

Section 2.02: Statutory Terms. Other words and phrases may have specific meanings defined in statutes or other Applicable Law. Unless those words or phrases are defined differently as a defined term in Exhibit C, those words and phrases are intended to retain the meaning provided in Applicable Law.

Section 2.03: Other Words and Phrases. All other words and phrases are intended to have their common, ordinary meaning. If there is a question concerning the meaning of any of these other words or phrases, then the definition provided in the most recent version of *Webster's Dictionary* in effect on the date of this Declaration will apply in interpreting this Declaration.

Section 2.04: Incorporation of Governing Documents. This Declaration is intended to be comprehensive and thorough, but it must be read, applied and enforced in conjunction with all of the other Governing Documents. It is not practical, however, to include all of the terms, conditions, rights and obligations provided in the other Governing Documents in the body of this Declaration, or as exhibits attached to this Declaration. Therefore, all of the other Governing Documents are incorporated into this Declaration by reference, and are made a material part of this Declaration to the same extent as if they were completely rewritten in this Declaration, or were attached to this Declaration as exhibits. This Section will be deemed to be conclusive and binding constructive notice on every Person of the existence of all of the other Governing Documents, regardless of whether or not all or any of those Governing Documents are ever recorded in the public records. By accepting a deed to a Lot in the Community, every Owner will be deemed to have notice of, to consent to, and to agree to be unconditionally bound by, all terms, conditions, rights and obligations of each and every Governing Document, whether now in existence or created in the future, and including all future amendments to any of the Governing Documents. All of the Governing Documents will be available for inspection by any Owner, any purchaser under contract to buy a Lot in the Community, or any prospective purchaser, during the Association's normal business hours. Further, any Owner, or any purchaser under contract to buy a Lot in the Community, may obtain a copy of all or any portion of the Governing Documents upon written request to the Association and payment of any applicable charge for the copy.

Section 2.05: Interpretation. Proper interpretation of all of the Governing Documents relating to Stonehill Village is important to assure the continuity and unending success of the Community as a whole. By accepting their deed to a Lot in the Community, each Owner recognizes and agrees that a traditional strict

interpretation of the Governing Documents in favor of individual property rights would have a detrimental effect on the collective rights and legitimate expectations of all Owners in the Community. Therefore, this Declaration, and all of the other Governing Documents, must be liberally construed in a manner that will best reflect the Developer's intent, goals and objectives, and achieve the fundamental purpose of establishing a uniform plan for the creation and operation of a unique and desirable Community. The Developer will have the exclusive power and discretion to resolve any questions concerning the proper interpretation of the Governing Documents. After the Development Period, the Board of the Association will have this power and discretion. The interpretive decisions of the Developer and the Board will be final and binding on all Persons.

Section 2.06: Exercise of Discretion. Many aspects of the Governing Documents, and other decisions regarding the appropriate development and operation of the Community, require decisions that involve careful thought, analysis and exercise of discretion concerning what is in the best interests of the Community as a whole in light of the Developer's underlying intent, purposes and goals as reflected in this Declaration. Therefore, unless a different standard is specifically stated in a particular provision, whenever any provision of this Declaration, or any of the other Governing Documents, requires or permits a judgment, decision or determination by the Developer, the Developer will have the sole, absolute and exclusive power and discretion to make the judgment, decision or determination without any notice to or consent of any other Person. This standard will apply whether or not it is specifically stated in the provision requiring or permitting the judgment, decision or determination. Further, the standard in this Section will apply to all judgments, decisions or determinations of the Association, Board, any Neighborhood Society or Council, or Design Review Board where action by any of those entities is required or permitted.

PART TWO - DEVELOPMENT PLAN

The comprehensive development plan establishes an understanding of how all of the pieces of the development puzzle will fit together to create the Community. Further, the development plan gives broader insight into how the Developer intends to achieve the goals and objectives associated with the Community.

ARTICLE III
OVERVIEW

Section 3.01: General Plan. As stated in Part One of this Declaration, the Master Concept Plan is the current land use plan for the Property. In a legal context, it shows the types of uses that the present Township zoning resolution permits for respective areas of the Property. From a conceptual standpoint, it illustrates the spacial relationship of the various components the Developer currently anticipates incorporating into the Community. The Master Concept Plan is not a concrete, inflexible document. Types of uses may change or be completely eliminated, and the relationship of one use to another may be modified. All changes are subject to Applicable Law, and will comply with zoning and subdivision regulations. More specific details of the respective areas will evolve as the Developer records Plats for those areas. Therefore, the Master Concept Plan must be understood as a flexible, conceptual model for the Community based upon the Developer's present intentions.

