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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
BRENTWOOD

BRENTWOOD DEVELOPMENT CORPORATION with an office at 606 West 17th Street, Bloomington, Indiana 47401 ("Declarant") does hereby declare that real property in Monroe County, Indiana, described on Exhibit "A" attached hereto and made a part hereof, shall be held and conveyed subject to the following terms, covenants, restrictions, covenants and conditions:

ARTICLE I

Definitions

Section 1.1 - Articles of Incorporation. The Articles of Incorporation of Brentwood Homeowners Association, Inc., as filed with the Secretary of State of the State of Indiana.

Section 1.2 - Association. Brentwood Homeowners Association, Inc., a not-for-profit corporation organized under the statutes of the State of Indiana.

Section 1.3 - Board. The Board of Directors and governing body of the Association.

Section 1.4 - Bylaws. The Bylaws of the Association, as they may be amended from time to time.

Section 1.5 - Common Area. All real estate and personal property which the Association now or hereafter owns or otherwise holds for the common use and enjoyment of all Owners, or in the case of Limited Common Area, for the use and enjoyment of individual unit owners under Section 1.16 below.

Section 1.6 - Common Expenses. Actual and estimated expenses incurred by the Association for the general benefit of all Unit Owners, all as may be found to be necessary and appropriate by the Board, including the following:

- (i) Expenses of administration, maintenance, repair or replacement of the Common Area;

- (ii) Expenses declared to be Common Expenses by the Documents;
- (iii) Expenses agreed upon as Common Expenses by the Association; and
- (iv) Such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Area or any other real or personal property acquired or held by the Association.

Section 1.7 - Community. The real property described on Exhibit "A", subject to the Declaration.

Section 1.8 - Declarant. Brentwood Development Corporation, or its successors, successors-in-title, or assigns.

Section 1.9 - Declaration. This document, including any amendments.

Section 1.10 - Development Rights. The rights reserved by the Declarant under Article IX of this Declaration to create Units, Common Area, and Limited Common Area within the real estate described on Exhibit "A".

Section 1.11 - Director. A member of the Board.

Section 1.12 - Documents. The Declaration and Plat recorded hereunder, the Bylaws, the Articles of Incorporation and the Rules as they be amended from time to time. Any exhibit, schedule, or certification accompanying a Document is a part of that Document.

Section 1.13 - Eligible Insurer. An insurer or guarantor of a first Security Interest in a Unit which has notified the Association in writing of its name and address and that it has insured or guaranteed a first Security Interest in a Unit. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described in Article XV.

Section 1.14 - Eligible Mortgagee. The holder of a first Security Interest in a Unit which has notified the Association, in writing, of its name and address, and that it holds a first Security Interest in a Unit. Such notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XV.

Section 1.15 - Improvements. Any construction, structure, fixture or facilities existing or to be constructed on the land described on Exhibit "A", including but not limited to, buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility wires, pipes, and light poles.

Section 1.16 - Limited Common Area. The portion of the Common Area allocated for the exclusive use of one or more but fewer than all of the units by the Declaration. The Limited Common Area in the Community is described in Article V of this Declaration.

Section 1.17 - Majority or Majority of Unit Owners. The owners of more than fifty percent (50%) of the votes in the Association.

Section 1.18 - Manager. A person, firm or corporation employed or engaged to perform management services for the Common Interest Community and the Association.

Section 1.19 - Notice and Comment. The right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon. The procedures for Notice and Comment are set forth in Section 21.1 of this Declaration.

Section 1.20 - Notice and Hearing. The right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 21.2 of this Declaration.

Section 1.21 - Person. An individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

Section 1.22 - Plat. The Plat filed in the Office of the Recorder of Monroe County, Indiana, of the real estate described in Exhibit "A", as it may be amended from time to time.

Section 1.23 - Property. The land and all Improvements, easements, rights, and appurtenances which have been submitted to the provisions of this Declaration.

Section 1.24 - Rules. Rules for the use of Units and Common Area and for the conduct of persons within the Community, adopted by the Board of Directors pursuant to this Declaration.

Section 1.25 - Security Interest. An interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term

includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an Association, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.26 - Special Declarant Rights. Rights reserved for the benefit of a declarant to (A) complete improvements indicated on the Plat; (B) exercise any Development Right; (C) maintain sales offices, management offices, signs advertising the Community, and models; (D) use easements through the Common Area for the purpose of making improvements within the Community or within real estate that may be added to the Common Interest Community; or (E) appoint or remove an officer of the Association or any member of the Board of Directors during any period of Declarant control.

Section 1.27 - Trustee. The entity which may be designated by the Board of Directors as the Trustee for the receipt, administration, and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses, and other like sources as defined in the Bylaws. If no Trustee has been designated, the Trustee will be the Board of Directors from time to time constituted, acting by majority vote, as executed by the president and attested by the secretary.

Section 1.28 - Unit. A physical portion of the Community designated for separate ownership or occupancy and represented and described on the Plat as a numbered Unit.

Section 1.29 - Unit Owner. The Declarant or other Person who owns a Unit. Unit Owner does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the initial owner of any Unit created by this Declaration.

ARTICLE II

Membership in the Association

Section 2.1 - The Organization. The Association is a not-for-profit corporation organized under the laws of the State of Indiana. Its affairs shall be governed by and it shall have such powers as are set forth in the Documents.

Section 2.2 - Membership. Each Owner (including Declarant for so long as Declarant is an Owner), by virtue of being an Owner, shall be a Member of the Association. No other person shall be accepted as a Member.

2.2.1 - Appurtenant to Ownership. Association membership is appurtenant to and may not be separated from the ownership of a Unit. Membership shall terminate upon termination of Unit ownership. Ownership of a Unit shall be the sole qualification for Association membership. Membership shall not be transferred, pledged or alienated in any way except upon transfer of title to the Owner's Unit (and then only to the transferee of title to such Unit). Any attempt to make a prohibited transfer is void. The rights, duties, privileges and obligations of all Members shall be provided in the Documents.

2.3 - Classes of Membership. The Association shall initially have two (2) classes of Members:

2.3.1 - Class "A" Members. Each Owner, except Declarant, shall be a Class A Member. Only one (1) vote for each Unit owned by a Class A Member(s) may be cast. The vote for each Unit shall be cast as a majority of co-Owners of the Unit shall determine. Any vote cast by a single Member shall be deemed the authorized vote for that Unit. If the majority of co-Owners present in person or by proxy at a meeting cannot agree as to how to cast the vote for their Unit, no vote shall be cast for that Unit. The power to cast a particular Member's vote may be exercised by (i) the Member's conservator; (ii) the guardian of his estate; (iii) the parent(s) entitled to custody of a Member if the Member is a minor; or (iv) the executor or administrator of a deceased Member's estate if the Member's interest in the Unit is subject to administration in his estate.

2.3.2 - Class "B" Member. Declarant shall be the sole Class B Member. Three (3) votes for each Unit owned by a Class B Member(s) may be cast. Class B membership shall expire and shall be converted to Class A membership on the first to occur of the following events:

- (a) When the total votes outstanding in Class A membership is 75% of the total votes in Class A and Class B; or
- (b) When in its sole discretion, the Declarant shall determine.

