

EXHIBIT B

BY-LAWS

of

WATER'S EDGE
HOMEOWNERS ASSOCIATION, INC.

Consisting of 24 Pages,
Numbered 1 through 24

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BY-LAWS OF WATER'S EDGE
HOMEOWNERS ASSOCIATION, INC.

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OF

WATER'S EDGE
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I - PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The Property located in Monroe County, State of Indiana, and more particularly described in the Declaration to which these By-Laws are attached has been submitted to the provisions of Chapter 349 of the Acts of the Indiana General Assembly of 1963 entitled "Horizontal Property Act" by Declaration recorded in the Office of the Recorder for Monroe County, State of Indiana, simultaneously herewith, and shall hereinafter be known as "Water's Edge Homeowners Association, Inc." (hereinafter called the "Condominium").

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. These By-Laws are adopted simultaneously with the execution of that certain Declaration creating the Water's Edge Condominium to which these By-Laws are attached and made a part thereof. The Declaration is incorporated herein by reference and all of the covenants, rights, definitions, restrictions and liabilities therein contained shall apply to and govern the interpretation of these By-Laws.

Section 3. Application. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to the Declaration, these By-Laws and rules and regulations made pursuant hereto and any amendment to these By-Laws upon the same being passed and duly set forth in an amendment to the Declaration, duly recorded.

The acceptance of a deed of conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws (and any rules and regulations made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II - UNIT OWNERS

Section 1. Name and Nature of Association. The Water's Edge Homeowners Association, Inc. shall be an association

comprised of all of the Unit Owners as herein provided which such Homeowners Association shall be governed by the Board of Administrators as herein provided.

- Section 2. Place of Meetings. All meetings of the Homeowners Association (hereafter referred to as "Association") of the Condominium shall be held at the Property or at such other place either within or without the State of Indiana, as shall be designated in a notice of the meeting.
- Section 3. Annual Meeting. At the election of Declarant, but in no event later than 90 days after all Units in Water's Edge have been sold and deeded by Declarant, Declarant shall notify all Unit Owners that the first annual meeting of the Unit Owners shall be held on a day specified and to be within 30 days of the date of such notice. At such meeting, the members of the Board of Administrators selected by Declarant and constituting the initial Board of Administrators shall resign and all of the Unit Owners, including Declarant, shall elect a new Board of Administrators. Said initial meeting shall be held for the purpose of electing said Board of Administrators to succeed the initial Board and for the transaction of such other business as may be properly brought before the meeting. Thereafter, an annual meeting of the Unit Owners shall be held at 2:30 p.m. on the fourth Saturday of March of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next day following not a legal holiday for the purpose of electing members of the Board of Administrators and for the transaction of such other business as may be properly brought before the meeting.
- Section 4. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.
- Section 5. Special Meetings. Special meetings of the Unit Owners may be called at any time by the Board of Administrators or upon the written request of not less than 40% in Common Interest, in the aggregate, of the Unit Owners.
- Section 6. Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered

or mailed not less than ten (10) days nor more than fifty (50) days before the date thereof, either personally or by mail at the direction of the Board of Administrators or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

In case of an annual or substitute meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter other than the election of Administrators on which the vote of Unit Owners is expressly required by the provisions of the Indiana Horizontal Property Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

Section 7.

Quorum. The presence in person or by proxy at any meeting of the Voting Members (as defined in Section 8 of this Article) having 30% of the total votes shall constitute a quorum; provided, however, should the Association be subsequently incorporated, a quorum shall constitute that percentage of the total votes as may be required by the applicable provisions of the Indiana Not for Profit Corporation Act, but in no event less than 30% of such total votes. If there is no quorum at the opening of the meeting of Unit Owners, such meeting may be adjourned from time to time by the vote of a majority of the Voting Members present, either in person or by proxy; and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

The Voting Members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum.

Section 8.

Voting Rights. There shall be one person with respect to each Unit who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member." Such Voting Member may be the Owner, or one of a group composed of all of the Owners of a Unit, or may be some other person designated by such Owner or Owners to act as proxy on his

or their behalf and who need not be an Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by judicially declared incompetence of any designator, or by written notice to the Board by the Owner or Owners. The total number of votes of all Voting Members shall be 100, and each Owner or group of Owners (including the Board of Administrators, if the Board of Administrators, or its designee, shall then hold title to one or more Units) shall be entitled to the number of votes equal to the total of the percentage of ownership in the Common Areas and Facilities applicable to his or their Unit as set forth in Exhibit E of the Declaration.