Section 3.02: Composition of the Community. The Community is a combination of various Neighborhoods and Common Areas. Neighborhoods are groups of Lots that share common characteristics, such as type of permitted use, size, design requirements, or simply location within the Community. The next Article of this Declaration describes the different types of Neighborhoods in more detail. Each Lot within a Neighborhood is a separate parcel of real estate that will be the individual property of an Owner. Common Areas, to the contrary, are portions of the Community that will be developed and maintained for the mutual use and enjoyment of more than one Owner. Most Common Areas will be for the general benefit of the Community as a whole. Some Common Areas, however, will serve only limited Neighborhoods or members of the Community. Part Three of this Declaration describes the rights and obligations associated with the Common Areas. The Community, therefore, is the overall relationship among the Lots in the various Neighborhoods in connection with the Common Areas, combined with the social relationships of the people who live and work in the Community.

Section 3.03: Management of the Community. The Developer has formed the Association to serve as the private governing body over the entire Community. Each Owner will be a Member of the Association. However, the structure of the Association is designed to facilitate varying levels of participation by Members, so that it remains a beneficial organization and does not become a burden for those who may choose to

be less active in the affairs of managing the Community. The function and operation of the Association are described in more detail in Part Six of this Declaration.

Section 3.04: Management of the Neighborhoods. As each Neighborhood is created, the Developer will also form an organization for the management of that Neighborhood. These organizations will each be referred to as a "Society," simply to avoid confusion with the main Association of the Community. The Owners of the Lots in a Neighborhood will be the Members of the Society for that Neighborhood. The Societies will have general authority over the respective Neighborhoods, but that authority will be subordinate to the rights and obligations of the Association. The Societies will also hopefully serve as a mechanism to foster closer social relationships among the Owners in each Neighborhood. The rights and responsibilities of each Society are also explained further in Part Six of this Declaration.

Section 3.05: Effect of Master Declaration. This Declaration is the fundamental Governing Document for the Community. The Developer has recorded this Declaration over the entire Property at one time to assure a more uniform application of the overall development plan. It is analogous to a blanket, under which all components of the Community will develop and grow over time. However, until a particular Phase of a Neighborhood in the Community is actually developed by recording a Plat, the Master Declaration will remain dormant. This means that, although the Master Declaration is an encumbrance on title to the Property now, it will only become effective and enforceable with respect to those portions of the Property that are activated as a functioning part of the Community by recording a Plat of the Phase then being activated. The Master Declaration will remain dormant and unenforceable against the Developer with respect to those portions of the Property that are not then Platted. The process of activating Phases is explained later in the Article entitled Addition of Property in this Part Two of the Declaration.

Section 3.06: Phasing of Project. The Developer will develop the Property in multiple Phases. Each Phase will be of the size and in the location that the Developer determines to be appropriate at the time. A Neighborhood may be developed in one or more Phases, and more than one Phase may be under development in one or more Neighborhoods at the same time. Completion of the sequence of Phases will eventually complete the various Neighborhoods and, in turn, the full Community.

Section 3.07: Developer's Discretion. The Developer reserves and retains for itself the exclusive discretion and control concerning all decisions, judgments, actions and all other aspects directly or indirectly relating to the development of the Property. This

includes, without limitation, modification of the Master Concept Plan; determination of whether or not, or when, to develop any particular Phase, Neighborhood, Common Area or other amenity shown on the Master Concept Plan or referred to in any of the Governing Documents; determination and implementation of the size, configuration, composition, location, sequence and construction of each Phase, Neighborhood and Common Area; additional rights, covenants, conditions and restrictions that may be applied to any Phase or Neighborhood through a Supplemental Declaration; and all other matters pertaining to any portion of the Property that has not yet then been Platted. The Association, and the Society of any Neighborhood, will only have authority over those Phases of the Community that have been activated as functional parts of the Community by recording of the respective Plats. The rights and powers of the Association and all Neighborhood Societies will be subordinate to the discretion, rights, powers and authority of the Developer throughout the entire Development Period, as provided in later Parts of this Declaration.

