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DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS AND EASEMENTS

FOR

LEE COVE

CEDAR LAKE, INDIANA

2007 095166



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LAKE COUNTY AUDITOR

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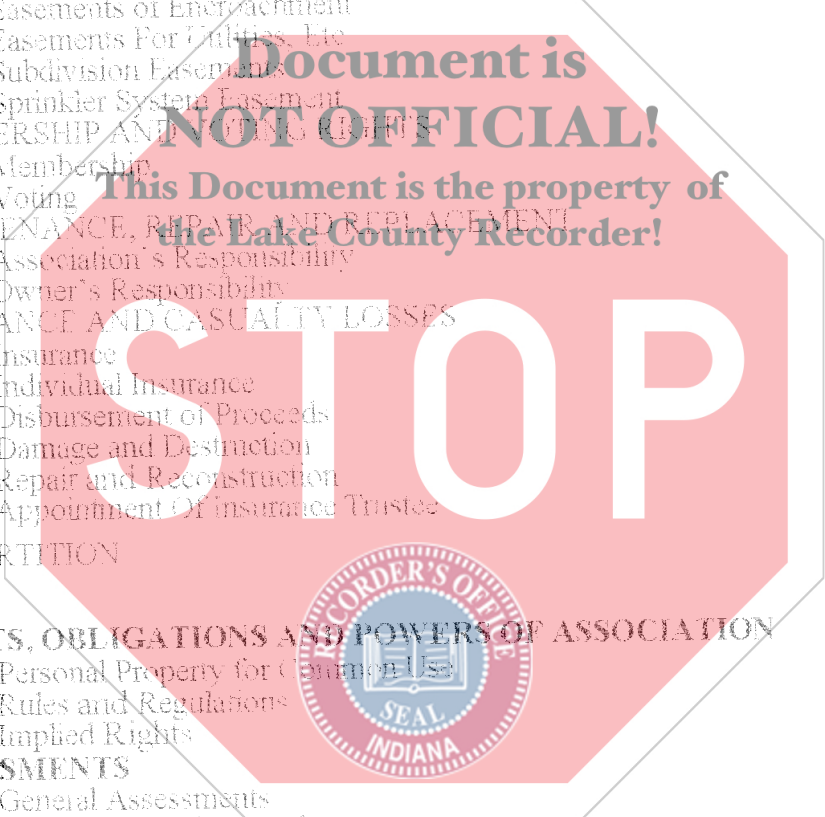
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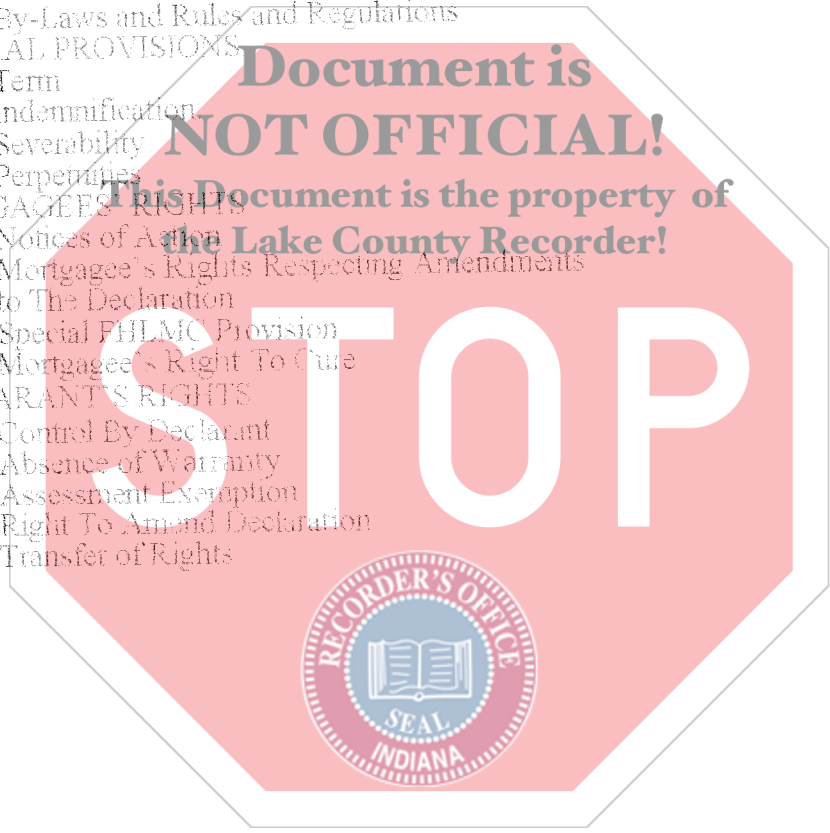
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**DECLARATION OF COVENANTS, CONDITIONS, and  
RESTRICTIONS FOR LEE COVE SUBDIVISION  
ADDITION TO THE TOWN OF CEDAR LAKE INDIANA**

