

CODE OF BY-LAWS OF

QUAIL CREEK CONDOMINIUM CO-OWNERS' ASSOCIATION, INC.

A NOT-FOR-PROFIT INDIANA CORPORATION

ARTICLE I

IDENTIFICATION AND APPLICABILITY

SECTION 1.01. IDENTIFICATION AND ADOPTION. THESE BY-LAWS ARE ADOPTED SIMULTANEOUSLY WITH THE EXECUTION OF A CERTAIN DECLARATION CREATING THE "QUAIL CREEK" HORIZONTAL PROPERTY REGIME AND THESE BY-LAWS ARE HEREBY DECLARED TO BE A PART THEREOF. THE DECLARATION IS INCORPORATED HEREIN BY REFERENCE AND ALL OF THE COVENANTS, RIGHTS, RESTRICTIONS AND LIABILITIES THEREIN CONTAINED SHALL APPLY TO AND GOVERN THE INTERPRETATION OF THESE BY-LAWS. THE DEFINITIONS AND TERMS AS DEFINED AND USED IN THE DECLARATION SHALL HAVE THE SAME MEANING IN THESE BY-LAWS AND REFERENCE IS SPECIFICALLY MADE TO PARAGRAPH 1 OF THE DECLARATION CONTAINING DEFINITIONS OF TERMS. THE PROVISIONS OF THESE BY-LAWS SHALL APPLY TO THE PROPERTY AND THE ADMINISTRATION AND CONDUCT OF THE AFFAIRS OF THE ASSOCIATION.

SECTION 1.02. INDIVIDUAL APPLICATION. ALL OF THE OWNERS, CO-OWNERS, FUTURE OWNERS, TENANTS, FUTURE TENANTS, OR THEIR GUESTS AND INVITEES, OR ANY OTHER PERSON THAT MIGHT USE OR OCCUPY A UNIT OR ANY PART OF THE PROPERTY, SHALL BE SUBJECT TO THE RULES, RESTRICTIONS, TERMS AND CONDITIONS SET FORTH IN THE DECLARATION, THESE BY-LAWS AND THE HORIZONTAL PROPERTY ACT OF THE STATE OF INDIANA, ACT 1963 CHAPTER 349, SECTIONS 1 THROUGH 31, AS AMENDED.

ARTICLE II

MEETINGS OF ASSOCIATION

SECTION 2.01. PURPOSE OF MEETINGS. AFTER THE EXPIRATION OF THE TERM OF THE INITIAL BOARD OF MANAGERS (ARTICLE III, SEC. 3.02). MEETINGS OF THE CO-OWNERS SHALL BE HELD AT LEAST ANNUALLY AND AT OTHER TIMES AS MAY BE NECESSARY FOR THE PURPOSE OF ELECTING THE BOARD OF MANAGERS, APPROVING THE ANNUAL BUDGET, PROVIDING FOR THE COLLECTION AND PAYMENT OF COMMON EXPENSES, AND FOR SUCH OTHER PURPOSES AS MAY BE REQUIRED BY THE DECLARATION, THESE BY-LAWS, OR THE ACT.

SECTION 2.02. ANNUAL MEETINGS. THE FIRST ANNUAL MEETING OF THE MEMBERS OF THE ASSOCIATION SHOULD BE HELD ON A DATE AND TIME SPECIFIED BY THE INITIAL BOARD (SEE SEC. 3.02). SUBSEQUENT MEETINGS WILL BE HELD ON THE ANNIVERSARY DATE OF THE FIRST ANNUAL MEETING OR ON SUCH OTHER DATE AS SET FORTH BY THE BOARD OF MANAGERS. AT THE ANNUAL MEETING, THE CO-OWNERS

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SHALL ELECT THE BOARD OF MANAGERS OF THE ASSOCIATION IN ACCORD WITH THE PROVISIONS OF THESE BY-LAWS AND TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.

SECTION 2.03. SPECIAL MEETINGS. A SPECIAL MEETING OF THE MEMBERS OF THE ASSOCIATION MAY BE CALLED BY RESOLUTION OF THE BOARD OF MANAGERS OR UPON A WRITTEN PETITION OF THE CO-OWNERS WHO HAVE NOT LESS THAN A MAJORITY OF THE TOTAL PERCENTAGE VOTE AS DEFINED IN THE DECLARATION. THE RESOLUTION OR PETITION SHALL BE PRESENTED TO THE PRESIDENT OR SECRETARY OF THE ASSOCIATION AND SHALL STATE THE PURPOSE FOR WHICH THE MEETING IS TO BE CALLED. NO BUSINESS SHALL BE TRANSACTED AT A SPECIAL MEETING EXCEPT AS STATED IN THE PETITION OR RESOLUTION.

SECTION 2.04. NOTICE AND PLACE OF MEETINGS. ALL MEETINGS OF THE MEMBERS OF THE ASSOCIATION SHALL BE HELD AT FACILITIES, AS DESIGNATED BY THE BOARD OF MANAGERS. WRITTEN NOTICE STATING THE DATE, TIME, AND PLACE OF ANY MEETING, AND IN THE CASE OF A SPECIAL MEETING THE PURPOSE OR PURPOSES FOR WHICH THE MEETING IS CALLED, SHALL BE DELIVERED OR MAILED BY THE SECRETARY OF THE ASSOCIATION TO EACH CO-OWNER NOT LESS THAN FOURTEEN (14) DAYS PRIOR TO THE DATE OF SUCH MEETING. THE NOTICE SHALL BE MAILED OR DELIVERED TO THE CO-OWNERS AT THEIR ADDRESS AS IT APPEARS UPON THE RECORDS OF THE ASSOCIATION. ATTENDANCE AT ANY MEETING IN PERSON OR BY PROXY SHALL CONSTITUTE A WAIVER OF NOTICE OF SUCH MEETING.

SECTION 2.05. VOTING.

- A) NUMBER OF VOTES: THE OWNER OF EACH DWELLING UNIT SHALL BE ENTITLED TO ONE FULL VOTE ON EACH MATTER COMING BEFORE THE MEETING. THE TOTAL NUMBER OF VOTES SHALL EQUAL THE TOTAL NUMBER OF DWELLING UNITS SOLD BY THE DEVELOPER PRIOR TO THE TIME OF THE MEETING.
- B) MULTIPLE OWNERS: WHEN THE OWNER OF A DWELLING UNIT CONSTITUTES MORE THAN ONE PERSON (I.E. JOINT OWNERSHIP BETWEEN HUSBAND AND WIFE) OR IS A PARTNERSHIP, THERE SHALL BE ONLY ONE VOTING REPRESENTATIVE ENTITLED TO THE VOTE ALLOCABLE TO THAT UNIT. AT THE TIME OF ACQUISITION OF TITLE TO A UNIT BY A MULTIPLE OWNER OR A PARTNERSHIP OR PRIOR TO THE FIRST ELECTION MEETING, THOSE PERSONS CONSTITUTING SUCH OWNER OR THE PARTNERS SHALL FILE WITH THE SECRETARY OF THE ASSOCIATION AN IRREVOCABLE PROXY APPOINTING ONE OF SUCH PERSONS OR PARTNERS AS THE VOTING REPRESENTATIVE FOR SUCH UNIT, WHICH SHALL REMAIN IN EFFECT UNTIL SUCH APPOINTED REPRESENTATIVE RELINQUISHES SUCH APPOINTMENT IN WRITING, BECOMES INCOMPETENT, DIES OR SUCH APPOINTMENT IS OTHERWISE RESCINDED BY ORDER OF A COURT OF COMPETENT JURISDICTION OR IS RESCINDED BY THE SAME AUTHORITY THAT GRANTED HIM OR HER VOTING PRIVILEGES IN THE FIRST PLACE. SUCH APPOINTED VOTING REPRESENTATIVE MAY GRANT A PROXY TO ANOTHER TO VOTE IN HIS OR HER PLACE AT A PARTICULAR MEETING OR MEETINGS PURSUANT TO PARAGRAPH (D) OF THIS SECTION 2.05.

WHICH SHALL CONSTITUTE RELINQUISHMENT OF THIS RIGHT TO ACT AS VOTING REPRESENTATIVE FOR THE UNIT.

IF THE MULTIPLE OWNERS OF A DWELLING UNIT CANNOT AGREE TO A VOTING REPRESENTATIVE, THEN THE BOARD OF MANAGERS WILL DECIDE BY THE FLIP OF A COIN AT EACH MEETING WHICH OF THE OWNERS SHALL BE THE VOTING REPRESENTATIVE FOR THAT MEETING.

- C) VOTING BY CORPORATION OR TRUST: WHERE A CORPORATION OR TRUST IS AN OWNER OR IS OTHERWISE ENTITLED TO VOTE, THE TRUSTEE MAY CAST THE VOTE ON BEHALF OF THE TRUST AND THE AGENT OR OTHER REPRESENTATIVE OF THE CORPORATION DULY EMPOWERED BY THE BOARD OF DIRECTORS OF SUCH CORPORATION SHALL CAST THE VOTE TO WHICH THE CORPORATION IS ENTITLED.
- D) MULTIPLE UNIT PROPERTY OWNERS: AN OWNER OF MORE THAN ONE DWELLING UNIT IS ENTITLED TO ONE VOTE FOR EACH DWELLING UNIT HE OR SHE OWNS.
- E) PROXY: AN OWNER MAY VOTE EITHER IN PERSON OR BY HIS DULY AUTHORIZED AND DESIGNATED ATTORNEY-IN-FACT AND/OR PROXY. WHERE VOTING IS BY PROXY, THE OWNER SHALL DULY DESIGNATE HIS ATTORNEY-IN-FACT IN WRITING, DELIVERED TO THE ASSOCIATION PRIOR TO THE COMMENCEMENT OF THE MEETING.
- F) QUORUM: A QUORUM FOR ANY MEETING CONSISTS OF A GROUP OF PEOPLE DULY AUTHORIZED TO CAST A MAJORITY (51%) OF THE TOTAL VOTE AS DEFINED IN PARAGRAPH (A) ABOVE.
- G) CONDUCT OF MEETING: THE CHAIRMAN OF THE MEETING SHALL BE THE PRESIDENT OF THE ASSOCIATION. THE CHAIRMAN SHALL CALL THE MEETING TO ORDER AT THE DULY DESIGNATED TIME AND BUSINESS WILL BE CONDUCTED IN THE FOLLOWING ORDER:
- (1) CALL FOR QUORUM: THE CHAIRMAN WILL CALL THE ROLL. IF THERE IS A QUORUM THE MEETING WILL PROCEED. IF A QUORUM DOES NOT EXIST THE MEETING SHALL BE ADJOURNED, CONTINUED OR RESCHEDULED.
  - (2) READING OF MINUTES: THE SECRETARY SHALL READ THE MINUTES OF THE LAST ANNUAL MEETING AND THE MINUTES OF ANY SPECIAL MEETING HELD SUBSEQUENT THERETO.
  - (3) TREASURER'S REPORT: THE TREASURER SHALL REPORT TO THE CO-OWNERS CONCERNING THE FINANCIAL CONDITION OF THE ASSOCIATION AND ANSWER RELEVANT QUESTIONS OF THE OWNERS CONCERNING THE COMMON EXPENSES AND FINANCIAL REPORT FOR THE PRIOR YEAR AND THE PROPOSED BUDGET FOR THE CURRENT YEAR.

(4) BUDGET: THE PROPOSED BUDGET FOR THE CALENDAR YEAR SHALL BE PRESENTED TO THE CO-OWNERS FOR APPROVAL AND OR AMENDMENT.

(5) ELECTION OF BOARD OF MANAGERS: NOMINATIONS FOR THE BOARD OF MANAGERS MAY BE MADE BY AN OWNER FROM THOSE PERSONS ELIGIBLE TO SERVE. SUCH NOMINATIONS MUST BE IN WRITING AND PRESENTED TO THE SECRETARY AT LEAST TEN (10) DAYS PRIOR TO THE ANNUAL MEETING OR FIRST ELECTION MEETING. VOTING SHALL BE BY PAPER BALLOT. IF THE PRESIDENT CHOOSES HE MAY APPOINT A NOMINATING COMMITTEE TO RECOMMEND A SLATE OF CANDIDATES; HOWEVER, ANY NOMINATION BY AN OWNER OF A QUALIFIED CANDIDATE SHALL BE PLACED UPON THE SLATE. EACH CANDIDATE MUST GIVE HIS OR HER CONSENT TO THE SECRETARY TO ALLOW HIS OR HER NAME TO BE PLACED UPON THE BALLOT PRIOR TO THE ELECTION PROCESS HELD AT THE MEETING. FAILURE TO PROVIDE THE CONSENT PRIOR TO THE ANNOUNCEMENT OF THE MEETING SHALL DISQUALIFY THE CANDIDATE. EACH OWNER SHALL HAVE ONE VOTE FOR EACH BOARD POSITION TO BE FILLED. MULTIPLE UNIT PROPERTY OWNERS AS DEFINED IN SECTION 2.05 (D) ARE ENTITLED TO THE NUMBER OF VOTES FOR EACH BOARD POSITION EQUIVALENT TO THE NUMBER OF DWELLING UNITS HE OR SHE OWNS. A VOTER MUST VOTE FOR ALL POSITIONS, AND IN NO INSTANCE MAY HE VOTE FOR THE SAME PERSON MORE THAN ONCE UNLESS THE VOTER OWNS MORE THAN ONE DWELLING UNIT. THOSE PERSONS RECEIVING THE HIGHEST NUMBER OF VOTES SHALL BE ELECTED. IN THE EVENT OF A TIE VOTE FOR ONE OR MORE OF THE LAST REMAINING POSITIONS SUBSEQUENT BALLOTS SHALL BE CAST UNTIL THE TIE IS BROKEN.

(6) OTHER BUSINESS: OTHER BUSINESS MAY BE BROUGHT BEFORE THE MEETING ONLY UPON A WRITTEN REQUEST SUBMITTED TO THE SECRETARY OF THE ASSOCIATION AT LEAST TEN (10) DAYS PRIOR TO THE DATE OF THE MEETING; PROVIDED, HOWEVER, THAT SUCH WRITTEN REQUEST MAY BE WAIVED AT THE MEETING IF AGREED BY A MAJORITY OF THE VOTE.

(7) COMMITTEE REPORTS: REPORTS OF COMMITTEES DESIGNATED TO SUPERVISE AND ADVISE ON THE RESPECTIVE SEGMENTS OF MAINTENANCE AND OPERATIONS ASSIGNED BY THE BOARD OF MANAGERS.

(8) ADJOURNMENT:

### ARTICLE III

#### BOARD OF MANAGERS

SECTION 3.01. THE AFFAIRS OF THE ASSOCIATION SHALL BE GOVERNED AND MANAGED BY THE BOARD OF MANAGERS (HEREIN COLLECTIVELY CALLED "BOARD" OR "MANAGERS" AND INDIVIDUALLY CALLED "MANAGER"). THE INITIAL BOARD OF MANAGERS SHALL BE COMPOSED OF FOUR (4) PERSONS. AFTER THE EXPIRATION OF THE TERM OF THE INITIAL BOARD OF MANAGERS, THE CONSTITUENCY OF SUCH BOARD SHALL BE FIVE (5). NO PERSON SHALL BE ELIGIBLE TO SERVE AS A MANAGER UNLESS HE,

IS AN OWNER OR IS AN ATTORNEY, AGENT, OR EMPLOYEE OF DECLARANT.

SECTION 3.02. INITIAL BOARD OF MANAGERS. THE INITIAL BOARD OF MANAGERS SHALL BE ANDY BRUNNER, PRESIDENT, ED SCHRIER, VICE PRESIDENT, SHIRLEY SCHRIER, SECRETARY, AND NOLA BRUNNER TREASURER. THE INITIAL BOARD SHALL HOLD OFFICE UNTIL SIX MONTHS AFTER THE LAST UNIT HAS BEEN SOLD AND TITLE TRANSFERRED OR JANUARY 1, 2005, WHICHEVER OCCURS FIRST. RESPONSIBILITY FOR CONDUCTING THE BUSINESS OF THE ASSOCIATION SHALL BE TRANSFERRED TO THE ELECTED BOARD OF MANAGERS AT THE FIRST ANNUAL MEETING CALLED BY THE INITIAL BOARD. ANDY BRUNNER, PRESIDENT, ED SCHRIER, VICE PRESIDENT, SHIRLEY SCHRIER, SECRETARY, AND NOLA BRUNNER, TREASURER SHALL BE THE INITIAL BOARD MANAGERS.

SECTION 3.03. ADDITIONAL QUALIFICATIONS. WHERE AN OWNER CONSISTS OF MORE THAN ONE PERSON OR IS A PARTNERSHIP, CORPORATION, TRUST OR LEGAL ENTITY, THEN ONE OF THE PERSONS CONSTITUTING THE MULTIPLE OWNER, OR A PARTNER OR AN OFFICER OR TRUSTEE, SHALL BE ELIGIBLE TO SERVE ON THE BOARD OF MANAGERS, EXCEPT THAT NO SINGLE DWELLING UNIT MAY BE REPRESENTED ON THE BOARD OF MANAGERS BY MORE THAN ONE PERSON AT A TIME.

SECTION 3.04. TERM OF OFFICE AND VACANCY. THE BOARD OF MANAGERS SHALL BE ELECTED AT EACH ANNUAL MEETING OF THE ASSOCIATION, SUBJECT TO THE LIMITATIONS SET FORTH IN SECTION 2.01 ABOVE. AT THE FIRST ANNUAL MEETING FIVE (5) BOARD MEMBERS SHALL BE ELECTED. THE THREE HIGHEST VOTE RECIPIENTS SHALL SERVE FOR TWO (2) YEARS WHILE THE NEXT HIGHEST VOTE RECIPIENTS SHALL SERVICE FOR ONE (1) YEAR. AT SUBSEQUENT ANNUAL MEETINGS, THOSE SEATS WHOSE TERMS HAVE EXPIRED SHALL BE ELECTED FOR A TWO (2) YEAR TERM, THEREBY CREATING STAGGERED TERMS. ANY VACANCY OR VACANCIES OCCURRING IN THE BOARD SHALL BE FILLED BY A VOTE OF A MAJORITY OF THE REMAINING MANAGERS EXCEPT IN THE CASE OF A VACANCY OCCURRING IN ACCORDANCE WITH SECTION 3.05 IN WHICH CASE THE VACANCY SHALL BE FILLED AT A SPECIAL MEETING DULY CALLED IN ACCORDANCE WITH PROCEDURES FOR ELECTION OF A BOARD MEMBER SET FORTH IN SECTION 3.05 BELOW.

SECTION 3.05. REMOVAL OF MANAGERS. AFTER THE TENURE OF THE INITIAL BOARD OF MANAGERS, A MANAGER OR MANAGERS MAY BE REMOVED WITH OR WITHOUT CAUSE BY A MAJORITY VOTE OF A QUORUM AT A SPECIAL MEETING OF THE CO-OWNERS DULY CALLED. IN SUCH CASE, SUCCESSOR MANAGERS SHALL BE ELECTED AT THE SAME MEETING FROM ELIGIBLE OWNERS NOMINATED AT THE MEETING. A MANAGER SO ELECTED SHALL SERVE THE UNEXPIRED TERM OF HIS PREDECESSOR.

SECTION 3.06. DUTIES OF THE BOARD OF MANAGERS. THE BOARD OF MANAGERS SHALL PROVIDE FOR THE ADMINISTRATION OF THE HORIZONTAL PROPERTY REGIME, THE MAINTENANCE, UPKEEP, AND REPLACEMENT OF THE COMMON AREAS AND LIMITED AREA, AND THE COLLECTION AND DISBURSEMENT OF THE COMMON EXPENSES. THESE DUTIES INCLUDE, BUT ARE NOT LIMITED TO:

(A) MAINTENANCE, REPAIR AND REPLACEMENT OF THE COMMON AREAS AND LIMITED AREAS INCLUDING DRIVEWAYS, SIDEWALKS AND STOOPS.

(B) REMOVAL OF GARBAGE, WASTE AND SNOW FROM THE COMMON AREAS.

(C) MAINTENANCE AND REPAIR OF THE EXTERIOR OF BUILDINGS. MAINTENANCE OF EXTERIOR DOORS, GARAGE DOORS, AND WINDOWS SHALL BE LIMITED TO OUTSIDE PAINTING AND CAULKING.

(D) ASSESSMENT AND COLLECTION OF EACH OWNER'S PRO-RATA SHARE OF THE COMMON EXPENSES AND EACH OWNER'S ASSESSMENTS.

(E) PREPARATION OF THE PROPOSED ANNUAL BUDGET, A COPY OF WHICH SHALL BE MAILED OR DELIVERED TO EACH OWNER AT THE SAME TIME AS THE MAILING OF THE NOTICE OF THE ANNUAL MEETING.

(F) PREPARATION OF A YEAR END STATEMENT LISTING ALL INCOME AND EXPENSES FOR THE PRIOR YEAR. THIS STATEMENT SHALL BE DELIVERED TO ALL OWNERS PRIOR TO THE ANNUAL MEETING.

(G) MAINTENANCE OF AN UP TO DATE ACCOUNTING OF ALL INCOME AND EXPENDITURES OF THE CO-OWNERS' ASSOCIATION. ALL RECORDS AND VOUCHERS SHALL BE MADE AVAILABLE FOR EXAMINATION BY OWNERS UPON WRITTEN REQUEST TO THE BOARD.

SECTION 3.07. POWER OF THE BOARD OF MANAGERS. THE BOARD OF MANAGERS SHALL HAVE SUCH POWERS AS ARE REASONABLE AND NECESSARY TO ACCOMPLISH THE PERFORMANCE OF THEIR DUTIES. THESE POWERS INCLUDE, BUT ARE NOT LIMITED TO, THE POWER:

(A) TO EMPLOY AND TERMINATE AT WILL A MANAGING AGENT OR REAL ESTATE MANAGEMENT COMPANY (EITHER BEING HEREINAFTER REFERRED TO AS "MANAGING AGENT") TO ASSIST THE BOARD IN PERFORMING ITS DUTIES.

(B) TO PURCHASE FOR THE BENEFIT OF THE CO-OWNERS SUCH EQUIPMENT, MATERIALS, LABOR, AND SERVICES AS MAY BE NECESSARY IN THE JUDGMENT OF THE BOARD OF MANAGERS.

(C) TO PROCURE FOR THE BENEFIT OF THE OWNERS, FIRE AND EXTENDED COVERAGE INSURANCE COVERING THE BUILDINGS AND THE PROPERTY TO THE FULL INSURABLE VALUE THEREOF AND TO PROCURE PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE AND WORKMEN'S COMPENSATION INSURANCE, IF NECESSARY, FOR THE BENEFIT OF THE OWNERS OF THE ASSOCIATION.

(D) TO EMPLOY LEGAL COUNSEL, ARCHITECTS, CONTRACTORS, ACCOUNTANTS, AND OTHERS AS IN THE JUDGMENT OF THE BOARD OF MANAGERS MAY BE NECESSARY OR DESIRABLE IN CONNECTION WITH THE BUSINESS AND AFFAIRS OF THE CO-OWNERS' ASSOCIATION.

(E) TO INCLUDE THE COSTS OF ALL OF THE ABOVE AND FOREGOING AS COMMON EXPENSES AND TO PAY ALL OF SUCH COSTS.

**(F) TO OPEN AND MAINTAIN A BANK ACCOUNT OR ACCOUNTS IN THE NAME OF THE ASSOCIATION.**

**(G) TO ADOPT, REVISE, AMEND, AND ALTER FROM TIME TO TIME, REASONABLE RULES AND REGULATIONS WITH RESPECT TO USE, OCCUPANCY, OPERATION AND ENJOYMENT OF THE PROPERTY.**

**SECTION 3.08. LIMITATION ON BOARD ACTION.** AFTER THE TENURE OF THE INITIAL BOARD OF MANAGERS, THE AUTHORITY OF THE BOARD OF MANAGERS TO ENTER INTO CONTRACTS SHALL BE LIMITED TO CONTRACTS INVOLVING A TOTAL EXPENDITURE OF LESS THAN \$3,000.00 WITHOUT OBTAINING THE PRIOR APPROVAL OF A MAJORITY OF OWNERS, OR THE MAJORITY OF A QUORUM AT A DULY CALLED MEETING OF THE CO-OWNERS EXCEPT IN THE FOLLOWING CASES:

**(A) SUPERVISION OF, AND FULL AUTHORITY REGARDING REPLACING OR RESTORING PORTIONS OF THE COMMON AREAS OR LIMITED AREAS DAMAGED OR DESTROYED BY FIRE OR OTHER CASUALTY WHERE THE COSTS THEREOF IS PAYABLE OUT OF INSURANCE PROCEEDS ACTUALLY RECEIVED; AND**

**(B) PROPOSED CONTRACTS AND PROPOSED EXPENDITURES EXPRESSLY SET FORTH IN THE PROPOSED ANNUAL BUDGET AS APPROVED BY THE CO-OWNERS AT THE ANNUAL MEETING.**

**SECTION 3.09. COMPENSATION.** NO MANAGER SHALL RECEIVE ANY COMPENSATION FOR HIS SERVICES, AS SUCH, EXCEPT TO SUCH EXTENT AS MAY BE EXPRESSLY AUTHORIZED BY A MAJORITY OF THE OWNERS.

**SECTION 3.10. MEETINGS.** REGULAR MEETINGS OF THE BOARD OF MANAGERS MAY BE HELD AT SUCH TIME AND PLACE AS SHALL BE DETERMINED FROM TIME TO TIME BY A MAJORITY OF MANAGERS. THE SECRETARY SHALL GIVE NOTICE OF REGULAR MEETINGS OF THE BOARD TO EACH MANAGER PERSONALLY OR BY UNITED STATES MAIL AT LEAST FIVE (5) DAYS PRIOR TO THE DATE OF SUCH MEETINGS.

SPECIAL MEETINGS OF THE BOARD MAY BE CALLED BY THE PRESIDENT OR ANY TWO BOARD MEMBERS. IT IS THE RESPONSIBILITY OF THE PERSON OR PERSONS CALLING THE SPECIAL MEETING TO NOTIFY ALL BOARD MEMBERS IN WRITING AT LEAST THREE (3) DAYS IN ADVANCE OF THE MEETING. THE NOTICE OF THE MEETING SHALL CONTAIN A STATEMENT OF THE PURPOSE OF THE MEETING. NOTIFICATION MUST BE DELIVERED BY MAIL OR DELIVERED IN PERSON TO THE MANAGER'S RESIDENCE.

**SECTION 3.11. WAIVER OF NOTICE.** ANY MANAGER MAY WAIVE HIS RIGHT OF NOTIFICATION IF DONE IN WRITING PRIOR TO THE COMMENCEMENT OF THE MEETING. THE PRESENCE OF ANY MANAGER AT A MEETING CONSTITUTES HIS WAIVER OF NOTIFICATION. IF ALL MANAGERS ARE PRESENT AT A MEETING NO MEETING NOTICE SHALL BE REQUIRED.

SECTION 3.12. NON-LIABILITY OF MANAGERS. THE MANAGERS SHALL NOT BE LIABLE TO THE CO-OWNERS FOR ANY ERROR OR MISTAKE OF JUDGMENT EXERCISED IN CARRYING OUT THEIR DUTIES AND RESPONSIBILITIES AS MANAGERS, EXCEPT FOR THEIR OWN INDIVIDUAL WILLFUL MISCONDUCT OR BAD FAITH. THE CO-OWNERS SHALL INDEMNIFY AND HOLD HARMLESS EACH OF THE MANAGERS AGAINST ANY AND ALL LIABILITY TO ANY PERSON, FIRM, OR CORPORATION ARISING OUT OF CONTRACTS MADE BY THE BOARD ON BEHALF OF THE CO-OWNERS' ASSOCIATION, UNLESS ANY SUCH CONTRACT SHALL HAVE BEEN MADE IN BAD FAITH OR CONTRARY TO THE PROVISIONS OF THE DECLARATION OR BY-LAWS. IT IS INTENDED THAT THE MANAGERS SHALL HAVE NO PERSONAL LIABILITY WITH RESPECT TO THE CONTRACTS MADE BY THEM ON BEHALF OF THE ASSOCIATION AND THAT IN ALL MATTERS, THE BOARD IS ACTING FOR AND ON BEHALF OF THE CO-OWNERS AND AS THEIR AGENT.

THE LIABILITY OF ANY OWNER ARISING OUT OF ANY ACTION TAKEN BY THE BOARD OR OUT OF THE AFORESAID INDEMNITY IN FAVOR OF THE MANAGERS SHALL BE IN PROPORTION TO THE OWNERS' PERCENTAGE INTEREST OF THE COMMON AREA UNLESS OTHERWISE AGREED BY THE OWNER.

EVERY CONTRACT MADE BY THE BOARD OR THE MANAGING AGENT ON BEHALF OF THE ASSOCIATION SHALL PROVIDE THAT THE BOARD OF MANAGERS AND THE MANAGING AGENT, AS THE CASE MAY BE, IS ACTING AS AGENT FOR THE CO-OWNERS AND SHALL HAVE NO PERSONAL LIABILITY THEREUNDER, EXCEPT IN THEIR CAPACITY AS OWNERS AND THEN ONLY TO THE EXTENT OF THEIR PERCENTAGE INTEREST.

SECTION 3.13. ADDITIONAL INDEMNITY OF MANAGERS. THE CO-OWNERS SHALL INDEMNIFY ANY PERSON, HIS OR HER HEIRS, ASSIGNS, AND LEGAL REPRESENTATIVES, MADE A PARTY TO ANY ACTION, SUIT, OR PROCEEDING BY REASON OF THE FACT THAT HER OR SHE IS OR WAS A MANAGER OF THE ASSOCIATION AGAINST THE EXPENSE, INCLUDING ATTORNEY'S FEES ACTUALLY AND NECESSARILY INCURRED BY HIM IN CONNECTION WITH THE DEFENSE OF SUCH ACTION, SUIT OR PROCEEDING, OR IN CONNECTION WITH ANY APPEAL THEREIN EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN IN RELATION TO A PROCEEDING THAT SUCH MANAGER IS LIABLE FOR GROSS MISCONDUCT IN THE PERFORMANCE OF HIS DUTIES. THE CO-OWNERS SHALL ALSO REIMBURSE TO ANY SUCH MANAGER THE REASONABLE COSTS OF SETTLEMENT OF OR JUDGMENT RENDERED IN ANY ACTION, SUIT OR PROCEEDING, IF IT SHALL BE FOUND BY A MAJORITY OF THE CO-OWNERS THAT SUCH MANAGER WAS NOT GUILTY OF GROSS MISCONDUCT. IN MAKING SUCH FINDINGS AND NOTWITHSTANDING THE ADJUDICATION IN ANY ACTION, SUIT OR PROCEEDINGS AGAINST A MANAGER, NO MANAGER SHALL BE CONSIDERED OR DEEMED TO BE GUILTY OF OR LIABLE FOR GROSS MISCONDUCT IN THE PERFORMANCE OF HIS DUTIES WHERE, ACTING IN GOOD FAITH, SUCH MANAGER RELIED ON THE BOOKS AND RECORDS OF THE ASSOCIATION OR STATEMENTS OR ADVICE MADE BY OR PREPARED BY THE MANAGING AGENT OF THE ASSOCIATION OR ANY OFFICER OR EMPLOYEE THEREOF, OR ANY ACCOUNTANT, ATTORNEY OR OTHER PERSON, FIRM, OR CORPORATION EMPLOYED BY THE ASSOCIATION TO RENDER ADVICE OR SERVICE UNLESS SUCH MANAGER HAD ACTUAL KNOWLEDGE OF THE FALSITY OR INCORRECTNESS THEREOF; NOR SHALL A MANAGER BE DEEMED GUILTY OF OR LIABLE FOR GROSS MISCONDUCT BY VIRTUE OF THE FACT THAT HE FAILED OR NEGLECTED TO ATTEND A MEETING OR MEETINGS OF THE BOARD OF MANAGERS.



## ARTICLE IV

### OFFICERS

SECTION 4.01. OFFICERS OF THE ASSOCIATION. THE PRINCIPAL OFFICERS OF THE ASSOCIATION SHALL BE THE PRESIDENT, VICE-PRESIDENT, SECRETARY AND TREASURER, ALL OF WHOM SHALL BE ELECTED BY THE BOARD. THE MANAGERS MAY APPOINT AN ASSISTANT TREASURER AND AN ASSISTANT SECRETARY AND SUCH OTHER OFFICERS AS IN THEIR JUDGMENT MAY BE NECESSARY. ANY TWO OR MORE OFFICES MAY BE HELD BY THE SAME PERSON, EXCEPT THAT THE DUTIES OF THE PRESIDENT AND SECRETARY SHALL NOT BE PERFORMED BY THE SAME PERSON.

SECTION 4.02. ELECTION OF OFFICERS. EXCEPT AS SET FORTH IN SECTION 3.02 ABOVE, THE OFFICERS OF THE ASSOCIATION SHALL BE ELECTED ANNUALLY BY THE BOARD AT THE INITIAL MEETING OF EACH NEW BOARD. UPON RECOMMENDATION OF A MAJORITY OF ALL MEMBERS OF THE BOARD AND UPON AN AFFIRMATIVE VOTE OF A MAJORITY OF ALL OWNERS ANY OFFICER MAY BE REMOVED EITHER WITH OR WITHOUT CAUSE AND HIS SUCCESSOR ELECTED AT ANY REGULAR MEETING OF THE BOARD OR AT ANY SPECIAL MEETING OF THE BOARD CALLED FOR SUCH PURPOSE.

SECTION 4.03. THE PRESIDENT. THE PRESIDENT SHALL BE ELECTED FROM AMONG THE MANAGERS AND SHALL BE THE CHIEF EXECUTIVE OFFICER OF THE ASSOCIATION. HE SHALL PRESIDE AT ALL MEETINGS OF THE ASSOCIATION AND OF THE BOARD, AND SHALL HAVE AND DISCHARGE ALL THE GENERAL POWERS AND DUTIES USUALLY VESTED IN THE OFFICE OF THE PRESIDENT OR CHIEF EXECUTIVE OFFICER OF AN ASSOCIATION OR A STOCK CORPORATION ORGANIZED UNDER THE LAWS OF INDIANA, INCLUDING, BUT NOT LIMITED TO THE POWER TO APPOINT COMMITTEES FROM AMONG THE CO-OWNERS AS HE MAY DEEM NECESSARY, TO ASSIST IN THE AFFAIRS OF THE ASSOCIATION AND TO PERFORM SUCH OTHER DUTIES AS THE BOARD MAY FROM TIME TO TIME PRESCRIBE.

SECTION 4.04. THE VICE-PRESIDENT. THE VICE-PRESIDENT SHALL BE ELECTED FROM AMONG THE MANAGERS AND SHALL PERFORM ALL DUTIES INCUMBENT UPON THE PRESIDENT DURING THE ABSENCE OR DISABILITY OF THE PRESIDENT. THE VICE-PRESIDENT SHALL ALSO PERFORM SUCH OTHER DUTIES AS THESE BY-LAWS MAY PRESCRIBE OR AS SHALL, FROM TIME TO TIME, BE IMPOSED UPON HIM BY THE BOARD OR BY THE PRESIDENT.

SECTION 4.05. THE SECRETARY. THE SECRETARY SHALL BE ELECTED FROM AMONG THE MANAGERS. THE SECRETARY SHALL ATTEND ALL MEETINGS OF THE ASSOCIATION AND OF THE BOARD AND SHALL KEEP OR CAUSE TO BE KEPT A TRUE AND COMPLETE RECORD OF PROCEEDINGS OF SUCH MEETINGS, SHALL PERFORM ALL OTHER DUTIES AS FROM TIME TO TIME MAY BE PRESCRIBED BY THE BOARD. THE SECRETARY SHALL SPECIFICALLY SEE THAT ALL NOTICES OF REGULAR MEETINGS OF THE ASSOCIATION OR THE BOARD ARE DULY GIVEN, MAILED OR DELIVERED, IN ACCORDANCE WITH THE PROVISIONS OF THESE BY-LAWS.

SECTION 4.06. THE TREASURER. THE BOARD SHALL ELECT FROM AMONG THE MANAGERS A TREASURER WHO SHALL MAINTAIN A CORRECT AND COMPLETE RECORD OF ACCOUNTS SHOWING ACCURATELY AT ALL TIMES THE FINANCIAL CONDITION OF THE ASSOCIATION AND SUCH OTHER DUTIES INCIDENT TO THE OFFICE OF TREASURER. HE/SHE SHALL BE A LEGAL CUSTODIAN OF ALL MONIES, NOTES, SECURITIES, AND OTHER VALUABLES WHICH MAY FROM TIME TO TIME COME INTO POSSESSION OF THE ASSOCIATION. HE/SHE SHALL IMMEDIATELY DEPOSIT ALL FUNDS OF THE ASSOCIATION COMING INTO HIS/HER HANDS IN SOME RELIABLE BANK OR OTHER DEPOSITORY TO BE DESIGNATED BY THE BOARD AND SHALL KEEP SUCH BANK ACCOUNT IN THE NAME OF THE ASSOCIATION. THE TREASURER SHALL BE BONDED FOR AN AMOUNT TO BE DETERMINED BY THE BOARD.

SECTION 4.07. ASSISTANT OFFICERS. THE BOARD OF MANAGERS MAY FROM TIME TO TIME, DESIGNATE AND ELECT FROM AMONG THE CO-OWNERS AN ASSISTANT SECRETARY AND ASSISTANT TREASURER, WHO SHALL HAVE SUCH POWERS AND DUTIES AS THE OFFICERS WHOM THEY ARE ELECTED TO ASSIST AND SHALL DELEGATE TO THEM SUCH OTHER POWERS AND DUTIES AS THESE BY-LAWS OR THE BOARD OF MANAGERS MAY PRESCRIBE, EXCEPT THAT THEY SHALL HAVE NO VOTING PRIVILEGES ON THE BOARD UNLESS THEY ARE CHOSEN FROM AMONG ELECTED BOARD MEMBERS.

#### ARTICLE V

SECTION 5.01. ANNUAL ACCOUNTING. ANNUALLY, AFTER THE CLOSE OF EACH FISCAL YEAR AND PRIOR TO THE DATE OF THE ANNUAL MEETING OF THE ASSOCIATION, THE BOARD SHALL CAUSE TO BE PREPARED AND FURNISHED TO EACH OWNER A FINANCIAL STATEMENT, WHICH STATEMENT SHALL SHOW ALL RECEIPTS AND EXPENSES RECEIVED, INCURRED, AND PAID DURING THE PRECEDING CALENDAR YEAR. THE INITIAL BOARD SHALL PRESENT TO MEMBERS OF THE ASSOCIATION AT THE FIRST ANNUAL MEETING A STATEMENT SHOWING ALL ACCUMULATED INCOME AND EXPENSES FOR ALL PRIOR YEARS.

SECTION 5.02. PROPOSED ANNUAL BUDGET. ANNUALLY, ON OR BEFORE THE DATE OF THE ANNUAL MEETING OF THE ASSOCIATION, THE BOARD OF MANAGERS SHALL CAUSE TO BE PREPARED A PROPOSED ANNUAL BUDGET FOR THE ENSUING FISCAL YEAR ESTIMATING THE TOTAL AMOUNT OF THE COMMON EXPENSES FOR THE ENSUING YEAR, AND FURNISH A COPY OF THE PROPOSED BUDGET TO EACH OWNER PRIOR TO THE ANNUAL MEETING. THE ANNUAL BUDGET SHALL BE SUBMITTED TO THE CO-OWNERS AT THE MEETING OF THE ASSOCIATION FOR ADOPTION AND IF SO ADOPTED, SHALL BE THE BASIS FOR THE REGULAR ASSESSMENTS (HEREINAFTER DEFINED) FOR THE ENSUING CALENDAR YEAR. AT THE ANNUAL MEETING OF THE CO-OWNERS, THE BUDGET MAY BE APPROVED IN WHOLE OR IN PART, OR MAY BE AMENDED IN WHOLE OR IN PART BY A MAJORITY OF THE VOTE; PROVIDED, HOWEVER, THAT IN NO EVENT SHALL THE ANNUAL MEETING OF THE CO-OWNERS BE ADJOURNED UNTIL AN ANNUAL BUDGET IS APPROVED AT SUCH MEETING, EITHER THE PROPOSED ANNUAL BUDGET OR THE PROPOSED ANNUAL BUDGET AS AMENDED.

SECTION 5.03. REGULAR ASSESSMENTS: THE ADOPTED ANNUAL BUDGET SHALL CONTAIN A STATED ASSESSMENT AGAINST EACH DWELLING UNIT THAT HAS BEEN SOLD AND TITLE CONVEYED. THIS ASSESSMENT WILL BE EQUAL FOR ALL DWELLING UNITS. UPON ADOPTION OF THE FINAL BUDGET EACH CO-OWNER SHALL BE GIVEN WRITTEN

NOTICE OF THIS ASSESSMENT (HEREIN CALLED THE REGULAR ASSESSMENT). THE REGULAR ASSESSMENT MAY BE PAID IN EQUAL QUARTERLY INSTALLMENTS COMMENCING ON THE FIRST DAY OF THE MONTH FOLLOWING ADOPTION. PAYMENT SHALL BE MADE AT A PLACE DESIGNATED BY THE BOARD AND CHECKS SHOULD BE MADE OUT TO THE ORDER OF QUAIL CREEK CO-OWNERS' ASSOCIATION, INC. THE REGULAR ASSESSMENT FOR THE YEAR SHALL BECOME A LIEN ON EACH SEPARATE UNIT, AS OF THE FIRST DAY OF THE MONTH AFTER ADOPTION. AN OWNER'S ASSESSMENT COMMENCES ON THE FIRST OF THE MONTH FOLLOWING CLOSING OF THEIR UNIT OR WHEN POSSESSION IS TAKEN, WHICHEVER FIRST OCCURS. THIS ASSESSMENT MAY BE RAISED NO MORE THAN TEN PERCENT (10%) EACH YEAR OR MAY BE RAISED IN GREATER SEGMENTS THAN TEN PERCENT (10%) PROVIDING THE CUMULATIVE INCREASE AVERAGES NO MORE THAN TEN PERCENT (10%) PER YEAR.

UNITS UNDER CONSTRUCTION, MODELS AND UNSOLD UNITS AND THE COMMON AREAS ASSOCIATED WITH SUCH UNITS SHALL NOT BE ASSESSED AND SHALL BE MAINTAINED BY THE DECLARANT UNTIL SOLD.

SECTION 5.04. SPECIAL ASSESSMENTS. EACH OF THE OWNERS WITHIN THE DEVELOPMENT SHALL AUTOMATICALLY AND MANDATORILY BE MEMBERS OF THE CO-OWNERS' ASSOCIATION AND ENTITLED TO ALL OF THE PRIVILEGES AND SUBJECT TO ALL OF THE OBLIGATIONS THEREOF. DECLARANT AND ALL DWELLING UNIT OWNERS, BY THEIR ACCEPTANCE OF THEIR DEEDS, COVENANT AND AGREE TO BE BOUND BY THE CONDITIONS, RESTRICTIONS, AND OBLIGATIONS CONTAINED IN THE ARTICLES OF INCORPORATION AND REGULATIONS OF THE CO-OWNERS' ASSOCIATION AND OF THE PROVISIONS HEREOF. EACH DWELLING UNIT OWNER SHALL PAY TO THE ASSOCIATION EQUAL ANNUAL ASSESSMENTS, WHICH ASSESSMENTS ARE NECESSARY TO PROVIDE FOR MAINTENANCE AND REPAIR OF THE COMMON AREAS AND LIMITED COMMON AREAS, TOGETHER WITH NECESSARY INSURANCE, RESERVE FUND FOR REPLACEMENTS, MAINTENANCE, AND FOR ANY OTHER NECESSARY FUNCTION FOR SUCH MAINTENANCE AND OPERATION OF THE REGIME.

IN ADDITION TO THE ANNUAL ASSESSMENTS AUTHORIZED ABOVE, THE ASSOCIATION MAY LEVY IN ANY ASSESSMENT YEAR, SPECIAL ASSESSMENTS FOR THE PURPOSE OF DEFRAYING, IN WHOLE OR IN PART: (1) THE COST OF ANY CONSTRUCTION, RECONSTRUCTION, REPAIR OR REPLACEMENT OF A CAPITAL IMPROVEMENT, INCLUDING FIXTURES AND PERSONAL PROPERTY RELATED THERETO, AND (2) THE EXPENSES OF ANY OTHER CONTINGENCIES; PROVIDED THAT ANY SUCH ASSESSMENTS SHALL HAVE THE ASSENT OF A MAJORITY OF THE VOTES OF THE MEMBERS WHO ARE VOTING IN PERSON OR BY PROXY AT A MEETING DULY CALLED FOR THIS PURPOSE.

THE AMOUNT OF THE ANNUAL ASSESSMENT OR OF ANY SPECIAL ASSESSMENT PROVIDED FOR IN THIS SECTION, SHALL BE ASSESSED AS A LIEN AT THE BEGINNING OF EACH ANNUAL ASSESSMENT PERIOD OR AT THE TIME OF SPECIAL ASSESSMENT, AS THE CASE MAY BE. EACH ASSESSMENT SHALL BE DUE AND PAYABLE WITHIN THIRTY (30) DAYS OF THE ASSESSMENT, AND, UPON DEFAULT OF PAYMENT WITHIN SUCH PERIOD OF TIME, SUCH ASSESSMENT SHALL BE A LIEN AGAINST THE DEFAULTING OWNER AND AGAINST THAT PART OF THE PROPERTY, IF ANY, OWNED BY THE DEFAULTING DECLARANT, AND THE ASSOCIATION SHALL BE ENTITLED TO ENFORCE THE PAYMENT OF SAID LIEN ACCORDING TO THE LAWS OF THE STATE OF INDIANA, AND TO TAKE ANY OTHER ACTIONS FOR COLLECTION FROM THE DEFAULTING PARTIES. ANY SUCH LIEN AGAINST A BUILDING UNIT OR AGAINST THAT PART OF THE PROPERTY, IF ANY, OWNED

BY THE DECLARANT, SHALL BE SUBORDINATE TO ANY RECORDED FIRST MORTGAGE COVERING SUCH BUILDING UNIT OR, AS THE CASE MAY BE, COVERING THAT PART OF THE PROPERTY, IF ANY, OWNED BY DECLARANT.

BOTH ANNUAL AND SPECIAL ASSESSMENTS MAY BE COLLECTED ON A QUARTERLY BASIS. PENALTIES MAY BE INVOKED BY THE BOARD FOR LATE PAYMENTS.

SECTION 5.05. MAINTENANCE AND REPAIRS. EVERY OWNER SHALL PROMPTLY PERFORM ALL MAINTENANCE AND REPAIR WITHIN THEIR OWN BUILDING UNIT WHICH, IF NEGLECTED, WOULD ADVERSELY AFFECT THE VALUE OF THE PROPERTY, AND IS THE RESPONSIBILITY OF THE OWNER TO MAKE PERSONALLY. SUCH MAINTENANCE AND REPAIRS INCLUDE, BUT ARE NOT LIMITED TO, ALL WATER LINES SERVING THE CO-OWNER'S UNIT COMMENCING AT THE CO-OWNER'S SIDE OF THE WATER METER, ALL SANITARY SEWER LINES AND VENTS SERVING THE UNIT TERMINATING AT THE BUILDING'S COMMON SEWER LATERAL, ELECTRIC LINES SERVING THE UNIT COMMENCING AT THE METER BASE, GAS LINES COMMENCING AT THE GAS METER, STORM DOORS, STORM WINDOWS, AIR CONDITIONING EQUIPMENT, ALL KITCHEN AND HOUSEHOLD APPLIANCES, EXTERIOR DOORS, WINDOWS AND GARAGE DOORS EXCEPT AS NOTED IN SECTION 3.06 (C), INTERIOR LIGHT FIXTURES, DECKS AND ALL OTHER ACCESSORIES BELONGING TO THE OWNER AND APPURTENANT TO THE BUILDING UNIT INCLUDING ALL MATERIALS USED TO FURTHER ENCLOSE THE COVERED PORCH, IF SUCH CHANGE OCCURS UPON PROPER CONSENT AND APPLICATION.

ARTICLE VI

RESTRICTIONS ON USE

SECTION 6.01. THE FOLLOWING RESTRICTIONS ON THE USE AND ENJOYMENT OF THE BUILDING UNITS, COMMON AREAS, LIMITED AREAS, AND THE PROPERTY ARE IN ADDITION TO THOSE SET FORTH IN THE DECLARATION. THESE ARE AS FOLLOWS:

(A) ALL BUILDING UNITS SHALL BE USED EXCLUSIVELY FOR RESIDENTIAL PURPOSES AND OCCUPANCY FOR A SINGLE FAMILY. NOTHING HEREIN CONTAINED SHALL RESTRICT THE USE OF PREMISES DURING CONSTRUCTION AND SALE PERIOD AS "MODELS", OFFICE, CONSTRUCTION TRAILER AND EQUIPMENT, AND FOR STORAGE OF EQUIPMENT, MATERIALS AND SUPPLIES.

(B) NO ADDITIONAL BUILDINGS SHALL BE ERECTED OTHER THAN THE BUILDINGS DESIGNATED IN THE DECLARATION AND SHOWN ON THE PLANS.

(C) NOTHING SHALL BE DONE OR KEPT IN ANY UNIT OR IN THE COMMON AREAS OR LIMITED AREAS WHICH WILL CAUSE AN INCREASE IN THE RATE OF INSURANCE ON ANY BUILDING OR THE CONTENTS THEREOF. NO OWNER SHALL PERMIT ANYTHING TO BE DONE OR KEPT IN THEIR UNIT OR IN THE COMMON AREAS OR LIMITED AREAS WHICH WILL RESULT IN A CANCELLATION OF INSURANCE ON ANY BUILDING OR CONTENTS THEREOF, OR WHICH WOULD BE IN VIOLATION OF ANY LAW OR ORDINANCE.

(D) NO WASTE SHALL BE COMMITTED IN THE COMMON AREAS OR LIMITED AREAS.

(E) NO OWNER MAY ATTACH IN ANY MANNER ANY ITEM TO THE OUTSIDE SURFACES OR ANY BUILDING WITHOUT THE WRITTEN CONSENT OF THE BOARD. THIS SHALL INCLUDE, BUT NOT BE LIMITED TO, STORM WINDOWS, T.V. ANTENNAS, AWNINGS, CANOPIES, PATIO ROOFS, SHUTTERS AND SIGNS. IT SHALL NOT INCLUDE STORM DOORS APPROVED BY THE BOARD.

(F) NO OWNER MAY PLACE ANY OBJECT IN ANY COMMON AREA OR LIMITED COMMON AREA WITHOUT THE WRITTEN CONSENT OF THE BOARD. THE FOREGOING PROHIBITION SHALL NOT INCLUDE PORCH AND PATIO FURNITURE OR ARTICLES CONFINED TO PATIOS AND PORCHES, NOR AUTOMOBILES CONFINED TO DRIVEWAYS, NOR FLOWERS, PLANTS OR DECORATIVE YARD ARTICLES CONFINED TO DESIGNATED PLANTING AREAS.

(G) NO OWNER MAY PLANT TREES, PLANTS OR FLOWERS IN ANY COMMON AREA OR LIMITED COMMON AREA WITHOUT THE WRITTEN CONSENT OF THE BOARD, EXCEPT THAT FLOWERS MAY BE PLANTED IN DESIGNATED PLANTING AREAS ADJACENT TO THE BUILDINGS AND PATIOS BY THE OWNER AUTHORIZED TO USE THAT AREA, PROVIDED, THAT SAID OWNER MAINTAINS THE AREA WHERE THE PLANTINGS OCCUR.

(H) NO OWNER MAY CARPET UNCOVERED PORCHES OR PATIOS WITH CARPETING WITHOUT THE WRITTEN CONSENT OF THE BOARD.

(I) NO ANIMALS, LIVESTOCK, OR POULTRY OF ANY KIND SHALL BE RAISED, BRED, OR KEPT IN ANY UNIT OR IN THE COMMON AREAS OR LIMITED AREAS, EXCEPT THAT SMALL PET DOGS, CATS OR CUSTOMARY HOUSEHOLD PETS MAY BE KEPT IN A BUILDING UNIT, PROVIDED THAT SUCH PET IS NOT KEPT, BRED, OR MAINTAINED FOR ANY COMMERCIAL PURPOSE, AND DOES NOT CREATE A NUISANCE. PETS SHALL BE TAKEN OUTDOORS ONLY UNDER LEASH AND AN OWNER SHALL BE FULLY LIABLE FOR ANY DAMAGE TO THE COMMON AREAS OR LIMITED AREAS CAUSED BY HIS PET. THE BOARD MAY ADOPT SUCH OTHER RULES AND REGULATIONS REGARDING PETS AS IT MAY DEEM NECESSARY FROM TIME TO TIME. ANY PET WHICH, IN THE JUDGMENT OF THE BOARD IS CAUSING OR CREATING A NUISANCE OR UNREASONABLE DISTURBANCE OR NOISE, SHALL BE PERMANENTLY REMOVED FROM THE PROPERTY UPON TWO (2) WRITTEN NOTICES FROM THE BOARD TO THE RESPECTIVE OWNER. COUNTY AND TOWN ORDINANCES COVERING PETS SHALL BE ENFORCED IN AN EFFORT TO ENCOURAGE VIOLATORS OF THIS PROVISION TO COMPLY.

(J) NOTHING SHALL BE DONE OR PERMITTED IN ANY BUILDING UNIT WHICH WILL IMPAIR THE STRUCTURAL INTEGRITY OF ANY BUILDING OR WHICH WOULD STRUCTURALLY CHANGE ANY BUILDING, EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OR THESE BY-LAWS; NOR SHALL THE PREMISES BE USED IN ANY UNLAWFUL MANNER OR IN ANY MANNER TO CAUSE INJURY TO THE REPUTATION OF THE BUILDING UNIT OR TO BE A NUISANCE, ANNOYANCE, INCONVENIENCE, OR DAMAGE TO OTHER RESIDENTS OF THE BUILDING OR NEIGHBORHOOD, INCLUDING WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NOISE BY THE USE OF ANY MUSICAL INSTRUMENTS, RADIO, T.V., LOUD SPEAKERS, ELECTRICAL EQUIPMENT, AMPLIFIERS, OR OTHER EQUIPMENT OR MACHINES.

(K) NO CLOTHES, SHEETS, BLANKETS, RUGS, LAUNDRY, OR OTHER THINGS SHALL BE HUNG OUT OR EXPOSED ON ANY PART OF THE COMMON OR LIMITED COMMON AREAS. THE COMMON OR LIMITED COMMON AREAS SHALL BE KEPT FREE OF AND CLEAR OF RUBBISH, DEBRIS, AND OTHER UNSIGHTLY MATERIAL BY THE OWNERS.

(L) NO INDUSTRY, TRADE, OR OTHER COMMERCIAL OR RELIGIOUS ACTIVITY, EDUCATIONAL OR OTHERWISE, DESIGNED FOR PROFIT, ALTRUISM OR OTHERWISE, SHALL BE CONDUCTED, PRACTICED, OR PERMITTED ON THE PROPERTY.

(M) NO "FOR SALE", "FOR RENT", OR "FOR LEASE" SIGNS OR OTHER WINDOW ADVERTISING DISPLAY SHALL BE MAINTAINED OR PERMITTED ON ANY PART OF THE PROPERTY OR ANY UNIT WITHOUT THE PRIOR WRITTEN CONSENT OF THE BOARD, PROVIDED, HOWEVER, THAT THE RIGHT SHALL BE RESERVED BY THE DECLARANT AND THE BOARD TO PLACE OR ALLOW TO BE PLACED "FOR SALE" OR "FOR LEASE" SIGNS ON ANY UNSOLD OR UNOCCUPIED UNITS.

(N) ALL OWNERS AND MEMBERS OF THEIR FAMILIES, THEIR GUESTS, OR INVITEES AND ALL OCCUPANTS OF ANY UNIT OR OTHER PERSONS ENTITLED TO USE THE SAME AND TO USE AND ENJOY THE COMMON AREAS AND LIMITED COMMON AREAS OR ANY PART THEREOF, SHALL OBSERVE AND BE GOVERNED BY SUCH RULES AND REGULATIONS AS MAY FROM TIME TO TIME BE ISSUED BY THE BOARD GOVERNING THE OPERATION, USE, AND ENJOYMENT OF THE COMMON AREAS AND LIMITED COMMON AREAS.

(O) ONLY OPERATING CARS, PICKUP TRUCKS OR VANS, WHICH ARE CAPABLE OF FITTING INTO A GARAGE AND NORMALLY USED FOR PASSENGER SERVICE MAY BE PARKED IN DRIVEWAYS. NO OTHER VEHICLE OF ANY DESCRIPTION SHALL BE STORED OR PARKED ANYWHERE ON THE PREMISES EXCEPT IN THE GARAGES OF THE DWELLING UNITS. VEHICLES PARKED IN DRIVEWAYS MUST BE IN GOOD MECHANICAL REPAIR AS NOT TO DAMAGE OR SOIL THE PAVED SURFACES AND MUST BE GENERALLY ACCEPTABLE IN APPEARANCE. STREET PARKING SHALL BE PERMITTED FOR VISITORS AND GUESTS. PARKING OF A VISITOR VEHICLE IN DRIVEWAYS THAT WILL NOT CAUSE DAMAGE TO ANY COMMON OR LIMITED AREA NOR CREATE A NUISANCE TO ANY OTHER CO-OWNERS SHALL BE PERMITTED.

(P) NO DIGGING IN COMMON OR LIMITED AREAS (EXCEPT THOSE DESIGNATED PLANTING AREAS) BY OWNERS IS ALLOWED. ALL DIGGING IN COMMON OR LIMITED AREAS MUST BE APPROVED BY THE BOARD.

THE INITIAL BOARD MAY GRANT EXCEPTIONS TO THESE RESTRICTIONS ON USES THAT ARE VALID ONLY FOR THE DURATION OF THE INITIAL BOARD'S TERM. THE FIRST ELECTED BOARD SHALL HAVE THE AUTHORITY TO RESCIND ANY EXCEPTION TO THESE RESTRICTIONS THAT THE INITIAL BOARD APPROVED.

SECTION 6.02. RIGHT OF ENTRY. AN OWNER OR OCCUPANT OF A BUILDING UNIT SHALL GRANT THE RIGHT OF ENTRY TO THE MANAGING AGENT OR ANY PERSON AUTHORIZED BY THE BOARD IN CASE OF ANY EMERGENCY ORIGINATING IN, OR THREATENING HIS UNIT OR THE BUILDING IN WHICH IT IS LOCATED, WHETHER THE OWNER IS PRESENT AT THE TIME OR NOT. ANY OWNER SHALL PERMIT OTHER PERSONS, OR THEIR REPRESENTATIVES WHEN SO REQUIRED, TO ENTER HIS OR HER BUILDING UNIT

FOR THE PURPOSE OF PERFORMING INSTALLATIONS, ALTERATIONS OR REPAIRS TO THE MECHANICAL OR ELECTRICAL SERVICES, OR TO MAKE STRUCTURAL REPAIRS, PROVIDED THAT REQUESTS FOR ENTRY ARE MADE IN ADVANCE AND THAT SUCH ENTRY IS AT A TIME CONVENIENT TO THE OWNER. IN CASE OF EMERGENCIES, SUCH RIGHT OF ENTRY SHALL BE IMMEDIATE.

SECTION 6.03. RIGHT OF BOARD TO ADOPT RULES AND REGULATIONS. THE BOARD MAY PROMULGATE SUCH ADDITIONAL RULES AND REGULATIONS REGARDING THE OPERATION OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE USE OF THE COMMON AREAS AND LIMITED AREAS, AS IT MAY DEEM NECESSARY FROM TIME TO TIME AND SUCH RULES AS ARE ADOPTED MAY BE AMENDED BY A VOTE OF A MAJORITY OF THE BOARD, AND THE BOARD SHALL CAUSE COPIES OF SUCH RULES TO BE DELIVERED OR MAILED PROMPTLY TO ALL OWNERS.

#### ARTICLE VII

#### AMENDMENT TO BY-LAWS

SECTION 7.01. THESE BY-LAWS MAY BE AMENDED BY A VOTE OF NOT LESS THAN FIFTY-ONE PERCENT (51%) OF THE VOTE OF THE CO-OWNERS IN A DULY CONSTITUTED MEETING CALLED FOR SUCH PURPOSE. EXCEPT THAT RIGHT IS RESERVED TO THE BOARD OF MANAGERS TO SO AMEND DURING THE PERIOD SET OUT IN SECTION 3.02 ABOVE.

#### ARTICLE VIII

#### NOTICE OF UNPAID ASSESSMENTS

SECTION 8.01. NOTICE OF UNPAID ASSESSMENTS. THE ASSOCIATION SHALL, UPON REQUEST OF A MORTGAGEE, A PROPOSED MORTGAGEE OR A PURCHASER WHO HAS A CONTRACTUAL RIGHT TO PURCHASE A UNIT, FURNISH TO MORTGAGEE OR PURCHASER A STATEMENT SETTING FORTH THE AMOUNT OF THE UNPAID REGULAR OR SPECIAL ASSESSMENTS AGAINST THE UNIT, WHICH STATEMENT SHALL BE BINDING UPON THE ASSOCIATION AND THE CO-OWNERS, AND ANY MORTGAGEE OR GRANTEE OF THE UNIT SHALL NOT BE LIABLE FOR NOR SHALL THE UNIT CONVEYED BE SUBJECT TO A LIEN FOR ANY UNPAID ASSESSMENTS IN EXCESS OF THE AMOUNT SET FORTH IN SUCH STATEMENTS.

#### ARTICLE IV

SECTION 9.01. POWER OF ATTORNEY. THE POWER OF ATTORNEY EXECUTED BY EACH OWNER IN FAVOR OF THE DECLARANT, AS AGENT, AND REFERRED TO IN THE DECLARATION AND THE BY-LAWS, IS INCORPORATED HEREIN BY REFERENCE AND THE TERMS AND CONDITIONS OF EACH ARE SUBJECT TO THE TERMS AND CONDITIONS OF SAID POWER OF ATTORNEY.

CERTIFICATION

THE UNDERSIGNED, BEING FIRST DULY SWORN, HEREBY CERTIFIES THAT THE WITHIN AND FOREGOING CODE OF BY-LAWS OF QUAIL CREEK CONDOMINIUMS CO-OWNERS' ASSOCIATION, INC., ARE TRUE AND CORRECT.

QUAIL CREEK CONDOMINIUMS CO-OWNERS' ASSOCIATION, INC.

*E. Schrier*  
ED SCHRIER, VICE PRESIDENT

*Andrew G. Brunner*  
ANDREW G. BRUNNER, PRESIDENT

STATE OF INDIANA            )  
  ) SS:  
COUNTY OF HENDRICKS        )

SUBSCRIBED AND SWORN TO BEFORE ME, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, THIS 7<sup>th</sup> DAY OF July, 1995.

MY COMMISSION EXPIRES:

*Karen L. Deckard*

April 6, 1997

PRINTED NAME: Karen L. Deckard

MY COUNTY OF RESIDENCE: Marion



**FIRST AMENDMENT TO THE  
DECLARATION OF QUAIL CREEK HORIZONTAL PROPERTY REGIME**

This First Amendment to the Declaration of Quail Creek Horizontal Property Regime, made by Quail Creek Land Development, Inc. (an Indiana corporation), as "Declarant", dated July 7, 1995 and recorded on July 13, 1995, in Miscellaneous Record Book 148, pages 335—355, in the office of the Recorder of Hendricks County, Indiana, which Amendment is made as of this 1st day of November, 2004, WITNESSETH:

1. Section 16. **EXPANSION BY PHASES**. First and Second Paragraphs (located on page 8 of the original Declaration), is hereby amended and changed to be as follows:

16. **EXPANSION BY PHASES**. Declarant anticipates that it will construct additional dwelling units on additional phases by expansion within the tract, all or part of which may be expanded in the manner hereinafter set forth, and subject to the provisions of the Act. The general plan of development shall not exceed 173 units total.

At any time prior to January 1, 2015, Declarant, at its option, may but is not obligated to cause all or part of the additional phase or phases within the tract to be expanded, subject to the following conditions:.

2. Section 17. **PERCENTAGE INTEREST**. Sub-Section H and the Final Paragraph (located on page 11 of the original Declaration), is hereby amended and changed to be as follows:

(H) Each owner, by acceptance of a deed to a dwelling unit, shall thereby appoint Declarant or its nominee as such owner's attorney-in-fact for the purpose of reallocating from time to time the percentage interest appurtenant to such owner's dwelling unit in accordance with the provisions of this Paragraph 17, and, to the extent required by law to carry out the intent of this Paragraph 17, on behalf of such owner to consent to or vote in favor of the amendment of this Declaration, as well as to do all things as contained in such agreement allowing Declarant to act as attorney-in-fact, which agreement for a power of attorney and power of attorney are incorporated herein by reference. The appointment of Declarant or its nominee as such attorney-in-fact and the granting of such special power to Declarant or its nominee shall be deemed to be coupled with an interest in the common areas, and shall be irrevocable and binding upon the heirs, successors and assigns of such owner, but shall expire six (6) months after the

last unit is sold, or until no later than sixty (60) days following January 1, 2010, whichever date shall first occur.

In the event Declarant does not elect to annex additional phases within the tract or any part thereof, as permitted by this Paragraph 17, Declarant shall file a supplemental declaration which shall permanently remove that part of the tract that has not been annexed from any right to be made a part of "the Regime"; provided, however, any phase for which a supplemental declaration has not been filed by January 1, 2015 shall automatically be removed from the possibility of becoming a part of "the Regime" in the manner provided in this Declaration. Upon the filing of such supplemental declaration removing a part of the additional tract from the possibility of becoming a part of "the Regime" in accordance with this Declaration, the percentage interest designated in the Declaration or supplemental declaration last filed shall not be altered without the consent of all owners.

3. Section 28. RESERVATION OF RIGHTS. (located on page 17 of the original Declaration), is hereby amended and changed to be as follows:

28. RESERVATION OF RIGHTS. Declarant reserves the right to amend this Declaration without consent of the respective owners until six (6) months after the last dwelling unit is sold, the project is turned over to the Co-Owners' Association, or until no later than sixty (60) days following January 1, 2010, whichever date shall first occur. In the event there is an annexation or annexations of an additional phase or phases, the same rule will apply to amendments and supplements to this Declaration as pertains to each individual phase. Declarant also reserves the right to determine the mode and method of sale of the dwelling units until the last such unit in each respective phase is sold.

4. Section 34. ADDITIONAL EASEMENT RIGHTS. (located on page 18 of the original Declaration), is hereby amended and changed to be as follows:

34. ADDITIONAL EASEMENT RIGHTS. Declarant further reserves unto itself an easement and the full right, title and authority to relocate, alter or otherwise change the location of any drainage, utility, and sewer easement and to grant such further easements, licenses and rights-of-way, temporary or permanent, exclusive or non-exclusive, surface or otherwise, as Declarant may deem necessary or appropriate, for ingress, egress, utility and similar purposes on or within the tract or any portion of the tract. Declarant further reserves the right to more specifically describe or to change the description of any such drainage, utility and sewer easement, or other easement, license or right-of-way by written instrument, amended plat or amendment to the plat recorded in the office of the Recorder of Hendricks County, Indiana, and any owner of any dwelling unit shall take title subject to the rights and easements reserved herein; provided, however, the rights reserved in this section shall not be exercised in a manner which unreasonably and adversely affects any building or portion thereof or any dwelling unit owner's use of enjoyment thereof or which unreasonably restricts the rights of ingress and egress to any dwelling unit. The rights and easements reserved by Declarant in this Section shall run with the land and Declarant's right to further alter or grant easements shall automatically terminate one (1) year

after Declarant shall have conveyed the last dwelling unit within the property or on January 1, 2015, whichever date shall first occur.

Except as modified by this First Amendment to the Declaration of Quail Creek Horizontal Property Regime, dated July 7, 1995 and recorded July 13, 1995, all provisions and instructions included in the original Declaration shall remain in force without change.

IN WITNESS WHEREOF, the undersigned have caused this First Amendment to the Declaration of Quail Creek Horizontal Property Regime, dated July 7, 1995 and recorded July 13, 1995, to be executed as of this 1st day of November, 2004.

QUAIL CREEK LAND DEVELOPMENT, INC.

By: Ed Schrier  
Ed Schrier  
President

By: Shirley Schrier  
Shirley Schrier  
Secretary

ACKNOWLEDGMENT

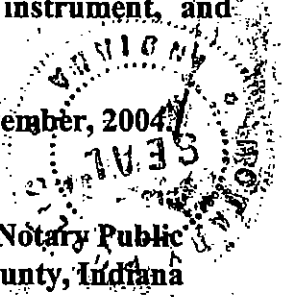
STATE OF INDIANA )  
 ) SS:  
COUNTY OF HENDRICKS )

Before me, the undersigned, a Notary Public in and for said County and State, appeared ED SCHRIER and SHIRLEY SCHRIER, as President and Secretary, respectively, of Quail Creek Land Development, Inc., personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same.

WITNESS MY HAND AND OFFICIAL SEAL this 1st day of November, 2004.

My commission expires:  
May 20, 2008

Kimberly Seals, Notary Public  
A resident of Hendricks County, Indiana



This instrument prepared by: Daniel A. Crowder, Attorney at Law, 640 Patrick Place, Brownsburg, IN 46112. Telephone 317/852-9900.

**SECOND AMENDMENT**  
**TO THE CODE OF BY-LAWS OF**  
**QUAIL CREEK CONDOMINIUM CO-OWNERS' ASSOCIATION, INC.**  
**A NOT-FOR-PROFIT INDIANA CORPORATION**

This Second Amendment to the Code of By-Laws of Quail Creek Condominium Co-Owners' Association, Inc., a Not-for Profit Indiana Corporation, dated July 7, 1995 and recorded on July 13, 1995, in Miscellaneous Record Book 148, pages 319—334, in the office of the Recorder of Hendricks County, Indiana, made as of this 1st day of November, 2004, WITNESSETH:

1. Section 3.02. INITIAL BOARD OF MANAGERS (located on page 5 of the original Code of By-Laws), is hereby amended and changed to be as follows:

**Section 3.02. INITIAL BOARD OF MANAGERS.** The Initial Board of Managers on the date of creation of the original Code of By-Laws were Andy Brunner, President, Ed Schrier, Vice President, Shirley Schrier, Secretary, and Nola Brunner, Treasurer. Due to the subsequent resignation of Andy Brunner and Nola Brunner from the Initial Board of Managers, the current Initial Board of Managers on the date of this Second Amendment are Ed Schrier, William Hueber, William Majeske, and Shirley Schrier. The Initial Board of Managers shall hold office until six (6) months after the last unit has been sold and title transferred, or until no later than sixty (60) days following January 1, 2010, whichever date shall first occur. Responsibility for conducting the business of the Association shall be transferred to the elected Board of Managers at the first annual meeting called by the Initial Board of Managers.

Except as modified by this Second Amendment to the Code of By-Laws of Quail Creek Condominium Co-Owners' Association, Inc., a Not-for Profit Indiana Corporation, dated July 7, 1995 and recorded July 13, 1995, all provisions and instructions included in the original Code of

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By-Laws, and the First Amendment to the Code of By-Laws of Quail Creek Condominium Co-Owners' Association, Inc., dated September 1, 2004 and recorded on September 30, 2004 in Miscellaneous Record Book 539, pages 1987-1989, in the office of the Recorder of Hendricks County, Indiana, shall remain in force without change.

IN WITNESS WHEREOF, we now sign this Second Amendment to the Code of By-Laws of Quail Creek Condominium Co-Owners' Association, Inc., a Not-for Profit Indiana Corporation, dated July 7, 1995 and recorded July 13, 1995, as of this 1st day of November, 2004.

[Signature]  
Ed Schrier  
President

[Signature]  
William Hueber

[Signature]  
William Majeske

[Signature]  
Shirley Schrier  
Secretary

**ACKNOWLEDGMENT**

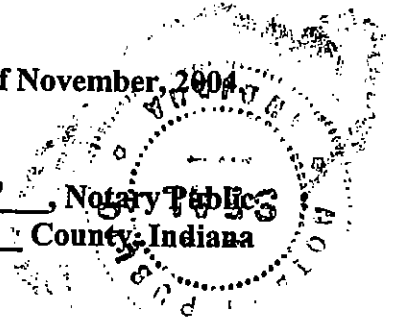
STATE OF INDIANA        )  
  ) SS:  
COUNTY OF HENDRICKS )

Before me, the undersigned, a Notary Public in and for said County and State, appeared ED SCHRIER, WILLIAM HUEBER, WILLIAM MAJESKE, and SHIRLEY SCHRIER, as officers and directors of Quail Creek Condominium Co-Owners' Association, Inc., a Not-for-Profit Indiana corporation, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same.

WITNESS MY HAND AND OFFICIAL SEAL this 1st day of November, 2004

My commission expires:  
May 20, 2008

[Signature], Notary Public  
A resident of Hendricks County, Indiana



This instrument prepared by: Daniel A. Crowder, Attorney at Law, 640 Patrick Place, Brownsburg, IN 46112. Telephone 317/852-9900.