Restrictive Covenants or any Exhibit hereto or any supplement or amendment hereto.

Any other amendments or changes of these restrictions and declarations shall be made as follows:

- A. **Notice.** Notice of the subject matter of the proposed amendment in reasonable detailed form shall be included in a notice of a meeting to be held and shall be given to all owners of lots within the subdivision.

- B. **Resolution.** A resolution adopting a proposed amendment following such meeting must be adopted by not less than seventy-five percent (75%) of the total number of lot owners within the subdivision. Lot owners not present at a meeting considering such amendment may vote by proxy.
- C. **Recording.** Owners may execute power of attorney designating an attorney-in-fact to execute documents indicating the adoption of amendments. Such amendments shall be reduced to writing and execute in such manner either by said attorneys-in-fact or by the respective lot owners in such forms as to be recordable in the Office of the Recorder of Lake County, Indiana.
27. The foregoing covenants, restrictions, and conditions shall run with the land and shall be binding upon all the parties claiming or owning any interest in the Real Estate or any lot or parcel therein, until January 1, 2000, at which time said covenants, restrictions, and conditions shall automatically be extended for successive periods of ten (10) years, unless there is a vote of the majority of the owners of the pending sites covered by these covenants, restrictions, and conditions, and if any owner or person in possession shall violate or attempt to violate any of these covenants, restrictions and conditions, it shall be lawful for the undersigned, "the Association," or any person or persons owning any lot in said subdivision, to file and prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any of these covenants, restrictions, and conditions, to compel compliance with these covenants, restrictions, and conditions or to recover damages caused by such violations, and the owner or owners shall pay court costs and reasonable attorney fees in the event judgment is rendered against him or her or them.
28. Except as provided in paragraph 1 hereof, the failure for any period of time to compel compliance with any restrictions, conditions, or covenants shall in no event be deemed as waiver of the right to do so thereafter, and shall in no way be construed as a permission to deviate from said restrictions, conditions and covenants.
29. Invalidation of any of these covenants by judgment or decree of court shall in no way effect any of the other provisions hereof which shall remain in full force and effect.

Somerset Homeowners Association, Inc.

By: X _____
 Walter E. McDonald, Jr. – President

X _____
 Naomi Korem – Secretary

State of Indiana)
) SS:
 County of Lake)

Before me, Notary Public in and for said County and State, personally appeared Somerset Homeowners Association, Inc., by its President – Walter E. McDonald, Jr., and Secretary – Naomi Korem, and acknowledged the execution of the above and foregoing Resolution.

Witness my hand and Notarial Seal this _____ day of _____, 2001.

My commission Expires:

X _____
 Notary Public
 Printed: _____
 Resident of Lake County