This Declaration of Covenants, Conditions and Restrictions is made this day by **GC CONSTRUCTION, LLC**, hereinafter known as "Declarant").

**WITNESSETH:**

**WHEREAS**, Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference. Declarant intends by this Declaration to impose upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within **LEE COVE SUBDIVISION ADDITION TO THE TOWN OF CEDAR LAKE INDIANA** (hereinafter "Property") made subject to this Declaration and amendments thereto by the recording of this Declaration. Declarant desires to provide a flexible and reasonable procedure for the overall management of the developed Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property as are now or may hereafter be subjected to this Declaration.

**NOW, THEREFORE**, Declarant hereby declares that

**LOTS 1 THRU 7 INCLUSIVE OF LEE COVE SUBDIVISION ADDITION TO THE TOWN OF CEDAR LAKE INDIANA, as recorded in Plat Book 100, page 88 on January 22, 2007 as Document No. 005985 in the Office of the Recorder of Lake County, Indiana.**

**Commonly known as Lee Cove Subdivision.**

shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of the Property 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.

**ARTICLE I  
DEFINITIONS**

Section 1. "Assessments" shall mean General Assessments Special Assessments, imposed by agreement of the association on its members through its management process.

Section 2. "Association" shall mean and refer to the Lee Cove Unincorporated Association, an Indiana nonprofit association, and its Members, successors and assigns. The Association shall be organized and governed in accordance with the By-Laws, attached hereto as Exhibit "\_\_\_\_\_".

Section 3. "Common Areas" shall mean those parcels of real estate, title to which has been transferred to the Association from time to time.

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 Members pursuant to this Declaration, the By-Laws of the Association.

Section 5. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing at the Development. Such standard may be more specifically determined and set forth by the Architectural Review Committee, or by the Members, as published in the By-Laws, as may be recorded from time to time.

Section 6. "Insurance Trustee" shall mean the Association and its successors, unless the Association shall have appointed another entity as Insurance Trustee pursuant to the By-Laws.

Section 7. "Member" shall mean and refer to a person or entity entitled to membership in the Association, as an "Owner" of a Lot or Property in Lee Clee Subdivision.

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 trustee 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 partnership, trustee or other legal entity.

Section 14. "Project" shall mean the Property owned by Declarant and held for development under a common plan from time to time.

Section 15. "Property" shall mean and refer to all of the real property described in Exhibit "A" attached hereto.

Section 16. "Residential Unit" shall mean one of the lots and the home located or to be located thereon, which is a part of the Property intended for independent ownership 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 conveyed by Declarant to the Owners.

For the purposes of this Declaration, a Residential Unit shall come into existence when substantially complete or upon the issuance of a certificate of occupancy by the appropriate





agency of the Town of Cedar Lake, Indiana, or other local governmental entity.

## ARTICLE II PROPERTY RIGHTS

Section 1. Potable Water Supply Restrictions, Requirement and Easements. Subject to any other or additional provisions contained in any written agreement between Declarant and the Town of Cedar Lake the Members agree to attach to a municipal metered water system, as soon as one is made available to the project either by the Town of Cedar Lake or by the Declarant through an agreement with Utilities, Inc. a private water utility. The Declarant agrees to install the water mains and fire hydrant on Lee Court, at Owners expense, if a water main of the municipal system becomes available adjacent to either the North boundary of Lee Cove, or adjacent to Cline Avenue adjacent to 12911 Cline Avenue (property owned by the Declarant, Key No. 31-25-0002-0014, across which Declarant by Deed has reserved a right to a 15' utility easement, within five years of the recording of this instrument. The Owner Declarant has entered into an escrow agreement with the a Title Company, whereby the owner at the closing of each residential Lot Unit will place in escrow the Tap fee for each Residential Lot Unit for a period of 5 Years, from the date of the recording of this Instrument.