Section 9. Majority Vote. The vote of a majority in Common Interest of Unit Owners present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required by the Declaration or By-Laws or by provision of law.

Section 10. Proxies. Unit Owners may vote either in person or by agents duly authorized by written proxy executed by such Unit Owner or by his duly authorized attorney-in-fact. A proxy shall not be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten (10) years from the date of its execution. Unless a proxy otherwise provides, any proxyholder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the Secretary or duly Acting Secretary of the Association either during or prior to the meeting in question.

Section 11. Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Association in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Unit Owner at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof except where a Unit Owner attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Unit Owners are present at any meeting of the Association, no notice shall be required and any business may be transacted at such meeting.

Section 12. Informal Action by Unit Owners. Any action which may be taken at a meeting of the Association may be taken

without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting (that is, the Voting Members), and filed with the Secretary of the Association to be kept in the Association Minute Book.

ARTICLE III - BOARD OF ADMINISTRATORS

Section 1. Number. The business and Property of the Condominium shall be managed and directed by the Board of Administrators composed of five persons (except that the initial Board shall be three in number) or by such Executive Committees as the Board may establish pursuant to the By-Laws.

Section 2. Initial Administrators. The initial Administrators shall be selected by the Declarant and shall serve, at the election of the Declarant, from the date upon which the Declaration is recorded in the Monroe County, Indiana, public records until 90 days after all of the Units of all phases of development have been sold and conveyed, or until such time as their successors are duly elected and qualified.

The names of the persons who shall serve on the initial Board of Administrators (which such initial Board shall be composed of three members) from the date upon which the Declaration is recorded in the Monroe County, Indiana public records until the first annual meeting of the members or until such time as their successors are duly elected and qualified and all of whom are representatives of Declarant, are as follows:

Ronald J. Killion
Ray Andrews
Charles Langley

Section 3. Election, Term and Qualification. Except as provided in Sections 2 and 5 of this Article, the Administrators shall be elected at the annual meeting of the Association and those persons who receive the highest number of votes shall be deemed to have been elected; provided, however, that so long as Declarant shall own one or more Units, Declarant shall have the right to designate and appoint one member to the Board of Administrators. The size of the Board of Administrators may be increased or decreased from time to time upon the affirmative vote of 75% in Common Interest of all Unit Owners provided that said Board shall not be less than three (3) in number. Each Administrator shall hold office for the period for which

elected or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualifies. Each member of the Board (after the first annual meeting of the Association and the election and qualification of the successors to the initial Board of Administrators) shall be one of the Owners or Co-Owners; provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then an officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board.

At the first annual meeting of the Association the members of the Board of Administrators shall be divided into three classes, the first class to consist of two members, the second class to consist of two members, and the third class to consist of one member. The members of the first class shall initially hold office for a term of three years; the members of the second class shall initially hold office for a term of two years; and the member of the third class shall initially hold office for a term of one year. At all annual elections thereafter a number of Administrators shall be elected by the Voting Members to succeed those Administrators whose terms then expire and each such Administrator shall serve for a 3-year term. So long as Declarant shall own one or more Units the member to the Board which Declarant has the right to appoint shall be the member which constitutes the third class. Nothing herein contained shall be construed to prevent the election of an Administrator to succeed himself.

Section 4.

Removal. Administrators may be removed from office with or without cause by the affirmative vote of the Unit Owners having a majority of the total votes entitled to vote at an election of Administrators. However, unless the entire Board is removed, an individual Administrator may not be removed if the number of Unit Owners voting against the removal would be sufficient to elect an Administrator if such Unit Owners voted cumulatively at an annual election. If any Administrators are so removed, new Administrators may be elected at the same meeting; provided, however, that so long as Declarant owns one or more Units, the Administrator elected by Declarant cannot be removed without the prior written consent of Declarant.

Section 5.

Vacancies. A vacancy occurring in the Board of Administrators, including administratorships not filled by the Unit Owners, may be filled by a majority of the remaining Administrators, though less than a quorum, or by the sole remaining Administrator; but a vacancy created by an increase in the authorized number of Administrators shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. Voting Members may elect an Administrator at any time to fill any vacancy not filled by the Administrator.