ARTICLE IV **TYPES OF NEIGHBORHOODS AND USES**

Section 4.01: General Explanation. The Master Concept Plan shows the anticipated location and various types of Neighborhoods, as well as the projected types and locations of Common Areas and other uses of the Property. This Article provides a general description of the different types of Neighborhoods and uses. Essentially, there are two types of Neighborhoods: Residential Neighborhoods and Business District Neighborhoods. Portions of the Property will also be devoted to other uses and purposes that are not considered separate Neighborhoods, but may serve as amenities to one or more Neighborhoods, or may otherwise be beneficial to the Community as a whole. The Developer reserves the right, to the extent permitted by Applicable Law, to create one or more mixed use Neighborhoods that combine residential and business uses if, in the Developer's sole discretion, this type of Neighborhood would be beneficial to the Community. The Developer further reserves the right to create or eliminate other uses of those portions of the Property that are not already then incorporated into a particular Neighborhood.

Section 4.02: Residential Neighborhoods. There are several possible types of Residential Neighborhoods, each of which is differentiated primarily on the basis of Lot density (the number of Lots per acre of land). A particular Residential Neighborhood may contain one or more types of Lot density. The Owners of Lots in the different types of Residential Neighborhoods may have different rights concerning the use of

some Limited Common Areas, and different obligations regarding Assessments. However, in most cases, all of the Owners of Lots in the same Neighborhood will have the same rights and obligations. Some Residential Neighborhoods may also be devoted to rental units, rather than ownership by the Occupant. The rights and obligations of the Owners and Occupants in the rental Residential Neighborhoods will be further clarified in a Supplemental Declaration, if the Developer creates such a Neighborhood. The following subparagraphs of this Section explain the basic types of Residential Neighborhood in more detail.

- A. Low Density Residential. Low density Residential Neighborhoods will have an average not to exceed one to two dwelling units per acre. These Neighborhoods will be for construction of single family residences.
- B. Medium Density Residential. Medium density Residential Neighborhoods will have an average of three to four dwelling units per acre. These Neighborhoods will also be for construction of single family residences, and may include detached patio homes and detached senior adult housing.
- C. High Density Residential. High density Residential Neighborhoods will have an average of five to a maximum of eight dwelling units per acre. These Neighborhoods will be for construction of multi-family residences. This may include condominium units, townhouses, apartments, senior adult housing apartments, and senior adult assisted living and nursing home care facilities.

Section 4.03: Business District Neighborhoods. The Developer contemplates inclusion of several Business District Neighborhoods throughout the Community. The focal Business District Neighborhood is the Village Center, with its central location and Village Green feature. The Business District Neighborhoods are an integral component of the Community because they will enable the convenient availability of necessary and beneficial goods and services to the residents of the Community. These Neighborhoods will contain a mix of retail, service and office businesses. The Developer will determine the actual permitted business uses as the Business District Neighborhoods are developed, subject to Applicable Law.

Section 4.04: Public School Property. The Master Concept Plan also contemplates the dedication of a portion of the Property for use as a public school. The Developer has included this as a prospective use in anticipation of the student population impact the Community may have on the local school district. The actual location of the school property and the timing of the dedication of that portion of the Property will be

determined by the Developer in consultation with public school officials. Neither the Developer nor the Association will be responsible for development of that parcel, or construction, maintenance or operation of the school facilities.

Section 4.05: Common Areas. The Common Areas are not independent Neighborhoods. Instead, they are amenities to the Community which enhance the value and desirability of the Neighborhoods and each Lot. Part Three of this Declaration describes the Common Area rights and obligations in more detail.

ARTICLE V **ADDITION OF PROPERTY**

Section 5.01: Activation of Phases. Each Phase of the Community will be created by recording a Plat and any Supplemental Declarations applicable to that Phase. The Plats and Supplemental Declarations will systematically integrate those specific segments of the Property as functioning parts of the Community. Upon recording each Plat, the Master Declaration will become effective and enforceable with respect to that Phase. Further, the Supplemental Declarations will provide any additional rights, covenants, conditions and restrictions that may apply to the particular Neighborhood in which the Phase is located. In summary, therefore, recording of a Plat will trigger the enforceability of this Declaration on that Phase, while the Supplemental Declaration will elaborate on the terms and conditions of this Declaration as it pertains to that Phase.

Section 5.02: Subdivision by Developer. The Developer will have the sole and exclusive right to subdivide the Property in any manner and at any times the Developer may desire. After a Plat is recorded for a particular Phase, the Developer will retain the right to partition, further subdivide, split or combine or otherwise reconfigure any Lot, portion of a Lot, or combination of Lots, of which the Developer is still the Owner. This right will allow the Developer to make adjustments to a Phase differently than shown on the Plat if, in the sole discretion of the Developer, those changes are necessary or beneficial to the development or sale of any Lots or other portions of the Additional Property.

