

**Courtyard
at
Water's Edge II**

DECLARATION OF EXPANDABLE CONDOMINIUM

For

COURTYARD AT WATER'S EDGE II

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COURTYARD AT WATER'S EDGE II

DECLARATION OF EXPANDABLE CONDOMINIUM
HORIZONTAL PROPERTY REGIME

THIS DECLARATION, and the exhibits which are attached hereto and made a part hereof, are made and executed this _____ day of _____, 1995, by Courtyard Development, Inc. (hereafter "Declarant"), for itself, its successors, grantees and assigns, pursuant to the provisions of the Indiana Horizontal Property Act.

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in Monroe County, State of Indiana, more particularly described and defined in Exhibit A attached hereto and made a part hereof which shall constitute the Courtyard at Water's Edge II condominium development; and

WHEREAS, Declarant is the owner of a certain condominium type multi-unit building and certain other improvements heretofore constructed or hereafter to be constructed upon the aforesaid property and it is the desire and the intention of Declarant to divide the project into "Condominium Units" or "Condominiums" as those terms are defined under the provisions of the Indiana Horizontal Property Act, and to sell and convey the same to various purchasers subject to the covenants, conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, Declarant desires and intends, by the filing of this Declaration, to submit the Property described in Exhibit A and the multi-unit building located thereon and all other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the Indiana Horizontal Property Act;

NOW, THEREFORE, Declarant by execution of this Declaration does hereby create an Expandable Horizontal Property Regime subject to the provisions of the Indiana Horizontal Property act and the terms and conditions hereof, and does hereby publish and declare that all of the Property described in Exhibit A (and as described in paragraph 4 below) is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said Property and the division thereof into Condominium Units and shall be deemed to run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and any person, firm, corporation or other entity acquiring and owning an interest in the Property and improvements, their grantees,

successors, heirs executors, administrators, devisees and assigns.

1. Definitions.

Certain terms as used in this Declaration and Exhibits attached hereto and made a part hereof shall be defined as follows, unless the context clearly indicates a meaning different therefor:

(a) "Act" shall mean the Horizontal Property Act of the State of Indiana, Act of 1963, Chapter 349, Sections 1 through 41, as amended. The Act is incorporated herein by reference.

(b) "Homeowners Association" is as defined in the Indiana Horizontal Property Act and shall mean all of the Unit Owners acting as a group in accordance with the Declaration and By-Laws.

(c) "Board of Administrators" shall mean the governing body of the Homeowners Association, elected pursuant to the By-Laws and shall be synonymous with "Board of Directors" as used in the Act.

(d) "Buildings" shall mean all structures erected or to be erected upon the property.

(e) "By-Laws" shall mean the by-laws for the administration of the Property and the Homeowners Association contained in Exhibit B attached hereto and made a part hereof.

(f) "Common Area and Facilities" shall have the meaning as set forth in the Indiana Horizontal Property Act and as more fully described in paragraph 8 hereof.

(g) "Common Expenses" shall mean and include:

(i) all sums assessed against the Unit Owners by the Homeowners Association:

(ii) expenses of administration, maintenance, repair or replacement of the Common Areas and Facilities;

(iii) expenses agreed upon as Common Expenses by the Homeowners Association; and

(iv) expenses declared to be Common Expenses by the provisions of the Indiana Horizontal Property Act, or by this Declaration or the By-Laws.

(h) "Common Expense Fund" shall mean the separate accounts to be kept in accordance with the provisions of Article VII, Section 2 of the By-Laws.

(i) "Common Interest" shall mean the aggregate of the undivided interests of the Unit Owners in the Common Areas and Facilities.

(j) "Condominium" shall mean the entire estate in the Property owned by the Owner, including an undivided interest in the Common Areas and Facilities and ownership of a separate interest in a Unit.

(k) "Condominium Documents" shall mean this Declaration and all of the Exhibits hereto as the same shall from time to time be amended. Said Exhibits are as follows:

Exhibit A -- Legal Description of the Property;

Exhibit B -- By-Laws of the Homeowners Association;

Exhibit C -- Master Site Plan;

Exhibit D -- Plans and Specifications;

Exhibit E -- Unit Designations;

(l) "Owner" or "Unit Owner" shall mean a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, having an ownership interest of record in a Unit within the Property.

(m) "Limited Common Areas and Facilities" shall mean those parts of the Common Areas and Facilities reserved for the use of a certain Unit or Units to the exclusion of all other Units and more specifically described in paragraph 10 hereof.

(n) "Mortgage" shall mean a deed of trust as well as a mortgage.

(o) "Mortgagee" shall mean a beneficiary under or a holder of a deed of trust as well as a mortgage.

(p) "Property" or "Condominium Property" shall mean the entire parcel of real property referred to in this Declaration to be divided into Condominiums (and more fully described in exhibit A) including the land, the Buildings, all improvements and structures thereon, all owned in fee simple absolute, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for common use in connection therewith.

(q) "Unit" shall mean "Apartment" as defined in the Act and shall mean those parts of the Condominium Property described in paragraph 6 hereof which are the subject of individual ownership. The term "Unit" as used herein and in the By-Laws shall be

synonymous with the term "Apartment" as used in the Act.

2. Declaration.

Declarant hereby expressly declares that the Property described herein shall be an expandable Horizontal Property Regime in accordance with the provisions of the Act and this Declaration.

3. Name of the Condominium.

The name by which the Condominium Property shall be known is "Courtyard at Water's Edge II".

4. General Description of the Property.

The Condominium Property consists of the real property described and identified on Exhibit A attached hereto and made a part hereof and the Buildings and other improvements erected and to be erected thereon and all articles of personal property intended for common use in connection therewith.

5. Description of Buildings.

The Courtyard at Water's Edge II will consist of one (1) multi-unit residential building. The Building is designated on the Master Site Plan, a copy of which is attached hereto and made a part hereof as Exhibit C, which such Master Site Plan further shows the location of the Building on the real property described in Exhibit A. The Building contains a total of six (6) separate Units consisting of basic floor plan types including:

3CWE-U = 1007 sq. ft. 2 bedroom flat
3CWE-L = 1007 sq. ft. 2 bedroom flat

The number of stories in the Building, the number of Units and the types of units and basements are as follows:

<u>Building Designation</u>	<u>Number of Units of Type</u>	<u>Total Units in Project</u>	<u>Basement</u>	<u>Stories</u>
1	3 - 2CWE-U 3 - 2CWE-L	6	No	2

Said multi-unit Building is more particularly described and defined in the Plans and Specifications of said Building, a copy of which Plans and Specifications are attached hereto and made a part hereof as Exhibit D, showing all particulars of the Building, including the layout, number of stories, the location, ceiling and floor elevations, Building designations, Unit numbers and dimensions of the Units. Such Plans bear the verified statement of _____, certifying that said Plans are

actual copies of portions of the Plans of the buildings, as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings. For a more particular description of the Building, reference is hereby made to the Plans and Specifications filed herewith as Exhibit D.

6. Description of Units.

(a) The Unit designation of each Condominium Unit, approximate area, and other data concerning its proper identification are set forth in Exhibit E attached hereto and made a part hereof. The percentage interests of each Unit in the Common Areas and Facilities owned as tenant-in-common with other Unit Owners shall be based upon the square footage of each Condominium Unit as shown on Exhibit E attached hereto in relationship to the total square footage of all Units as shown on said Exhibit E. Said percentage interest appurtenant to each Unit are as specified on said Exhibit E attached hereto.

(b) Each Unit shall constitute a single freehold estate and shall consist of all of the space bounded by the undecorated and/or unfinished interior surfaces of its perimeter walls, load bearing walls, lowermost floors, uppermost ceilings, windows and window frames, door and door frames. Each Unit includes both portions of the Building within such boundaries and the space so encompassed, including, without limitation, the decorated surfaces including paint, lacquer, varnish, wallpaper, paneling, tile, carpeting and any other finishing materials applied to interior walls, doors, floors and ceiling and interior surfaces of permanent walls, interior non-load bearing walls, windows, doors, floors and ceiling.

