

(c) Standards. The Board of Directors shall impose appropriate standards of performance upon the managing agent. Unless the managing agent is instructed otherwise by the Board of Directors:

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(1) the accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to more than one but less than all unit owners shall be accounted for separately;

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Corporation shall not be commingled with any other accounts;

(4) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Corporation whether in the form of commissions, finders fees, service fees, or otherwise; any discounts received shall benefit the Corporation;

(5) any financial or other interest which the managing agent may have in any firm providing goods or services to the Corporation shall be disclosed promptly to the Board of Directors; and

(6) a monthly financial report shall be prepared for the Corporation containing:

(A) an "income statement" reflecting all income and expense activity for the preceding month on an accrual basis;

(B) an "account activity statement" reflecting all receipt and disbursement activity for the preceding month on a cash basis;

(C) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a "balance sheet" reflecting the financial condition of the Corporation on an unaudited basis;

(E) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(F) a "delinquency report" listing all unit owners who are delinquent in paying condominium assessments and describing the status of any actions to collect such assessments.

(d) Limitations. During the Declarant Control Period, the Board of Directors may employ a managing agent for a term not to exceed one year. After the Declarant Control Period has terminated, the Corporation and the Board of Directors shall not undertake "self-management" or fail to employ a managing agent without the consent of at least sixty-seven percent of the unit owners and at least fifty-one percent of the Mortgagees. Any contract with the managing agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than thirty days' written notice and with cause on no more than five days' written notice.

Section 3.3. Number and Term of Office.

(a) Designated Members. The initial Board of Directors shall consist of no less than three nor more than nine persons, all of whom shall be designated by the Declarant. The term of office of at least one-third of the directors shall expire at the third annual meeting; the term of office of a second one-third of the directors shall expire at the second annual meeting; and the term of office of the remaining one-third of the directors shall expire at the first annual meeting. The term of each designee shall be fixed by the Declarant. At the special meeting required by subsection 2.4(b), a number of the directors designated by the Declarant shall resign if necessary so that a majority of the directors shall have been elected in accordance with subsection 2.4(b). The persons elected shall serve for the remainder of the terms of office of the resigning directors who such persons replace, or if no resignation was required, for the terms of office necessary so that the term of office of one-third of the directors shall expire at each of the first three annual meetings after their election. The directors receiving the greatest vote shall be elected for the longest available terms. At the expiration of the term of office of all directors designated by the Declarant or elected at the special meeting held pursuant to subsection 2.4(b), all successor directors shall be elected to serve for a term of three years.

Section 3.4. Election of Directors.

(a) Elections Committee. At least ninety days prior to the special meeting required by subsection 2.4(b), and each annual meeting of the Membership, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board whose term is not then expiring and at least two other unit owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board.

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(b) Nominations. Persons qualified to be directors may be nominated for election only by a nominating petition submitted to the chairman of the Elections Committee at least twenty days before the meeting at which the election is to be held signed by unit owners representing at least twenty percent (20%) of the unit owners and either signed by the nominee or accompanied by a document signed by the nominee indicating the willingness to serve as a director provided, however, that additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to persons appointed to the Board by the Declarant.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless such person is (alone or together with one or more other persons) a unit owner. No person shall be elected as a director or continue to serve as a director if such person is more than sixty days delinquent in meeting financial obligations to the Corporation and a lien has been filed against such person's unit.

Section 3.5. Removal or Resignation of Directors. Except with respect to directors designated by the Declarant, at any regular or special meeting duly called, any one or more of the directors may be removed with or without cause by a Majority Vote and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the unit owners shall be given at least seven days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A director may resign at any time and, except for a director designated by the Declarant, shall be deemed to have resigned upon disposition of such director's unit, or if not in attendance at three consecutive regular meetings of the Board, unless the minutes reflect consent to such absence.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Membership shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a director until a successor shall be elected at the next annual meeting of the Membership. During the Declarant Control Period, the Declarant shall designate the successor to any director previously designated by the Declarant who resigns or is removed.

Section 3.7. Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the Membership shall be held within thirty days thereafter at such time and place as shall be fixed by the Corporation at the meeting at which such Board of Directors shall have been elected. No notice shall be necessary to the newly-elected directors in order legally to constitute such meeting if a majority of the entire Board of Directors is present at the meeting.

Section 3.8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every four months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three business days prior to the day named for such meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days' notice to each director, given personally or by mail, telegraph or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three directors.

Section 3.10. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.11. Quorum of Board of Directors. At all meetings of the Board of Directors 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 Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such 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. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.12. Compensation. No director shall receive any compensation from the Condominium for acting as such.

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

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(b) The fact of the common directorate or interest is disclosed or known to at least a majority of the unit owners, and the unit owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any contract or transaction with like force and effect as if such director of the Corporation were not an officer or director of such other corporation, firm, or association or not so interested.

Section 3.18. Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of three members appointed by the Board, each to serve for a term of one year, in order to assure that the Condominium shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the esthetic or property values of the Condominium; (3) furthering the comfort of the unit owners, their guests and tenants; and (4) promoting the general welfare and safety of the Condominium community.