Section 5.03: Later Acquired Real Property. If at any time the Developer acquires title to any more real property adjacent to the Property that is subject to this Declaration, the Developer will have the right, but not an obligation, to record an amendment to this Declaration to add that new real property as part of the Community. Upon recording that amendment, the new real property will become subject to all of the

terms, covenants, conditions and restrictions in this Declaration to the same extent as if that property had been part of the Property described in this Declaration.

Section 5.04: No Consents Required. The Developer will have the sole and absolute discretion to take any of the actions described in this Article at any time and for any reason without the prior or later notice to or consent of any Person. The Developer will further have the right to sign and acknowledge any documents or instruments relating to any of these actions on behalf of itself and all other Persons who may have an interest in the Property or that Phase of the Property effected by the action, pursuant to the power of attorney provisions in Part Nine of this Declaration.

ARTICLE VI **DEDICATION OF PROPERTY**

Section 6.01: Reservation of Right to Dedicate. Development of the Property in the manner contemplated in this Declaration requires the dedication or creation of certain property interests to Government Entities or other Persons. Therefore, in addition to the easements created later in Part Two of this Declaration, the Developer reserves the right to dedicate, or to grant easements, licenses, or other real property rights or interests, for any purpose to or for the benefit of any Government Entity or Person (including to itself) prior to or in conjunction with the Plat of any Phase, without the consent of any other Person. After recording a Plat, the Developer's rights under this Article with respect to that Phase will only apply to any Lot of which the Developer is still the Owner. After expiration of the Development Period, the reservation of rights to make dedications and other grants as provided in this Article will be exercisable by the Association, but only with respect to Common Areas under the ownership and control of the Association. The rights reserved by the Developer and the Association in this Article are exercisable in their sole and absolute discretion. Without limiting the rights reserved in this Section, the remaining Sections of this Article describe specific types of dedications and other grants the Developer currently anticipates making in connection with development of the Property.

Section 6.02: Public Streets and Utilities. The Developer reserves the right to dedicate public streets, and to dedicate or grant easements for Public Utilities, within the Community. All dedications and Easement Areas for Public Utilities will be shown on the Plat of the Phase or Phases to which they relate.

Section 6.03: Public School Property. The Developer further reserves the right to dedicate a portion of the Property to the Beaver Creek City School District, or its successor local public school district, for the purpose of establishing an elementary

school and related facilities, or for such other purposes as the Developer and the School Board may agree.

Section 6.04: Conservation and Preservation Easements. The Developer has entered into an Agreement with Little Miami, Inc., an Ohio non-profit corporation, dated July 22, 1993, for the purpose of granting a perpetual easement for the conservation and preservation of certain areas along the Little Miami River, a National and State Scenic River, under the terms and conditions of that Agreement. The Developer reserves the right to grant additional Conservation and Preservation Easements on such terms and conditions as the Developer may deem appropriate.

Section 6.05: Public Dedications Exempt From Declaration. Any portion of the Property, or property rights or interests less than fee title, that the Developer or the Association dedicate to any Government Entity for public use will be exempt from the terms, covenants, conditions and restrictions of this Declaration and all Supplemental Declarations.

ARTICLE VII

LATER PARTITION, SUBDIVISION AND COMBINATION

Section 7.01: No Partition of Common Areas. No Person will have the right to seek or enforce any judicial partition of all or any portion of the Functioning Common Areas at any time or for any reason, and no court shall order any such partition. This Section does not limit or prohibit the right of the Board or any Council to acquire or dispose of any tangible personal property, or other real property that is not subject to this Declaration. This Section also does not limit the rights and discretion of the Developer regarding the use, modification, sale, lease or other disposition of Future Common Areas or any other portion of the Additional Property.

Section 7.02: No Further Subdivision, Lot Splits or Lot Combinations. During the Development Period, no Person except the Developer will have the right to further subdivide, split, combine or otherwise reconfigure any Lot, portion of a Lot, or combination of Lots, differently than shown on the Plat signed and recorded by the Developer without the Developer's prior written consent. After expiration of the Development Period, no Person will have the right to further subdivide, split, combine or otherwise reconfigure any Lot, portion of a Lot, or combination of Lots, differently than shown on the Plat signed and recorded by the Developer without the prior written consent of the Board of the Association. The Developer or the Board may grant or withhold its consent for any reason, or without any reason, in its sole and absolute discretion. This Section does not limit the rights and discretion of the Developer