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 Encroachments 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. There shall also be an easement for the encroachment of roofs, gutters, soffits and eaves over the Common Areas, not to exceed approximately eighteen inches (18").

Section 3. Easements for Utilities, Etc. Declarant hereby reserves for itself and its designees (including, without limitation, the Town of Cedar Lake and any utility) easements upon, across, over and under the Residential Units for ingress, egress, installation, replacing, repainting and maintaining cable television systems, master television antenna systems, and similar systems, walkways, and all lines, meters and facilities for utilities, including, but not limited to, water, sprinkler systems, 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 Members 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 Cedar Lake, 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, waterlines, or other utilities may be installed or relocated on Residential Units, except as may be approved by the Association's Members 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 Members 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 LEE COVE as Amended in the Town of Cedar Lake as shown in Plat Book 100, page 88, Dec. No. 2007 005985 in Lake County, Indiana.

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

Section 1. Membership. Every Owner, as defined in Section 12 of Article I, shall be a member in the Association, as long as he/she is an Owner. 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 responsibility, rights, and privileges of membership, shall extend to all Owners of the residential unit, including the right to vote. Voting right may be exercised by a Member or the Member's spouse, or partitioned between the joint tenants or the tenants in common, but in no event shall more than one (1) whole vote be cast for each Residential Lot Unit. Votes may be cast by proxy given in writing and held to all the members present at any given meeting.

Section 2. Voting. The Association shall have one (1) class of membership. Members shall be entitled to vote on all issues to one (1) vote for each Residential Lot 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 split or exercised as these persons or entities themselves determine and advise the Members present prior to any Association meeting. In the absence of such advice, the Residential Lot Unit's vote shall be suspended in the event more than one (1) person or entity seeks to exercise it.

Any Owner of Residential Lot 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 Membership prior to any meeting.

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

**ARTICLE IV**  
**MAINTENANCE, REPAIR AND REPLACEMENT**

Section 1. Association's Responsibility. The Association shall have the responsibility, at the cost of the Association, to maintain, repair and replace all retention ponds, and other storm water drainage facilities, which are located on the Property and which are not now the responsibility of the Town of Cedar Lake or any other governmental body or agency, and to mow and to otherwise maintain, repair and replace all lawn and landscaped areas of all Residential Units.

Notwithstanding any provision of this Declaration 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 other improvements, including fences, located within a Residential Lot Unit, and including common boundary line fences, shall be the sole responsibility of the Owner 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 boundary line fences shall be shared equally by the Owners of the Residential Units which have the boundary line in question in common. Notwithstanding the provisions of Article IV Section 1, in the event that any Owner fails or refuses to perform any obligation under this Article IV, Section 2, the Association may (but shall not be obligated to) perform such obligation and shall thereafter have the power and authority to impose and levy a Special Assessment against such Owner for the costs thereof.

## ARTICLE V INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association may, but shall not, under any circumstances, be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Members deems appropriate for the full replacement cost of all structures on the Common Area, as well as public liability insurance. If the Association elects not to obtain such casualty insurance, then each Owner shall obtain such insurance in accordance with Section 2 of this Article. All provisions of this Article shall apply to all policy provisions, loss adjustment and all other subjects of all policies of insurance whether such policies are obtained by the Association or the Owners, or both.

Each Owner shall also obtain a public liability policy covering the Residential Lot Unit owned by such Owner.

Premiums for insurance obtained by the Association shall be a Common Expense of the Association and shall be included in the General Assessment, as defined in Article IX. Premiums for insurance obtained by Owners shall be paid by such Owners.