7. Encroachments.

If any portion of the Common Areas and Facilities encroaches upon any Unit, or if any Unit now encroaches upon any other Unit, or upon any portion of the Common Areas and Facilities, as a result of the construction of the Building, or if any such encroachment shall occur hereafter as a result of settling or shifting of the Building, there shall be a valid easement for the encroachment and for the maintenance of same so long as the Building shall exist. In the event the Building, the Unit, any adjoining Unit, or any adjoining Common Area or Facility shall be partially or totally destroyed as a result of fire or other casualty or as a result of Condemnation or eminent domain proceedings, and then rebuilt, encroachment of parts of the Common Areas and Facilities upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Areas and Facilities due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building shall stand.

8. Common Areas and Facilities.

The Common Areas and Facilities consist of all the Property other than the Units as described in paragraph 6 above, including, without limitation, the following (except such portions of the following, as may be included within an individual Unit):

(a) The land on which the Building is erected and all land surrounding the Building as more fully described in paragraph 4 above.

(b) All foundations, columns, girders, beams, supports and other structural members.

(c) The yards, landscaping, fences, roads, driveways, sidewalks and exterior parking areas.

(d) All roofs, exterior walls and interior walls except those partitioned walls wholly within a Unit, attics and crawl spaces.

(e) All central and appurtenant installations for services such as power, lights, water, sewer, gas and television; and all tanks, pumps, motors, sewage grinders, fans, cables, antennas, conduits, compressors, flues and ducts (except as described in paragraph 10 below), mechanical systems, storm drains, and all other items used in connection therewith, whether located in Common Areas or in Units.

(f) All exterior walkways.

(g) Maintenance areas and recreational areas to the extent located now or subsequently within the Property.

(h) All other parts of the Property and all apparatus and installations including all items of personal property existing in the Building or upon the Property for common use or which are necessary or convenient to the existence, maintenance or safety of the Property.

Subject to the provisions of paragraph 30 hereof, the percentage of undivided interest in the Common Areas and Facilities as pertaining to each Unit and its Owner for all purposes is as set forth in exhibit E attached hereto and made a part hereof as if herein set forth in full. Such percentage interest appertaining to each Unit shall be subject to change as is provided in paragraph 30 hereof should Declarant file an amended declaration adding additional Units and real estate to the Expandable Condominium.

9. Use of Common Areas and Facilities.

Each Unit Owner shall have the right to use the Common Areas and Facilities in accordance with the purposes for which they are intended and for all purposes incident to the use and occupancy of his Unit, and such right shall be appurtenant to and run with his Unit; provided, however, that no person shall use the Common Areas and Facilities or any part thereof in such manner as to interfere with or restrict or impede the use thereof by others entitled to the use thereof or in any manner contrary to or not in accordance with this Declaration, the By-Laws, and such rules and regulations as may be established from time to time by the Board of Administrators. Such rules and regulations may impose reasonable restrictions on the use of such Common Areas and Facilities including, without limitation, assignment of parking spaces to individual Units for their exclusive use.

10. Description of Limited Common Areas and Facilities.

Limited Common Areas and Facilities shall mean and include those Common Areas and Facilities reserved for use by a certain Unit or Units to the exclusion of other Units and shall mean all patios, balconies, and chimneys (including duct work and flues). While parking spaces shall not constitute Limited Common Areas and Facilities the Board of Administrators may, in their discretion, from time to time, assign parking spaces to specific Units for their exclusive use. Said Limited Common Areas and Facilities are more fully designated as Exhibit D attached hereto any made a part hereof. References in this Declaration and the By-Laws to Common Areas and Facilities shall include Limited Common Areas and Facilities unless the context clearly indicates otherwise. Each Unit Owner is hereby granted an exclusive and irrevocable license to use and occupy the Limited Common Areas and Facilities associated with and/or assigned to such Owner's Unit.

11. Statement of Purposes, Use and Restrictions.

The Units, Common Areas and Facilities, and Limited Common Areas and Facilities shall be occupied and used as follows:

(a) The condominium property shall be used for single family residential purposes and common recreational purposes auxiliary thereto and for no other purposes. This restriction does not apply to any Unit owned by the Declarant, and it is permissible for the Declarant to maintain a sales model and/or development office in a Unit until such time as all Units are sold.

(b) There shall be no obstruction of the Common Areas and Facilities. Nothing may be stored in the Common Areas and Facilities, excluding the Limited Common Areas and Facilities

located within the bounds of a Unit or pertaining to a Unit, without the prior written consent of the Board of Administrators.

(c) Nothing shall be done or kept in any Unit or in the Common Areas and Facilities which will increase the rate of insurance on the Common Areas and Facilities without the prior written consent of the Board of Administrators. No Owner shall permit anything to be done or kept in his Unit or in the common Areas and Facilities which would result in the cancellation of insurance on any Unit or any part of the Common Areas and Facilities, or which would be in violation of any law. No waste will be committed of the Common Areas and Facilities.

(d) No sign of any kind shall be displayed to the public view from any Unit or from the Common Areas and Facilities view from any Unit or from the Common Areas and Facilities without the prior written consent of the Board of Administrators, unless it is a sales or advertising related sign placed by the Declarant and pertaining to an unsold Unit(s) of the Declarant's.

(e) No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas and Facilities, except that dogs, cats or other usual household pets may be kept in Units, subject to rules and regulations adopted by the Board of Administrators.

(f) No noxious or offensive activity shall be carried on in any Unit, or in the Common Areas and facilities, nor shall anything be done therein which will be an annoyance or nuisance to other Owners.

(g) Nothing shall be altered or constructed in or removed from the Common Areas and Facilities except upon the written consent of the Board of Administrators.

(h) The Board of Administrators of the Homeowners Association is authorized to adopt rules for the use of the common Areas and Facilities, said rules to be furnished in writing to the Owners. There shall be no violation of said rules.

(i) Notwithstanding anything herein to the contrary, Declarant, and such persons it may select, shall have the right of ingress and egress over, upon and across the Common Areas and Facilities, the right to erect signs upon the Property for the purpose of advertising availability of Units and similar uses, the right to maintain a development office, and the right to store materials on the common Areas and Facilities and make such other use thereof as may be reasonably necessary incident to construction, development and sale of the Condominium and operation of the Units and Common Areas and Facilities and of other subsequent Phases of Development of which the Property is a

part.

(j) The area designated on the master site plan as Open Area will remain undisturbed except for the removal of dead or diseased trees and vegetation in accordance with proper land management practices. No structure, recreation facilities, pathways, nature trails, or other improvements will be permitted in the Open Area.

12. Easements.

(a) General. Each Unit Owner shall have an easement in common with the other Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Facilities located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owner of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Facilities serving such other Units and located in such Unit. The Board of Administrators or its agents shall have the right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Facilities contained therein or elsewhere in the Building.

The Board of Administrators may hereafter grant easements (and shall grant such easements as permitted in this paragraph 12 or as the Declarant shall direct) for utility purposes for the benefit of the Property including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits, and wires over, under, along, and on any portion of the Common Areas; and each Unit Owner hereby grants the Board of Administrators and irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing.

(b) Cross easement for Adjoining Property Owners. The Board of Administrators may hereafter grant cross easements for recreational, utility and access purposes for the benefit of the Property, the Unit Owners, and the owners of the residential and commercial properties adjoining or surrounding the condominium regime. All such cross recreational easements and related cross easements for roads, water and sewer shall be subject to approval by Declarant as to the location, form, beneficiary, content and all other particulars.

13. Partitioning.

Neither the Common Areas and Facilities nor any individual Unit shall be divided nor shall any right to partition any thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a Condominium Unit by more than

one person, either as tenants-by-the-entirety or tenants-in-common or in any other form permitted by law.

14. Liens.

While the Property remains subject to this Declaration and the provisions of the Act, no liens of any nature shall arise or be created against the Property as a whole or the Common Areas and Facilities except with the unanimous consent in writing of all the Condominium Unit Owners and the holders of first liens thereon, except for (a) such liens as may arise or be created against the several Units and their respective Common Interests under or in accordance with the provisions of the act, and (b) the lien of any mortgage given by Declarant to secure financing for the construction of the Building and other improvements on the Property. Every agreement for the performance of labor, or the furnishing of materials to the Common Areas and Facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration.