Section 6.

Compensation. The Board of Administrators shall receive no compensation for their services.

Section 7.

Executive Committees. The Board of Administrators may, by resolution adopted by a majority of the number of Administrators fixed by these By-Laws, designate two or more Administrators to constitute an Executive Committee, which committee to the extent provided in such resolution shall have and may exercise all of the authority of the Board of Administrators in the management of the Condominium.

The Board of Administrators may, in like manner, create such other committees as it deems necessary and appropriate in aiding the Board of Administrators to carry out its duties and responsibilities with respect to the management of the Condominium.

Section 8.

Powers and Duties. The Board of Administrators shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things, except such acts as by law, or by the Declaration, or by these By-Laws may not be delegated to the Board of Administrators. Such powers and duties of the Board of Administrators shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the Common Areas and Facilities;
- (b) Determination of the Common Expenses and special assessments required for the affairs of the Condominium including, without limitation, the operation and maintenance of the Property;
- (c) Collection of the Common Expenses and special assessments from the Unit Owners;
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Areas and Facilities;

(e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the Property, and for the health, comfort, safety and general welfare of the Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Owners and occupants and the entire Property shall at all times be maintained subject to such rules and regulations;

(f) Opening of bank accounts on behalf of the Condominium and designating of the signatories required therefor;

(g) Purchasing or leasing or otherwise acquiring in the name of the Board of Administrators, or its designee, corporate or otherwise, on behalf of all Units Owners, Units offered for sale or lease or surrendered by their Owners to the Board; provided, however, such action has been duly authorized by the affirmative vote of Unit Owners owning 75% in Common Interest of the Condominium;

(h) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Administrators, or its designee, corporate or otherwise, on behalf of all Unit Owners; provided, however, such action has been duly authorized by the affirmative vote of Unit Owners owning 75% in Common Interest of the Condominium;

(i) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with Units acquired by the Board of Administrators or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit Owners;

(j) Maintaining and repairing any Unit, if such maintenance or repair is necessary in the discretion of the Board or by operation of applicable restrictions to protect the Common Areas and Facilities or any other portion of the building(s), if any Owner of any Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner; provided, that the Board shall levy a special assessment against such Owner for the costs of said maintenance or repair;

(k) Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a Common Expense. The Board shall have the right to retain keys for each Unit;

(l) Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the Treasurer and countersigned by the President;

(m) Obtaining insurance for the Property, including the Units, pursuant to the applicable provisions of the Declaration;

(n) Making repairs, additions and improvements to or alterations or restoration of the Property in accordance with the other provisions of these By-Laws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceeding; and

(o) Contract for all goods, services and insurance, payment for which is to be made from the Common Expense Fund.

Section 9.

Managing Agent. The Board of Administrators for the Condominium may engage the services of any person, firm or corporation to act as managing agent, for a term not to exceed five years, at a compensation established by the Board, to perform such duties and services as the Board of Administrators shall authorize including, but not limited to, the duties listed in subdivisions (a), (c), (d), (f), (j), (k), (m), (n) and (o) of Section 8 of this Article III. The Board may delegate to the managing agent, all of the powers granted to the Board of Administrators by these By-Laws other than the powers set forth in subdivisions (b), (e), (g), (h), (i) and (l) of Section 8 of this Article III. Such managing agent may be a corporation or partnership which is an affiliate of Declarant.

ARTICLE IV - MEETINGS OF ADMINISTRATORS

- Section 1. Organizational Meeting. The first meeting of the initial Board of Administrators designated in these By-Laws shall be held at such time as the Declarant shall determine. The first meeting of a newly elected Board of Administrators shall be held within fifteen (15) days following the meeting of the Unit Owners at which the Board was elected. No notice shall be necessary to the newly elected members of the Board of Administrators in order to legally constitute such meeting, providing a quorum shall be present.
- Section 2. Regular Meetings. A regular meeting of the Board shall be held immediately after, and at the same place as the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board of Administrators may provide by resolution the time and place either within or without the State of Indiana, for the holding of a regular meeting of the Board.
- Section 3. Special Meetings. Special meetings of the Board of Administrators may be called by or with the request of the President or by any two Administrators. Such meetings may be held either within or without the State of Indiana.
- Section 4. Notice of Meetings. Regular meetings of the Board of Administrators may be held without notice. The person or persons who called a special meeting of Administrators shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.
- Attendance by an Administrator at a meeting shall constitute a waiver of notice of such meeting except where an Administrator attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.
- Section 5. Waiver of Notice. Any member of the Board of Administrators may at any time waive notice of any meeting of the Board of Administrators in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Administrators are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