2.3.3 - Conversion of Class B Membership. Upon the conversion of Class B membership to Class A membership, but while Declarant still owns one or more Units in the Community, each provision of the Documents which requires approval by each class of Members shall instead require: (i) the approval of a majority of all Members; and (ii) the approval of a majority of all Members other than Declarant. After Declarant no longer owns a Unit in the Community, each provision of the Documents which requires the approval of a majority of each class of Members shall instead require the approval of a majority of all Members.

ARTICLE III

Description of Land

The entire Community is situated in Monroe County, Indiana, and is located on land described on Exhibit "A".

ARTICLE IV

Maximum Number of Units; Boundaries

Section 4.1 - Maximum Number of Units. The Community shall contain a maximum of 33 units.

Section 4.2 - Boundaries. Boundaries of each Unit created by the Declaration are shown on the Plat as numbered Units with their identifying number.

ARTICLE V

Limited Common Area

The following portions of the Common Area are Limited Common Area assigned to the Units as stated:

- (a) Stoops, steps, doors at the entrances to each building, which provide access to less than all Units, the use of which is limited to the Units to which they provide access.
- (b) Utility areas, the use of which is limited to the Unit or Units as shown on the Plans.
- (c) Certain courtyards, patios, decks and storage areas associated with each Unit, the use of which is limited to the Unit as shown on the Plat.

ARTICLE VI

Maintenance, Repair and Replacement

Section 6.1 - Common Area. The Association shall maintain, repair and replace all of the Common Area in the manner deemed necessary and appropriate by the Board in its sole discretion, except the portions of the Limited Common Area which are required

by this Declaration to be maintained, repaired or replaced by the Unit Owners.

Section 6.2 - Units. Each Unit Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Unit, except the portions thereof required by the Declaration, to be maintained, repaired or replaced by the Association.

Section 6.3 - Limited Common Area. Common Expenses associated with the maintenance, repair or replacement of components and elements attached to, planted on, or a part of, yards, patios, decks, exterior surfaces, trim, siding, doors and windows will be assessed against the Unit or Units to which the Limited Common Area is assigned. No additional component or element including exterior antennae of any sort, may be attached without consent of the Board upon approval by the covenants control committee, if any. In the event such additional component or element becomes deteriorated or unsightly or is inconsistent with conditions of installation it may be removed or repaired at the Unit Owner's expense as a Common Expense assessment under this section, after Notice and Hearing.

If any such Limited Common Area is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Area will be assessed equally among the Units to which it is assigned.

Common Expenses associated with the cleaning, maintenance, repair or replacement of all other Limited Common Area will be assessed against all Units in accordance with their Allocated Interests in the Common Expenses.

Each Unit Owner shall be responsible for removing all snow, leaves and debris from all patios and balconies which are Limited Common Area appurtenant to his or her Unit. If any such Limited Common Area is appurtenant to two or more Units, the owners of those Units will be jointly responsible for such removal.

Section 6.4 - Access. Any person authorized by the Board shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Unit or the Common Area, and for the purpose of performing installations, alterations or repairs, and insect or other pest extermination, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, and with such force as is apparently necessary to gain entrance, whether or not the Unit Owner is present at the time.

Section 6.5 - Repairs Resulting from Negligence. Each Unit Owner will reimburse the Association for any damages to any other

Unit or to the Common Area caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Unit or to the Limited Common Area for which such Owner is responsible under Section 6.3 of the Declaration. The Association will be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Area. If such expense is caused by misconduct, it will be assessed following Notice and Hearing.

Section 6.6 - Party Wall, General Rules of Law to Apply.

Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing lines between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 6.7 - Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party shall be shared by the Owners who made use of the wall in proportion to such use.

Section 6.8 - Destruction by Fire or Other Casualty.

Subject to the provisions of Article X hereof, if a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 6.9 - Weatherproofing. Notwithstanding any other provision of this Article, an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6.10 - Right to Contribution Runs with Land. The right of any owner to contribution from any other owner under this Article VI shall be appurtenant to the land and shall pass to such owner's successors in title.

ARTICLE VII

Encroachments and Easements for Building

If, by reason of the location, construction, settling or shifting of a building, any part of a Building consisting of the single-family residence appurtenant to a Unit (hereinafter in this Article VII referred to as the "Encroaching Unit") now encroaches or shall hereafter encroach upon any other adjacent Lot, then in such event, an easement shall be deemed to exist and run to the owner of the Encroaching Unit and all appurtenances.

Each owner shall have an easement in common with each other owner to use all pipes, wires, ducts, cables, conduits, utility lines and other common facilities located in or on any other Unit and serving his Unit.

ARTICLE VIII

Subsequently Allocated Limited Common Area

The portion of the Common Area shown as driveways and parking spaces on the Plat may be subsequently allocated as Limited Common Area in accordance with this Declaration, or may be assigned by Rule of the Board, or may be limited by Rule to visitors only.

ARTICLE IX

Development Rights and Other Special Declarant Rights

Section 9.1 - Reservation of Development Rights. The Declarant reserves the following Development Rights:

- (a) The right to annex additional land adjacent to the Property in the location shown as "Development Rights Reserved in this Area" on the Plat and the right by amendment, to create Units, Common Area, and Limited Common Area on any land so annexed. Any such annexation shall consist of improvements which will be of comparable quality in construction as the other improvements in the Community.
- (b) The right by amendment, to allocate as Limited Common Area parking spaces as shown on the Plat and assign them to particular Units. No assurance is given that such spaces will be allocated, however.
- (c) The right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities

across the land not designated "Development Rights Reserved in this Area" on the Plat for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the land designated "Development Rights Reserved in this Area" on the Plat. The Declarant also reserves the right to withdraw and grant easements to public utility companies and to convey Improvements within those easements anywhere in the Community not occupied by buildings, for the above-mentioned purposes.

Section 9.2 - Limitations on Development Rights. The Development Rights reserved in Section 8.1 are limited as follows:

- (a) The Development Rights may be exercised at any time, but not more than ten (10) years after the recording of the initial Declaration;
- (b) The quality of construction of any buildings and Improvements to be created on the Property shall be consistent with the quality of those constructed pursuant to this Declaration as initially recorded.
- (c) All Units and Common Area created pursuant to the Development Rights will be restricted to residential use in the same manner and to the same extent as the Units created under this Declaration as initially recorded.

Section 9.3 - Phasing of Development Rights. No assurances are made by the Declarant regarding the portions of the areas shown as "Development Rights Reserved in this Area" on the Plat as to whether Declarant will exercise its Development Rights or as to the portions where the Declarant will exercise its Development Rights or the order in which such portions, or all of the areas, will be developed. The exercise of Development Rights as to some portions will not obligate the Declarant to exercise them as to other portions.

Section 9.4 - Special Declarant Rights. The Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Community:

- (a) To complete Improvements indicated on the Plat;
- (b) To exercise a Development Right reserved in the Declaration;
- (c) To maintain sales offices, management offices, signs advertising the Community, and models;

- (d) To use easements through the Common Area for the purpose of making Improvements within the Community;
- (e) To appoint or remove an officer of the Association or member of the Board during a period of Declarant control subject to the provisions of Section 8.9 of this Declaration.

Section 9.5 - Models, Sales Offices and Management Offices.

As long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Area as a model Unit or sales office or management office.

Section 9.6 - Construction; Declarant's Easement.