15. Nature of Interest in Units.

Every Unit, together with its undivided interest in the Common Areas and Facilities, shall for all purposes be, and it is hereby declared to be and to constitute a separate parcel of real property and the Owner thereof shall be entitled to the exclusive ownership and possession of his Unit subject only to the covenants, restrictions, easements, by-laws, rules, regulations, resolutions and decisions adopted pursuant hereto and as may be contained herein and in the accompanying By-Laws and in the minutes of the Board of Administrators and the Homeowners Association. The percentage of undivided interest in the Common Areas and Facilities of each Unit shall not be separated (subject to the provisions of paragraph 29) from the Unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

16. Taxes.

Every Condominium Unit, together with its undivided Common Interest in the Common Areas and Facilities, shall constitute a separate parcel of real property and shall be separately assessed and taxed by each assessing unit for all types of taxes authorized by law. Each Unit Owner shall be liable solely for the amount of taxes against his individual Unit.

17. Homeowners Association.

(a) In order to provide for the maintenance, repair, replacement, administration and operation of the Property there

is hereby created an unincorporated association to be known as "Courtyard at Water's Edge II Homeowners Association". Membership therein shall be composed of all of the Owners of the Units at Courtyard at Water's Edge II condominium development. Each Owner of a Unit shall be a member of the unincorporated association, but membership shall automatically terminate when such person ceases to be an Owner and will be transferred to the new Owner.

(b) The Courtyard at Water's Edge II Homeowners Association shall be governed in accordance with and as prescribed by the By-Laws attached hereto.

(c) Declarant, by this Declaration, and all Unit Owners, by the acceptance of their deeds, covenants and agree to be bound by the conditions, restrictions and obligations contained in the By-Laws of Courtyard at Water's Edge II Homeowners Association and the provisions of this Declaration.

(d) The duties and powers of the Homeowners Association shall be those set forth in this Declaration and the By-Laws of the Homeowners Association including the power and authority to make assessments as provided for in the By-Laws.

(e) While the Courtyard at Water's Edge II Homeowners Association is initially organized as an unincorporated association the Declarant reserves the right, so long as Declarant is the Owner of one or more Units in Courtyard at Water's Edge condominium development, to incorporate the Courtyard at Water's Edge II Homeowners Association as an Indiana not-for-profit corporation. In addition, the Homeowners Association, upon affirmative vote of 66% in Common Interest of the Owners, shall have the right to incorporate the Courtyard at Water's Edge II Homeowners Association as an Indiana not-for-profit corporation provided, however, that should the Homeowners Association so elect, the Declarant reserves the right to approve the form and content of the articles of incorporation of said not-for-profit corporation.

(f) Declarant shall appoint the members of the initial Board of Administrators of the Association which shall control during the period of its incumbency all matters which would be within the authority of either the Association or the Board of Directors under this Declaration, the By-laws, or the Act, except that certain powers including the power of assessment shall be limited as provided in the By-laws. By taking title to a dwelling Unit, each Owner shall confer and shall be deemed to have conferred upon Declarant an irrevocable proxy to vote in such Owner's name, place and stead on any and all matters on which the Owners or any of them are entitled to vote under this Declaration, the By-laws, or the Articles of Incorporation of the Association. Said initial Board of Administrators shall serve

until the time when Declarant turns over control of the regime to the Association, which shall take place no later than the earliest to occur of the following events:

(i) 30 days after a all 6 Units (100% Sold Out) have been sold by Declarant;

(ii) the fifth anniversary of the date of this Declaration.

The irrevocable proxy conferred upon Declarant shall terminate as of the date of such transfer. Upon such transfer of control, Declarant shall make available to the Association all books, records, plans, and other information in its possession regarding the activities of said initial Board of Administrators and the operation of the property prior to such turnover. Thereafter the Association shall elect a Board of Administrators annually in accordance with and as prescribed by the By-laws, and may take any other action with respect to control of the property provided for by this Declaration, the By-laws, or the Act. The Board of Administrators shall be the governing body of the Association representing all the Owners and providing for the management, maintenance, repair, replacement and upkeep of the property.

18. Common Expenses.

(a) Each Unit Owner shall contribute pro rata, in proportion to its undivided interest as set forth in Exhibit E hereto, as the same may be amended from time to time pursuant to paragraph 30 hereof, toward the expenses of administration and of maintenance and repair of the Common Areas and Facilities and any other expense lawfully agreed upon; and shall pay any special assessment duly assessed by the Board of Administrators, all in accordance with the By-Laws of the Homeowners Association, this Declaration and the provisions of the Act.

(b) The property is located within the development known as "The Pointe" and as such may be liable for its pro rata portion of assessments and charges which may be levied from time to time by the Pointe Service Association, Inc. All such assessments and expenses to the extent levied by the Pointe Service Association, Inc. shall be treated as a common expense for purposes of this Declaration, if not separately billed to Owners. Declarant, until such time as control of the property is transferred to the Association, reserves the right to direct the Pointe Service Association, Inc. to bill each Owner separately for such assessments.

19. Insurance.

The Board of Administrators shall obtain and maintain at all times insurance of the type and kind in not less than the amounts

provided in this Declaration and the By-Laws and including insurance for such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium properties similar in construction, design and use. Such insurance shall be governed by the following provisions:

(a) The Board of Administrators shall have the authority to and shall obtain insurance policies upon the condominium Property for the benefit of the Unit Owners and their Mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the Mortgagees of the Unit Owners and delivery of said certificates to Mortgagees within 10 days from their original issuance or the issuance of the renewals thereof. The originals of all such policies and the endorsements thereto shall be deposited with the Board of Administrators, as insurance trustees, and certificates of insurance, together with proof of payment of premiums, shall be delivered to the Unit Owners at least 10 days prior to the expiration date with respect to the then current policies. Unit Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their living expenses and such other coverage as they may desire.

(b) The Board of Administrators shall make every effort to secure insurance policies that will provide the following minimum coverages:

(i) Fire. The Building and all other improvements upon the land and all personal property included in the Common Areas and Facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Administrators with the assistance of the insurance company providing coverage. The policies evidencing such coverage shall contain clauses providing for waiver of subrogation, the standard SMP Condominium Endorsement (Form MLB-29A, Ed. 12-72) (excepting the Waiver of Subrogation provision contained therein) and shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to all the insureds, including all Mortgagees or Units. Such coverage shall provide protection against:

(A) Loss or damage by fire or other hazards covered by a standard extended coverage endorsement, and any such other coverage

(B) Such other risks as from time to time shall be customarily covered with respect to buildings similar to construction, location and use as the

Building, including but not limited to vandalism and malicious mischief. All such policies shall provide that adjustment of loss shall be made by the Board of Administrators as insurance trustees.

(ii) Public Liability. The Board of Administrators shall also be required to obtain and maintain to the extent obtainable, public liability insurance in such limits as the Board of Administrators may, from time to time, determine, covering each member of the Board of Administrators, the managing agent, if any, and each Unit Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas and Facilities. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Unit Owners as a group in a single Unit Owner. The Board of Administrators shall review such limits annually. Until the first meeting of the Board of Administrators following the initial meeting of the Unit Owners, such public liability insurance shall be in amounts not less than \$100,000 for each occurrence.

(iii) Other. Such other insurance coverages including workmen's compensation as the Board of Administrators shall determine from time to time to be desirable.

(c) Premiums upon insurance policies purchased by the Board of Administrators shall be paid by the Board of Administrators and charged as a Common Expense.

(d) The Board of Administrators shall make every effort to secure insurance policies that will provide for the following:

(i) The master policy on the Property cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual Owners.

(ii) The master policy on the Property cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Administrators, or manager, without prior demand in writing that the Board of Administrators or manager cure the defect.

(iii) That any "no other insurance" clause in the master policy on the Property exclude individual Owner's policies from consideration.

(e) All insurance policies purchased by the Board of Administrators shall be for the benefit of the Board of Administrators and the Unit Owners and other Mortgagees as their

interests may appear, and shall provide that all proceeds thereof shall be payable to the Board as insurance trustee. The sole duty of the Board of Administrators as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein and for the benefit of the Unit Owners and their Mortgagees in the following shares:

(i) With respect to proceeds on account of damage to the Common Areas and Facilities, an undivided share for each Unit Owner, such share being the same as each Unit Owner's undivided interest in the Common Areas and Facilities.

(ii) Proceeds on account of damage to Units shall be held in the following undivided shares:

(A) When the Building(s) is to be restored, for the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Administrators.

(B) When the Building(s) is not to be restored, and undivided share for each Unit Owner, such share being the same as his percentage interest in the Common Areas and Facilities.