All casualty insurance coverage obtained by the Association or by any Owner shall be for the respective benefited parties, as further identified in b. below. The provisions hereinafter set forth shall govern such insurance.

a. Association policies shall be written with a company licensed to do business in Indiana and holding a rating of A-1 or better in the Financial Category as established by A M Best Company, Inc, if reasonably available, or, if not available, the most nearly equivalent rating, and shall be for the full replacement cost. All such policies shall provide for a certificate of insurance for each Member of the Association.

b. All policies on Residential Units shall be for the benefit of the Residential Unit Owners and their Mortgagees as their interests may appear, and shall provide that the Association, as the Insurance Trustee, is the loss payee of all insurance proceeds payable to the Association. 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. Exclusive authority to adjust losses under policies in force on Residential Units shall be vested in the Owner, provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

d. In no event shall any insurance coverage obtained and maintained by the Associations' Members hereunder be brought into contribution with insurance purchased by individual Owners, Occupants or their Mortgagees.

e. All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsements, 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 Town of Cedar Lake, Indiana area.

f. The the 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 Members, its manager, 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 obtained by the Association may be canceled, invalidated or suspended on account of any one or more individual Owners;

(4) that no policy may be canceled, invalidated or suspended on account of the conduct of any Member, or employee of the Association or its duly authorized manager 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, its manager, any Owner or Mortgagee;

(5) that any "other insurance" clause in any policy exclude Association and individual Owners' policies from consideration; and

(6) that no policy may be canceled or substantially modified without at least thirty (30) days' prior written notice to the Members.

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 Lot Units.

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 Lot 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 Members 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 common property shall be taken (or conveyed in lieu of and under threat of condemnation) 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 the common property in accordance with plans approved by 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 common property, 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 Members as their interests may appear.

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

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

Section 2. Rules and Regulations. The Association, through its Members, 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 VIII. 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 Cedar Lake, 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.

**ARTICLE IX**  
**ASSESSMENTS**

Section 1. General Assessments. There are hereby created Assessments for Common Expenses as may be from time to time specifically authorized by the Members to be commenced at the time and in the manner set forth in this Article IX (herein "General Assessments"). General Assessments shall be for expenses determined by the Members to be for the benefit of the Association as a whole. General Assessments shall be allocated equally among all Residential Lot Units.

Section 2. Computation of General Assessment. It shall be the duty of the Members, 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 further provisions of this Section 2, 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 Lot 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 General Assessments shall become effective when adopted by the Members.

Notwithstanding the foregoing, however, in the event the Members 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.

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 Members 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 Members 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 this proposed budget, with respect both to amount and timing by annual Assessments over the period of the budget. The amount to be included in the General Assessment as a capital contribution shall be fixed by the Members and included within the budget. A copy of the capital budget shall be distributed to each Member in the same manner as the operating budget.

General Assessments shall commence as to all Residential Lot Units at a time, and shall be due and payable in a manner, and on a schedule, as the Members may provide.

Section 3. Special Assessments. In addition to the General 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 By-Laws, and any rules and regulations, which Special Assessment may be levied upon the vote of the Members.

Section 4. Obligation to Pay and Lien For Assessments. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay Assessments. All 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 Lot Unit and shall be a continuing lien upon the Residential Lot Unit against which each Assessment is made. Each Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal responsibility of the Deed holder whether in fee, trust or other less than fee basis.

## ARTICLE X ARCHITECTURAL REVIEW COMMITTEE

Section 1. Architectural Review Committee. The Architectural Review Committee (the "ARC") shall consist of at least three (3) and no more than (7) Members (except as may otherwise be determined by the Declarant pursuant to Article XVI Section 1), all of whom shall be appointed by the ) Members. The ARC shall have exclusive jurisdiction over all new or original construction, and all modifications, additions or alterations made on or to existing Residential Lot Units and the open space, if any, appurtenant thereto.

Section 2. Review Procedure. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such new or original construction and such modifications, additions or alterations 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 thirty (30) days after submission, the plans shall be deemed approved.

Section 1. Residential Restrictions. The Properties shall be used only for residential, personal recreational and related purposes as may more particularly be set forth in this Declaration and amendments thereto. The Association, acting through the ) Members, 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 Lot 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 Lot Units by its residents, or which will obstruct or interfere with the rights of other Owners or 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, Improper, Offensive and Unlawful Uses. No immoral, improper, offensive or unlawful use shall be made of any Residential Unit or 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. Animals. An Owner may not keep, raise or breed any animals, livestock or poultry in or on a Residential Unit, provided, however, that two (2) pets only shall be allowed to be kept in or on a Residential Unit, subject to any rules and regulations of the Association.

Section 7. 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 at any Residential Unit, except inside closed garages or completely on the drive way within the Lot, in a manner that shall allow the use of the side walks and side yards.