The Declarant reserves the right to perform warranty work, and repairs and construction work, and to store materials in secure areas, in Units and in Common Area, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by the Declarant without the consent or approval of the Board. The Declarant has such an easement through the Common Area as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising Special Declarant Rights reserved in this Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State, riparian owners or upland owners to fulfill the plan of development.

Section 9.7 - Signs and Marketing. The Declarant reserves the right to post signs and displays in the Common Area to promote sales of Units and to conduct general sales activities.

Section 9.8 - Declarant's Personal Property. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the premises that has not been represented as property of the Association. The Declarant reserves the right to remove from the property any and all goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 9.9 - Limitations on Special Declarant Rights.

Unless sooner terminated by an amendment to this Declaration executed by the Declarant, any Special Declarant Right may be exercised by the Declarant until the earlier of the following: so long as the Declarant (a) is obligated under any warranty or obligation, (b) holds a Development Right to create additional Units or Common Area, (c) owns any Unit; or (d) owns any Security Interest in any Units, whichever is earliest.

Section 9.10 - Interference with Special Declarant Rights.

Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

ARTICLE X

Restrictions on Use, Alienation and Occupancy

Section 10.1 - Use Restrictions. Subject to the Special Declarant Rights reserved under Article IX, the following use restrictions apply to all Units and to the Common Area:

- (a) The use of each Unit is restricted to that of a single family residence and accessory uses as permitted herein. Except for those activities conducted as a part of the marketing and development program of the Declarant, no industry, business, trade or commercial activities, other than home professional pursuits without employees, public visits or nonresidential storage, mail, or other use of a Unit, shall be conducted, maintained or permitted in any part of a Unit, nor shall any Unit be used or rented for transient, hotel or motel purposes. A single-family residence is defined as a single housekeeping unit, operating on a non-profit, non-commercial basis between its occupants, cooking and eating with a common kitchen and dining area.
- (b) No immoral, improper, offensive or unlawful use may be made of the Property and Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Indiana and all ordinances, rules and regulations of the County of Monroe and the City of Bloomington. The violating Unit Owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for the violation thereof or noncompliance therewith.

Section 10.2 - Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article IX, the following occupancy restrictions apply to all Units and to the Common Area:

- (a) No electrical device creating electrical overloading of standard circuits may be used without permission from the Board. Misuse or abuse of appliances or fixtures within a Unit which affects other Units or the Common Area is prohibited. Any damage resulting from such misuse shall be the responsibility of the Unit Owner

from whose Unit it shall have been caused. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

- (b) Each Unit Owner shall keep his or her Unit in a good state of preservation and cleanliness. No storage of trash will be permitted in or outside any Unit in such manner as to permit the spread of fire, odors, seepage, or encouragement of vermin, insects or other health hazard.
- (c) All fixtures and equipment will be used for the purposes for which they were designed. There shall be no floor load in excess of fifty (50) pounds per square foot, unless special arrangements are made, and an engineering determination of floor load capacity in the area of the heavy use is approved by the Association.
- (d) Garages are restricted to occupancy by the owner of the Unit on which said Garage is located as storage and as a parking space for vehicles, specifically excluding, however, boats, trucks, commercial vehicles and campers.
- (e) No noxious, offensive, dangerous or unsafe activity shall be carried on in any Unit, nor shall anything be done therein either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner or occupant shall make or permit any disturbing noises by himself or herself, his or her family, servants, employees, agents, visitors and licensees, nor do or permit anything to be done by such persons that will interfere with the rights, comforts or convenience of other Unit Owners or occupants. No Unit Owner or occupant shall cause noise or play, or suffer to be played, any musical instrument or operate or suffer to be operated a phonograph, television set, radio or other device at such high volume or in such other manner that it shall cause unreasonable disturbances to other Unit Owners or occupants.
- (f) No animals, bird, or reptiles of any kind shall be raised, bred, or kept in a Unit, except for: No more than one dog (of gentle disposition and reasonable size), which shall be kept on a leash at all times; no more than two cats; or other household pets, approved and licensed by the Board or the Manager as to compatibility with the Community. Pets may not be kept, bred or maintained for any commercial purposes. The decision of the Board with regard to the

reasonableness of the size and type of pets shall be final. Any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon three (3) days' written notice following Notice and Hearing from the Executive Board. The owner shall hold the Association harmless from any claim resulting from any action of his or her pet. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity.

- (g) All dryers will have lint filters, which will remain installed and prevent lint from accumulating in the vent duct. All stove hoods will have grease screens, which will remain installed and prevent grease from accumulating in the vent duct. All such filters and screens will at all times be used and kept in clean, good order and repair by the Unit Owner.
- (h) No signs, window displays or advertising visible from outside a Unit (except for a name plate or sign not exceeding 9 square inches in area, on the main door to each Unit) shall be maintained or permitted in any part of a Unit.

Section 10.3 - Restrictions on Alienation. A Unit may not be conveyed pursuant to a time-sharing plan.

A Unit may not be leased or rented for a term of less than sixty (60) days. All leases and rental agreements shall be in writing and subject to the requirements of the Documents and the Association.

All leases of a Unit shall be deemed to include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Documents against the tenant, provided the Association gives the landlord notice of its intent to so enforce, and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action.

Section 10.4 - Declarant's Rights. Notwithstanding the foregoing, as long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Area as a model unit or sales office. The Declarant may also maintain management offices and signs and displays advertising the Community.

ARTICLE XI

Easements and Licenses

All easements or licenses to which the Community is presently subject are noted on the Plat. In addition, the Community may be subject to other easements or licenses granted by the Declarant pursuant to its powers under Article IX of this Declaration.

ARTICLE XII

Additions, Alterations and Improvements

Section 12.1 - Additions, Alterations and Improvements by Unit Owners.

- (a) No Unit Owner will make any structural addition, structural alteration, or structural improvement in or to the Community without the prior written consent thereto of the Board in accordance with Subsection 12.1(c).
- (b) Subject to Subsection 12.1(a), a Unit Owner:
 - (i) May make any other improvements or alterations to the interior of his or her Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of any other Unit;
 - (ii) May not change the appearance of the Common Area, or the exterior appearance of a Unit, or any other portion of the Community, without permission of the Association;

(c) A Unit Owner may submit a written request to the Board for approval to do anything that an Owner is forbidden to do under Subsection 12.1(a) or 12.1(b) (ii). The Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute a consent by the Board to the proposed action. The Board shall review requests in accordance with the provisions of its rules.

(d) Any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit shall be executed by the Association only. Such execution will not, however, create any liability on the part of the Association or any of its

members to any contractor, sub-contractor or materialman on account of such addition, alteration or improvement or to any person having any claim for injury to person or damage to property arising therefrom.

(e) All additions, alterations and improvements to the Units and Common Area shall not, except pursuant to prior approval by the Board, cause any increase in the premiums of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change.

The provisions of this Section shall not apply to the Declarant in the exercise of any Special Declarant Right.

Section 12.2 - Additions, Alterations and Improvements by Board. The Board may make any additions, alterations or improvements to the Common Area which, in its judgment, it deems necessary.