(iii) In the event a mortgage endorsement has been issued to a Unit, the share of the Unit Owner shall be held in trust for the Mortgagee and the Unit Owner as their interest may appear; provided that no Mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged Property shall be reconstructed or repaired.

20. Distribution of Insurance Proceeds.

Proceeds of insurance policies received by the Board of Administrators as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) All expenses of the insurance trustee shall be first paid or provisions made therefor.

(b) If it is determined, as provided in paragraph 22 hereof, that the damaged Property, with respect to which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial Owners thereof.

21. Duty to Repair.

In the event of damage to or destruction of the Building(s) and/or the Common Areas and Facilities as a result of fire or other casualty to the extent of less than two-thirds in value of the Building(s), and the Condominium Property is not partitioned as provided in paragraph 22, the Board of Administrators shall arrange for the prompt repair and restoration of the Building(s) and/or the Common Areas and Facilities (including any damaged Unit, but not including any decoration or coverings for walls, ceiling, or floors, or other furniture, furnishings, fixtures or equipment in the Unit, unless the subject insurance policy covers a portion or all of such loss to the Unit, in which event the Board shall repair or replace such damaged property), and the Board of Administrators shall disburse the proceeds of all insurance policies to the contractors engaged for repair and restoration in appropriate progress payments. Any cost for such repair and restoration in excess of the insurance proceeds shall be paid by all Owners of Units directly affected by the damage in the same proportion that their respective percentage interest bears to the percentage interest of all such affected Owners. A Unit shall be deemed to be affected if and only if such Unit is located within said Building in which the fire or other casualty occurs. If any Owner or Owners refuse or fail to make then required payments, the other Owners shall (or the Association, if such other Owners fail) complete the restoration and pay the costs thereof and the costs attributable to the Owner who refuse to make such payment at the time required by the Board of Administrators shall become a lien on such defaulting Owner's Unit and may be foreclosed in the same manner as provided for the lien for Common Expenses.

Any reconstruction or repair shall be in accordance with the Plans and Specifications of the original Building(s) and/or Common Areas and Facilities, portions of which are attached to this Declaration as exhibits, or if not, then according to Plans and Specifications approved by the Board of Administrators and Declarant if Declarant is the Owner of one or more Units at such time.

22. Partition.

If the Building shall in the aggregate be more than two-thirds (2/3) destroyed by fire or other casualty then restoration thereof must be approved within 120 days from the date of damage or destruction by not less than Unit Owners owning 75% in Common Interest of the Common Areas and Facilities. If such approval is not obtained then in such event:

(a) The entire Condominium Property shall be deemed to be owned as tenants in common by the Unit Owners;

(b) The undivided interest in the Condominium Property owned by each Unit Owner shall be his percentage interest in the Common Areas and Facilities previously appurtenant to his Unit or Units.

(c) Any liens or encumbrances affecting any Unit shall be deemed transferred in accordance with the existing priorities to the percentage of undivided interest of the subject Unit Owner of the Condominium Property hereinabove provided; and

(d) The Condominium Property shall be subject to an action for sale in lieu of partition at the suit of any Unit Owner, in which event the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among the Unit Owners in the proportion of their percentage interests in the Common Areas and Facilities previously appurtenant to their Units, after the respective shares of the Unit Owners, to the extent sufficient for that purpose, have first been applied to the payment of all liens on the Unit of each Unit Owner.

The determination of whether the Building is "more than two-thirds (2/3) destroyed" for the purpose herein stated shall be determined as follows: An appraisal of the value of all of the Building (excluding the land) as of the day immediately preceding the damage shall be obtained from any M.A.I. appraiser by the Board of Administrators. The cost of repairs and restoration shall then be determined by the Board of Administrators by securing not less than three independent bids, in writing, from three reputable building contractors in the community of their proposed charges for making said repairs or restoration, the lowest of which shall be deemed to be the said cost. If the said cost exceeds two-thirds (2/3) of said appraised value, the building shall be deemed more than two-thirds (2/3) destroyed.

23. Power of Attorney to Board of Administrators.

Each Unit Owner shall be deemed to have granted to the persons who shall from time to time constitute the Board of administrators and irrevocable power of attorney, coupled with an interest, to acquire title to or lease any Unit whose Owner desires to sell or lease the same to the Board of Administrators, or with respect to which said Board has exercised the option to purchase or lease as provided in paragraph 24 hereof, or which may be the subject of a foreclosure or other judicial sale, in the name of the Board of Administrators or its designee, corporate or otherwise, as trustees on behalf of all or less than all Unit Owners, and to hold, convey, sell, lease, mortgage, vote the votes appurtenant thereof or otherwise deal with any such Unit so acquired or to sublease any Unit so leased to the Board of Administrators.

24. Ownership or Lease of Units by Board of Administrators.

Declarant may designate and convey to the Board of Administrators any unsold Unit, and the Board of Administrators may purchase and/or hold such a Unit to be provided as a residence for a managing agent. The cost thereof, if any, and the Common Expenses thereto shall be shared by the remaining Unit Owners in the same proportions as Common Expenses, adjusted, however, to reflect the exclusion of the unit purchased; and any profit or loss realized upon the sale by the Association of such Unit shall likewise be shared by the remaining Unit Owners.

In addition, the Board of Administrators may purchase or lease other Units pursuant to the provisions of the By-Laws and this Declaration. In the event that the Board of Administrators shall purchase and/or hold a Unit as provided hereunder, title to any such Unit, together with all interests appurtenant thereto, shall be held by the Board of Administrators or its designee, corporate or otherwise, as trustees on behalf of all Unit Owners, in proportion to their respective Common Interests or in the event such Unit shall have been acquired on behalf of one or more, but less than all Unit Owners, title shall be held in the proportions as designated by such Unit Owner(s). The lease covering any Unit leased to the Board of Administrators, or its designee, corporate or otherwise, shall be held by the Board of Administrators, or its designee, as trustee on behalf of all Unit Owners, in proportion to their respective Common Interest or, in the event that such Unit shall have been leased on behalf of one or more, but less than all Unit Owners, such lease shall be held in the proportions as designated by such Unit Owner(s).

25. Rights of Declarant.

(a) Notwithstanding anything contained in this Declaration, or in the By-Laws or any rules and regulations as may be adopted from time to time by the Board of Administrators, Declarant is irrevocably empowered to sell, lease, rent and/or mortgage Units and portions thereof to any purchaser, lessee or mortgagee approved by it in its sole discretion and Declarant shall have the right to transact any business necessary to consummate sales or rentals of Units or portions thereof including, but not limited to, the right to maintain models, have signs, maintain a sales office, use the Common Areas and Facilities and show Units. The sales office, signs, and all items pertaining to sales shall not be considered Common Areas and Facilities, and shall remain the property of Declarant. Declarant retains the right to be the Owner of any unsold Units or parcels. Declarant, for such time as he continues to be an owner of unsold or unoccupied units, shall only be required to contribute such sums to the Common Expenses of the Condominium, in addition to the total of the monthly Common Expenses assessment paid by all other Unit Owners, as may be required for the Association to maintain the

Condominium, as provided in this Declaration and exhibits attached hereto; provided, however, in no event shall Declarant be required to contribute to the Common Expenses as to Units owned by it in an amount exceeding the amounts which would have been duly assessed by the Board for similar Units had they been sold to bona fide purchasers other than Declarant.

(b) Notwithstanding anything contained in this Declaration, or in the By-Laws or any rules and regulations as may be adopted from time to time by the Board of Administrators, Declarant, until such time as all Units have been deeded to Owners, reserves the right to amend this Declaration to accommodate the reasonable requirements of mortgagees, to include, but not limited to the veterans Administration, Federal Home Loan Mortgage Corporation, Federal Housing Administration, and Federal National Mortgage Association.

26. Units Subject to Declaration, By-Laws, Rules and Regulations.

All present and future Owners, tenants and occupants of Unit shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and any rules and regulations as may be adopted in accordance with the By-Laws, as said Declaration, By-Laws, rules and regulations may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute and agreement that the provisions of this Declaration, By-Laws and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease.

27. Personal Property.

The Board of Administrators may acquire and hold, for the benefit of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in such personal property shall be held by the Owners in the same proportion as their respective undivided interests in the Common Areas and Facilities and shall not be transferable except with a transfer of a Unit. A transfer of a Unit shall vest in the transferee ownership of the transferor's the first conveyance of a Unit is made by Declarant to Owner(s) Declarant shall execute and deliver a bill of sale to the Board of Administrators, transferring title to all items of personal property located on the Property and furnished by Declarant, which personal property is intended for the common use and enjoyment of Owners.

28. Interpretation.

The provisions of this Declaration and the By-Laws shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium property.

29. Amendment to Declaration.

(a) By Owners. This Declaration may be amended by the vote of at least 66% in Common Interest of all Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, which such amendment shall become effective upon recordation of a written instrument duly executed and acknowledged by Unit Owners holding 66% in Common Interest of the Condominium in the Office of the Recorder of Monroe County, Indiana; provided, however, that any such amendment made pursuant to this paragraph 29(a) which amends or alters the percentage of undivided interest in the Common Areas and Facilities, or voting rights, shall require the approval of all Unit Owners and shall become effective only upon recordation in the appropriate registry of a written instrument executed and acknowledged by all Unit Owners.

(b) Reserved Rights of Declarant. Notwithstanding anything herein to the contrary, until all Units subject to this Declaration have been sold by Declarant and administration of the "Property" has been transferred to the Courtyard at Water's Edge II Homeowners Association, no amendment to this Declaration shall be effective unless approved in writing by Declarant, and during said period, Declarant reserves the right to change the interior design and arrangement of any unsold Units, to alter the boundaries between unsold Units, to change the number of Units, to add such additional Common Areas and Facilities or recreational facilities, to add additional land to the land described in Exhibits A and F attached hereto and to add additional Units and Common Areas and Facilities or recreational facilities to such additional land as it may deem desirable without amendment of this Declaration in the manner hereinbefore set forth.

If Declarant shall make any changes in Units, as provided in this subparagraph (b), such changes shall be reflected by an amendment of this Declaration with plans attached, reflecting such authorized alteration of Units, said amendment need only be executed and acknowledged by Declarant. The Plans shall be certified in the manner required by the Act. If more than one Unit is concerned, the Declarant shall reapportion between the Units the shares in the Common Areas and Facilities appurtenant to the Units concerned, together with reapportioning the Common Expenses and Common Profits of the Units concerned, and such share of the Common Areas and Facilities, Common Expenses and

Common Profits shall be duly noted in the amendment of this Declaration.

(c) Declarant reserves the right, in its discretion, to construct recreational facilities on a portion of the Property described in Exhibit F, and which Declarant intends, by Amended Declarations, to include by expansion within the Courtyard at Water's Edge II regime. Such facilities shall, if constructed, constitute Common Areas and Facilities.

30. Erosion and Storm Water Control.

(a) Erosion and storm water control measures are an integral part of the development plan for Courtyard at Water's Edge Condominium. The Courtyard at Water's Edge Homeowners Association or its successor shall maintain the erosion and storm water control measures in a reasonable manner to ensure their proper functioning and use in controlling erosion or surface drainage. The Homeowners Association shall include in its annual budget for the operation of Courtyard at Water's Edge II Condominium an account specifically designated for maintenance or replacement of the erosion and storm water control facilities. The budget shall include a capital reserve sufficient to replace the major components of the erosion and storm water control facilities as determined by the anticipated cost of replacement over the useful life of the facilities.

(b) In the event the Homeowners Association fails to maintain or repair the erosion and storm water control measures as required in order to ensure the proper functioning for their intended use, the Monroe County Plan Commission may cause such maintenance and repairs to be made at the expense of the Homeowners Association. The Association shall have thirty (30) days to cure the deficiency in repairs or maintenance after receipt of written demand. The cost of such repair or maintenance, if performed at the request of the Monroe County Plan Commission, shall be a lien on each unit in the Courtyard at Water's Edge II Condominium, which lien may be foreclosed in accordance with the law for foreclosure of mechanic's liens in the State of Indiana. The terms and conditions of this paragraph shall be a covenant by the Courtyard at Water's Edge II Homeowners Association and each unit owner in favor of Monroe County Plan Commission. This covenant is subject the enforcement by injunctive relief or suit for specific performance.

(c) In accordance with the requirements that the Monroe County Plan Commission for development plan approval for Courtyard at Water's Edge II Condominium, Declarant will post security in an amount and in a form acceptable to the Monroe County Plan Commission sufficient to insure the proper installation of the erosion and storm water control measures described herein. The amount of the surety shall be adjusted

from time to time as the parties may agree upon inspection and acceptance of the fully constructed erosion and storm water control measures. If not terminated sooner, the surety requirement will terminate two years after approval by the Monroe County Plan Commission of final construction of Courtyard at Water's Edge II Homeowners Association, the Association will provide the surety required herein for the balance of the time remaining as required by the Monroe County Plan Commission.

31. Enforcement.

(a) Each Unit Owner shall comply strictly with the provisions of this Declaration, the By-Laws, and the rules, regulations and decisions issued pursuant thereto and as the same may be lawfully amended from time to time. Failure to do so shall be grounds for an action to recover sums due for damages, injunctive relief, or both, maintainable by the Board of Administrators or manager on behalf of the Homeowners Association or, in a proper case, by an aggrieved Owner.

(b) Each Unit Owner failing to comply strictly with the provisions of this Declaration, the By-Laws, the rules, regulations, and decisions issued pursuant thereto shall be liable for the costs of enforcement incurred by the Board of Administrators or manager on behalf of the Association, to include court costs and reasonable attorney fees. Monroe County shall be the sole county of preferred venue as provided for in the Indiana Rules of Trial Procedure for purposes of any suit filed in order to enforce this Declaration, the By-Laws, and the Rules, regulations, and decisions issued pursuant thereto.

32. Floor Plan.

The Plans setting forth the layout, location, identification number, Building designation and dimensions for all Units and the Property are incorporated into this Declaration by reference. Such Plans, which are attached hereto as Exhibit D, have been filed in the Office of the Recorder of Monroe County, Indiana, in Horizontal Property Plan Cabinet No. 3, Envelope _____ as instrument Number _____.

33. Invalidity.

The invalidity of any provisions of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability or effect of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

34. Waiver.

No provisions contained in the Declaration shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches which may occur.

35. Captions.

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provisions hereof.

36. Law Controlling.

This Declaration and the By-Laws attached hereto shall be construed and controlled by and under the laws of the State of Indiana.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed the day and year first above written.

COURTYARD DEVELOPMENT, INC.

By _____
Philip H. Chamberlain, President

ATTEST

By _____
John H. McGeary, Vice President

STATE OF INDIANA)
) SS:
COUNTY OF MONROE)

Before me, a Notary Public in and for said County and State, personally appeared Philip H. Chamberlain and John H. McGeary, known to me to be the president and vice president of Courtyard Development, Inc., and acknowledged the execution of the above and foregoing Declaration.

WITNESS my hand and Notarial seal this _____ day of _____, 1995.

(SEAL)

NOTARY PUBLIC
A Resident of Monroe County, IN

My Commission Expires:

EXHIBIT A

TO

DECLARATION OF CONDOMINIUM FOR
COURTYARD AT WATER'S EDGE II

383GDP

Part of Section 22, Township 7 North, Range 1 West, in Monroe County, Indiana, more particularly described as follows:
COMMENCING at an existing stone marking the northeast corner of the southwest quarter of said section; thence NORTH 89 degrees 46 minutes 58 seconds WEST along the north line of said southwest quarter section 9.76 feet to an intersection with a non-tangent curve, said intersection being on the easterly boundary of Woodridge Phase IV (Instrument #127093, Horizontal Plat Book 2, page 65, Office of the Recorder of Monroe County, Indiana, the radius point of said curve being NORTH 76 degrees 32 minutes 47 seconds EAST 90.00 feet from said intersection; said curve has a central angle of 01 degree 22 minutes 51 seconds; thence southerly along said curve 2.17 feet to a tangent line; thence SOUTH 14 degrees 50 minutes 04 seconds EAST 37.88 feet; thence NORTH 75 degrees 09 minutes 56 seconds EAST 136.96 feet to the westerly line of Parcel VI of the Pointe Golf Course, (deed Record 292, pages 484-485, Office of the Recorder of Monroe County, Indiana; thence the next three (3) courses being along said westerly line: (1) SOUTH 15 degrees 58 minutes 27 seconds EAST 148.89 feet; (2) SOUTH 53 degrees 07 minutes 48 seconds WEST 45.00 feet to the point of beginning of the herein described tract; (3) SOUTH 08 degrees 21 minutes 16 seconds EAST 174.07 feet; thence SOUTH 89 degrees 25 minutes 05 seconds WEST 157.01 feet; thence NORTH 22 degrees 14 minutes 09 seconds EAST 172.16 feet; thence NORTH 14 degrees 50 minutes 04 seconds WEST 14.96 feet; thence NORTH 90 degrees 00 minutes 00 seconds EAST 70.39 feet to the point of beginning, containing 0.43 acres, more or less.

EXHIBIT B

BY-LAWS
OF
COURTYARD AT WATER'S EDGE II
HOMEOWNERS ASSOCIATION

Consisting of 28 Pages,
Numbered 1 through 28

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BY-LAWS OF COURTYARD AT WATER'S EDGE II
HOMEOWNERS ASSOCIATION

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BY-LAWS
OF
COURTYARD AT WATER'S EDGE II
HOMEOWNERS ASSOCIATION

ARTICLE I - PLAN OF UNIT OWNERSHIP

- Section 1. Unit Ownership. The Property located in Monroe County, State of Indiana, and more particularly described in the Declaration to which these By-laws are attached has been submitted to the provisions of Chapter 349 of the Acts of the Indiana General Assembly of 1963 entitled, "Horizontal Property Act" by Declaration recorded in the Office of the Recorder for Monroe County, State of Indiana, simultaneously herewith, and shall hereinafter be known as "Courtyard at Water's Edge II Homeowners Association" (hereinafter called the "Condominium").
- Section 2. Applicability of By-laws. The provisions of these By-laws are applicable to the Property of the Condominium and to the use and occupancy thereof. These By-laws are adopted simultaneously with the execution of that certain Declaration creating the Courtyard at Water's Edge II condominium to which these By-laws are attached and made a part thereof. The Declaration is incorporated herein by reference and all of the covenants, rights, definitions, restrictions and liabilities therein contained shall apply to and govern the interpretation of these By-laws.
- Section 3. Application. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to the Declaration, these By-laws and rules and regulations made pursuant hereto and any amendment to these By-laws upon the same being passed and duly set forth in an amendment to the Declaration, duly recorded.

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

ARTICLE II - UNIT OWNERS

- Section 1. Name and Nature of Association. The Courtyard at Water's Edge II Homeowners Association shall be an association comprised of all of the Unit Owners as herein provided which Homeowners Association shall be governed by the Board of Administrators as herein provided.
- Section 2. Place of Meetings. All meetings of the Homeowners Association (hereinafter referred to as "Association") of the Condominium shall be held at the Property or at such other place either within or without the State of Indiana, as shall be designated in a notice of the meeting.
- Section 3. Annual Meeting. The first annual meeting of the Association shall be held at 10:00 a.m. on the first Saturday of June, 1996 for the purpose of electing members of the Board of Administrators and for the transaction of such other business as may be properly brought before the meeting. At such meeting, the members of the Board of Administrators selected by Declarant and constituting the initial Board of Administrators shall resign and all of the Unit Owners, including Declarant, shall elect a new Board of Administrators. Thereafter, an annual meeting of the Unit Owners shall be held at 10:00 a.m. on the first Saturday of June of each year, if not a legal holiday, and if a legal holiday, then at the same time on the next following Saturday not a legal holiday.
- Section 4. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the By-laws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.
- Section 5. Special Meeting. Special meetings of the Unit Owners may be called at any time by the Board of Administrators or upon the written request of not less than 10% in Common Interest, in the aggregate, of the Unit Owners.
- Section 6. Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting shall be delivered or mailed not less than ten (10) days nor more than fifty (50) days before the date thereof, either personally or by mail at the direction of the Board of Administrators or Unit Owners calling the meeting, to each person entitled to vote at such meeting.

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

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

Section 7.

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

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

Section 8.

Voting Rights. There shall be one person with respect to each Unit who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "Voting Member." Such Voting Member may be the Owner, or one of a group composed of all of the Owners of a Unit, or may be some other person designated by such Owner or Owners to act as proxy on his or their behalf and who need not be an owner. Such designation shall be made in writing to the Board and shall be revocable at any time by judicially declared incompetence of any designator, or by written notice to the Board by the Owner or Owners. The total number of votes of all Voting Member shall be 100, and each Owner or group of Owners (including the Board of Administrators, if the Board of Administrators, or its designee, shall then hold title to one or more Units) shall be

entitled to the number of votes equal to the total of the percentage of ownership in the Common Areas and Facilities applicable to his or their Unit as set forth in exhibit E of the Declaration.

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

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

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

Section 12. Informal Actin by Unit Owners. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting (that is, the Voting Members), and filed with the Secretary of the Association to be kept in the Association Minute Book.

ARTICLE III - BOARD OF ADMINISTRATORS

Section 1. Number. The business and Property of the Condominium shall be managed and directed by the Board of Administrators composed of a minimum of three (3)

persons or by such Executive Committees as the Board may establish pursuant to the By-laws.

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

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

Philip H. Chamberlain
Gary Eubanks
John H. McGeary

Section 3. Election, Term and Qualification. Except as provided in Sections 2 and 5 of this Article, the Administrators shall be elected at the annual meeting of the Association and those persons who receive the highest number of votes shall be deemed to have been elected; provided, however, that so long as Declarant shall own one or more Units, Declarant shall have the right to designate and appoint one member to the Board of Administrators. The size of the Board of Administrators may be increased or decreased from time to time upon the affirmative vote of 66% in Common Interest of all Unit Owners provided that said Board shall not be less than three (3) in number. Each Administrator shall hold office for the period for which elected or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualifies. Each member of the Board (after the first annual meeting of the Association and the election and qualification of the successors to the initial Board of Administrators) shall be one of the Owners or Co-Owners; provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then an officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board.

EXHIBIT E

to

DECLARATION OF CONDOMINIUM FOR
COURTYARD AT WATER'S EDGE II

<u>Unit Designation</u>	<u>Floor Plan</u>	<u>Square Footage</u>	<u>Percentage Interest</u>	<u>Address</u>
1	2 CWE-L	1007	16.6667	(to be assigned by Monroe County Building Inspector)
2	2 CWE-U	1007	16.6667	
3	2 CWE-L	1007	16.6667	
4	2 CWE-U	1007	16.6667	
5	2 CWE-L	1007	16.6667	
6	2 CWE-U	1007	16.6667	

After selection of successors to the initial Board of Administrators, the members of the Board of Administrators shall be divided into three (3) classes, the first class to consist of two (2) members, the second class to consist of two (2) members, and the third class to consist of one (1) member. The members of the first class shall initially hold office for a term of three (3) years; the members of the second class shall initially hold office for a term of one (1) year. At all annual elections thereafter a number of Administrators shall be elected by the Voting Members to succeed those Administrators whose terms then expire and each such Administrator shall serve for a three (3) year term. So long as Declarant shall own one or more Units the member to the Board which Declarant has the right to appoint shall be the member which constitutes the third class. Nothing herein contained shall be construed to prevent the election of an administrator to succeed himself.

Section 4. Removal. Administrators may be removed from office with or without cause by the affirmative vote of the Unit Owners having a majority of the total votes entitled to vote at an election of Administrators. However, unless the entire Board is removed, an individual Administrator may be removed if the number of Unit Owners voting against the removal would be sufficient to elect an Administrator if such Unit Owners voted cumulatively at an annual election. If any Administrators are so removed, new Administrators may be elected at the same meeting provided, however, that so long as Declarant owns one or more Units, the Administrator elected by Declarant cannot be removed without the prior written consent of the Declarant.

Section 5. Vacancies. A vacancy occurring in the Board of Administrators, including administratorship not filled by the Unit Owners, may be filled by a majority of the remaining Administrators, though less than a quorum, or by the sole remaining Administrator; but a vacancy created by an increase in the authorized number of Administrators shall be filled only by election at an annual meeting or a special meeting of Unit Owners called for that purpose. Voting Members may elect an Administrator at any time to fill any vacancy not filled by the Administrator.

Section 6. Compensation. The Board of Administrators shall receive no compensation for their services.