Section 8. Leasing Restrictions. All lease or rental agreements must be in writing. Residential Units shall not be leased for an initial term of less than six (6) months, nor for less than thirty (30) days for any term thereafter.

Section 9. Rules and Regulations. Rules and regulations concerning the use of the Residential Lot Units may be promulgated and amended by the Association acting by and through its ) Members 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 Lot 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 ) Members 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.

## 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 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 Members 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 Members 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 Members 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 Members who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting.

c. Sanctions. The Members 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 Members and the individual Members 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 Lot 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 Lot 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 Members 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 Members 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 not shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges.



The Declaration and the 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 Members 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 By-Laws, without the consent of the Owners, the Association, 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, or (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. 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. By-Laws and Rules and Regulations. By-Laws and any rules and regulations of the Association shall be amended in the manner provided by such documents or by law.

#### ARTICLE XIV GENERAL PROVISIONS

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 Lot 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 Member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any Member 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 Members, or former Members, may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and Members 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.

**Document is  
NOT OFFICIAL!**

ARTICLE XV

**This Document is the property of  
the Lake County Recorder!**

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 LEE COVE 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 first Mortgage, who provides written request (such request to state the name and address of such holder, insurer or guarantor and the Residential Unit address), 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 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. Assessments, Assessment liens, or subordination of Assessment liens;
- c. 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. 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 "A" or not adjacent thereto), or the contraction of the Project or withdrawal of property to or from the Property;
- i. insurance or fidelity bonds;
- j. leasing of Residential Units;
- k. imposition of any restrictions on an Owner's right to sell or transfer his or her Residential Unit;
- l. decision by the Association to establish *self management* when *professional management* had been required previously by an Eligible Holder;
- m. 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; or



o. any provisions that expressly benefit mortgage holders, insurers or guarantors.

**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 vote 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 N, Section 1, hereof), for as long as the Declarant has any ownership in any of the Residential Units. 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 as 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 owned 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 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, I.d.

Section 5. Transfer of Rights. Any or all of the special 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.

IN WITNESS WHEREOF, the Declarant and Owner has caused this instrument to be signed as of this day of \_\_\_\_\_ day of December, 2007.

GC Construction, LLC.

By: \_\_\_\_\_

LARRY O'CONNELL, President

\_\_\_\_\_  
BRUCE R. YOUNG, Secretary





**BY-LAWS**  
**OF**  
**LEE COVE PROPERTY OWNERS ASSOC.**

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

Section 1. Name. The name of the Association shall be **LEE COVE PROPERTY OWNERS ASSOC.** (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 Members. The Association may have such other offices, either within or without the State of Indiana, as the Members 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 and Restrictions for Lee Cove (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 Members 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 recording of the Declaration. The next annual meeting shall be set by the Members 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 Members. Subject to the foregoing, the annual meeting of the Members shall be

held at a date and time as set by the Members.

**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 Members or upon a petition signed by at least two (2) of seven (7) 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 fifteen (15) 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 at 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 Members 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 one-half (1/2) 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 or 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.

### ARTICLE III

#### MEMBERS: NUMBER, POWERS, MEETINGS

##### A. Composition and Selection.

Section 1. Governing Body, Composition. The affairs of the Association shall be governed the Directors. Except as provided in Section 2 of this Article, all the members shall be Directors.

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 Members are Directors of the Association.

Section 3. Number of Directors. The number of Officers of the Association shall be not less than



three (3) nor more than fourteen (14), as the Members may from time to time determine by resolution. The initial Members shall consist of three (3) members and are identified in the minutes of the first meeting of the Members.

Section 4. Election and Term of Office. Notwithstanding any other provision contained herein: The term for a director shall start with their becoming an Owner and shall terminate with the sale of their interest. If an Owner shall lease his property he may appoint the Tenant(s) to fill his seat(s) on the Board.

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 all Director shall be fixed at one (1) year.

In the event of death or resignation of a Director, his or her successor shall be selected by the Owner / Member and shall serve for the unexpired term of the predecessor.

B. Meetings.

Section 8. Organization Meetings. The first meeting of the members of the Members 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 Members.