(b) Powers. The Covenants Committee shall regulate the external design, appearance, use, and maintenance of the common elements. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses, or consultations required in connection with improvements or changes proposed by a unit owner. The Covenants Committee shall have the power to impose reasonable fines (pursuant to subsection 9.1(g) hereof) upon, and issue a cease and desist request to, a unit owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the Condominium Act, the condominium instruments, the Rules and Regulations or resolutions of the Board of Directors (upon petition of any unit owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the condominium instruments, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a unit owner or the

Section 5.13. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Indiana Horizontal Property Act or the condominium instruments.

Section 5.14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 5.15. Board of Directors as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the unit owners of all of the units and for each of them to manage, control and deal with the interests of such unit owners in the common elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each unit owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to adjust and settle all claims arising under insurance policies as set forth in the Declaration.

Section 5.16. Liability of the Board of Directors, Officers, Unit Owners, and the Corporation.

(a) The officers, directors, and members of the Covenants Committee shall not be liable to the Corporation or any unit owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Corporation shall indemnify and hold harmless each of the Officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Corporation unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Corporation. The liability of any unit owner arising out of any contract made by the Officers or Board of Directors or out of the indemnification of the Officers or directors or for damages as a result of injuries arising in connection with the common elements solely by virtue of his ownership of a Common Element Interest therein or for liabilities

incurred by the Corporation shall be limited to the total liability multiplied by his Common Element Interest. Every agreement made by the Officers, the Board of Directors or the managing agent on behalf of the Corporation shall, if obtainable, provide that the Officers, the directors, or the managing agent, as the case may be, are acting only as agents for the Corporation and shall have no personal liability thereunder (except as unit owners) and that each unit owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Common Element Interest. The Corporation shall indemnify and hold harmless each of the members of the Covenants Committee from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was an Officer or director of the Corporation or a member of the Covenants Committee against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Condominium.

(b) The Corporation shall not be liable for any failure of water supply or other services to be obtained by the Corporation or paid for as a common expense, or for injury or damage to person or property caused by the elements or by the unit owner of any condominium unit, or any other person, or resulting from electricity, water, snow, or ice which may leak or flow from or over any portion of the common elements or from any pipe, drain, conduit, appliance, or equipment. The Corporation shall not be liable to any unit owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or from any action taken by the Corporation to comply with any law, ordinance or with the order or directive of any governmental authority.

Section 3.17. Common or Interested Directors. Each director shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Corporation and any of its directors or between the Corporation and any corporation, firm, or association (including the Declarant) in which any of the directors of the Corporation are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction or because his vote is counted for such purpose if any of the conditions specified in any of the following subsections exist:

Board of Directors. Any action, ruling, or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision.

(c) Authority. The Covenants Committee shall have such additional duties, power, and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers, and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board of Directors.

ARTICLE 4

Officers

Section 4.1. Designation. The principal Officers of the Corporation shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other Officers as in its judgment may be necessary. The President and Vice President shall be residents of the Condominium (except for those appointed by the Declarant) and members of the Board of Directors. Any other Officers may, but need not, be unit owners or members of the Board of Directors.

Section 4.2. Election of Officers. The Officers of the Corporation shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Any Officer may hold more than one position; provided, however, that the President shall not simultaneously serve as Secretary.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Directors, any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.4. President. The President shall: be the chief executive officer of the Corporation; preside at all meetings of the Membership and of the Board of Directors; have general and active management of the business of the Corporation subject to the control of the Board; see that all orders and resolutions of the Board are carried into effect; and appoint committees from among the unit owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 4.5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors 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 shall from time to time be imposed by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall: keep the minutes of all meetings of the Corporation and of the Board of Directors; have charge of such books and papers as the Board may direct; give or cause to be given all notices required to be given by the Corporation; maintain a register setting forth the place to which all notices to unit owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary.

Section 4.7. Treasurer. The Treasurer shall (together with the managing agent) be responsible for corporate funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors, the Corporation, or the managing agent, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of treasurer.

Section 4.8. Execution of Documents. All agreements, contracts, leases, checks, and other instruments of the Corporation for expenditures or obligations in excess of two thousand dollars, and all checks drawn upon reserve accounts shall be executed by any two persons designated by the Board of Directors. All such instruments for expenditures or obligations of two thousand dollars or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors.

Section 4.9. Compensation of Officers. No Officer who is also a director shall receive any compensation from the Corporation for acting as such Officer.

ARTICLE 5

Operation of the Property

Section 5.1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Unit Owners Association shall be October 1 through September 30 unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(1) On or before July 1 of each year, the the Board of Directors shall adopt a budget for the Corporation containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair, and replacement of the common elements and those parts of the units to which it is the responsibility of the Corporation to maintain, repair, and replace, and the cost of wages, materials, insurance premiums, services, supplies, and other expenses that may be declared to be common expenses by the Horizontal Property Act, the condominium instruments or a resolution of the Corporation and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the unit owners of all related services. The budget shall reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. At least sixty days before the beginning of each fiscal year, the Board of Directors shall send to each unit owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each unit owner. Such budget shall constitute the basis for determining each unit owner's assessment for the common expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. Subject to the provisions of subsection 5.1(a) hereof, the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each unit owner in proportion to his respective Common Element Interest, except for Limited Common Expenses which shall be assessed against each unit owner benefited in proportion to the relative Common Element Interest of such units inter se, and shall be a lien against each unit owner's unit as provided in Section 9.2 of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each unit owner shall be obligated to pay to the Board of Directors or the managing agent (as determined by the Board), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all unit owners, and to each Mortgagee requesting the same, an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors,