

459223  
C489223  
P00

Chicago Title Insurance Company

42

**DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS AND EASEMENTS FOR  
THE VICTORIA PLACE TOWNHOMES**

This Declaration of Covenants, Conditions and Restrictions is made this day by **LAKE COUNTY TRUST COMPANY AS TRUSTEE UNDER TRUST AGREEMENT DATED FEBRUARY 7, 1983, AND KNOWN AS TRUST NO. 3316** (hereinafter referred to as "Declarant").

**WITNESSETH:**

WHEREAS, Declarant is the owner of the following described real property:

Lots 10, 11 and 12, and the "Utility Easement" and the "Drainage and Utility Easement" parcels (which border on both Commerce Boulevard and Victoria Place) in Victoria Place, an Addition to the Town of Schererville, as shown in Plat Book 79, Page 90, in Lake County, Indiana.

(the "Property"). Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within the Property by the recording of this Declaration. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property; and

WHEREAS, Declarant also owns certain additional real estate which particularly described as follows:

Lots 1 through 9, inclusive, and Lot 13, in Victoria Place, an addition to the Town of Schererville, as shown in Plat Book 79, Page 90, in Lake County, Indiana.

(the "Expansion Real Estate"), which Expansion Real Estate may be subjected in the future to this Declaration at the sole discretion of Declarant, but which shall not be required to be made a part of the Project (as defined in Article 1, Section 14).

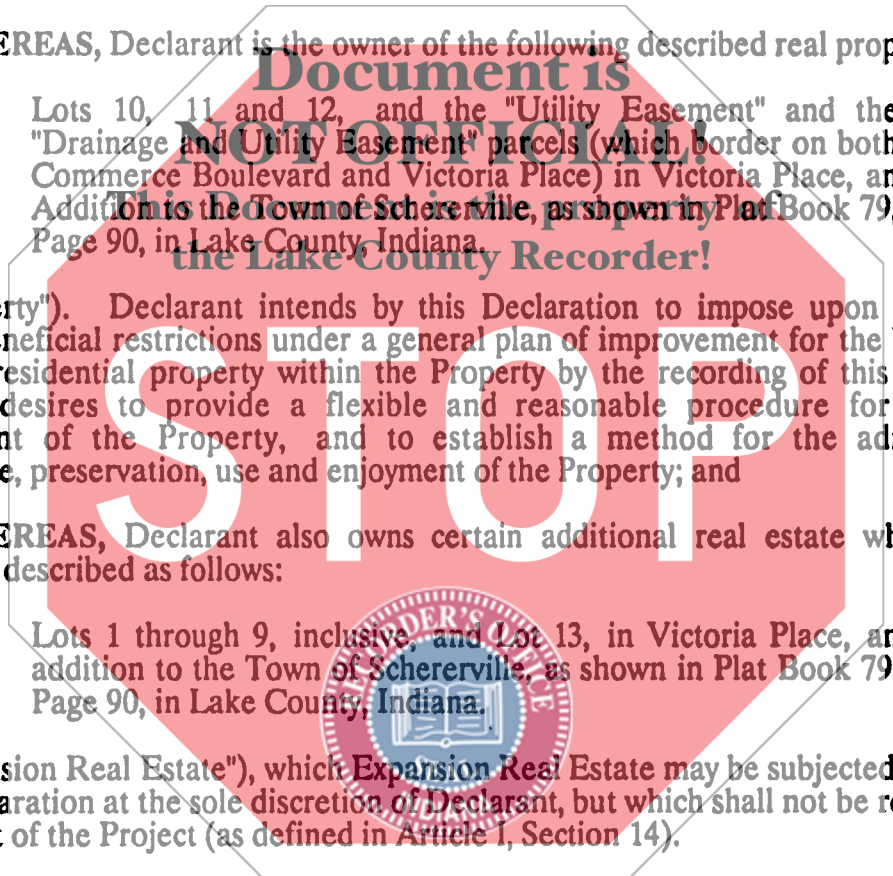
NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title or interest in the described Property or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

96066520

96 OCT -7 AM 10:23

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

RECORDER



**FILED**

OCT 4 1996

SAM ORLICH  
AUDITOR LAKE COUNTY

000316

92.00  
OCT  
3

**ARTICLE I  
DEFINITIONS**

**Section 1.** "**Assessments**" shall mean Assessments for Common Expenses provided for herein which shall be used for the purposes of promoting the health, safety, welfare, common benefit and enjoyment of the Owners and Occupants of the Residential Units against which the Assessment is levied and of maintaining the Residential Units, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below. The Assessment shall be levied equally against Owners of Residential Units for such purposes that are authorized by this Declaration or by the Board of Directors from time to time.

**Section 2.** "**Association**" shall mean and refer to The Victoria Place Townhome Owners Association, Inc., an Indiana nonprofit corporation, and its successors and assigns. The "Board of Directors" or "Board" shall be the elected body having its normal meaning under Indiana law. The Association shall be organized and governed in accordance with the Articles of Incorporation and By-Laws, attached hereto as Exhibits "A" and "B", respectively.

**Section 3.** "**Common Areas**" shall mean and refer only to that real estate, the fee simple title to which is conveyed to and owned by the Association from time to time, and which shall include, at a minimum, the "Utility Easement" and the "Drainage and Utility Easement" parcels (which border on both Commerce Boulevard and Victoria Place) in Victoria Place, an Addition to the Town of Schererville, as shown in Plat Book 79, Page 90, in Lake County, Indiana, and more particularly described as follows:

**Parcel 1:** That part of Victoria Place, an Addition to the Town of Schererville, as recorded in Plat Book 79, Page 90 in the Office of the Recorder of Lake County, Indiana, which is thereon described as "Utility Easement" and lying adjacent to and Northwest of Lot 11 of said Victoria Place.

**Parcel 2:** That part of Victoria Place, an Addition to the Town of Schererville, as recorded in Plat Book 79, Page 90 in the Office of the Recorder of Lake County, Indiana, which is thereon described as "Drainage and Utility Easement" and lying South of Lot 14, North of Lot 10 and North of the right of way of Victoria Place.

**Section 4.** "**Common Expenses**" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association.

**Section 5.** "**Community-Wide Standard**" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Project. Such standard may be more specifically determined and set forth by the Architectural Review Committee, or by the Board of Directors.

**Section 6.** "**Insurance Trustee**" shall mean the Association and its successors, unless the Association shall have appointed another entity as Insurance Trustee pursuant to Article V Section 6.

**Section 7.** "**Member**" shall mean and refer to each Owner, and any person or entity entitled to membership in the Association, as provided herein, or in the Association's Articles of Incorporation or By-Laws.

**Section 8.** "**Mortgage**" shall include a deed of trust, as well as a mortgage.

**Section 9.** "**Mortgagee**" shall include a beneficiary or holder of a deed of trust, as well as a mortgagee.

**Section 10.** "**Mortgagor**" shall include the trustor of a deed of trust, as well as a mortgagor.

**Section 11.** "**Occupant**" shall mean and refer to one or more Persons or entities which may at any time be entitled to the use and possession of a Residential Unit, or any part thereof, by lease, license, contract or any other means, whether or not lawful, and shall include, without limitation, Owners, tenants, subtenants and their guests and invitees.

**Section 12.** "**Owner**" shall mean and refer to one or more persons or entities who hold the record title to any Residential Unit which is part of the Property, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Residential Unit is sold under a recorded contract of sale, the purchaser (rather than the fee owner) will be considered the Owner.

**Section 13.** "**Person**" means a natural person, a corporation, a limited liability company, a partnership, trustee or other legal entity.

**Section 14.** "**Project**" shall mean the Property owned by Declarant and made subject to this Declaration and the improvements and buildings constructed thereon from time to time, and known as The Victoria Place Townhomes.

**Section 15.** "**Property**" shall mean and refer to all of the real property made subject to this Declaration.

**Section 16.** "**Residential Unit**" shall mean one of the parcels which is a portion of a subdivided lot and the zero lot line home located or to be located thereon, which is a part of the Property and intended for independent ownership, and for use and occupancy as a single family residence. The boundaries of Residential Units shall be the boundary lines of the parcels of the Property described in each deed transferring fee simple title from Declarant to each Owner. For the purposes of this Declaration, a Residential Unit shall come into existence upon the issuance of a certificate of occupancy by the appropriate agency of the Town of Schererville, Indiana, or other local governmental entity.

## ARTICLE II PROPERTY RIGHTS

**Section 1.** **Party Wall Rights, Restrictions And Easements.** Subject to any other or additional provisions contained in any written agreement between parties affected, each wall which is built as part of the original construction of a Residential Unit and placed on the boundary line of a Residential Unit shall constitute a party wall and to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and of liabilities for property damage due to negligence or willful acts or omissions

shall apply thereto. In the event and to the extent that the center of any wall between Residential Units shall encroach into or onto the adjacent Residential Unit, the Owner utilizing said party wall shall have a perpetual exclusive easement appurtenant to his Residential Unit on and over such adjoining Residential Unit for the maintenance, repair and restoration of such wall and his Residential Unit to the extent that the same shall occupy such adjoining Residential Unit, and such wall shall be deemed a party wall for all purposes of this Declaration. The cost of reasonable repairs and maintenance of a party wall shall be shared equally by the Owners who make use of the wall. If a party wall is destroyed or damaged by fire or other casualty, the Owner who has shared the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute equally to the cost of restoration thereof, without prejudice however, to the right of any such Owner to call for a larger contribution from the other under any rule or law regarding liability for negligence or willful acts or omissions. Notwithstanding any other provision of this Declaration, any Owner who by his negligence or willful act, or the negligence or willful act of his occupant causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. The right of any Owner to contribution from any other Owner under this Declaration shall be appurtenant to the land and shall pass to such Owner's successors in title. Easements are hereby declared and granted to Owners having a party wall to install, lay, operate, maintain, repair and replace any pipes, wires, ducts, conduits, public utility lines or structural components through the party walls of two or more Residential Units, whether or not such walls lie all or in part within the boundaries of a Residential Unit. Every portion of a Residential Unit which contributes to the structural support of another Residential Unit shall be burdened with an easement of structural support for the benefit of the other Residential Unit.

**Section 2. Easements Of Encroachment.** There shall be reciprocal appurtenant easements of encroachment as between each adjacent Residential Unit due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed or altered thereon (in accordance with and allowed under the terms of this Declaration) to a distance necessary to encompass any constructed encroachment, either now existing or arising in the future; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of an Owner, Occupant or the Association.

**Section 3. Easements For Utilities, Etc.** Declarant hereby reserves for itself and its designees (including, without limitation, the Town of Schererville and any utility) easements upon, across, over and under the Residential Units for ingress, egress, installation, replacing, repairing and maintaining cable television systems, master television antenna systems, and similar systems, walkways, and all utilities, including, but not limited to, water, sanitary sewers, storm water drainage facilities, meter boxes, telephones, gas and electricity. This reserved easement may be assigned by Declarant by written instrument to the Association, and the Association shall accept the assignment upon such terms and conditions as are acceptable to Declarant. If this reserved easement is assigned to the Association, the Board shall, upon written request, grant such easements as may be reasonably necessary for the development of the Property.

Without limiting the generality of the foregoing, there are hereby reserved for the Town of Schererville, Indiana, easements across all Residential Units for ingress, egress, installation, reading, replacing, repairing and maintaining water meter boxes and storm water drainage facilities.

Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on Residential Units, except as may be approved by the Association's Board of Directors or as provided in the development and sale by Declarant. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Property.

**Section 4. Subdivision Easements.** The Property is also subject to those easements for the installation and maintenance of utilities and drainage facilities as are shown on the recorded subdivision plat of Victoria Place, an addition to the Town of Schererville as shown in Plat Book 79, page 90 in Lake County, Indiana.

**Section 5. Sprinkler System Easement.** Each Residential Unit is hereby encumbered with reciprocal appurtenant easements for the lawn and landscape water sprinkler system, if any, located and installed by the Declarant on each Residential Unit, for the maintenance, repair and replacement thereof by the Association, including therewith an easement for ingress, egress and access over and upon each such Residential Unit for such purposes.

**Section 6. Right Of Entry.** The Association shall have the right and license, but shall not be obligated, to enter into any Residential Unit for emergency, security and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Residential Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board. There is hereby granted to the Association, and its agents, employees, and independent contractors, a license to enter upon all Residential Units to the extent necessary or appropriate for the conduct of the Association's responsibility under Article IV.

**Section 7. Rights Of Access.** Each Owner shall have an unrestricted right of ingress and egress from that Owner's Residential Unit to the public street, over and across those driveways and sidewalks originally constructed by the Declarant and which are located in whole or in part upon an adjoining Residential Unit, and designed and constructed for joint or common use.

**Section 8. Association's Powers Respecting Common Areas.** The Association shall have the right to grant permits, licenses and easements over the Common Areas, for utilities, roads, and other purposes necessary for the proper operation of the Project.

### **ARTICLE III** **MEMBERSHIP AND VOTING RIGHTS**

**Section 1. Membership.** Every Owner, as defined in Section 11 of Article I, shall be deemed to have a membership in the Association. No Owner, whether one or more persons, shall have more than one (1) membership per Residential Unit owned. In the event the Owner of a Residential Unit is more than one (1) person or entity, votes and

rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's spouse, but in no event shall more than one (1) vote be cast for each Residential Unit.

**Section 2. Voting.** The Association shall have one (1) class of membership. Members shall be entitled on all issues to one (1) vote for each Residential Unit in which they hold an interest required for membership by Section 1 hereof; there shall be only one (1) vote per Residential Unit. When more than one (1) person or entity holds such interest in any Residential Unit, the vote for such Residential Unit shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Residential Unit's vote shall be suspended in the event more than one (1) person or entity seeks to exercise it.

Any Owner of Residential Units which are leased may, in the lease or other written instrument, assign the voting right appurtenant to that Residential Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting.

The voting rights of Members shall be subject to the Declarant's rights provisions of Article XVI.

**Document is NOT OFFICIAL!**  
**This Document is the property of the Lake County Recorder!**  
**ARTICLE IV**  
**MAINTENANCE, REPAIR AND REPLACEMENT**

**Section 1. Association's Responsibility.** The Association shall have the responsibility, at the cost of the Association, to mow and to otherwise maintain, repair and replace all lawn and landscaped areas of all Residential Units, all Common Areas conveyed by the Declarant to the Association, any perimeter fencing for the Project, and all street entrance area signs, decorative structures and landscaping, or any other real estate that is conveyed by Declarant to the Association. Notwithstanding any provision of this Declaration or of the Articles of Incorporation or By-Laws of the Association to the contrary, Declarant shall have no obligation to cause the Association, and the Association itself shall not be obligated, to provide water for the lawn and landscaped areas.

**Section 2. Owner's Responsibility.** Subject to Section 1 of this Article IV, all maintenance, repair and replacement of the Residential Unit and all structures and other improvements, including fences, located within a Residential Unit, and including common boundary line fences, shall be the sole responsibility of the Owners thereof who shall perform such maintenance, repair and replacement in a manner consistent with the Community-Wide Standard of the Project, the Architectural Standards set forth in Article X hereof, any Rules and Regulations regarding Architectural Standards, and all other applicable covenants. The cost of the maintenance, repair and replacement of all common walls, roofs, boundary line fences and other structures in common between or among two or more Owners, shall be shared equally by the Owners of the Residential Units which have the wall, roof, fence or other structure in common.

**ARTICLE V**  
**INSURANCE AND CASUALTY LOSSES**

**Section 1. Owner's Insurance.** By virtue of taking title to a Residential Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all-risk casualty insurance on the Residential Units and structures constructed thereon. Each individual Owner further covenants and agrees that in the event of any loss or damage and destruction the proceeds of such insurance shall be used only in accordance with this Declaration.

All casualty insurance coverage obtained by any Owner shall be for the respective benefited parties, as further identified in b. below. Such insurance shall be governed by the provisions hereinafter set forth.

a. All policies shall be written with a company licensed to do business in Indiana and holding an "A" general policy holder's rating and a "V" Financial Size Category in Best's "Insurance Reports", if reasonably available, or, if not available, the most nearly equivalent rating, shall be for 100% of the insurable replacement cost, excluding only land, foundation and excavations, and shall protect against fire and all other hazards normally covered by the standard extended coverage endorsement and all other perils covered by the standard "all risk" endorsement, or the "broad form" covered causes of loss.

b. All policies on Residential Units shall be for the benefit of the Residential Unit Owners and their Mortgagees as their interests may appear. The policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be responsible for the repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

c. No Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

d. Each Owner shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(1) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its officers, employees and agents, and the Owners and their respective tenants, servants, agents and guests;

(2) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(3) that no policy may be canceled, invalidated or suspended on account of the conduct of any director, officer, employee or agent of the Association without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Owner or Mortgagee;

(4) that any "other insurance" clause in any policy exclude the Association's and all Owners' policies from consideration;

(5) that no policy may be canceled or substantially modified without at least ten (10) days' prior written notice to the Association; and

(6) an "inflation guard endorsement", and an "agreed amount endorsement", with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Schererville, Indiana area.

Each Owner shall also obtain a public liability policy covering the Residential Unit owned by such Owner, and shall name the Association and all of its Members as additional insureds for all damages or injury caused by the negligence of such Owner. The public liability policy shall have at least a Three Hundred Thousand Dollars (\$300,000.00) single person limit as respects bodily injury and property damage, a Five Hundred Thousand Dollars (\$500,000.00) limit per occurrence, and a One Hundred Thousand Dollars (\$100,000.00) minimum property damage limit. All such policies shall provide for a certificate of insurance to be furnished to the Association.

**Section 2. Association Insurance.** The Association shall obtain, as a Common Expense:

a. A commercial general liability policy providing coverage for bodily injury and property damages that result from the operation, maintenance, or use of any Common Area and real estate owned in the name of the Association. The amount of coverage shall be at least \$1,000,000.00 for bodily injury and property damage for any single occurrence. If the policy does not include "severability of interest" in its terms, a specific endorsement to preclude the insurer's denial of an Owner's claim because of the negligent acts of the Association or of other Owner's, is required. The policy shall provide for at least ten (10) days written notice to the Association before the insurer can cancel or substantially modify the policy.

b. Worker's compensation insurance, if and to the extent necessary.

c. A fidelity bond or bonds on directors, officers, employees and other persons handling or responsible for the Association's funds, whether or not such persons receive compensation for services. The amount of fidelity coverage shall be in an amount which is the greater of (1) the maximum funds that will be in the custody of the Association at any time, or (2) three (3) months' Assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association.

**Section 3. Disbursement Of Proceeds.** Proceeds of insurance policies shall be paid to the Insurance Trustee to be disbursed as follows:

a. If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction or, in the event no repair or reconstruction is made, shall be disbursed to the affected Owner or Owners and their Mortgagee(s) as their interests may appear. This is a covenant for the benefit of any Mortgagee of a Residential Unit and may be enforced by such Mortgagee.



b. If it is determined, as provided for in Section 4 of this Article, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for in Section 3.a. of this Article V.

**Section 4. Damage And Destruction.**

a. Immediately after the damage or destruction by fire or other casualty to all or any part of a Residential Unit, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Residential Units to substantially the same condition in which they existed prior to the fire or other casualty.

b. Any damage or destruction shall be repaired or reconstructed unless by a vote of at least three-fourths ( $3/4$ ) of all Owners entitled to vote (not three-fourths ( $3/4$ ) of a quorum), the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair and reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction shall be repaired or reconstructed. A decision not to rebuild or reconstruct shall under no circumstances relieve or discharge an Owner from the obligation to pay Assessments to the Association.

c. In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the Residential Unit shall be restored to its natural state by the Owner or Owners thereof and maintained as an undeveloped portion of the Project by the Association in a neat and attractive condition.

**Section 5. Repair And Reconstruction.** If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against the Owner or Owners of Residential Units affected by such damage or destruction. Additional Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

**Section 6. Appointment Of Insurance Trustee.** The Association, as Insurance Trustee, shall have the right to appoint any federal or state bank which is qualified to offer trust services to the public as Insurance Trustee hereunder, and upon such appointment shall be relieved of all liability and responsibility as Insurance Trustee hereunder.

**ARTICLE VI  
NO PARTITION**

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of a Residential Unit or any part thereof, nor shall any person acquiring any interest in any Residential Unit or any part thereof seek any such judicial partition unless the Property has been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring title to real property which may or may not be subject to this Declaration.

**ARTICLE VII  
CONDEMNATION**

Whenever all or any part of a Residential Unit shall be taken (or conveyed in lieu of and under threat of condemnation by the Owner) by any authority having the power of condemnation or eminent domain, each Owner and the Association shall be entitled to notice thereof. The award made for such taking shall be payable to the Insurance Trustee to be disbursed as follows:

If the taking involves a portion of a Residential Unit on which improvements have been constructed, then, unless within sixty (60) days after such taking by a vote of at least three-fourths (3/4) of all Members entitled to vote (not three-fourths (3/4) of a quorum), the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Residential Unit to the extent lands are available therefore, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not include any improvements on the Residential Unit, or if there is a decision made not to repair or restore, or if there are net funds remaining after such restoration or replacement is completed, then such net funds shall be disbursed to the Owner and its Mortgagee as their interests may appear. This is a covenant for the benefit of any Mortgagee of a Residential Unit and may be enforced by such Mortgagee.

**ARTICLE VIII  
RIGHTS, OBLIGATIONS AND POWERS OF THE ASSOCIATION**

**Section 1. Personal Property For Common Use.** The Association, through action of its Board of Directors, may acquire, own, lease, hold and dispose of tangible and intangible personal property.

**Section 2. Rules And Regulations.** The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the operations of the Association, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may be imposed in accordance with Article XII. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. In addition, the Association shall permit the Town of Schererville, Indiana, to enforce ordinances on the Property for the benefit of the Association and its Members.

**Section 3. Implied Rights.** The Association may exercise any other right or privilege given to it expressly by this Declaration, the Articles of Incorporation or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

**Section 4. Documents.** A copy of this Declaration, and the Association's Articles of Incorporation and By-Laws, and any Rules and Regulations in effect, as well as all Association books, records and financial statements shall be made available to each Owner, and to each holder, insurer and guarantor of a first Mortgage on a Residential Unit, during normal business hours.

**ARTICLE IX  
ASSESSMENTS**

**Section 1. Creation Of Assessments.** There are hereby created Assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors to be commenced at the time and in the manner set forth in Article IX, Section 6. General assessments shall be for expenses determined by the Board to be for the benefit of the Association as a whole (herein "General Assessments").

Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these Assessments. All such Assessments, together with interest at the rate of twelve percent (12%) per annum, costs and reasonable attorneys' fees, shall be a charge on the Residential Unit and shall be a continuing lien upon the Residential Unit against which each Assessment is made.

Each such Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Residential Unit at the time the Assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance to the extent expressly assumed, except no first Mortgagee who obtains title to a Residential Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid Assessments which accrued prior to such acquisition of title. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual Assessment for delinquents. Unless the Board otherwise provides, the Assessments shall be paid in monthly installments.

The Association is specifically authorized to enter into subsidy contracts with Declarant or other entities for the payment of some portion of the Common Expenses.

**Section 2. Computation Of Assessment.** It shall be the duty of the Board, at least sixty (60) days before the beginning of the budget year (the budget year shall be from April 1 through May 31) and thirty (30) days prior to the meeting at which the budget shall be presented to the membership, to prepare a budget covering the estimated costs of operating the Association during the coming budget year. Subject to the provisions of Section 5 of this Article IX, the budget shall include a capital budget separately prepared and shall separately list general expenses. The Board shall cause a copy of the budget, and the amount of the Assessments to be levied against each Residential Unit for the following

budget year to be delivered to each Owner at least fifteen (15) days prior to the meeting. The budget and the Assessments shall become effective when adopted by the Board of Directors.

Notwithstanding the foregoing, however, in the event the Board fails for any reason so to determine the budget for the succeeding budget year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current budget year shall continue for the succeeding budget year.

The Board may not, without the vote or written consent of a majority of the votes of the Association, impose a General Assessment per Residential Unit which is greater than one hundred fifty percent (150%) of the amount for the previous fiscal year, except for the Assessment levied for the first time.

**Section 3. Special Assessments.** In addition to the Assessments authorized in Section 1, the Association may levy a Special Assessment or Special Assessments, provided, however, such Assessment for any purpose other than as a sanction against an Owner shall have the vote or written assent of fifty-one percent (51%) of a quorum of Members entitled to vote at a meeting called for that purpose. The Association may also levy a Special Assessment as a sanction against any Member to reimburse the Association for costs incurred in bringing a member and his Residential Unit into compliance with the provisions of the Declaration, the Amendments thereto, the Articles of Incorporation, the By-Laws, and any rules and regulations, which Special Assessment may be levied upon the vote of the Board.

**Section 4. Lien For Assessments.** When a notice of the lien has been recorded, such Assessment shall constitute a perfected lien on each Residential Unit prior and superior to all other liens, except (1) all taxes, bonds, assessments and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage or deed of trust with first priority over other Mortgage or deeds of trust) made in good faith and for value.

Such lien, when delinquent, may be enforced by suit, judgment and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Residential Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period owned by the Association, following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessment shall be assessed or levied on it; and (c) each other Residential Unit shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have been charged such Residential Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Assessments, and attorneys' fees, shall be maintainable without foreclosing or waiving the lien securing the same.

**Section 5. Capital Budget And Contributions.** In the event that the Association becomes the owner of any capital asset, or is charged with the duty for the upkeep, maintenance and repair of a capital asset, the Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual Assessments over the period of the budget. The

capital contribution required shall be fixed by the Board included within the budget and Assessments, as provided in Section 2 of this Article. A copy of the capital budget shall be distributed to each Member in the same manner as the operating budget.

**Section 6. Date Of Commencement Of Annual Assessments.** The annual Assessments provided for herein shall commence as to all Residential Units on the first day of the conveyance of title to an Owner of the first Residential Unit. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual Assessment shall be adjusted according to the number of months then remaining in that budget year. Notwithstanding the foregoing, the Declarant may cause the Association to provide for a reduced Assessment for unsold Residential Units owned by the Declarant, if they are not occupied. Further notwithstanding the foregoing, all Residential Units must be allocated full Assessments no later than sixty (60) days after the fee title to the first Residential Unit is conveyed by Declarant.

**Section 7. Subordination Of The Lien To First Deeds Of Trust And First Mortgages.** The lien of the Assessments, including interest, late charges subject to the limitations of Indiana law, and cost (including attorneys' fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Residential Unit. The sale or transfer of any Residential Unit shall not affect the Assessment lien. However, the sale or transfer of any Residential Unit pursuant to judicial foreclosure of a first Mortgage shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Residential Unit from lien rights for any Assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of record or other purchaser of a Residential Unit obtains title, his successors and assigns shall not be liable for the share of the Common Expenses or Assessments by the Association chargeable to such Residential Unit by such acquirer. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Residential Units, including such acquirer, his successors and assigns.

**Section 8. Initial Assessment Payment.** Upon acquisition of record title to a Residential Unit from Declarant, each Owner shall pay to Declarant an amount equal to the amount of the initial General Assessment for that Residential Unit as set forth in Section 2 of this Article IX (prorated to an amount for the period of time from the date of the Owner's acquisition of such record title, to the next May 31, the end of the budget year). This amount shall be deposited by the Declarant into the purchase and sales escrow and disbursed therefrom to the Association.

**Section 9. Working Capital Fund.** Notwithstanding any other provision of this Declaration to the contrary, a working capital fund shall be established to meet unforeseen expenditures or to purchasing additional equipment or services. The Declarant shall establish the initial working capital fund in an amount that is at least equal to two (2) month's of estimated Assessments for each Residential Unit. Each Residential Unit's share of the working capital fund may be collected either at the time the sale of the Residential Unit is closed, or when control of the Association is transferred to the Owners, whichever is earlier. Amounts paid into the working capital fund shall not be considered as advance payments of regular Assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners. The Declarant is prohibited from using the working capital fund to defray any of Declarant's expenses, reserve contributions or construction costs, or to make up any budget deficits while Declarant is in control of the Association. When a Residential Unit is

first sold by the Declarant, the Declarant may reimburse itself for funds it paid to the Association for an unsold Residential Unit's share of the working capital fund, by using funds collected at closing when the Residential Unit is sold by the Declarant.

**Section 10. Assessment For Reserve Fund.** The Association shall establish and maintain an adequate reserve fund for the replacement of improvements to the Common Areas, and for any other part or portion of the Property which it is obligated to maintain or repair pursuant to the provisions of this Declaration. The reserve fund shall be maintained out of regular Assessments for Common Expenses.

## **ARTICLE X ARCHITECTURAL STANDARDS**

**Section 1. Architectural Review Committee.** The Architectural Review Committee (the "ARC") shall consist of at least three (3) and no more than (5) members (except as may otherwise be determined by the Declarant pursuant to Article XVI Section 1), all of whom shall be appointed by the Board of Directors. The ARC shall have exclusive jurisdiction over all construction made on or to the Property or any Residential Unit.

**Section 2. Architectural Review Committee Approval Required For Construction.** No construction shall take place until the requirements of this Article have been fully and strictly met, and until the approval of the ARC has been obtained.

The term "construction" as used in this Article includes the erection, installation, modification, addition, improvement, alteration or change of any kind to any building, sidewalk, street, lawn, landscaped area, or to any fixture or utility connected or appurtenant thereto, from that originally provided by the Declarant. Specifically, and not in limitation of the generality of the foregoing, Owners and Occupants are expressly prohibited from doing any of the following on the Property or on any Residential Unit without the approval of the ARC:

- a. Changing the exterior color or facia materials on any building, or erecting room additions or any other structure.
- b. Changing the materials used for sidewalks, curbs or roadway paving.
- c. Changing trees, shrubs or landscaping.
- d. Re-seeding or re-sodding lawn areas.
- e. Planting flower or vegetable gardens.
- f. Installing flag poles, statutes, figurines, sculptures or other similar items or works of art.
- g. Erecting signs other than those allowed by Article XI. Section 5.
- h. Erecting any fence, wall or other form of barrier.

**Section 3. Review Procedure.** Plans and specifications showing the nature, kind, shape, color, size, materials and location of any proposed construction shall be submitted to the ARC for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his residence, or to paint the interior of his residence any color desired. In the event the ARC fails to approve or to disapprove such plans or to request additional information reasonably required within one hundred eighty (180) days after submission, the plans shall be deemed approved.

**Section 4. Universal Construction Standards.** The following standards shall apply to each Residential Unit:

- a. **Height.** Buildings constructed upon the Property shall not exceed two (2) stories in height.
- b. **Building Materials.** The ground floor level front of each building constructed upon the Property shall be partially of face brick construction. Non-masonry siding shall be vinyl, except that aluminum may be used for soffit and fascia. Laminated wood or pressed wood siding may not be used.
- c. **Minimum Floor Area.** Each townhouse constructed upon a Residential Unit shall have a minimum total floor area of one thousand two hundred (1,200) square feet.
- d. **Garage.** Each Residential Unit shall have a two (2) car attached garage.
- e. **Landscaping.** Each front yard, side yard and rear yard of a Residential Unit shall be landscaped with grass, and shall otherwise remain and be maintained with landscaping equivalent to the landscaping planted or installed by Declarant.

**Section 5. Enforcement.** The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction, decisions of the ARC made in accordance with this Article X. This Article may not be amended without the Declarant's written consent, so long as the Declarant owns any parcel of the Property.

## **ARTICLE XI USE RESTRICTION**

**Section 1. Residential Restrictions.** The Properties shall be used only for residential, personal related purposes as may more particularly be set forth in this Declaration and amendments thereto. The Association, acting through the Board of Directors, shall have standing and the power to enforce use restrictions contained in any such declaration as if such provision were a regulation of the Association.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Residential Units shall continue, it shall be expressly permissible for Declarant to maintain and carry on such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the construction or sale of such residences, including, but not limited to, business offices, signs, model units and sales offices, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Residential Units owned by the Declarant as models and sales offices. This Section may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Section 1 shall terminate upon the earlier of five (5) years from the date this Declaration is recorded, or upon the Declarant's recording a written statement that all sales activity has ceased.

**Section 2. Nuisances.** No nuisance shall be allowed upon any Residential Unit nor shall any use or practice be allowed which would annoy residents or interfere with the peaceful possession and proper use of the Residential Units by its residents, or which will obstruct or interfere with the rights of other Owners of the Association. This provision shall not be construed to prohibit or limit the enforcement of any provision of the Declaration which does not constitute a nuisance, or to prohibit the Association from adopting rules and regulations prohibiting conduct which does not constitute a nuisance.

**Section 3. Immoral, Unbecoming, Offensive And Unlawful Uses.** No immoral, improper, offensive or unlawful use shall be made of any Residential Unit nor any part thereof and all laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The respective responsibilities of Owners and the Association of complying with the requirements of governmental bodies regarding the maintenance, modification or repair of Residential Units shall be the same as provided in Article IV hereof.

**Section 4. Uses Affecting Insurance Rates.** An Owner shall not permit or suffer anything to be done or kept in a Residential Unit which will increase the insurance rates on any adjacent Residential Unit.

**Section 5. Signs And Other External Items.** No Owner shall display any sign (except for temporary but tasteful "for sale" or "for rent" signs), advertisement or notice of any type on the exterior of a Residential Unit and no Owner shall erect any exterior antennae, aerials or awnings upon any Residential Unit. No clothesline or other similar device shall be allowed on any portion of any Residential Unit, except within an enclosed private courtyard.

**Section 6. Noise, Odor And Light.** Loud noises, loud music, objectionable odors and excessive external lighting which may be objectionable to other Residential Unit owners is prohibited.

**Section 7. Animals and Pets.** No horses, cattle or any other livestock shall be kept or maintained on any part of the Property. Dogs shall not be left unattended by a Residential Unit owner outside of a home. Permitted pets shall be kept subject to any Rules and Regulations adopted by the Association for the keeping of pets. Pets shall not be kept, bred or maintained for any commercial purposes. Pets shall not be allowed in any dedicated public area or on any other Residential Unit except on a leash or lead. The Residential Unit owner shall be responsible for removing all offal immediately from all parts of the Property including such owner's Residential Unit.



**Section 8. Vehicles.** No motor homes, campers, trailers, boats of any kind, or trucks in excess of 3/4-ton capacity, shall be parked at any time on any Residential Unit, except inside closed garages in a manner that shall allow the garage door to be closed entirely.

**Section 9. Leasing Restrictions.** All leases must provide that each tenant and occupant is subject to the provisions of this Declaration and any Rules and Regulations of the Association. It shall be the responsibility of the Residential Unit owner to provide copies of all of the foregoing to tenants and subtenants and all other occupants. A Residential Unit may not be leased for less than seven (7) days. The Residential Unit Owner(s) shall provide the Association with a copy of the lease, full name(s) of lessee and occupants and the permanent address and emergency telephone number of the Residential Unit Owner.

**Section 10. Car Washing.** No car or other vehicle washing is permitted on any of the Residential Units in any manner which would allow soaps, detergents, or other chemical liquids or compounds to damage any lawn or landscaped area.

**Section 11. Garbage.** All garbage receptacles shall be located and stored in such a place as to be not visible from any ground level location, excepting only on those days of garbage collection by the Town of Schererville or its contractor, in which case such garbage containers, when empty, shall be immediately relocated to a place as described above.

**Section 12. Rules And Regulations.** Rules and regulations concerning the use of the Residential Units may be promulgated and amended by the Association acting by and through its Board of Directors each of which shall be deemed to be incorporated herein by reference and made a part hereof, as amended from time to time; provided, however, copies of all such rules and regulations shall be furnished to each Owner prior to the time that the same become effective. All rules and regulations promulgated from time to time shall be deemed to be reasonable and enforceable, so long as they bear any relationship to the safety, health, happiness and enjoyment of life of all of the Owners, are in furtherance of a plan to provide for the congenial occupation of the Residential Units, to promote and protect the cooperative aspects of ownership, the value of the Residential Units, and/or facilitate the administration of the community as a first class, safe, healthy, happy, quiet and restful residential community, and are not arbitrary and capricious. The Board of Directors of the Association is hereby granted the specific power and authority to enforce said rules and regulations in accordance with the provisions of Article XII.

**Section 13. Other Restrictions.** In addition to the foregoing, the Property and each Residential Unit is subject to the terms and provisions of the covenants, conditions and restrictions contained in the recorded plat of subdivision of Victoria Place, an addition to the Town of Schererville, as shown on Plat Book 79, Page 90 in Lake County, Indiana (herein the "Existing Restrictions"). In the event of a conflict between the terms and provisions of the Existing Restrictions and those set forth in this Declaration, the terms and provisions of the Existing Restrictions shall govern.

## **ARTICLE XII ENFORCEMENT**

Each Owner and Occupant of a Residential Unit shall be governed by and shall comply with the terms of this Declaration and the Articles of Incorporation, By-Laws, and any rules and regulations of the Association adopted pursuant thereto as they may be amended from time to time. A default or violation by an Owner or Occupant of a Residential Unit shall entitle the Association or any other Owner or Owners to the following remedies:

### **Section 1. Authority And Administrative Enforcement And Procedures.**

a. **Authority.** Residential Units shall be used only for those uses and purposes set out in this Declaration, and subject to the covenants and restrictions set forth herein and in the By-Laws and in any rules and regulations of the Association. The Board of Directors shall have the power and authority to impose reasonable Special Assessments in accordance with Article IX.3., which shall constitute a lien upon the Owner's Residential Unit and to suspend an Owner's right to vote, and to approve other appropriate sanctions in the event that it is determined in accordance with this Article XII that an Owner or Occupant has violated any provision of this Declaration, the By-Laws, or any rules and regulations as duly promulgated.

b. **Procedure.** The Board of Directors shall not impose a Special Assessment as a sanction, suspend the right to vote, or infringe upon any other rights of an Owner or Occupant for any such violation unless and until the following procedure is followed:

(1) **Demand.** Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying (a) the alleged violation; (b) the action required to abate the violation; and (c) a time period not less than ten (10) days, during which the violation may be abated without further sanction.

(2) **Notice.** If the violation continues past the period allowed in the demand for abatement without sanction, the Association shall serve the violator with written notice of a hearing. The notice shall contain (a) the nature of the alleged violation; (b) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; (c) an invitation to attend the hearing and produce any statements, evidence and/or witnesses in his/her behalf; and (d) the proposed sanction to be imposed.

(3) **Hearing.** The hearing shall be held in executive session by the Board of Directors pursuant to the notice affording the violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice, the invitation to be heard, the written result and statements of the sanction shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting.

c. **Sanctions.** The Board of Directors' power and authority to impose sanctions shall be governed by the following provisions:

(1) All Special Assessments imposed upon a violator under this Article shall bear a reasonable relationship to the violation, considering all the circumstances, which may include, but shall not be limited to, the following:

(a) The actual costs and expenses incurred by the Board of Directors and the individual directors in the exercise of the power and authority under this Article XII, and in otherwise attempting to remedy the violation.

(b) The amount of actual damage done to other Owners and Occupants and/or their Residential Units and/or to the Association arising out of the violation or the efforts to remedy the effects of same.

(c) The amount which would be reasonably required to compensate the Association for the disruption of and inconvenience to, the community, the Association or any Member thereof, or Occupant of a Residential Unit.

(d) The extent to which the violation is or was flagrant, and the extent to which the violator cooperated or hindered in any effort to remedy the violation.

(2) All Special Assessment amounts imposed hereunder as a sanction shall be deemed to be a part of the General Assessment attributable to the Residential Unit occupied by the violator, and shall be assessed against said Residential Unit and its Owner as a Special Assessment to be due and payable on the date that the next General Assessment would be due, and any such Special Assessments which are not paid as of that date shall become a lien on such Residential Unit, and shall be collected and enforced in the same manner as General Assessments.

(3) Nothing herein contained shall be construed as granting to the Board of Directors the power or authority to impose such a Special Assessment which is punitive in nature, or to suspend an Owner's right to vote, unless the Board of Directors finds, by specific special findings of fact in accordance with the foregoing procedure, that the violator's conduct was willful, malicious, oppressive and outrageous in nature. Said special findings of fact shall specifically set forth all facts and circumstances.

(4) All other sanctions imposed shall be reasonably related to the violation found.

(5) The decision of the Board of Directors made in accordance with the foregoing procedures shall be final.

**Section 2. Legal Remedies.** In addition to the administrative remedies set forth in Article XII.1., the legal remedies may include, without limiting the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien, an action to enforce the sanctions imposed by administrative procedure, or any combination thereof. The prevailing party shall be entitled to recover the costs of any legal proceeding including reasonable attorneys' fees.

**Section 3. No Waiver Of Rights.** The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, Articles of Incorporation, By-Laws and any rules and regulations or by law shall not constitute a waiver of the right of the Association or Owner to enforce such right, provision, covenant or condition in the future.

**Section 4. No Election Of Remedies.** All rights, remedies and privileges granted to the Association or any Owner pursuant to any terms, provisions, covenants or conditions of the Declaration, Articles of Incorporation, By-Laws and any rules and regulations or by law shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges.

ARTICLE XIII

AMENDMENT

The Declaration and the Articles of Incorporation, By-Laws, and any rules and regulations may be amended in the following manner:

**Section 1. Declaration.** Subject to Article XV, amendments to the Declaration shall be proposed and adopted as follows, provided, however, that no amendment may revoke, remove or modify any right or privilege of the Declarant, without the Declarant's written consent.

a. **Notice.** Notice of the subject matter of any proposed amendment shall be included in the Notice of any meeting of the Board of Directors or Owners at which any proposed amendment is to be considered.

b. **Resolution.** Except as provided in subparagraph d. hereof, a resolution to amend the Declaration may be adopted by the affirmative vote of not less than three-fourths (3/4) of the Members (not three-fourths (3/4) of a quorum) at any regular or special meeting of the Members called and held in accordance with the By-Laws; provided, however, that any such amendment must also be approved and ratified by not less than three-fourths (3/4) of the Board of Directors (not three-fourths (3/4) of a quorum).

c. **Recording.** The amendment shall not be effective until a certified copy thereof is recorded in the Office of the Recorder of Lake County, Indiana. A copy of any such amendment shall also be sent to each Owner and his Mortgagee by registered or certified mail; provided, however, the mailing of such amendment shall not constitute a condition precedent to the effectiveness of such amendment.

d. **Amendments By Declarant.** Notwithstanding any other provision of the Declaration, and in addition to any other right to amend elsewhere set forth herein, the Declarant alone may amend this Declaration, or the Articles of Incorporation, or By-Laws, without the consent of the Owners, the Association, the Board of Directors or any Mortgagee, or any other Person, (1) to correct scrivener's errors, minor defects or omissions, or (2) to comply with the requirements of Indiana law, or (3) to comply with the requirements of any governmental agency, public authority, or title insurance company, (4) to comply with the requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing

Association, the Veterans Administration, or any other government agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by each such entity, or (5) to withdraw any part or parcel of the Property from the encumbrance of this Declaration, pursuant to the provisions of Article XVI.4. This subparagraph d. shall constitute an irrevocable special power of attorney to Declarant on behalf of all Owners, Mortgagees, and any and all other Persons having an interest of any kind the Property, for so long as Declarant owns any Residential Unit or until the expiration of five (5) years from the date on which this Declaration is recorded, whichever occurs first. The amendment shall be signed by the Declarant and it shall become effective upon the recording of a copy thereof in the Office of the Recorder of Lake County, Indiana. A copy of such amendment shall also be sent to all Owners and their Mortgagees in the manner provided in subparagraph c. hereof.

**Section 2. Articles Of Incorporation, By-Laws And Rules And Regulations.** The Articles of Incorporation, By-Laws and any rules and regulations of the Association shall be amended in the manner provided by such documents or by law.

**Document is NOT OFFICIAL!**

ARTICLE XIV  
GENERAL PROVISIONS  
This Document is the property of  
the Lake County Recorder

**Section 1. Term.** The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Residential Unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding and the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same.

**Section 2. Indemnification.** The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

**Section 3. Severability.** Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

**Section 4. Perpetuities.** If any of the covenants, conditions, restrictions, easements or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

## **ARTICLE XV MORTGAGEES' RIGHTS**

The following provisions are for the benefit of holders, insurers, or guarantors of first Mortgages on Residential Units. To the extent applicable, necessary, or proper, the provisions of this Article XV apply to both this Declaration and to the By-Laws of the Association. Where indicated, these provisions apply only to "Eligible Holders", as hereinafter defined; provided, however, voting percentages set forth herein are subject to and controlled by higher percentage requirements, if any, set forth elsewhere in this Declaration for specific actions.

**Section 1. Notices Of Action.** An institutional holder, insurer, or guarantor of a Mortgage, who provides written request (such request to state the name and address of such holder, insurer or guarantor and the address of the Residential Unit subject to the Mortgage), to the Association (therefore becoming an "Eligible Holder"), will be entitled to timely written notice of:

- a. any proposed termination of the Association;
- b. any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Residential Unit on which there is a first Mortgage held, insured or guaranteed by such Eligible Holder;
- c. any delinquency in the payment of Assessments or charges owed by an Owner of a Residential Unit subject to the Mortgage of such Eligible Holder, insurer or guarantor, where such delinquency has continued for a period of sixty (60) days;
- d. any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or
- e. any proposed action which would require the consent of Eligible Holders, as required in Section 2 of this Article.

**Section 2. Mortgagee's Rights Respecting Amendments To The Declaration.** To the extent possible under Indiana law, and notwithstanding the provisions of Article XIII, any amendment of a material nature must be approved by sixty-seven percent (67%) of the total allocated votes of the Association, and by Eligible Holders representing at least fifty-one percent (51%) of the votes of Residential Units that are subject to Mortgages held by Eligible Holders. An amendment to any of the following shall be considered material:

- a. voting rights;
- b. increase in Assessments that raise the previous Assessment by more than twenty-five percent (25%), Assessment liens, or the priority of Assessment liens;

- c. reduction in reserves for maintenance, repair and replacement of Common Areas;
- d. responsibility for maintenance and repairs;
- e. reallocation of interests in any general or limited Common Areas, or rights to their use;
- f. redefinition of boundaries of any Residential Unit;
- g. convertibility of Residential Units into Common Areas or vice versa;
- h. expansion of the Project (to include real estate not described in Exhibits "B" or not adjacent thereto), or the contraction of the Project or withdrawal of property to or from the Property to the extent not already allowed by this Declaration;
- i. hazard insurance or fidelity bonds requirements;
- j. restrictions on the leasing of Residential Units;
- k. imposition of any restrictions on an Owner's right to sell or transfer his or her Residential Unit;
- l. a decision by the Association to establish self management when professional management had been required previously by an Eligible Holder;
- m. restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration);
- n. any action to terminate the legal status of the Project after substantial destruction or condemnation occurs, provided, however, that any action to terminate the legal status of the Project for reasons other than substantial destruction or condemnation shall require the consent of Eligible Holders representing sixty-seven percent (67%) of the votes of Residential Units that are subject to Mortgages held by Eligible Holders; or
- o. any provisions that expressly benefit mortgage holders, insurers or guarantors.

**Section 3. Special FHLMC Provision.** So long as required by FHLMC, the following provisions apply in addition to and not in lieu of the foregoing two Sections of this Article. Unless two-thirds (2/3) of the first Mortgages or Owners give their consent, the Association shall not:

- a. by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Property shall not be deemed a transfer);
- b. change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner;

c. by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residential Units and of any Common Area;

d. fail to maintain fire and extended coverage insurance, as required by this Declaration; or

e. use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such.

The provisions of this Section 3 shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Owners where a larger percentage vote is otherwise required for any of the actions contained in this Section.

**Section 4. Mortgagee's Right To Cure.** First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for any Common Area, and first Mortgagees making such payment shall be entitled to immediate reimbursement from the Association.

**This Document is the property of  
the Lake County Recorder!  
ARTICLE XVI  
DECLARANT'S RIGHTS**

**Section 1. Control By Declarant.** In addition to any other right or privilege given or granted, or reserved to Declarant under this Declaration, the Declarant shall have the right to elect a majority of the Board of Directors of the Association, and all of the members of the ARC (which, for so long as Declarant has the right to do so, may consist of a fewer number in each case than is otherwise required by the Association Articles of Incorporation or by Article X. Section 1. hereof), until four (4) months after seventy-five percent (75%) of the Residential Units have been conveyed to Owners, or until the expiration of seven (7) years after the date on which title to the first Residential Unit is conveyed to an Owner, whichever occurs first. The members elected by the Declarant need not be residents or Owners or Members.

**Section 2. Absence Of Warranty.** The Declarant specifically disclaims any warranty or representation in connection with the Property or this Declaration except as specifically set forth herein; and no Person shall rely upon any warranty or representation not specifically set forth therein. Any estimates of Assessments are believed to be accurate, but no warranty or guaranty is made or intended, nor may one be relied upon.

**Section 3. Assessment Exemption.** Declarant may elect in writing to the Association, at any time, to be exempt from any Assessment levied by the Association on any or all Residential Units owned by the Declarant, which are unoccupied and offered by the Declarant for the first time for sale, for the period of time beginning on the date of the recording of this Declaration, and ending on the first day of the twenty-fourth (24th) month following the month in which the closing of the sale of the first Residential Unit by Declarant occurs.



**Section 4. Right To Withdraw Property.** Notwithstanding any term or provision of this Declaration, the Declarant does hereby explicitly and expressly reserve an option and right to remove any part or parcel of the Property from the encumbrance of this Declaration, which option may be exercised by the Declarant by the recording of a written instrument in the Office of the Recorder of Lake County, Indiana, particularly describing the part or parcel of the Property to be withdrawn from the encumbrance of this Declaration, and a statement to the effect that said part or parcel thereof has been withdrawn and shall no longer be encumbered by the Declaration. The Declarant's option to withdraw any part or parcel of the Property from the encumbrance of this Declaration shall be unlimited, except that said option shall be exercised by Declarant to withdraw only a part or parcel of the Property that is owned by the Declarant at the time of the exercise of said option.

**Section 5. Reservation Of Option To Expand Project.** The Declarant hereby declares that the Project is expandable, meaning that the Expansion Real Estate may be added to the encumbrance of this Declaration, provided that the FHA and VA determine that the expansion is in accord with the general plan heretofore approved by them. The Declarant does further express the intention, but not a commitment, within seven (7) years from the date of recording of this Declaration, to expand the Project to include any, all of, or any portion of, the Expansion Real Estate.

The Declarant makes no commitment, and is not obligated, to expand the Project, or to include any or all of the Expansion Real Estate in any additional future phase, or to reserve any part of the Expansion Real Estate for any purpose. The development of an additional phase or phases of the Project by way of expansion shall not imply any obligation on the part of the Declarant to add further phases to the Project, nor shall the same imply any obligation on the part of the Declarant to add any of the Expansion Real Estate or any additional phase. In the event the Declarant so elects to expand the Project, the Declarant at its expense shall cause amendments to this Declaration to be prepared, executed and recorded. Notwithstanding the foregoing, the maximum number of Residential Units that may be added will be thirty-nine (39). A Residential Unit which is a part of the Expansion Real Estate shall come into existence as real estate encumbered by this Declaration, in the manner provided in Article I. Section 15. The Owner of the Residential Unit which is a part of the Expansion Real Estate shall be a Member of the Association, shall have one (1) vote as a Member of the Association, and such Residential Unit shall be allocated an equal share of the Common Expenses. All improvements constructed upon the Expansion Real Estate will be consistent with the construction of improvements upon the Property in structure, type and quality of construction.

**Section 6. Right To Amend Declaration.** The Declarant shall have the right to amend the Declaration, and the Articles of Incorporation, and the By-Laws in accordance with Article XIII.1.d.

**Section 7. Transfer Of Rights.** Any or all of the rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Official Records of Lake County, Indiana.

**ARTICLE XVII**  
**TRUSTEE'S CAPACITY**

It is expressly understood and agreed that this Lease is executed by Lake County Trust Company, not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and invested in it as such Trustee. It is further expressly understood and agreed that Lake County Trust Company, as Trustee as aforesaid, has no right or power whatsoever to manage, control or operate said real estate in any way or to any extent and is not entitled at any time to collect or receive for any purpose, directly or indirectly, the rents, issues, profits or proceeds of said real estate or any lease or sale or any mortgage or any disposition thereof. Nothing in this Lease contained shall be construed as creating any personal liability or personal responsibility of the Trustee or any of the beneficiaries of the Trust, and, in particular, without limiting the generality of the foregoing, there shall be no personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either expressly or impliedly herein contained, or to keep, preserve or sequester any property of said Trust or for said Trustee to continue as said Trustee; and that so far as the parties herein are concerned the owner of any indebtedness or liability accruing hereunder shall look solely to the trust estate from time to time subject to the provisions of said Trust Agreement for payment thereof. It is further understood and agreed that the said Trustee has no agents or employees and merely holds naked title to the premises herein described and has no control over the management thereof or the income therefrom and has no knowledge respecting rentals, leases or other factual matter with respect to the premises, except as represented to it by the beneficiary or beneficiaries of said Trust.

Nothing contained herein shall be construed as creating any liability on Lake County Trust Company, personally under the provisions of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or the Indiana Responsible Property Transfer Law (the Act) as amended from time to time or any other Federal, State or local law, rule or regulation. Lake County Trust Company, personally, is not a "Transferor" under the Act and makes no representation concerning any possible environmental defects. In making any warranty herein the Trustee is relying solely on information furnished to it by the beneficiaries and not of its own knowledge and specifically exculpates itself from any liabilities, responsibilities or damages as a result of including any warranty in this instrument.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed as of this 26th day of September, 1996.

**DECLARANT:**

**LAKE COUNTY TRUST COMPANY AS  
TRUSTEE OF TRUST NO. 3316, AND  
NOT PERSONALLY**

By: *Sandra L. Stiglitz*

Printed Name: Sandra L. Stiglitz

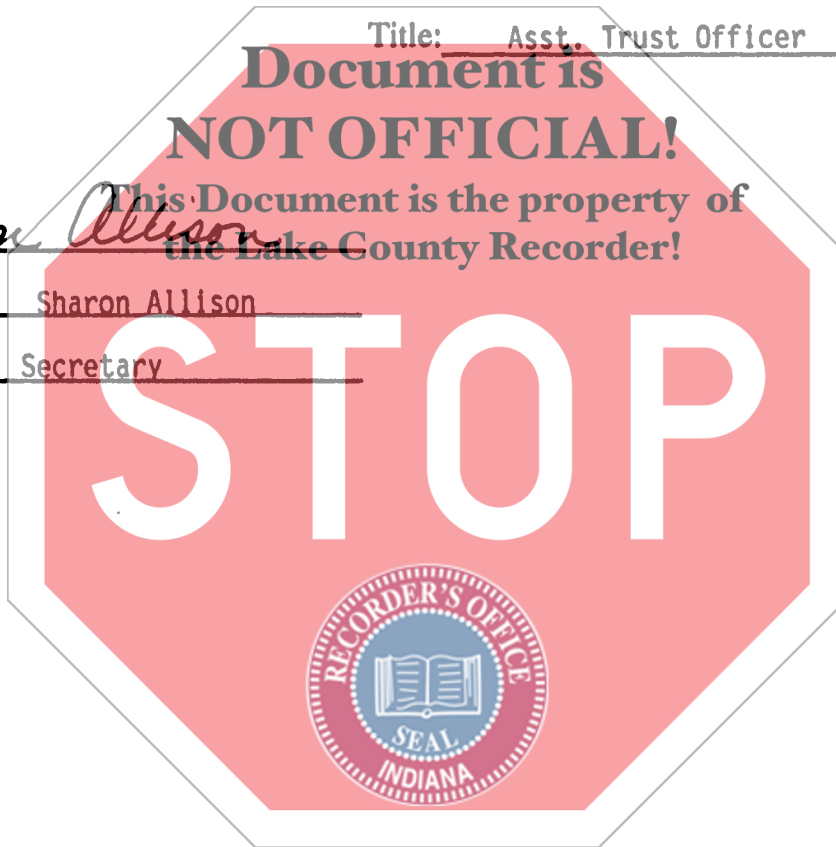
Title: Asst. Trust Officer

**ATTEST:**

By: *Sharon Allison* **This Document is the property of  
the Lake County Recorder!**

Printed Name: Sharon Allison

Title: Asst. Secretary



STATE OF INDIANA }  
COUNTY OF LAKE } SS:

ACKNOWLEDGMENT

I, Leah Susanne Anderson, a Notary Public in and for said county in the State aforesaid, do hereby certify that Sandra L. Stiglitz and Sharon Allison of the LAKE COUNTY TRUST COMPANY, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Asst. Trust Officer and Asst. Secretary, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as a free and voluntary act of the Lake County Trust Company, as Trustee, for the uses and purposes therein set forth.

Given under my hand and seal this 26th day of September, 1996.

**NOT OFFICIAL!**  
This Document is the property of  
Leah Susanne Anderson  
the Lake County Recorder  
Notary Public

Printed Name: Leah Susanne Anderson

My Commission Expires:

4-7-99

County of Residence:

Lake



This Instrument prepared by Glenn R. Patterson, Esq., Singleton, Crist, Patterson & Austgen, Suite 200, 9245 Calumet Avenue, Munster, Indiana 46321

grp\aw\rcalcsi\boyer\lvp-dec

**ARTICLES OF INCORPORATION**

**OF**

**THE VICTORIA PLACE TOWNHOME OWNERS ASSOCIATION, INC.**

The undersigned incorporator desiring to form a corporation (hereinafter referred to as the "Corporation") pursuant to the provisions of the Indiana Nonprofit Corporation Act of 1991 (hereinafter referred to as the "Act"), executes the following Articles of Incorporation:

**NOT OFFICIAL!**

This Document is the property of  
the Lake County Recorder!

**ARTICLE I**

**NAME**

The name of the Corporation is The Victoria Place Townhome Owners Association,  
Inc.

**ARTICLE II**

**PURPOSES**

The purposes for which the Corporation are formed are:

**Section 1.** To establish an incorporated association (hereinafter the "Association") to administer a residential community known as The Victoria Place Townhomes located in Schererville, Lake County, Indiana, pursuant to the Declaration of Covenants, Conditions, Restrictions And Easements For The Victoria Place Townhomes (hereinafter the "Declaration"), the provisions of which are incorporated by reference.

**Section 2.** This Association is organized for the purpose of providing a convenient means of administering the residential community by the Owners thereof. The documents creating the community provide for the ownership, operation, management, maintenance and use of Residential Units as described in said documents.

**Section 3.** The Association shall not engage in any activities for the profit of its Members, and shall conduct its affairs in such fashion and for such purposes other than for the pecuniary gain of its Members, directors, officers or incorporators.

**Section 4.** The Association shall have all of the common law and statutory powers of a corporation not-for-profit which are not in conflict with the terms of these Articles.

**Section 5.** The Association shall have all of the powers reasonably necessary to implement the purpose of the Association, including, but not limited to, the following:

- (a) Make and collect Assessments against Members.
- (b) To use the proceeds of Assessments in the exercise of its powers and duties.
- (c) To maintain, repair, replace and operate the property in accordance with the Declaration.
- (d) The reconstruction of improvements after casualty.
- (e) To make and amend rules and regulations respecting the use of Residential Units.
- (f) To enforce by legal means the provisions of the Declaration, these Articles, the By-Laws of the Association, and the Rules and Regulations in accordance with Article XII of the Declaration.
- (g) To contract for the management of the Association and delegate to such contractor all powers and duties of the Association except such as are specifically required by the Declaration to have the approval of the Board of Directors or of the Members of the Association.
- (h) All funds and the titles of all properties acquired by the Association and the proceeds thereof shall be held only for the benefit of the Members in accordance with the provisions of the Declaration.
- (i) The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration.
- (j) To carry insurance for the protection of Owners and the Association against casualty and liabilities.
- (k) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association.

**Section 6.** All rights, powers and descriptions of purpose established by the Articles of Incorporation, shall be subject to the Declaration and all provisions contained therein as if fully set forth in these Articles, and shall further be subject to Indiana law governing not-for-profit corporations.

### ARTICLE III

#### TYPE OF CORPORATION

The Corporation is a mutual benefit corporation.

**ARTICLE IV**

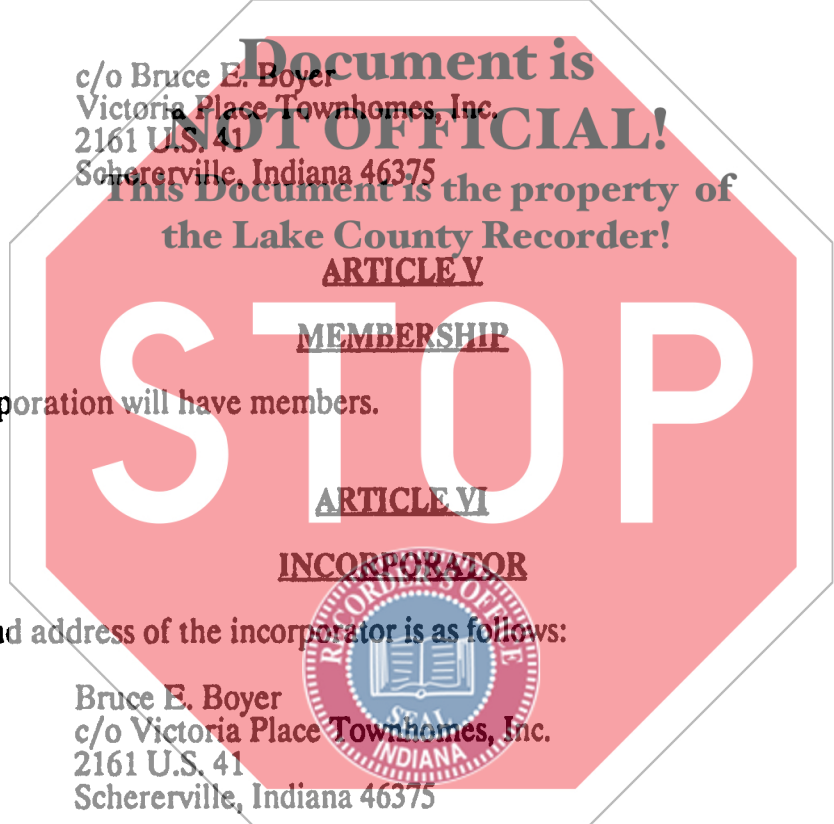
**REGISTERED AGENT, REGISTERED OFFICE AND PRINCIPAL OFFICE**

**Section 1. Registered Agent.** The name and address of the Corporation's Registered Agent and Registered Office for service of process is:

Glenn R. Patterson  
Suite 200  
9245 Calumet Avenue  
Munster, Indiana 46321

**Section 2. Principal Office.** The post office address of the principal office of the Corporation is:

c/o Bruce E. Boyer  
Victoria Place Townhomes, Inc.  
2161 U.S. 41  
Scherverville, Indiana 46375



The Corporation will have members.

Name and address of the incorporator is as follows:

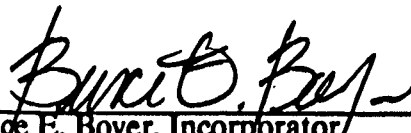
Bruce E. Boyer  
c/o Victoria Place Townhomes, Inc.  
2161 U.S. 41  
Scherverville, Indiana 46375

**ARTICLE VII**

**DISTRIBUTION OF ASSETS ON  
DISSOLUTION OR FINAL LIQUIDATION**

The assets of the Corporation will be distributed to the Members in accordance with their respective interests upon dissolution or final liquidation.

I hereby verify subject to penalties of perjury that the facts contained herein are true.

  
Bruce E. Boyer, Incorporator



This Instrument prepared by Glenn R. Patterson, Esq., Singleton, Crist, Patterson & Austgen, Suite 200, 9245 Calumet Avenue, Munster, Indiana 46321

grp\aw\realest\boyer\tp-art.inc



**BY-LAWS  
OF  
THE VICTORIA PLACE TOWNHOME OWNERS ASSOCIATION, INC.**

**ARTICLE I  
NAME, MEMBERSHIP, APPLICABILITY AND DEFINITIONS**

**Section 1. Name.** The name of the Association shall be The Victoria Place Townhome Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

**Section 2. Principal Office.** The principal office of the Association shall be located initially at Declarant's principal business location, and thereafter at such location as determined by the Board of Directors. The Association may have such other offices, either within or without the State of Indiana, as the Board of Directors may determine or as the affairs of the Association may require.

**Section 3. Definitions.** The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, Restrictions and Easements for The Victoria Place Townhomes (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

**ARTICLE II  
ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES**

**Section 1. Membership.** The Association shall have one (1) class of membership, as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

**Section 2. Place Of Meetings.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either in the Project or as convenient thereto as possible and practical.

**Section 3. Annual Meetings.** The first meeting of the Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the foregoing, the annual meeting of the Members shall be held at a date and time as set by the Board of Directors.

**Section 4. Special Meetings.** The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by at least ten percent (10%) of the total votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

**Section 5. Notice Of Meetings.** Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) days nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

**Section 6. Waiver Of Notice.** Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed a waiver by such member of notice of the time, date and place thereof, unless such Member specifically objects to a lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

**Section 7. Adjournment Of Meetings.** If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that at least twenty-five percent (25%) of the total votes of the Association remains present in person or by proxy, and provided further that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

**Section 8. Voting.** The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

**Section 9. Proxies.** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Residential Unit or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a Member or upon the expiration of eleven (11) months from the date of the proxy.

**Section 10. Majority.** As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicated totaling more than fifty percent (50%) of the total number.

**Section 11. Quorum.** Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of twenty percent (20%) of the Members shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

**Section 12. Conduct Of Meetings.** The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

**Section 13. Action Without A Meeting.** Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Members.

**NOT OFFICIAL!**  
This Document is the property of  
the Lake County Recorder!  
**ARTICLE III**  
**BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS**

**A. Composition And Selection.**

**Section 1. Governing Body; Composition.** The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

**Section 2. Directors During Declarant Control.** The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant until such time as is specified in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents in the Project. After the period of Declarant appointment, all Directors must be Members of the Association.

**Section 3. Number Of Directors.** The number of Directors in the Association shall be not less than three (3) nor more than five (5), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of three (3) members and are identified in the minutes of the first meeting of the Board.

**Section 4. Nomination Of Directors.** Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it

shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members to solicit votes.

**Section 5. Election And Term Of Office.** Notwithstanding any other provision contained herein:

At the first annual meeting of the membership after the termination of the Declarant's right to select directors and at each annual meeting of the membership thereafter, Directors shall be elected. All Directors shall be elected at-large. All Members of the Association shall vote upon the election of Directors.

So long as there are three (3) Directors, the term of one (1) Director shall be fixed at one (1) year, and the term of one (1) Director shall be fixed at two (2) years, and the term of one (1) Director shall be fixed at three (3) years. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

**Section 6. Removal Of Directors And Vacancies.** Unless the entire Board is removed from office by the vote of the Association Members, an individual Director shall not be removed prior to the expiration of his or her term of office, except by the vote of a majority of Members.

In the event of death or resignation of a Director, his or her successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of the predecessor.

**Section 7. Voting Procedure For Directors.** The first election of the Board shall be conducted at the first meeting of the Association. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

**B. Meetings.**

**Section 8. Organization Meetings.** The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

**Section 9. Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

**Section 10. Special Meetings.** Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either

directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

**Section 11. Waiver Of Notice.** The transactions of any meetings of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (1) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver or notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

**Section 12. Quorum Of Board Of Directors.** At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

**Section 13. Compensation.** No Director shall receive any compensation from the Association for acting as such unless approved by a majority vote of the total vote of the Association at a regular or special meeting of the Association.

**Section 14. Conduct Of Meetings.** The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

**Section 15. Open Meeting.** All meetings of the Board of Directors shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

**Section 16. Executive Session.** The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

**Section 17. Action Without A Formal Meeting.** Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

**C. Powers And Duties.**

**Section 18. Powers.** The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation or these By-Laws directed to be done and exercised exclusively by the Members.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;
- (b) making Assessments to defray the Common Expenses, establishing means and methods of collecting such Assessments, and establishing the period of the installment payments of the annual Assessment, provided otherwise determined by the Board of Directors, the annual Assessment against the proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;
- (c) providing for the operation, care, upkeep, and maintenance of any Common Area;
- (d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property, and any Common Area, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;
- (e) collecting the Assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions and improvements to or alterations of any Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the Rules and Regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners of the Association;
- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and Mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners.

(m) make available to any prospective purchaser of a Residential Unit, any Owner of a Residential Unit, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Residential Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, Rules and Regulations, and all other books, records and financial statements of the Association; and

(n) permit utility suppliers to use portions of any Common Area reasonably necessary to the ongoing development or operation of the Project.

**Section 19. Management Agent.**

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g) and (i) of Section 18 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days' or less written notice.

**Section 20. Accounts And Reports.** The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) cash basis accounting shall be employed;

(b) accounting and controls should conform with established AICPA guidelines and principles, which require, without limitation, (i) a segregation of accounting duties, (ii) disbursements by check requiring two (2) signatures, and (iii) cash disbursements limited to amounts of Twenty-five Dollars (\$25.00) and under;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(f) commencing at the end of the month in which the first Residential Unit is sold and closed, quarterly financial reports shall be prepared for the Association containing:

(i) an Income and Expense Statement reflecting all income and expense activity for the preceding three (3) months on a cash basis;

(ii) a Balance Sheet as of the last day of the Association's fiscal year and an Operating Statement for said fiscal year, which shall be distributed within ninety (90) days after the close of a fiscal year.

(iii) a Delinquency Report listing all Owners who have been delinquent during the preceding three (3) month period in paying the monthly installments of Assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which shall be considered to be delinquent on the fifteenth (15th) day of each month; and

(iv) an annual report consisting of at least the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet as of the end of the fiscal year; (2) an operating (income) statement for the fiscal year; and (3) a statement of changes in financial position for the fiscal year. If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

**Section 21. Borrowing.** The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of any Common Area without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner provided in Article X, Section 2, of the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

#### **ARTICLE IV OFFICERS**

**Section 1. Officers.** The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.



**Section 2. Election, Term Of Office And Vacancy.** The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

**Section 3. Removal.** Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

**Section 4. Powers And Duties.** The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

**Section 5. Resignation.** Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc.** All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by the President and Treasurer or by such other person or persons as may be designated by resolution of the Board of Directors.

Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

#### **ARTICLE V COMMITTEES**

#### **ARTICLE VI MISCELLANEOUS**

**Section 1. Fiscal Year.** The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

**Section 2. Parliamentary Rules.** Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Indiana law, the Articles of Incorporation, the Declaration or these By-Laws.

**Section 3. Conflicts.** If there are conflicts or inconsistencies between the provisions of Indiana law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Indiana law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

**Section 4. Books And Records.**

(a) **Inspection By Members And Mortgagees.** The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Project as the Board shall prescribe.

(b) **Inspection By Directors.** Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

**Section 5. Notices.** Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Residential Unit of such Owner; or

(b) if to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

**Section 6. Amendment.** Declarant may amend the By-Laws in accordance with the Declaration. These By-Laws may be amended otherwise only by the affirmative vote (in person or by proxy) or written consent of Members representing two-thirds (2/3) of the total votes of the Association (not a majority of a quorum).