Section 9. Regular Meetings. Regular meetings of the Members 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 Members shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) Members. 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 Members, 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 Members.** At all meetings of the Members, 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 Members. 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 Members, and the Secretary shall keep a minute book of the Members, recording therein all resolutions adopted by the Members and a record of all transactions and proceedings occurring at such meetings.

**Section 15. Open Meeting.** All meetings of the Members shall be open to all Members.

**Section 16. Executive Session.** The Members 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 Members 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, or these By-Laws directed to be done and exercised exclusively by the Members.

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

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Members 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 Members, 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 or 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 Members 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 Members may employ for the Association a professional management agent or agents at a compensation established by the Members to perform such duties and services as the Members shall authorize. The Members may delegate to the managing agent or manager, subject to the Member's supervision, all of the powers granted to the Members 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 thirty (30) days' or less written notice.

**Section 20. Accounts and Reports.** The following management standards of performance will be followed unless the Members 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 Members; 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.

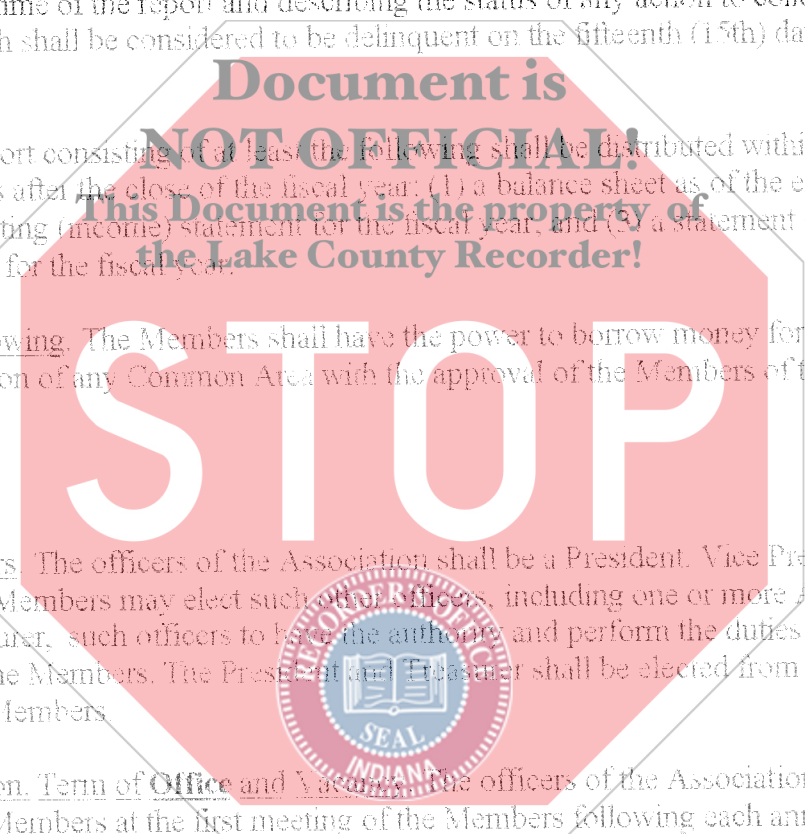
Section 21. Borrowing. The Members shall have the power to borrow money for the purpose of repair or restoration of any Common Area with the approval of the Members of the Association;

#### **ARTICLE IV** **OFFICERS**

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary / Treasurer. The Members may elect such other officers, including one or more Assistant Secretary / Treasurer, such officers to have the authority and perform the duties prescribed from time to time by the Members. The President and Treasurer shall be elected from among the members of the Members.

Section 2. Election, Term of Office and Vacancy. The officers of the Association shall be elected annually by the Members at the first meeting of the Members 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 Members for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Members 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 Members. 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 Members, 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 Members.

#### ARTICLE V COMMITTEES

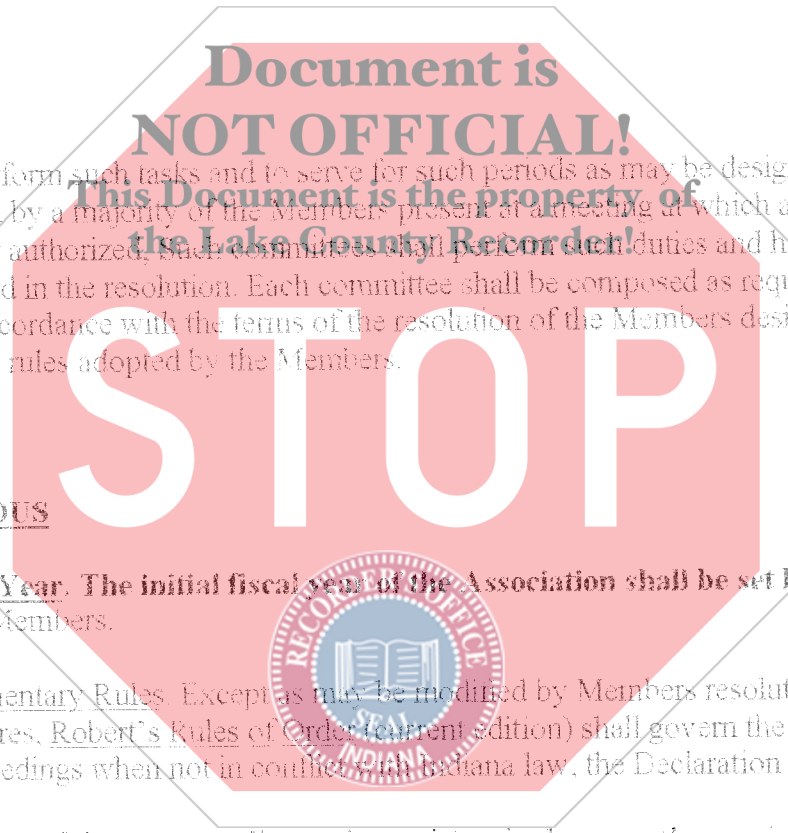
Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Members present at a meeting at which a quorum is present are hereby authorized, such committees shall perform such duties and have such powers as may be provided in the resolution.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

#### ARTICLE VI MISCELLANEOUS

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

Section 2. Parliamentary Rules. Except as may be modified by Members 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 Declaration or these By-Laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Indiana law, the Declaration, and these By-Laws, the provisions of Indiana law, the Declaration, the 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 Members 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 Members shall prescribe.

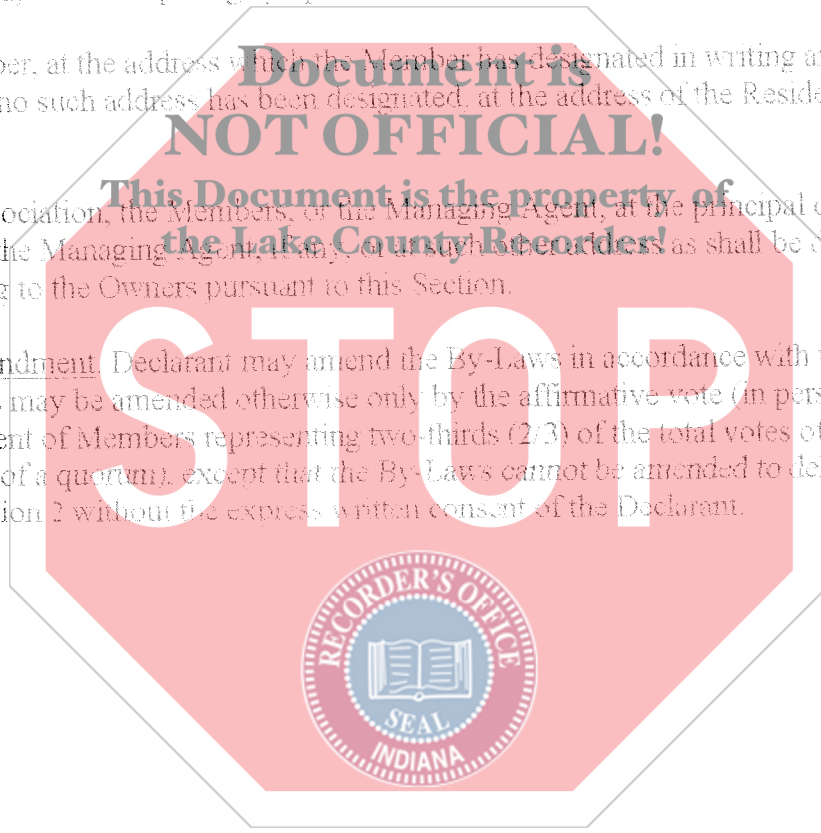
(b) Inspection By Members. Every Director (Member) shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts 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 Members, or the Managing Agent, at the principal office of the Association or the Managing Agent, 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), except that the By-Laws cannot be amended to delete or change Article III, Section 2 without the express written consent of the Declarant.



IN WITNESS WHEREOF, the Declarant and Owner has caused this instrument to be signed as of  
this day of \_\_\_\_\_ day of December, 2007.

GC Construction, LLC.

By: *Larry O'Connell*  
LARRY O'CONNELL, President

*Bruce R. Young*  
BRUCE R. YOUNG, Secretary

STATE OF INDIANA )  
                          ) SS:  
COUNTY OF LAKE )

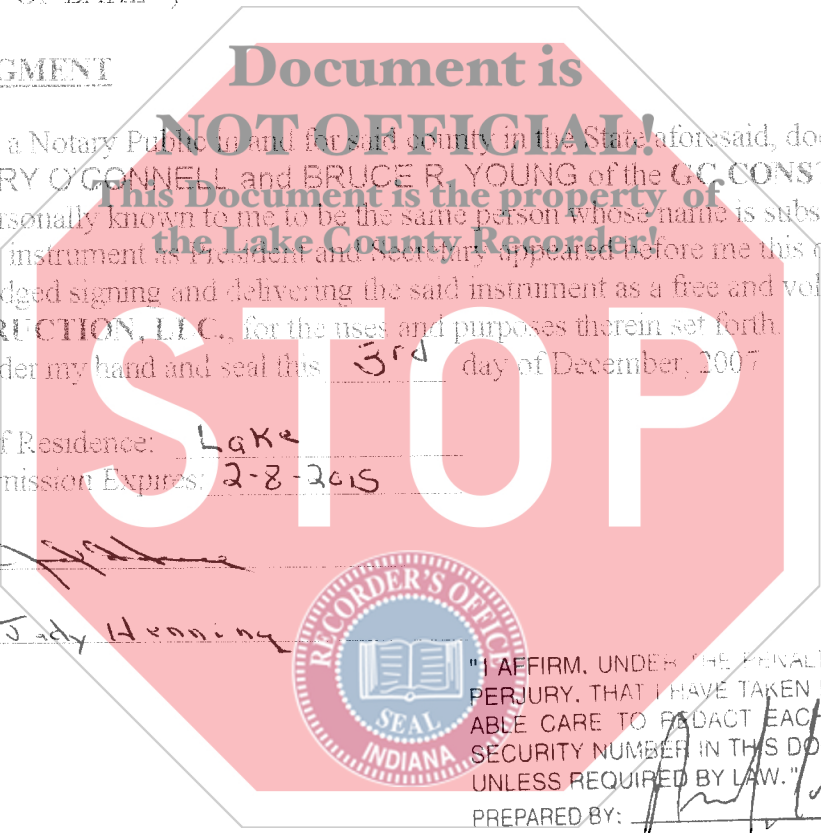
ACKNOWLEDGMENT

The undersigned, a Notary Public in and for said county in the State aforesaid, does hereby certify that LARRY O'CONNELL and BRUCE R. YOUNG of the GC CONSTRUCTION, LLC., personally known to me to be the same person whose name is subscribed to the foregoing instrument as President and Secretary appeared before me this day in person and acknowledged signing and delivering the said instrument as a free and voluntary act of GC CONSTRUCTION, LLC., for the uses and purposes therein set forth.  
Given under my hand and seal this 3<sup>rd</sup> day of December, 2007.

County of Residence: LAKE  
My Commission Expires: 2-8-2015

Notary Public *Judy Henning*

Printed Name: Judy Henning



"I AFFIRM, UNDER THE PENALTIES FOR PERJURY, THAT I HAVE TAKEN REASONABLE CARE TO REDACT EACH SOCIAL SECURITY NUMBER IN THIS DOCUMENT, UNLESS REQUIRED BY LAW."

PREPARED BY: *Angelo Sabato*

This Document Prepared By: Angelo Sabato, Atty. No. 1878-45  
6980 W 115<sup>th</sup> Avenue  
Crown Point, Indiana 46307  
Tel. 219 663 7933