Section 12.3 - Exterior Improvements and Landscaping Within Limited Common Area. Unit Owners may make exterior improvements within or as a part of Limited Common Area constituting balconies or patios consisting of repainting, restaining, addition of architectural detailing, changing of doors and fenestration, planting of gardens, hedges, shrubs, construction of fences, walks, benches, and architectural conceits, provided they are undertaken with the permission of the Board or a covenants control committee established for such purpose, if any, following submission of complete plans prepared by an architect or landscape architect and a review by such Board or committee as to consistency with improvements originally constructed by the Declarant, and consistent with the style and character of the Community. No approval will be awarded without Notice and comment given to the Unit Owners.

The applicant will pay for the cost of preparation of the application, the cost of professional review, if deemed required by the review entity, and all costs of permits and fees.

ARTICLE XIII

Amendments to Declaration

Section 13.1 - General. During the term of initial control of the Board by the Declarant, the Declarant shall have the right to amend any provision of this Declaration or annex additional land as provided in Article IX without consent of any Owner. After the expiration of the term of initial control by the Declarant, this Declaration may be amended only by vote or agreement of Unit Owners of Units to which at least seventy-five percent (75%) of the votes in the Association are allocated.

Section 13.2 - Execution of Amendments. An amendment to the Declaration shall be recorded by the Association, which has been adopted in accordance with this Declaration, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. Amendments by the Declarant shall be executed by the Declarant only.

Section 13.3 - Special Declarant Rights. Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

ARTICLE XIV

Amendments to Bylaws

The Bylaws may be amended only by vote or two-thirds (2/3) of the members of the Board, following Notice and Comment to all Unit Owners, at any meeting duly called for such purpose.

ARTICLE XV

Mortgagee Protection

Section 15.1 - Introduction. This Article establishes certain standards and covenants which are for the benefit of the holders, insurers, and guarantors of certain Security Interests. This Article is supplemental to, and not in substitution for, any other provisions of the Documents, but in the case of conflict, this Article shall control.

Section 15.2 - Percentage of Eligible Mortgagees. Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding Security Interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Units then subject to Security Interests held by Eligible Mortgagees.

Section 15.3 - Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Community or any Unit in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;

- (b) Any delinquency in the payment of Common Expense assessments owed by a Unit Owner whose Unit is subject to a first Security Interest held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, as applicable, which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (d) Any judgment rendered against the Association.

Section 15.4 - Inspection of Books. The Association shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours.

Section 15.5 - Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 15.6 - Attendance at Meetings. Any representative of an Eligible Mortgagee or eligible Insurer may attend and address any meeting which a Unit Owner may attend.

ARTICLE XVI

Assessment and Collection of Common Expenses

Section 16.1 - Payment of Regular Assessments. Regular Assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. Regular Assessments shall be levied on a fiscal year basis. Unless otherwise specified by the Board, Regular Assessments shall be due and payable in monthly installments by each Unit Owner on the first day of each month during the term of this Declaration. Regular Assessments shall commence for all Units in a particular Phase no later than the first day of the first month following the month in which the first Unit in that Phase is conveyed to an Owner and may commence prior to that date at the option of Declarant.

Section 16.2 - Budgeting. Regardless of the number of Members or the amount of assets of the Association, each year the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing: (i) estimated revenue and expenses on an accrual basis; (ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of Common Area and for contingencies;

(iii) an itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to, major components of the Common Area; and (iv) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area. The total amount shall be charged equally against all Lots in the Project as Regular Assessments, subject to the limitations set forth in the By-Laws. Each year the Board shall annually prepare and approve the budget and distribute a copy thereof to each Member, together with written notice of the amount of the Regular Assessment to be levied against the Owner's Unit, not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year.

Section 16.3 - Non-Waiver of Assessments. If before the expiration of any fiscal year the Association fails to fix Regular Assessments for the next fiscal year, the Regular Assessment established for the preceding year shall continue until a new Regular Assessment is fixed.

Section 16.4 - Exemption from Regular Assessment. Those portions of the Community which do not include structural Improvements suitable for human occupancy shall be exempt from the payment of those portions of the Regular Assessment which are allocated for defraying operating expenses and reserves directly attributable to the existence and use of the structural Improvements, including but not limited to (i) roof replacement; (ii) exterior maintenance; (iii) deferred structural maintenance and repair; (iv) refuse disposal; and (v) landscaping. The exemption from payment of those portions of the Regular Assessment shall be effective only until a notice of completion of construction of the structural Improvements has been recorded or until one hundred twenty (120) days after the issuance of an occupancy permit for the structural Improvements, whichever first occurs.

Section 16.5 - Special Assessments. Subject to the limitations in the By-Laws, Special Assessments may be levied in addition to Regular Assessments for (i) constructing capital Improvements; (ii) correcting an inadequacy in the Current Operation Account; (iii) defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of Improvements in the Unit(s) or Common Area; or (iv) paying for such other matters as the Board may deem appropriate for the Property. Special Assessments shall be levied in the same manner as Regular Assessments.

Section 16.6 - Common Expenses Attributable to Fewer than all Units.

- (a) Any Common Expense associated with the maintenance, repair or replacement of components and elements attached to, planted on, or a part of, yards, patios, decks, exterior surfaces, trim, siding, doors and windows shall be assessed against the Unit or Units to which the Limited Common Area is assigned. If any such Limited Common Area is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Area shall be assessed equally among the Units to which it is assigned.
- (b) Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from such service.
- (c) Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed against that Unit.
- (d) An assessment to pay a judgment against the Association may be made only against the Units in the Community at the time the judgment was entered, in proportion to their Common Expense liabilities.
- (f) If a Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against that Unit Owner's Unit.
- (g) Fees, charges, late charges, fines, collection costs, and interest charged against a Unit Owner pursuant to the Documents and the Act are enforceable as Common Expense assessments.

Section 16.7 - Lien.

- (a) The Association shall have a lien on a Unit for a delinquent assessment levied against the Unit or fines imposed against its Unit Owner from the time the Association records a Notice that the assessment is delinquent or the fine is due. If an assessment is payable in installments, the full amount of the assessment is delinquent if not paid to the Association by the due date of the installment.
- (b) A lien under this Section is prior to all other liens and encumbrances on a Unit except: (a) a lien, encumbrance, or secured interest recorded before the

recordation of the Notice referenced in subsection 16.7(a) above; and (2) liens for real estate taxes and other governmental assessments or charges against the Unit.

- (c) Recording of a Notice of Delinquency constitutes record notice and perfection of the lien. Further recording of a claim of lien for assessment under this Section is not required.
- (d) A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three years after the Notice is recorded; provided, that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code, the period of time for instituting proceedings to enforce the Association's lien shall be tolled until thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.
- (e) This Section does not prohibit an action to recover sums for which Subsection (a) of this Section creates a lien.
- (f) Any steps taken by the Association to collect sums due or enforce a lien under this Section shall entitle the Association to add to the amount due its costs and reasonable attorneys' fees.
- (g) A judgment or decree in an action brought under this Section is enforceable by execution under the laws of the State of Indiana.
- (h) The Association's lien may be foreclosed as a mortgage on real estate is foreclosed.
- (i) In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver of the Unit Owner to collect all sums alleged to be due from that Unit Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense assessments based on a periodic budget adopted by the Association pursuant to Section 16.2 of this Declaration.
- (j) Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied to the oldest balance due.

Section 16.8 - Ratification of Non-budgeted Common Expense Assessments. If the Board votes to levy a Common Expense assessment not included in the current budget in an amount greater than fifteen percent (15%) of the current annual operating budget, the Board shall submit such Common Expense to the Unit Owners for ratification in the same manner as a budget.

Section 16.9 - Certificate of Payment of Common Expense Assessments. The Association upon written request shall furnish to a Unit Owner a statement in recordable form setting out the amount of unpaid assessments against the Unit. The statement must be furnished within ten (10) days after the receipt of the request and is binding on the Association, the Board and each Unit Owner.

Section 16.10 - Acceleration of Common Expense Assessments. In the event of default for a period of ten (10) days by any Unit Owner in the payment of any Common Expense assessment levied against his or her Unit, the Board shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable.

Section 16.11 - No Waiver of Liability for Common Expenses. No Unit Owner may exempt himself or herself from liability for payment of the Common Expenses by waiver of the use or enjoyment of the Common Area or by abandonment of the Unit against which the assessments are made.

Section 16.12 - Personal Liability of Unit Owners. The Unit Owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment. Personal liability for the assessment shall not pass to a successor in title to the Unit unless he or she agrees to assume the obligation.

Section 16.13 - Accounts. Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a bank and/or savings and loan association, which accounts shall be clearly designated as (i) the Current Operation Account and (ii) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operation Account and shall deposit those portions of the assessments collected as reserves for contingencies and for replacement and deferred maintenance of capital Improvements into the Reserve Account.

Section 16.14 - Current Operation Account. All of the following may be paid from the Current Operation Account:

- (a) All costs of enforcing the provisions of the Project Documents;

- (b) Taxes and assessments, if any, levied or assessed separately against the Common Area;
- (c) Sums necessary to discharge any lien or encumbrance, including taxes, levied against any Unit which constitutes a lien against any portion of the Common Area;
- (d) Insurance premiums and costs for policies purchased for the benefit of the Association;
- (e) Water, sewer, garbage, trash, electrical, gas, telephone and other necessary utility services for the Common Area;
- (f) Costs of routine maintenance, repair and upkeep of Improvements in the Common Area; and
- (g) All other goods, materials, supplies, furniture, labor, services, maintenance, repairs or alterations which the Association is authorized to secure and pay for pursuant to the terms of this Declaration or by law, other than those to be expended from the Reserve Account.

Section 16.15 - Reserve Account. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of capital Improvements for which reserves have been collected and held. No portion of a reserve designated for a particular capital Improvement may be expended for any purpose other than the maintenance or replacement of that capital Improvement. Except for funds collected for contingencies, no funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

ARTICLE XVII

Right to Assign Future Income

The Association may assign its future income, including its right to receive Common Expense assessments, only by the affirmative vote of Unit Owners of Units to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose.

ARTICLE XVIII

Persons and Units Subject to Documents

Section 18.1 - Compliance with Documents. All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the entering into occupancy of a Unit constitutes agreement that the provisions of the Documents are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant, and all such provisions are covenants running with the land and shall bind any Persons having at any time any interest or estate in such Unit.

Section 18.2 - Adoption of Rules. The Board may adopt Rules regarding the use and occupancy of Units affecting the Common Area and Limited Common Area and the activities of occupants, subject to Notice and Comment.

ARTICLE XIX

Insurance

Section 19.1 - Coverage. To the extent reasonably available, the Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Board determines that any insurance described herein will not be maintained, the Board shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known address.

Section 19.2 - Property Insurance.

- (a) Property insurance covering one hundred percent (100%) of the actual cost value of the following shall be obtained by the Association:
 - (i) The Common Area; and
 - (ii) All personal property owned by the Association.
- (b) Risks Insured Against. The insurance shall afford protection against "all risks" of direct physical loss commonly insured against.
- (c) Other Provisions. Insurance policies required by this Section shall provide that:

- (i) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner;
- (ii) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy;
- (iii) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy of the Association provides primary insurance;
- (iv) Loss must be adjusted with the Association;
- (v) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and in the absence of such designation to the Association, in either case to be held in trust for each Unit Owner and such Unit Owner's mortgagee;
- (vi) The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each Holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.
- (vii) The name of the insured shall be "Brentwood Homeowners Association, Inc."

Section 19.3 - Liability Insurance. Liability insurance, including medical payments insurance, in an amount determined by the Board but in no event less than One Million Dollars (\$1,000,000.00), covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area, and the activities of the Association.

- (a) **Other Provisions.** Insurance policies carried pursuant to this Section shall provide that:
 - (i) Each Unit Owner is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Area or membership in the Association.

- (ii) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.
- (iii) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.
- (iv) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.
- (v) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 19.4 - Fidelity Bonds. A blanket fidelity bond is required for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the manager at any time while the bond is in force, and in no event less than the sum of three months' assessments plus reserve funds. The bond shall include a provision that calls for ten (10) days' written notice to the Association, to each holder of a Security Interest in a Unit, to each servicer that services a FNMA-owned or FHLMC-owned mortgage on a Unit and to the insurance trustee, if any, before the bond can be cancelled or substantially modified for any reason.

Section 19.5 - Unit Owner Policies. Each Owner shall carry fire and extended coverage insurance on his Unit, including the exterior. The Association, or the Declarant pursuant to its rights reserved hereunder, may adopt rules and regulations governing the minimum amounts of insurance required to be carried by all Owners; certain provisions which may be required to be included in all such insurance policies; and such other terms and provisions pertaining to insurance which may reasonably be deemed necessary or appropriate (1) to assure that all Units are insured and that there will be proceeds of insurance to repair or restore the same in the event of a casualty loss thereto, or (2)

otherwise to assist or to simplify problems of coordination insurance coverage between the Owners and the Association.

Section 19.6 - Workers' Compensation Insurance. The Board shall obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Indiana.

Section 19.7 - Directors' and Officers' Liability Insurance. The Board may obtain and maintain directors' and officers' liability insurance covering all of the directors and officers of the Association in such limits as the Board in its sole discretion may, from time to time, determine.

Section 19.8 - Other Insurance. The Association may carry other insurance which the Board considers appropriate to protect the Association or the Unit Owners.

Section 19.9 - Premiums. Insurance premiums shall be a Common Expense.

ARTICLE XX

Damage To Or Destruction of Property

Section 20.1 - Duty to Restore. A portion of the Community for which insurance carried by the Association is in effect, that is damaged or destroyed, must be repaired or replaced promptly by the Association unless:

- (a) Repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or
- (b) Eighty percent (80%) of the Unit Owners, including each owner of a Unit or assigned Limited Common Area that will not be rebuilt, vote not to rebuild.

Section 20.2 - Cost. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Section 20.3 - Plans. The Property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Board, a majority of Unit Owners and fifty-one percent (51%) of Eligible Mortgagees.

Section 20.4 - Replacement of Less Than Entire Property.

- (a) The insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition compatible with the remainder of the Community.

(b) Except to the extent that other persons will be distributees,

(i) The insurance proceeds attributable to a Unit and Limited Common Area that are not rebuilt must be distributed to the owner of the Unit and the owner of the Unit to which the Limited Common Area were allocated, or to lien holders, as their interests may appear.

(ii) The remainder of the proceeds must be distributed to each Unit Owner or lien holder, as their interests may appear, in proportion to the Common Area interests of all the Units.