Section 7. Executive Committees. The Board of Administrators may, by resolution adopted by unanimous vote of the

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

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

Section 8. Powers and Duties. The Board of Administrators shall have the powers and duties necessary for the administration of the affairs of the condominium and may do all such acts and things, except such acts as by law, or by the Declaration, or by these By-laws may not be delegated to the Board of Administrators. Such powers and duties of the Board of Administrators shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the Common Areas and Facilities;
- (b) Determination of the Common Expenses and special assessments required for the affairs of the Condominium including, without limitation, the operation and maintenance of the Property;
- (c) Collection of the common Expenses and special assessments from Unit Owners;
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Areas and Facilities;
- (e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the Property, and for the health, comfort, safety and general welfare of the Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Owners and occupants and the entire Property shall at all times be maintained subject to such rules and regulations;
- (f) Opening of bank accounts on behalf of the Condominium and designating of the signatories required therefor;
- (g) Purchasing or leasing or otherwise acquiring in the name of the Board of Administrators, or its

designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their Owners to the Board; provided, however such action has been duly authorized by the affirmative vote of Unit Owners owning 66% in Common Interest of the Condominium;

(h) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Administrators, or its designee, corporate or otherwise, on behalf of all Unit Owners; provided, however, such action has been duly authorized by the affirmative vote of Unit Owners owning 100% in Common Interest of the Condominium;

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

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

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

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

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

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

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

Section 9. Managing Agent. The Board of Administrators for the Condominium may engage the services of any person, firm or corporation to act as managing agent, for a term not to exceed three years, at a compensation established by the Board, to perform such duties and services as the Board of Administrators shall authorize including, but not limited to, the duties listed in subdivision (a), (c), (d), (f), (j), (k), (m), (n) and (o) of Section 8 of this Article III. Any such engagement shall specify the right of the Board of Administrators to terminate the engagement on ninety (90) days notice. The Board may delegate to the managing agent, all of the powers granted to the Board of Administrators by these By-laws other than the powers set forth in subdivisions (b), (e), (g), (h), (i), and (l) of Section 8 of this Article III. Such managing agent may be corporation or partnership which is an affiliate of Declarant

ARTICLE IV - MEETINGS OF ADMINISTRATORS

Section 1. Organizational Meeting. The first meeting of the initial Board of Administrators designated in these By-laws shall be held at such time as the Declarant shall determine. The first meeting of a newly elected Board of Administrators shall be held within fifteen (15) days following the meeting of the Unit Owners at which the Board was elected. No notice shall be necessary to the newly elected members of the Board of Administrators in order to legally constitute such meeting, providing a quorum shall be present.

Section 2. Regular Meeting. A regular meeting of the Board shall be held immediately after, and at the same place as the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board of Administrators may provide by resolution the time and place either within or outside the State of Indiana, for the holding of a regular meeting of the Board.

- Section 3. Special Meetings. Special meetings of the Board of Administrators may be called by or with the request of the President or by any two Administrators. Such meetings may be held either within or outside the State of Indiana.
- Section 4. Notice of Meetings. Regular meetings of the Board of Administrators may be held without notice. The person or persons who called a special meeting of Administrators shall, at least two days before the meeting, give notice thereof by the usual means of communication. Such notice need not specify the purpose for which the meeting is called.
- Attendance by an Administrator at a meeting shall constitute a waiver of notice of such meeting except where an Administrator attends the meeting for the express purpose of objection to the transaction of any business because the meeting was not lawfully called.
- Section 5. Waiver of Notice. Any member of the Board of Administrators may at any time waive notice of any meeting of the Board of Administrators in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Administrators are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
- Section 6. Quorum. A majority of the number of Administrators fixed by these By-laws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Administrators.
- Section 7. Manner of Acting. Except as otherwise provided in this section, the act of the majority of the Administrators present at a meeting at which a quorum is present shall be the act of the Board of Administrators.
- The vote of a majority of the Administrators then holding office shall, subject to approval by the Unit Owners as herein provided, be required to adopt, amend or repeal a by-law. Vacancies in the Board of Administrators may be filled as provided in Article III, Section 5, of these By-laws.
- Section 8. Organization. Each meeting of the Board of Administrators shall be presided over by the President, and in the absence of the President, by any person selected to preside by vote of the

majority of the Administrators present. The Secretary, or in the absence of the Secretary, any person designated by the President of the meeting, may act as Secretary of the meeting.

- Section 9. Informal Action of Administrators. Action taken by a majority of the Administrators without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Administrators and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.
- Section 10. Minutes. The Board shall keep minutes of its proceedings which shall be available for inspection by the Unit Owners during reasonable business hours.
- Section 11. Fidelity Bonds. The Board of Administrators may in its discretion require all officers and employees of the Condominium handling or responsible for Condominium funds to be covered by an adequate fidelity bond. The premiums on such bonds shall constitute a Common Expense.
- Section 12. Liability of the Board. The members of the Board of Administrators shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these By-laws. It is intended that the members of the Board of Administrators shall have no personal liability with respect to any contract made by them on behalf of the Condominium, except to the extent that they are Unit Owner(s). It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Administrators, or out of the aforesaid indemnity in favor of the members of the Board, shall be limited to such proportion of the total liability thereunder as his interest in the Common Areas and Facilities bears to the interests of all the Unit Owners in the Common Areas and Facilities. Every agreement made by the Board or by the managing agent on behalf of the Condominium shall provide that the members of the Board of Administrators, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each

Unit Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the Common Areas and Facilities bears to the interest of all Unit Owners in the common Areas and Facilities.

ARTICLE V - OFFICERS

- Section 1. Number. The principal officers of the Condominium shall consist of a President, a Secretary, and a Treasurer, and optionally include a Vice President, Assistant Secretaries, Assistant Treasurers, and other officers as the Board of Administrators may from time to time elect. Any two or more offices may be held by the same person except the offices of the President and Secretary.
- Section 2. Election and Term. The officers of the Condominium shall be elected by and from among the Board of Administrators. Such elections may be held at the regular annual meeting of the Board.
- Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. .
- Section 3. Removal. Any officer or agent elected or appointed by the Board of Administrators may be removed by the Board with or without prejudice to the contract rights, if any, of the person so removed.
- Section 4. Compensation. No officer shall receive any compensation from the Condominium for acting as such.
- Section 5. President. The President shall be the principal executive officer of the Condominium and, subject to the control of the Board of Administrators, shall supervise and control the management of the Condominium. The President shall, when present, preside at all meetings of the Board and of the Unit Owners and, in general, shall perform all duties as may be prescribed from time to time by the Board.
- Section 6. Vice President. The Vice President, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, the Vice President shall perform such other duties and have such other powers as shall be prescribed by the President of the Board.

- Section 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of Unit Owners and Administrators. He shall give, or cause to be given, all notices required by law and by these By-laws. He shall have general charge of the minute books and records of both the Association and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President or by the Board of Administrators.
- Section 8. Treasurer. The Treasurer shall have custody of all Condominium funds and securities and shall receive, deposit or disburse the same under the direction of the Board of Administrators. He shall keep full and accurate accounts of the finances of the Condominium in books especially provided for that purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board of Administrators on or before the 15th day of the third month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any Unit Owner for a period of three (3) years and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to each Unit Owner annually on or before March 15 covering the preceding calendar year. The Treasurer shall also prepare and file all reports and returns required by Federal, State or local law and shall generally perform all other duties as may be assigned to him from time to time by the President or the Board of Administrators. Such functions may, in the discretion of the Board of Administrators, be delegated to a managing agent.
- Section 9. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary and Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Administrators.

ARTICLE VI - OPERATION OF THE PROPERTY

Section 1.

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

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

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

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

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

(iv) such amounts as the Board of Administrators may deem proper for the convenience, comfort and well-being of the Unit Owners, and for the operation, management and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year;

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

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

(vii) any other expense lawfully agreed upon.

The Board of Administrators shall advise all Unit Owners promptly, in writing, of the amount of Common Expenses payable by each of them respectively, as determined by the Board of Administrators, as aforesaid, and shall furnish copies of each budget on which such Common Expenses are based to all Unit Owners and to their Mortgagees. Provided, however, that (i) any increase in the per Unit assessment for any period in excess of 20% of the amount of such assessment for the previous period, or (ii) any expenditure in any one budget period which causes the per Unit assessment to increase by more than 20%, shall require the approval of 66% or greater in Common Interest of all Unit Owners. Provided further, however, (i) that the initial Administrators may elect to assess Common Expenses in an amount less than that required by the budget(s) presented by them and (ii) increases in assessments due to increasing the number of Units of the Regime pursuant to paragraph 29(c) of the Declaration shall not require approvals of the Unit Owners.

