

be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the unit owners, or be credited according to each unit owner's Common Element Interest to the next monthly installments due from unit owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the unit owners in accordance with their Common Element Interest and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than six equal monthly installments, as the Board of Directors may determine.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies, and replacements. Extraordinary expenses not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any unit owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the unit owners according to their respective Common Element Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board of Directors shall serve notice of any such further assessment on unit owners by a statement in writing giving the amount and reason therefor, and such further assessment shall, unless otherwise specified in the notice, be effective with the next monthly payment which is due not more than ten days after the delivery of such notice or further assessment. All unit owners so notified shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be in effect as of the effective date as set forth in subsection (c).

(e) Initial Capital Payment.

(i) Upon taking office, the first Board of Directors elected or designated pursuant to these bylaws shall determine the budget, as defined in this section, for the period commencing thirty days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the unit owners during such period as provided in subsection (c).

(ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the estimated monthly assessment for common expenses and limited common element parking space charges, if any, for such purchaser's unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the development. The funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a unit owner's obligation to pay his allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each unit owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of the monthly payment which is due more than ten days after such new annual or adjusted budget is adopted.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the unit owners or from any other source may be commingled into a single fund or held for each unit owner in accordance with his Common Element Interest.

Section 5.2. Payment of Common Expenses. Each unit owner shall pay the common expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1 hereof. No unit owner may be exempted from liability for the assessment for common expenses by reason of waiver of the use or enjoyment of any of the common elements or by abandonment of the unit. No unit owner shall be liable for the payment of any part of the common expenses assessed against the unit subsequent to the date of recordation of a conveyance by such unit owner in fee of such unit. Prior to or at the time of any such conveyance, all liens, unpaid charges, and assessments shall be paid in full and discharged. The purchaser of a unit shall be jointly and severally liable with the selling unit owner for all unpaid assessments against the latter for the proportionate share of the common expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling unit owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling unit owner within ten business days following a written request therefor to the Board of Directors or managing agent, and such purchaser shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. In the event no written answer is forwarded by the Board of Directors in response to the written request for the statement mentioned herein, there shall be presumed no accrued obligation or unpaid assessments against the Unit. In addition, and provided, further, each Mortgagee who comes into possession of a condominium unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the condominium unit free of any claims for unpaid assessments or charges against such unit which accrue prior to the time such Mortgagee comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all condominium units including the mortgaged condominium unit.

Section 5.3. Collection of Assessments. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any assessments for common expenses due from any unit owner which remain unpaid for more than thirty days from the due date for payment thereof. Any assessment, or installment thereof, not paid within ten days after due shall accrue a late charge in the amount of ten dollars, or such other amount as may be established from time to time by the Board of Directors.

Section 5.4. Statement of Common Expenses. The Board of Directors shall promptly provide any unit owner, contract purchaser, or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such unit owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Corporation. The Corporation shall be responsible for the maintenance, repair, and replacement (unless, if in the opinion of not less than eighty percent of the Board of Directors, such expense was necessitated by the negligence, misuse, or neglect of a unit owner) of all of the common elements (including the limited common elements) as defined herein or in the Declaration, whether located inside or outside of the units, the cost of which shall be charged to all unit owners as a common expense; provided, however, that each unit owner shall perform normal maintenance on the limited common elements appurtenant to such unit owner's unit and any portion of the remaining common elements which the Board of Directors pursuant to the Rules and Regulations has given such unit owner permission to utilize, including without limitation the items enumerated in subsection (b).

(b) By the Unit Owner.

(1) Each unit owner shall keep the unit and its equipment, appliances, and appurtenances in good order, condition, and repair and in a clean and sanitary condition, and shall do all redecorating, painting, and varnishing which may at any time be necessary to maintain the good appearance and condition of the unit. In addition, each unit owner shall be responsible for all damage to any other units or to the common elements resulting from such unit owner's failure or negligence to make any of the repairs required by this Section. Each unit owner shall perform this responsibility in such manner as shall not unreasonably disturb or interfere with the other unit owners. Each unit owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Corporation is responsible.

(2) The unit owner of any unit to which a limited common element balcony or patio is appurtenant shall perform the normal maintenance for such limited common element, including keeping it in a clean and sanitary condition, free and clear of snow, ice, and any accumulation of water and shall also make all repairs thereto caused or permitted by such unit owner's negligence, misuse or neglect. All structural repair or replacement shall be made by the Corporation as a common expense, as provided in subsection (a).

(3) Any unit owner permitted by the Board of Directors to use a specific portion of the common elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. Payment vouchers for all repairs and replacements shall be approved by the Board of Directors through its president or secretary.

Section 5.6. Additions, Alterations, or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors the common elements shall require additions, alterations or improvements costing in excess of ten thousand dollars during any period of twelve consecutive months, the making of such additions, alterations or improvements requires a Majority Vote, and the Board of Directors shall assess all unit owners benefited for the cost thereof as a common expense (or Limited Common Expense). Any additions, alterations, or improvements costing ten thousand dollars or less during any period of twelve consecutive months may be made by the Board of Directors without approval of the unit owners, and the cost thereof shall constitute a common expense or Limited Common Expense, depending on the nature of the additions, alterations or improvements. The ten thousand dollar limitation shall be increased annually by the percentage equal to any percentage increase in the annual budget of the Condominium. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent of the members of the Board of Directors, such additions, alterations, or improvements are exclusively or substantially exclusively for the benefit of the unit owners requesting the same, such requesting unit owners shall be assessed therefor in such proportion as they jointly approve, or, if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 5.7. Additions, Alterations, or Improvements by the Unit Owners. No unit owner shall make any structural addition, alteration, or improvement in or to the unit without the prior written consent of the Board of Directors or the Covenants

Committee as appropriate. No unit owner shall paint or alter the exterior of the unit, including the doors and windows, nor shall any unit owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. The Board of Directors shall be obligated to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit within forty-five days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors or the Covenants Committee to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any unit requests execution by the Corporation and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Corporation by an authorized Officer only, without, however, incurring any liability on the part of the Board of Directors, the Corporation or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Mortgagee of such affected units, the Board of Directors and any unit owner affected, any unit may be subdivided or may be altered so as to relocate the boundaries between such unit and any adjoining units. The Secretary shall record any necessary amendment to the Declaration to effect such action. The provisions of this section shall not apply to units owned by the Declarant until deeds of conveyance of such units shall have been recorded; provided, however, that the Declarant's construction or alterations shall be architecturally compatible with existing units. The Declarant shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and an authorized Officer shall execute any such application required.

Section 5.8. Restrictions on Use of Units and Common Elements, Rules and Regulations.

(a) Restrictions. Each unit and the common elements shall be occupied and used as follows:

(1) No unit shall be used for other than housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary non-residential uses from time to time. The Board may also permit the use of all or part of a unit for a professional office, provided that such use is consistent with all applicable laws, ordinances, and regulations of any governmental authority. As a condition to consenting to such office use, the Board may require the unit owner to pay any increase in the rate of insurance for the Condominium which may result from such office use. Nothing in these Bylaws shall be construed to prohibit the

Declarant from using any unit owned by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the common elements for settlement of sales of condominium units and for customer service purposes.

(2) Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No unit owner shall permit anything to be done or kept in the unit or in the common elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the common elements.

(5) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the unit owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a common expense.

(4) No unit owner shall obstruct any of the common elements nor shall any unit owner place or cause or permit anything to be placed on or in any of the common elements (except those areas designated for such storage by the condominium instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the common elements except with the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The common elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units. The lobbies, vestibules, public halls, and stairways shall be used for no purpose other than for normal transit.

(6) No unit owner shall lease a unit other than on a written form of lease: (i) requiring the lessee to comply with the condominium instruments and Rules and Regulations; (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor.

thereunder after thirty days prior written notice to the unit owner, in the event of a default by the lessee in the performance of the lease. The Board of Directors may suggest or require a standard form lease for use by unit owners. Each unit owner of a condominium unit shall, promptly following the execution of any lease of a condominium unit, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this paragraph shall not apply to the Declarant, or to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats, and other large vehicles may be parked on the Property only if expressly permitted by the Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the common elements. Vehicle repairs other than ordinary light maintenance are not permitted on the Property.

(8) The maintenance, keeping, boarding, and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any unit or upon the common elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats, or caged birds) not to exceed one per unit without the approval of the Board of Directors, is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the property upon ten days' written notice from the Board of Directors. Such pets shall not be permitted upon the common elements unless accompanied by an adult and unless carried or leashed. Any unit owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Corporation, each unit owner and the Declarant free and harmless from any loss, claim, or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board of Directors and shall otherwise be registered and innoculated as required by law. The Board of Directors may establish reasonable fees for registration of pets not to exceed the additional costs incurred by the Corporation resulting from the presence of such pets. The Board of Directors may establish a weight limit per animal.

(9) Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or

about any unit or common element without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale, or a proceeding in lieu of foreclosure.

(10) No unit shall be subjected to or used for any timesharing, cooperative, licensing, or other arrangement that would entail weekly, monthly, or any other type of revolving or periodic occupancy by multiple unit owners, cooperators, licensees, or timesharing participants without written prior approval of the Board of Directors; and further, said approval may arbitrarily be denied.

(b) Changes to Rules and Regulations. Each unit and the common elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each unit owner.

(c) Notice of Change to Rules and Regulations. Notice of changes to the Rules and Regulations shall be forwarded to all unit owners by United States mail, postage prepaid. A change in the rules and regulations shall not become effective for a period of thirty days following the deposit in the United States mail unless waiver of this time period is given by at least 66.67% of the unit owners in writing. The purpose of the thirty-day period is to give unit owners an opportunity to advise the Board of their reaction to the proposed rules change.

Section 5.9. Right of Access. By acceptance of the deed of conveyance, each unit owner thereby grants a right of access to the unit, to the Board of Directors or the managing agent, or any other person authorized by the Board or the managing agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in the unit or in a common element to which access is obtained through the unit and threatening another unit or the common elements, performing installations, alterations or repairs to the mechanical or electrical systems or the common elements in the unit or elsewhere in the Property or to correct any condition which violates any Mortgage; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the unit owner. In case of an emergency, such right of entry shall be immediate, whether or not the unit owner is present.

LIBER 625 PAGE 691



Section 5.10. Utility Charges. The cost of utilities serving the Condominium not individually metered to a unit shall be common expenses allocated pursuant to Section 5.1 hereof. In addition thereto, each unit owner hereby grants to the Corporation the privilege of drawing water from an outside receptacle serving such unit sufficient water necessary to reasonably service the common grounds contiguous to such unit including, but not limited to, lawn watering, landscaping needs, and gutter cleaning.

Section 5.11. Parking Spaces. Until assigned as a limited common element, all parking spaces shall be used by the unit owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine; provided, however, that no unit owner shall park on the common element parking spaces more than one vehicle (owned or leased by such unit owner, a member of such unit owner's family, an employee or a tenant leasing the unit) (excluding limited common element parking spaces) without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas shall be a common expense. During the time that units are being sold by the Declarant, no more than five parking spaces may be restricted to the Declarant's use for sales purposes.

Section 5.12. Storage; Disclaimer of Bailee Liability. Any storage cubicles which may be constructed are common elements and may be assigned to units as Reserved Common Elements by appropriate resolution of the Board of Directors (unless such cubicles have been assigned as limited common elements). The Board of Directors, the Membership, any unit owner, and the Declarant shall not be considered a bailee, however, of any personal property stored on the common elements (including property located in storage cubicles and vehicles parked on the common elements), whether or not exclusive possession of the particular area is given to a unit owner for storage or parking purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

## ARTICLE 6

### Insurance

#### Section 6.1. Authority to Purchase; Notice.

(a) Except as otherwise provided in Section 6.5 hereof, all insurance policies relating to the Property shall be purchased by the Board of Directors. The Board of Directors, the managing agent, and the Declarant shall not be liable for failure to obtain any coverages required by this Article 6 or for any loss or damage resulting from such failure if such failure is due

to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at demonstrably unreasonable cost. The Board of Directors shall promptly furnish to each unit owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverages obtained on behalf of the Corporation.

(b) Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Declarant, the Corporation, the Board of Directors, the managing agent or the unit owners, and their respective agents, employees, guests, and, in the case of the unit owners, the members of their households.

(2) Such policy shall not be cancelled, invalidated, or suspended due to the conduct of any unit owner (including his invitees, agents and employees) or of any member, officer, or employee of the Board of Directors or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within sixty days after such demand; and

(3) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty days' prior written notice to the Board of Directors, the managing agent and all Mortgagees.

(c) The Declarant, so long as Declarant shall own any unit, shall be protected by all such policies as a unit owner. The coverage provided to the Declarant under the insurance policies obtained in compliance with this Article 6 shall not be deemed to protect or be for the benefit of any general contractor engaged by the Declarant nor shall such coverage be deemed to protect the Declarant against liability for (or waive any rights with respect to) warranty claims.

(d) All policies of insurance shall be written by reputable companies licensed to do business in the State of Indiana. Physical damage policies shall be in form and substance and with carriers acceptable to a majority of the Mortgagees.

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense; Provided, however, that the Corporation may, pursuant to subsection 5.5(a) of these Bylaws, assess any deductible amount necessitated by the negligence, misuse, or neglect of a unit owner against such unit owner.

#### Section 6.2. Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if