- Section 6. Quorum. A majority of the number of Administrators fixed by these By-Laws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Administrators.
- Section 7. Manner of Acting. Except as otherwise provided in this section, the act of the majority of the Administrators present at a meeting at which a quorum is present shall be the act of the Board of Administrators.
- A vote of a majority of the number of Administrators fixed by the By-Laws shall be required to adopt a resolution constituting an Executive Committee. The vote of a majority of the Administrators then holding office shall, subject to approval by the Unit Owners as herein provided, be required to adopt, amend or repeal a by-law. Vacancies in the Board of Administrators may be filled as provided in Article III, Section 5, of these By-Laws.
- Section 8. Organization. Each meeting of the Board of Administrators shall be presided over by the President, and in the absence of the President, by any person selected to preside by vote of the majority of the Administrators present. The Secretary, or in the absence of both the Secretary and Assistant Secretary any person designated by the President of the meeting, shall act as Secretary of the meeting.
- Section 9. Informal Action of Administrators. Action taken by a majority of the Administrators without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Administrators and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.
- Section 10. Minutes. The Board shall keep minutes of its proceedings, which shall be available for inspection by the Unit Owners during reasonable business hours.
- Section 11. Fidelity Bonds. The Board of Administrators may in its discretion require all officers and employees of the Condominium handling or responsible for Condominium funds to be covered by an adequate fidelity bond. The premiums on such bonds shall constitute a Common Expense.
- Section 12. Liability of the Board. The members of the Board of Administrators shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board

on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these By-Laws. It is intended that the members of the Board of Administrators shall have no personal liability with respect to any contract made by them on behalf of the Condominium, except to the extent that they are Unit Owner(s). It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Administrators, or out of the aforesaid indemnity in favor of the members of the Board, shall be limited to such proportion of the total liability thereunder as his interest in the Common Areas and Facilities bears to the interests of all the Unit Owners in the Common Areas and Facilities. Every agreement made by the Board or by the managing agent on behalf of the Condominium shall provide that the members of the Board of Administrators, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the Common Areas and Facilities bears to the interest of all Unit Owners in the Common Areas and Facilities.

ARTICLE V - OFFICERS

- Section 1. Number. The principal officers of the Condominium shall consist of a President, a Secretary, a Treasurer, and such Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board of Administrators may from time to time elect. Any two or more offices may be held by the same person except the offices of President and Secretary.
- Section 2. Election and Term. The officers of the Condominium shall be elected by and from among the Board of Administrators. Such elections may be held at the regular annual meeting of the Board.
- Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.
- Section 3. Removal. Any officer or agent elected or appointed by the Board of Administrators may be removed by the Board with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

- Section 4. Compensation. No officer shall receive any compensation from the Condominium for acting as such.
- Section 5. President. The President shall be the principal executive officer of the Condominium and, subject to the control of the Board of Administrators, shall supervise and control the management of the Condominium. The President shall, when present, preside at all meetings of the Board and of the Unit Owners and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed from time to time by the Board.
- Section 6. Vice President. The Vice President, and if there be more than one, the Vice President designated by the Board of Administrators, shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President of the Board.
- Section 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Administrators. He shall give, or cause to be given, all notices required by law and by these By-Laws. He shall have general charge of the minute books and records of both the Association and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President or by the Board of Administrators.
- Section 8. Treasurer. The Treasurer shall have custody of all Condominium funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Administrators. He shall keep full and accurate accounts of the finances of the Condominium in books especially provided for that purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board of Administrators on or before the 15th day of the third month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any Unit Owner for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to each Unit Owner annually on or

before March 15 covering the preceding calendar year. The Treasurer shall also prepare and file all reports and returns required by Federal, State or local law and shall generally perform all other duties as may be assigned to him from time to time by the President or the Board of Administrators. Such functions may, in the discretion of the Board of Administrators, be delegated to a managing agent.

Section 9. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Administrators.

ARTICLE VI - OPERATION OF THE PROPERTY

Section 1. Assessment and Determination of Common Expenses and Fixing of the Common Expenses. (a) The Board of Administrators shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the Common Expenses payable by the Unit Owners to meet the Common Expenses of the Condominium as set forth in the budget, and allocate and assess such Common Expenses among the Unit Owners according to their respective Common Interests, taking into consideration any expected income and any surplus from the prior year's operation.

(b) The Common Expenses shall include, among other things,

(i) the expenses, costs and charges incurred in connection with the administration, operation and management of the Condominium Property;

(ii) the cost of maintenance, repair, replacement and restoration of the Common Areas and Facilities, or any part thereof;

(iii) the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Administrators pursuant to the provisions of the Declaration;

(iv) such amounts as the Board of Administrators may deem proper for the convenience, comfort and well-

being of the Unit Owners, and for the operation, management and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year;

(v) such amounts as may be required for the purchase or lease by the Board of Administrators or its designee, corporate or otherwise, on behalf of all or less than all Unit Owners, of any Unit whose Owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale;

(vi) assessments by The Pointe Service Association, Inc.;

(vii) in proper cases, the cost of administration and of maintenance and repair of the Limited Common Areas and Facilities; and

(viii) any other expense lawfully agreed upon.

The Board of Administrators shall advise all Unit Owners promptly, in writing, of the amount of Common Expenses payable by each of them respectively, as determined by the Board of Administrators, as aforesaid, and shall furnish copies of each budget on which such Common Expenses are based to all Unit Owners and to their Mortgagees. Provided, however, that (i) any increase in the per Unit assessment for any period in excess of 20% of the amount of such assessment for the previous period, or (ii) any expenditure in any one budget period which causes the per Unit assessment to increase by more than 20%, shall require the approval of 66-2/3% in Common Interest of all Unit Owners. Provided further, however, (i) that the initial Administrators may elect to assess Common Expenses in an amount less than that required by the budget(s) presented by them and (ii) increases in assessments due to increasing the number of Units of the Regime pursuant to paragraph 30(c) of the Declaration shall not require approvals of the Unit Owners.

Section 2.

Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Administrators pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine, but in no event less frequently than quarterly.

being of the Unit Owners, and for the operation, management and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year;

(v) such amounts as may be required for the purchase or lease by the Board of Administrators or its designee, corporate or otherwise, on behalf of all or less than all Unit Owners, of any Unit whose Owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale;

(vi) assessments by The Pointe Service Association, Inc.;

(vii) in proper cases, the cost of administration and of maintenance and repair of the Limited Common Areas and Facilities; and

(viii) any other expense lawfully agreed upon.

The Board of Administrators shall advise all Unit Owners promptly, in writing, of the amount of Common Expenses payable by each of them respectively, as determined by the Board of Administrators, as aforesaid, and shall furnish copies of each budget on which such Common Expenses are based to all Unit Owners and to their Mortgagees. Provided, however, that (i) any increase in the per Unit assessment for any period in excess of 20% of the amount of such assessment for the previous period, or (ii) any expenditure in any one budget period which causes the per Unit assessment to increase by more than 20%, shall require the approval of 66-2/3% in Common Interest of all Unit Owners. Provided further, however, (i) that the initial Administrators may elect to assess Common Expenses in an amount less than that required by the budget(s) presented by them and (ii) increases in assessments due to increasing the number of Units of the Regime pursuant to paragraph 30(c) of the Declaration shall not require approvals of the Unit Owners.

Section 2.

Payment of Common Expenses. All Unit Owners shall be obligated to pay the Common Expenses assessed by the Board of Administrators pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board shall determine, but in no event less frequently than quarterly.

Common Expenses shall be assessed and shall be deemed to accrue on an annual basis although the Board of Administrators may, in its discretion, elect to permit installment payments of the same provided such installments are not less frequently than quarterly.

No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit, together with his interest in the Common Areas and Facilities (and Limited Common Areas and Facilities, if any) as defined in the Declaration. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by purchaser of such Unit without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Any such purchaser shall be entitled to a statement from the Board of Administrators setting forth the amount of the unpaid assessments against the seller and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Provided, however, that a Mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for the payment of Common Expenses assessed prior to the foreclosure sale. Such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Unit Owners including such purchaser, his successors and assigns.

Section 3. Special Assessments. The Board of Administrators may levy special assessments, subject to the limitations and approval required by Section 1 hereof for Common Expenses not covered by the annual budget. Such special assessments shall be charged to the Units according to their percentage interests in the Common Areas and Facilities. In addition, the Board may levy special assessments against one or more but less than all of the Units with respect to Limited Common Areas and Facilities related to such Units or with respect to any other items of expense incurred with respect to such Units. The period of assessment and manner of payment of such assessments shall be determined by the Board.

Section 4. Collection of Common Expenses. The Board of Administrators shall determine Common Expenses against the Unit Owners from time to time which shall be at least

annually, and shall take prompt action to collect any Common Expenses due from any Unit Owner which remain unpaid for more than 30 days from the due date for payment thereof.

The Board of Administrators shall notify the holder of the first mortgage on any Unit (of which it has notice) for which any Common Expenses assessed pursuant to these By-Laws remains unpaid for more than 30 days from the due date for payment thereof and in any other case where the Unit Owner of such Unit is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 5. Default in Payment of Common Expenses. In the event of default by any Unit Owner in paying to the Board of Administrators the Common Expenses as determined by the Board, such Unit Owner shall be obligated to pay interest at the maximum allowable legal rate on such Common Expenses from the due date thereof together with all expenses, including attorneys' fees (as permitted by law), incurred by the Board in any proceeding brought to collect such unpaid Common Expenses. The Board shall have the right and duty to attempt to recover such Common Expenses, together with interest thereon, and the expense of the proceeding, including attorneys' fees (as permitted by law), in any action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit in like manner as a deed of trust or mortgage of real property. Common Expenses shall be assessed on an annual basis and shall be deemed to accrue upon assessment although payment may, in the discretion of the Board, be permitted on an installment basis. However, in the event of a default in the payment of any installment for more than thirty (30) days as provided in Section 4 above, then, in such event, the entire remaining amount of such assessment shall become immediately due and payable.

Section 6. Lien and Personal Obligation. Each assessment provided for in this Article, together with interest and expenses, including attorneys' fees (as permitted by law), as provided in Section 5 hereof, shall be a charge on and a continuing lien upon the Unit against which the assessment is made, which lien shall be prior to all other liens excepting only:

(i) tax liens on the Unit in favor of any assessing unit and special district, and

(ii) all sums unpaid on a first mortgage of record.

Such lien may be filed and foreclosed by suit by the managing agent designated by the Board of Administrators, or by the Board of Administrators under and in accordance with the laws of the State of Indiana governing the filing, enforcement and foreclosure of mechanics' and materialmen's liens; provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Said notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied.

Section 7. Foreclosure of Liens for Unpaid Common Expenses. In any action brought by the Board to foreclose on a Unit because of unpaid Common Expenses, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Unit Owners, or on behalf of any one or more individual Unit Owners if so instructed, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the same subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same. Where the Mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such purchaser, its successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Board of Administrators chargeable to such Unit which became due prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of Common Expenses or assessments shall be deemed to be a Common Expense collectible from all Unit Owners, including such purchaser, its successors and assigns.

Section 8. Statement of Common Expenses. Upon written request, the Board of Administrators shall promptly provide any Unit Owner with a written statement of all unpaid Common Expenses due from such Unit Owner.

Section 9. Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the Unit in

which, or as to which, such violation or breach exists and to make any repairs, and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner; or (c) in any case of flagrant or repeated violation by a Unit Owner, to require such Unit Owner to give sufficient sureties for his future compliance with such Condominium Documents. The failure of the Board to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's right to act with respect to the same or any other breach or violation.

Section 10.
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Maintenance and Repair.

(a) By Owners. Each Unit Owner shall maintain, repair and replace at his sole cost and expense all portions of his Unit and the Limited Common Areas appertaining to such Unit which may become in need thereof, including the heating and air conditioning system (including filters) for each Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior non-load bearing walls, screens, glass, ceilings, carpeting, drapes and other items within the Unit, whether structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any Common Areas and Facilities not specifically set forth herein and contained therein and not necessitated by the negligence, misuse or neglect of the Unit Owner, his family, guests, agents, servants, lessees, employees or contractors). Each Unit Owner shall further be responsible for all damages to any and all other Units and/or to the Common Areas and Facilities that his failure to maintain, repair and replace may engender.