Section 2.

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

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

No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit, together with his interest in the Common Areas and Facilities (and Limited Common Areas and Facilities, if any) as defined in the Declaration. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Common Expenses assessed against such Unit prior to the acquisition by purchaser of such Unit without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Any such purchaser shall be entitled to a statement from the Board of Administrators setting

forth the amount of the unpaid assessments against the seller and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth. Provided, however, that a Mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for the payment of Common Expenses assessed prior to the foreclosure sale. Such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Unit Owners including such purchaser, his successors and assigns.

In the event a first Mortgagee is required to pay taxes or insurance on the Common Area, the Board of Administrators, on behalf of the Homeowners Association, shall reimburse the first Mortgagee within ten (10) days of notice of such payment. The cost of reimbursement shall be assessed to all Unit Owners as a special assessment.

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

Section 4. Collection of Common Expenses. The Board of Administrators shall determine Common Expenses against the Unit Owners from time to time which shall be at least annually, and shall take prompt action to collect any Common Expenses due from any Unit Owner which remain unpaid for more than 30 days from the due date for payment thereof.

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

Section 5.

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

Section 6.

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

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

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

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

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

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

Section 9. Abatement and Enjoinment of Violation by Unit Owners. The violation of any rule or regulation adopted by the Board or the breach of any By-law contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these By-laws: (a) to enter the Unit in which, or as to which, such violation or breach exists and to make any repairs, and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner; or (c) in any case of flagrant or repeated

violation by a Unit Owner, to require such Unit Owner to give sufficient sureties for his future compliance with such Condominium Documents. The Failure of the Board to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's right to act with respect to the same or any other breach or violation.

Section 10. Maintenance and Repair.

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

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

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

(b) By Board of Administrators. The Board of Administrators shall maintain, repair and replace all portions of the Common Areas and Facilities whether located inside or outside the Units (unless necessitated by the negligence, misuse or neglect of

a Unit Owner, his family, guests, agents, servants, lessees, employees or contractors, in which case such expense shall be charged to such Unit Owner, except to the extent such damage shall be reimbursed to the Association from insurance proceeds) and the cost thereof shall be charged to all the Unit Owners as a Common Expense.

- Section 11. Restriction on Unit Owners. No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other Unit Owners, jeopardizes the soundness of the safety of the Condominium or reduces the value thereof. Each Unit Owner shall cause any work so performed or being performed on the Unit, which, in the sole opinion of the Board of Administrators, violates the terms of this section, to be immediately corrected, and he shall refrain from recommencing or continuing any work found to be in violation without written consent of the Board.
- Section 12. Duty to Report. Each Unit Owner shall promptly report to the Board of Administrators or its agent any defect or need for repairs or replacements the responsibility for which is that of the Board of Administrators.
- Section 13. Additions, Alterations or Improvements by Board of Administrators. Whenever in the judgment of the Board of Administrators, the Common Areas and Facilities shall require additions, alterations or improvements, the Board of Administrators shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof, as a Common Expense, subject, however, to the provisions of Section 1 of this Article VI.
- Section 14. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, or any addition, alteration or improvement which affects the exterior portion or outward appearance of such Unit, without the prior written consent thereto of the Board of Administrators and Declarant. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed addition, alteration or improvement in such Unit Owner's Unit, within fifteen (15) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Administrators to the proposed addition, alteration or improvement. The Provisions of this Section 14 shall not apply to

Units owned by Declarant until such Units have been initially sold and conveyed by Declarant.

The Declarant has received permission to build six (6) garage units on property adjacent to the Condominium Common Areas and Facilities. Declarant may elect, or not elect, to build such garage units. It is agreed the garage units do not have to be first offered for sale to the Unit Owners of the Courtyard at Water's Edge II.

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

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

Section 17. Rules of Conduct. Rules and regulations concerning the use of the Units and the Common Areas and Facilities and the Condominium in general may be promulgated and amended by the Board. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner, prior to the time when the same shall become effective.

Section 18. Electricity, Water, Sewer and Telephone. Electricity, water, sewer and telephone service is supplied by the public utility companies directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for such utilities

consumed or used in his Unit. The electricity, water and sewer serving the Common Areas and Facilities shall be separately metered, and the Board of Administrators shall pay all bills for electricity, water and sewer consumed in any portions of the Common Areas and Facilities as a Common Expense.

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

ARTICLE VII - RECORDS AND AUDITS

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

- Section 2. Common Expense Funds. All sums collected by the Association either as assessments of the Common Expenses or special assessments may be commingled in a single fund but they shall be held for the Owners for the purposes for which they are paid and shall, subject to the rights of withdrawal shall be paid for the expenses for which the assessments are made. Such accounts shall include the following, or such other and further accounts as the Board of Administrators from time to time shall determine:

(i) General Common Expense Account -- to which shall be credited collection of that portion of the Common Expense assessments received for defraying the costs or operating the Condominium on a day-to-day basis, including normal maintenance and repairs, insurance and related charges;

(ii) Current Alteration and Improvement Account -- to which shall be credited that portion of any Common Expense assessment to be allocated to current alterations and improvements for the Condominium;

(iii) Capital Reserve Account -- to which shall be credited, subject to the right of the Unit Owners to elect to withdraw such amount as hereinafter provided, all sums collected which are to be allocated for capital expenditures for the reconstruction, repair and replacement of Common Areas and Facilities at a future date.

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

Notwithstanding anything herein to the contrary in any year in which there is an excess of assessments received over amounts actually expended for the purposes described in these By-laws, and in the Declaration, such excess may, upon written consent of all Unit Owners, be applied against and reduce the subsequent year's preceding paragraph and the preceding sentence shall automatically be repealed upon the revocation of Revenue Ruling 74-17 promulgated by the internal Revenue Service, or upon a court of competent appellate jurisdiction declaring such Internal Revenue Code or the Treasury

regulations thereunder obviating the requirement of a membership vote to apply such excess to the subsequent year's assessments or to refund same in order that such excess be excluded from gross income of the Association.

ARTICLE VIII - AMENDMENT TO BY-LAWS

Except as otherwise provided herein, these By-laws may be modified or amended by the vote of 66% or greater in Common Interest of all Unit Owners at a meeting of the Association duly held for such purpose; provided, however, that the provisions of Article III, Sections 2 and 8, Article IV, Sections 2, 3 and 4, Article VI, Sections 1 and 14, insofar as they affect the rights of Declarant, and this Article VIII may not be amended without the consent in writing of Declarant, so long as Declarant shall be the Owner of one or more Units. No such amendment shall become operative unless and until the same is set forth in an amendment to the Declaration and duly recorded in the office of the Recorder for Monroe County, Indiana; provided, however, that the Board of Administrators shall give written notice to all holders of mortgages on Condominium Units of such amendment at least 30 days prior to the effective date of such amendment.

EXHIBIT C

to

DECLARATION OF CONDOMINIUM FOR
COURTYARD AT WATER'S EDGE II

Master Site Plan

The plat survey for Courtyard at Water's Edge II dated _____, prepared by Steve Smith, of Smith Neubecker & Associates, Registered Land Engineer entitled "Master Site Plan Courtyard at Water's Edge II" and consisting of one sheet, which was attached to this Declaration at the time it was filed for record is duly filed in the Office of the Recorder of Monroe County, Indiana in Horizontal Property Plan Cabinet Number 3, Envelope No. _____, as Instrument Number _____ . Said Master Site Plan is incorporated herein by reference as thought fully set out herein.

EXHIBIT D

to

DECLARATION OF CONDOMINIUM FOR
COURTYARD AT WATER'S EDGE II

Plans and Specifications

The Plans and outline specifications for Courtyard at Water's Edge II more particularly described in the architectural, plumbing, mechanical and electrical drawings for Courtyard at Water's Edge II were attached to this Declaration at the time it was filed for record and are duly filed in the office of the Recorder of Monroe County, Indiana in Horizontal Property Plan Cabinet Number 3, Envelope No. _____ as Instrument Number _____, reference to which is hereby made and said Plans and outline specifications are incorporated herein by reference as though fully set out herein.