Section 20.5 - Insurance Proceeds. The Trustee, or if there is no Trustee, then the Board of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged Property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored.

Section 20.6 - Certificates by the Board. The Trustee, if any, may rely on the following certifications in writing made by the Board:

- (a) Whether or not damaged or destroyed Property is to be repaired or restored.
- (b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

Section 20.7 - Certificates by Attorneys or Title Insurance Companies. If payments are to be made to Unit Owners or mortgagees, the Board, and the Trustee, if any, shall obtain and may rely on a title insurance company or attorney's title certificate of title or a title insurance policy based on a search of the records of Monroe County, Indiana from the date of the recording of the original Declaration stating the names of the Unit Owners and the mortgagees.

ARTICLE XXI

Rights to Notice and Comment; Notice and Hearing

Section 21.1 - Right to Notice and Comment. Before the Board amends the Bylaws or the Rules, whenever the Documents require that an action be taken after "Notice and Comment," and at any other time the Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action shall be given to each Unit Owner in writing and shall be delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or published in a newsletter or similar publications which is routinely circulated to all Unit Owners. The notice shall be given not less than five (5) days before the proposed action is to be taken. It shall invite comment to the Board orally or in writing before the scheduled time of the meeting. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

Section 21.2 - Right to Notice and Hearing. Whenever the Documents require that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Section 21.3 - Appeals. Any Person having a right to Notice and Hearing shall have the right to appeal to the Board from a decision of persons other than the Board by filing a written notice of appeal with the Board within ten (10) days after being notified of the decision. The Board shall conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting.

ARTICLE XXII

Board of Directors

Section 22.1 - Power and Duties. The Board of Directors may act in all instances on behalf of the Association, except as provided in this Declaration or the Bylaws. The Board shall have, subject to the limitations contained in this Declaration, the powers and duties necessary for the administration of the affairs of the Association and of the Community which shall include, but not be limited to, the following:

- (a) Adopt and amend Bylaws, Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees and agents, other than managing agents, and independent contractors;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Area;
- (i) Cause additional improvements to be made as a part of the Common Area;
- (j) Acquire, hold, encumber and convey in the Association's name any right, title or interest to real property or personal property;
- (k) Grant easements for any period of time including permanent easements, and leases, licenses and concessions for no more than one year, through or over the Common Area;

- (l) Impose and receive a payment, fee or charge for the use, rental or operation of the Common Area and for services provided to Unit Owners;
- (m) Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy reasonable fines for violations of this Declaration, Bylaws, Rules and Regulations of the Association;
- (n) Provide for the indemnification of the Association's officers and Board and maintain directors' and officers' liability insurance;
- (o) Assign the Association's right to future income, including the right to receive Common Expense assessments;
- (p) Exercise any other powers conferred by this Declaration or the Bylaws;
- (q) Exercise any other power that may be exercised in this state by legal entities of the same type as the Association;
- (r) Exercise any other power necessary and proper for the governance and operation of the Association; and
- (s) By resolution, establish committees of directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Board. However, actions taken by a committee may be appealed to the Board by any Unit Owner within forty-five (45) days of publication of such notice, and such committee action must be ratified, modified or rejected by the Board at its next regular meeting.

ARTICLE XXIII

Open Meetings

Section 23.1 - Access. All meetings of the Board, at which action is to be taken by vote will be open to the Unit Owners, except as hereafter provided.

Section 23.2 - Notice. Notice of every such meeting will be given not less than 24 hours prior to the time set for such meeting, by posting such notice in a conspicuous location in the Community, except that such notice will not be required if an

emergency situation requires that the meeting be held without delay.

Section 23.3 - Executive Sessions. Meetings of the Board may be held in executive session, without giving notice and without the requirement that they be open to Unit Owners, in either of the following situations only:

- (a) No action is taken at the executive session requiring the affirmative vote of Directors; or
- (b) The action taken at the executive session involves personnel, pending litigation, contract negotiations, enforcement actions, or matters involving the invasion of privacy of individual unit owners, or matters which are to remain confidential by request of the affected parties and agreement of the Board.

ARTICLE XXIV

Condemnation of Common Area

If all or any portion of the Common Area is taken for any public or quasi-public use under any statute, by right of eminent domain or by purchase in lieu of eminent domain, the entire award shall be deposited into the Association's operating account until distributed. The Association shall distribute such funds proportionately to all Owners as their interests appear according to the respective fair market values of their Lots immediately prior to the time of condemnation, as determined by an independent appraisal made by a qualified Real Estate Appraiser with a Member of the Appraisal Institute Certificate or the equivalent, as selected by the Board. The Association shall represent the interests of all Owners.

ARTICLE XXV

Miscellaneous

Section 25.1 - Captions. The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents nor the intent of any provision thereof.

Section 25.2 - Gender. The use of the masculine gender refers to the feminine and neuter genders and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.

Section 25.3 - Waiver. No provision contained in the Documents is abrogated or waived by reason of any failure to

EXHIBIT "A"

LEGAL DESCRIPTION

BRENTWOOD, SECTION I

Part of the Southeast quarter of the Northwest quarter and part of the Southwest quarter of the Northeast quarter of Section 17, Township 8 North, Range 1 West, Perry Township, Monroe County, Indiana and part of Deed Record 348, Page 514-515, in the Office of the Recorder of Monroe County, Indiana.

Commencing at a 5/8" rebar found, said point lying East 1109.76 feet and South 893.75 feet from the Northwest corner of the Southeast quarter of the Northwest quarter of Section 17, Township 8 North, Range 1 West and at the Southwest corner of Country Club Manors Third Addition, as recorded in Plat Book 4, Page 68, Office of the Recorder of Monroe County, Indiana; thence North 90 degrees 00 minutes 00 seconds East (assumed bearing) along the South line of said Country Club Manors Third Addition 351.00 feet to a 5/8" rebar found; thence South 00 degrees 05 minutes 45 seconds East 58.96 feet to the real point of beginning; thence continuing South 00 degrees 05 minutes 45 seconds East 374.88 feet to a 5/8" rebar found; thence North 89 degrees 57 minutes 23 seconds West 374.88 feet to a point lying South 89 degrees 57 minutes 23 seconds East 13.56 feet from a 5/8 inch rebar marking the Southwest corner of said Deed Record 348; thence North 02 degrees 18 minutes 35 seconds West 189.71 feet; thence South 90 degrees 00 minutes 00 seconds East 86.39 feet; thence South 90 degrees 00 minutes 00 seconds East 92.62 feet; thence South 83 degrees 57 minutes 13 seconds East 117.61 feet; thence South 00 degrees 00 minutes 00 seconds West 48.24 feet; thence North 90 degrees 00 minutes 00 seconds East 75.53 feet; thence North 45 degrees 00 minutes 00 seconds East 14.12 feet; thence North 00 degrees 05 minutes 45 seconds West 235.72 feet; thence South 90 degrees 00 minutes 00 seconds East 56.00 feet to the point of beginning, containing 1.59 acres, more or less.

Subject to any easements of record.

ALSO, together with the following easements:

- 1). A fifty (50) foot wide ingress, egress and utility and/or drainage easement per _____ page _____.
- 2). A ten (10) foot wide utility easement per _____ page _____.
- 3). A twelve (12) foot wide utility and drainage easement per _____ page _____.
- 4). A ten (10) foot wide utility easement per _____ page _____.
- 5). A ten (10) foot wide utility easement per _____ page _____.

Notax ✓

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FIRST AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
BRENTWOOD

WHEREAS, the original Declaration of Covenants, Conditions, and Restrictions of Brentwood was executed on August 17, 1989 by the Declarant, Brentwood Development Corporation, and recorded on August 18, 1989, as Instrument Number 909187/in the office of the Recorder of Monroe County, Indiana; and

WHEREAS, Brentwood Development Corporation (hereinafter referred to as "Declarant") pursuant to the provisions of Article XIII of the Declaration, now submits that Section 1.28 of the Declaration of Covenants, Conditions and Restrictions of Brentwood is hereby amended, in that the following language is hereby added to said section:

The word "Lot" as used on the plat or in any instrument of conveyance shall be deemed to mean "Unit" as defined and used in this Declaration and any other Documents referenced herein.

IN WITNESS WHEREOF, this First Amendment to the Declaration of Covenants, Conditions, and restrictions of Brentwood has been executed by Declarant on the 1st day of September 1989.

BRENTWOOD DEVELOPMENT CORPORATION

By: [Signature]
Ronald R. Ruback

✓ RECORDED ✓
A.M. _____ P.M. 3:33

✓ SEP 13 1989 ✓

[Signature]
RECORDER MONROE CO., IN

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BYLAWS
OF
BRENTWOOD HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Introduction

These are the Bylaws of Brentwood Homeowners Association, Inc. Initial capitalized terms are defined in Article I of the Declaration.

ARTICLE II

Board of Directors

Section 2.1 - Number and Qualification; Termination of Declarant Control.

- (a) The affairs of the Community and the Association shall be governed by a Board of Directors ("Board") which, until the termination of the period of Declarant control, shall consist of three (3) persons, and following such date shall consist of three (3) persons, the majority of whom, excepting the Directors appointed by the Declarant, shall be Unit Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve as a Director and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. Directors shall be elected by the Unit Owners except for those appointed by the Declarant. At any meeting at which directors are to be elected, the Unit Owners may, by resolution, adopt specific procedures for conducting the elections, not inconsistent with these Bylaws or the Corporation Laws of the State of Indiana.
- (b) The terms of at least one-third (1/3) of the Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Unit Owners setting terms.
- (c) As long as there is Class B membership, then the Declaration shall appoint the members of the Board.
- (d) The Board shall elect the officers. The Directors and officers shall take office upon election.

- (e) At any time after Unit Owners other than the Declarant are entitled to elect a Director, the Association shall call and give not less than ten (10) nor more than sixty (60) days' notice of a meeting of the Unit Owners for this purpose. Such meeting may be called and the notice given by any Unit Owner if the Association fails to do so.

Section 2.2 - Powers and Duties. The Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Community which shall include, but not be limited to, the following:

- (a) Adopt and amend Bylaws and Rules and Regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees and agents other than managing agents and independent contractors;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws or Rules in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of Common Area;
- (i) Cause additional improvements to be made as a part of the Common Area;
- (j) Acquire, hold, encumber and convey in the Association's name any right, title or interest to real estate or personal property;
- (k) Grant easements for any period of time including permanent easements, and leases, licenses and

concessions for no more than one year, through or over the Common Area;

- (l) Impose and receive a payment, fee or charge for the use, rental or operation of the Common Area, other than Limited Common Area described in Subsections (2) and (4) of §2-102 of the Act, and for services provided to Unit Owners;
- (m) Impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, Rules and Regulations of the Association;
- (n) Impose a reasonable charge for the preparation and recording of amendment to the Declaration or a statement of unpaid assessments;
- (o) Provide for the indemnification of the Association's officers and Board and maintain Directors' and officers' liability insurance;
- (p) Assign the Association's right to future income, including the right to receive Common Expense assessments;
- (q) dedicate any roadway located within the Community to the public use;
- (r) Exercise any other powers conferred by the Declaration or Bylaws;
- (s) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;
- (t) Exercise any other power necessary and proper for the governance and operation of the Association; and
- (u) By resolution, establish committees of directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Board. However, actions taken by any Unit Owner within forty-five (45) days of publication of such notice, and such committee action must be ratified, modified or rejected by the Board at its next regular meeting.

Section 2.3 - Standard of Care. In the performance of their duties, the officers and members of the Board are required to exercise the care required of fiduciaries of the Unit Owners.

Section 2.4 - Additional Limitations. The Board shall be additionally limited pursuant to Article XXV of the Declaration.

Section 2.5 - Manager. The Board may employ a manager for the Community at a compensation established by the Board, to perform such duties and services as the Board shall authorize. The Board may delegate to the manager only the powers granted to the Board by these Bylaws under Subdivisions 2.2(c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Board, and to fulfill the requirements of the budget.

Section 2.6 - Removal of Directors. The Unit Owners, by a two-thirds vote of all persons present and entitled to vote at any meeting of the Unit Owners at which a quorum is present, may remove any Director of the Board with or without cause, other than a Director appointed by the Declarant.

Section 2.7 - Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Board held for that purpose at any time after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, in the following manner:

- (a) as to vacancies of Directors whom Unit Owners other than the Declarant elected, by a majority of the remaining such Directors constituting the Board;
- (b) as to vacancies of Directors whom the Declarant has the right to appoint, by the Declarant.

Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 2.8 - Regular Meetings. The first regular meeting of the Board following each annual meeting of the Unit Owners shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Unit Owners at the meeting at which such Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, providing a majority of the Directors shall be present. The Board may set a schedule of additional regular meetings by resolution and no further notice is necessary to constitute such regular meetings.

Section 2.9 - Special Meetings. Special meetings of the Board may be called by the President or by a majority of the Directors on at least three (3) business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.10 - Location of Meetings. All meetings of the Board shall be held within the City of Bloomington, unless all Directors consent in writing to another location.

Section 2.11 - Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required and any business may be transacted at such meeting.

Section 2.12 - Quorum of Directors. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the meeting. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.13 - Compensation. A Director may receive a fee from the Association for acting as such, as may be set by resolution of the Unit Owners, and reimbursement for necessary expenses actually incurred in connection with his or her duties. Directors acting as officers or employees may also be compensated for such duties.

Section 2.14 - Consent to Corporate Action. If all the Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Directors or committee constitutes a quorum for such action, such action shall be a valid corporate action as though it had been authorized at a meeting of the Board or the committee, as the case may be. The Secretary shall file such consents with the minutes of the meetings of the Board.

Section 2.15 - Telephonic Attendance. A Director may attend a meeting of the Board by an electronic or telephonic communication method whereby the director may be heard by the other members, and hear the deliberations of the other members, on any matter properly brought before the Board, and his or her vote shall be counted, and his or her presence shall be noted as if he or she were present in person on that particular matter.

ARTICLE III

Unit Owners

Section 3.1 - Annual Meeting. Annual meetings of Unit Owners shall be held on the first Friday in June. At such meeting, the Directors shall be elected by ballot of the Unit Owners, in accordance with the provisions of Article II of the Bylaws. The Unit Owners may transact other business at such meetings as may properly come before them.

Section 3.2 - Budget Meeting. Meetings of Unit Owners to present the budgets shall be called in accordance with Article XVI of the Declaration. The budget may be presented at Annual or Special Meetings called for other purposes as well.

Section 3.3 - Special Meetings. Special meetings of The Association may be called by the president, by a majority of the members of the Board, or by Unit Owners comprising twenty percent (20%) of the votes in the Association.

Section 3.4 - Place of Meetings. Meetings of the Unit Owners shall be held at the project, or may be adjourned to such suitable place convenient to the Unit Owners as may be designated by the Board or the president.

Section 3.5 - Notice of Meetings. Except for budget meetings which will be noticed not less than 14 nor more than 30 days after the mailing of the summary, not less than 10 nor more than 60 days in advance of a meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Unit Owner. No action shall be adopted at a meeting except as stated in the notice.

Section 3.6 - Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and such waiver shall be deemed equivalent to the receipt of such notice.

Section 3.7 - Adjournment of Meeting. At any meeting of Unit Owners, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8- Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (a) Roll call (or check-in procedure).

- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports.
- (e) Establish number and term of memberships of the Board (if required and noticed).
- (f) Election of inspectors of election (when required).
- (g) Election of Directors of the Board (when required).
- (h) Ratification of Budget (if required and noticed).
- (i) Unfinished business.
- (j) New business.

Section 3.9 - Voting.

- (a) If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast all the votes allocated to the Unit. If more than one of the owners are present, the votes allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.
- (b) Votes allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person, each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this Section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.
- (c) The vote of a corporation or business trust may be cast by any officer of such corporation or business trust in the absence of express notice of the designation of a specific person by the board of directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the

owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified so to vote.

- (d) Votes allocated to a Unit owned by the Association may not be cast.

Section 3.10 - Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy, at any meeting of Unit Owners, shall constitute a quorum at such meeting.

Section 3.11 - Majority Vote. The vote of a majority of the Unit Owners present in person or by proxy 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 in the Declaration, these Bylaws or by law.

ARTICLE IV

Officers

Section 4.1 - Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The president and vice president, but no other officers, need be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant or held by the treasurer.

Section 4.2 - Election of Officers. The officers of the Association shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 4.3 - Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for that purpose.

Section 4.4 - President. The president shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Unit Owners and of the Board. He or she shall have all of the general powers and duties which are incident to the office of president of a nonstock corporation organized under the laws of the State of Indiana, including but

not limited to the power to appoint committees from among the Unit Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. He or she may fulfill the role of treasurer in the absence of the treasurer. The president, as attested by the secretary, may cause to be prepared and may execute amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 - Vice President. The vice president shall take the place of the president and perform his or her duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive board shall appoint some other Director to act in the place of the president, on an interim basis. The vice president shall also perform such other duties as may be imposed upon him or her by the Board or by the president.

Section 4.6 - Secretary. The secretary shall keep the minutes of all meetings of the Unit Owners and the Board. He or she shall have charge of such books and papers as the Board may direct and he or she shall, in general, perform all the duties incident to the office of secretary of a nonstock corporation organized under the laws of the State of Indiana. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 - Treasurer. The treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He or she shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the Board, and he or she shall, in general, perform all the duties incident to the office of treasurer of a nonstock corporation organized under the laws of the State of Indiana. He or she may endorse on behalf of the Association for collection only, checks, notes and other obligations, and shall deposit the same and all monies in the name of and to the credit of the Association in such banks as the Board may designate. He or she may have custody of and shall have the power to endorse for transfer on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others.

Section 4.8 - Agreements, Contracts, Deeds, Checks, etc.
Except as provided in Sections 4.4., 4.6, 4.7 and 4.10 of these

Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by such other person or persons as may be designated by the Board.

Section 4.9 - Compensation. An officer may receive a fee from the Association for acting as such, as may be set by resolution of the Unit Owners, and reimbursement for necessary expenses actually incurred in connection with his or her duties.

Section 4.10 - Statements of Unpaid Assessments. The treasurer, assistant treasurer, or a manager employed by the Association, or, in their absence, any officer having access to the books and records of the Association, may prepare, certify, and execute statements of unpaid assessments.

The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board. The Association may refuse to furnish statements of unpaid assessments until the fee is paid. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

ARTICLE V

Enforcement

Section 5.1 - Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules and regulations adopted by the Board, or the breach of any provision of the Documents shall give the Board the right, after Notice and Hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

- (a) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist therein) that is existing and creating a danger to the Common Area contrary to the intent and meaning of the provisions of the Documents, and the Executive board shall not thereby be deemed liable for 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.

Section 5.2 - Fine for Violation. By resolution, following Notice and Hearing, the Board may levy a fine of up to Twenty-Five Dollars (\$25.00) per day for each day that a violation of the Documents or Rules persists after such Notice and Hearing, but such amount shall not exceed that amount necessary to insure compliance with the rule or order of the Board.

ARTICLE VI

Indemnification

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided under the Indiana Not-for-Profit Corporation Act of 1971, as amended or superceded, the provisions of which are hereby incorporated by reference and made a part hereof.

ARTICLE VII

Records

Section 7.1 - Records and Audits. The Association shall maintain financial records. The financial records shall be maintained and audited in accordance with Article XVIII of the Declaration. The cost of the audit shall be a Common Expense unless otherwise provided in the Documents.

Section 7.2 - Examination. All records maintained by the Association or by the manager shall be available for examination and copying by any Unit Owner, by any holder of a Security Interest in a Unit, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3 - Records. The Association shall keep the following records:

- (a) An account for each Unit which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account, and the balance due.
- (b) An account for each Unit Owner showing any other fees payable by the Unit Owner.
- (c) A record of any capital expenditures in excess of Three Thousand Dollars (\$3,000.00) approved by the Board for the current and next two succeeding fiscal years.

- (d) A record of the amount, and an accurate account of, the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project.
- (e) The most recently regularly prepared balance sheet and income and expense statement, if any, of the Association.
- (f) The current operating budget.
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant.
- (h) A record of insurance coverage provided for the benefit of Unit Owners and the Association.
- (i) A record of any alterations or improvements to Units or Limited Common Area which violate any provisions of the Declarations of which the Board has knowledge.
- (j) A record of any violations, with respect to any portion of the Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Board has knowledge.
- (k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Area.
- (l) Such balance sheets and other records required by Indiana corporate law.
- (m) Tax returns for state and Federal income taxation.
- (n) Minutes of proceedings of incorporators, Unit Owners, Directors, committees of directors and waivers of notice.

ARTICLE VIII

Miscellaneous

Section 8.1 - Notices. All notices to the Association or the Board shall be delivered to the office of the manager, or if there is no manager, to the office of the Association, or to such other address as the Board may hereafter designate from time to time, by notice in writing to all Unit Owners and to all holders

of Security Interests in the Units who have notified the Association that they hold a Security Interest in a Unit. Except as otherwise provided, all notices to any Unit Owner shall be sent to his or her address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Documents, by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Association. All notices shall be deemed to have been given when mailed except notices of changes of address which shall be deemed to have been given when received.

Section 8.2 - Fiscal Year. The Board shall establish the fiscal year of the Association.

Section 8.3 - Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 - Office. The principal office of the Association shall be on the Property or at such other place as the Board may from time to time designate.

ARTICLE IX

Amendments to Bylaws

The Bylaws may be amended only pursuant to the provisions of Article XIV of the Declaration.