All damages to the Common Areas and Facilities intentionally or negligently caused by the Unit Owner, his family, guests, agents, servants, lessees, employees or contractors shall be promptly repaired by the said Unit Owner at his sole cost and expense; provided, however, that such repairs necessitated by casualties insured against by the Board of Administrators to the extent the Board receives insurance proceeds for such repairs, shall be excluded from the above provision.

If the Unit Owner does not perform those repairs within thirty (30) days from written demand by the Board of Administrators, the same may be repaired by the Board and the cost thereof shall be assessed against the Unit owned by the subject Unit Owner.

(b) By Board of Administrators. The Board of Administrators shall maintain, repair and replace all portions of the Common Areas and Facilities except as provided to the contrary in subparagraph (a) immediately above which shall require same, whether located inside or outside the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, his family, guests, agents, servants, lessees, employees or contractors, in which case such expense shall be charged to such Unit Owner, except to the extent such damage shall be reimbursed to the Association from insurance proceeds) and the cost thereof shall be charged to all the Unit Owners as a Common Expense.

- Section 11. Restrictions on Unit Owners. No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other Unit Owners, jeopardizes the soundness of the safety of the Condominium or reduces the value thereof. Each Unit Owner shall cause any work so performed or being performed on the Unit, which, in the sole opinion of the Board of Administrators, violates the terms of this section, to be immediately corrected, and he shall refrain from recommencing or continuing any work so in violation without written consent of the Board.
- Section 12. Duty to Report. Each Unit Owner shall promptly report to the Board of Administrators or its agent any defect or need for repairs or replacements the responsibility for which is that of the Board of Administrators.
- Section 13. Additions, Alterations or Improvements by Board of Administrators. Whenever in the judgment of the Board of Administrators, the Common Areas and Facilities shall require additions, alterations or improvements, the Board of Administrators shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof, as a Common Expense, subject, however, to the provisions of Section 1 of this Article VI.
- Section 14. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, or any

addition, alteration or improvement which affects the exterior portion or outward appearance of such Unit, without the prior written consent thereto of the Board of Administrators and Declarant. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed addition, alteration or improvement in such Unit Owner's Unit, within fifteen (15) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Administrators to the proposed addition, alteration or improvement. Unit Owners, subject to approval of the Board of Administrators and Declarant, shall be entitled to erect garages on such Unit Owner's assigned parking space. All such garages shall be deemed owned by the Unit Owner erecting the same. The Plans and Specifications, as well as location of all such garages, shall be first approved by the Board and Declarant; provided, however, Declarant reserves the right to refuse permission to construct any such garage so requested when, in Declarant's sole judgment, the same would detract from the overall development of the Condominium. The provisions of this Section 14 shall not apply to Units owned by Declarant until such Units have been initially sold and conveyed by Declarant.

Section 15. Use of Common Areas and Facilities. A Unit Owner shall not interfere with the use of the Common Areas and Facilities by the remaining Unit Owners and their guests.

Section 16. Right of Access. A Unit Owner shall grant a right of access to his Unit to the managing agent and/or any other person authorized by the Board of Administrators or the managing agent, for the purpose of making inspection or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Area and Facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Areas and Facilities in his Unit or elsewhere in the Building, or to correct any condition which violates the provisions of any mortgage covering another Unit; provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In the case of an emergency, such right of entry shall be immediate, whether or not the Unit Owner is present at the time such request for entry is made, or such entry is at a time reasonably convenient to the Unit Owner.

Section 17. Rules of Conduct. Rules and regulations concerning the use of the Units and the Common Areas and Facilities and

the Condominium in general may be promulgated and amended by the Board. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner, prior to the time when the same shall become effective.

Section 18. Electricity, Water, Sewer and Telephone. Electricity, water, sewer and telephone service is supplied by the public utility companies serving the area directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for such utilities consumed or used in his Unit. The electricity, water and sewer serving the Common Areas and Facilities shall be separately metered, and the Board of Administrators shall pay all bills for electricity, water and sewer consumed in any portions of the Common Areas and Facilities as a Common Expense.

Section 19. Garbage and Trash Removal. Garbage and trash removal may, at the election of the Board of Administrators, be contracted for and on behalf of all Unit Owners, with such expense being treated as a Common Expense hereunder.

ARTICLE VII - RECORDS AND AUDITS

Section 1. Reports. The Board of Administrators or the managing agent shall keep detailed records of the actions of the Board and the managing agent, minutes of the meetings of the Board of Administrators, minutes of the meetings of the Association, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of the Common Expenses against such Unit, the date when due, and amounts paid thereof, and the balance remaining unpaid. The financial records and books of account shall be available for examination by all the Unit Owners, their duly authorized agents or attorneys at convenient hours on working days that shall be set and announced for general knowledge. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners on or before the 15th day of the third month following the close of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners and to all Mortgagees of Units who have requested the same, promptly after the end of each fiscal year.

Section 2. Common Expense Funds. All sums collected by the Association either as assessments of the Common Expenses

or special assessments may be commingled in a single fund but they shall be held for the Owners for the purposes for which they are paid and shall, subject to the rights of withdrawal or refund hereinafter provided, be credited to accounts from which shall be paid the expenses for which the assessments are made. Such accounts shall include the following, or such other and further accounts as the Board of Administrators from time to time shall determine:

- (i) General Common Expense Account -- to which shall be credited collection of that portion of the Common Expense assessments received for defraying the costs of operating the Condominium on a day-to-day basis, including normal maintenance and repairs, insurance and related charges;
- (ii) Current Alteration and Improvement Account -- to which shall be credited that portion of any Common Expense assessment to be allocated to current alterations and improvements for the Condominium;
- (iii) Capital Reserve Account -- to which shall be credited, subject to the right of the Unit Owners to elect to withdraw such amount as hereinafter provided, all sums collected which are to be allocated for capital expenditures for the reconstruction, repair and replacement of Common Areas and Facilities at a future date.

All sums collected by the Association, either as assessments of the Common Expenses or special assessments, during any fiscal year and allocated to the General Common Expense Account or to the Current Alteration and Improvement Account or to any other account from which non-capital expenditures may be made, in excess of expenditures during such fiscal year made from or chargeable to said account or accounts shall be deemed contributions to capital at the end of said fiscal year and shall be transferred to the Capital Reserve Account, unless the Unit Owners elect to withdraw such amount as herein provided. All amounts credited to said Capital Reserve Account shall be contributions to capital and shall be held in trust by the Association for future expenditures of a capital nature and shall serve to reduce the assessments required for said capital expenditures.

Notwithstanding anything herein to the contrary in any year in which there is an excess of assessments received

over amounts actually expended for the purposes described in these By-Laws, and in the Declaration, such excess may, upon written consent of all Unit Owners, be applied against and reduce the subsequent year's assessment or be refunded to the Unit Owners. The preceding paragraph and the preceding sentence shall automatically be repealed upon the revocation of Revenue Ruling 74-17 promulgated by the Internal Revenue Service, or upon a court of competent appellate jurisdiction declaring such Revenue Ruling invalid, or upon amendment of the Internal Revenue Code or the Treasury regulations thereunder obviating the requirement of a membership vote to apply such excess to the subsequent year's assessments or to refund same in order that such excess be excluded from gross income of the Association.

ARTICLE VIII - AMENDMENT TO BY-LAWS

Except as otherwise provided herein, these By-Laws may be modified or amended by the vote of 75% in Common Interest of all Unit Owners at a meeting of the Association duly held for such purpose; provided, however, that the provisions of Article III, Sections 2 and 8, Article IV, Sections 2, 3 and 4, Article VI, Sections 1 and 14, insofar as they affect the rights of Declarant, and this Article VIII may not be amended without the consent in writing of Declarant, so long as Declarant shall be the Owner of one or more Units. No such amendment shall become operative unless and until the same is set forth in an amendment to the Declaration and duly recorded in the office of the Recorder for Monroe County, Indiana; provided, however, that the Board of Administrators shall give written notice to all holders of mortgages on Condominium Units of such amendment at least 30 days prior to the effective date of such amendment.