

BY-LAWS OF HERON CREEK HOMEOWNERS ASSOCIATION, INC.

THESE BY-LAWS OF THE HERON CREEK HOMEOWNERS ASSOCIATION, INC. are executed and made effective on this _____ day of May, 2013 by Paul Shoopman Custom Homes, Inc. pursuant to the authority granted under that certain AMENDED AND RESTATED MASTER DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR THE HERON CREEK COMMUNITY and the ASSIGNMENT AND TRANSFER OF DECLARANT'S RIGHTS.

ARTICLE 1 POWERS

The Association shall be the governing body of all Members and shall be responsible for, and is authorized and empowered to, do the following:

- (1) To enforce the Declaration which is recorded in the public records of Hancock County, Indiana and incorporated herein by reference;
- (2) To assess all Members of the Association in accordance with the Declaration and Indiana law;
- (3) The maintenance, repair, replacement, management, operation and administration of the Common Areas;
- (4) To exercise authority regarding any improvements to any Lot or any additions or improvements to the Common Areas;
- (5) To exercise all rights conferred by the laws of the State of Indiana upon nonprofit corporations; and
- (6) To do such other things as are incidental or customary to the purposes of the Association or necessary or desirable in order to accomplish them.

ARTICLE 2 DEFINITIONS

All capitalized terms set forth herein not otherwise defined shall have the meaning ascribed to them in the Declaration. All of the terms of the Declaration and any amendments thereto are incorporated herein by reference.

“**Articles**” shall mean the Articles of Incorporation of the Association as the same may hereafter be amended, modified or supplemented.

“**Association**” shall mean the Heron Creek Homeowners Association, Inc.

“**Class A Member**” shall mean all members of the Association except Class B Members.


“**Class B Control Period**” shall mean the period commencing upon the date of the Declaration and ending on the Class B Control Period Termination Date.

“**Class B Control Period Termination Date**” shall mean the date that is the earlier of (i) the date upon which Developer has sold or otherwise divested itself of or transferred its entire interest in all Lots in the Subdivision, or (ii) the date on which all Class B Members provide notice to the Board of its election to convert its Class B Membership into Class A Membership.

“**Class B Member**” shall mean Developer, or its successors and assigns.

“**Common Area**” shall collectively mean and refer to the real property, including the improvements thereto, owned by the Association for the common use and enjoyment of the Members, as defined in the Declaration, as well as (private) roads, parking areas, sidewalks landscaping and other appurtenances.

“**Common Expenses**” shall mean the following: (1) any and all expenses relating to the Common Areas, whether for repair, renewal, replacement, maintenance, improvement, capital expenditures, or otherwise; and (2) all expenses payable by the Association for its operations and duties under these By-Laws, the Declaration or Indiana law.

“**Declaration**” shall mean the Amended and Restated Master Declaration of Covenants, Conditions, Easements and Restrictions for the Heron Creek Community recorded with the Hancock County Recorder on January 10, 2008 as Instrument No. I 070012938. 

“**Developer**” shall mean Paul Shoopman Custom Homes, Inc., its successor and assigns.

“**Lot**” shall mean a parcel or plot of land designated for separate Membership and shown on Plat Cabinet C, Slide 261, as Instrument Number 080000327 in the Office of the Recorder of Hancock County, Indiana.

“**Members**” shall mean, collectively, all Class A Members and Class B Members.

ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS

3.01 **Membership.** Developer and each owner of a Lot which is subject to assessment shall, automatically upon becoming an Member, be and become a Member of the Association and shall remain a Member until such time as his ownership of a Lot ceases at which time his membership shall terminate and will be transferred to the new owner of his Lot; provided, however, that any person who holds the interest of an owner in a Lot merely as security for the performance of an obligation shall not be a Member until and unless he realizes upon his security, at which time he shall automatically be and become a Member of the Association.

3.02 **Classes of Membership and Voting.** There shall be two classes of membership, Class A Members and Class B Members. During the Class B Control Period, each Class B Member shall be entitled to three (3) votes for each Lot owned by a Class B Member, and each Class A Member shall be entitled to one (1) vote for each Lot owned. Following the Class B Control Period Termination Date, each Lot shall be allocated one (1) vote.

3.03 **Multiple Members.** Each Lot shall be allocated the number of votes set forth in the immediately preceding paragraph regardless of the number of Members who have an interest of public record in a Lot. All Members shall be voting Members, provided if a Lot is owned in indivision by two or more owners, the Member, who shall be a natural person (or a natural person designated by a Member which is a legal entity), entitled to cast the vote attributable to such Lot shall be designated by a certificate

of appointment executed by all of the record owners of such Lot and filed with the Secretary of the Association. Notwithstanding anything herein contained to the contrary, if the owners of a Lot are husband and wife, a certificate of appointment is not necessary in order to cast a vote unless they are legally separated.

3.04 Proxies. A Member may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Member shall duly designate his attorney-in-fact in writing, delivered to the Secretary prior to the commencement of the meeting.

ARTICLE 4 ANNUAL MEETING OF MEMBERS

4.01 Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held by January 15, 2014. The next annual meeting shall be set by the Board so as to occur within fifteen (15) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members shall be held within sixty (60) days of the same day of the same month of each year thereafter, at a specific date and hour set by the Board.

4.02 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 a Class B Member or by resolution of a majority of a quorum of the Board of Directors, or upon a petition signed by at least twenty percent (20%) 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.

4.03 Notice of Meetings. Written notice stating the place, day, and hour of each Members' meeting, other than a reconvened meeting, must be given to each Member not less than 7 nor more than 30 days before the meeting. The special Members meeting notices must also state the meeting's purpose, and no business may be conducted except as stated in the notice. Notice to a Member is deemed given when hand delivered or mailed. If mailed, notice is deemed given (whether actually received or not) when deposited with the United States Postal Service, postage prepaid.

4.04 Waiver of Notice. A Member may, in writing, waive notice of a meeting. Attendance at a meeting is a waiver of notice of the meeting, unless the Member objects to a lack of notice when the meeting is called to order.

4.05 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of twenty percent (20%) of the total votes of the Association shall constitute a quorum at all meetings of the Association. If a quorum is not present, a majority of the Members present, either in person or by proxy, may adjourn the meeting but may not transact any other business.

ARTICLE 5 BOARD OF DIRECTORS

5.01 Powers and Duties. In addition to the powers and duties of the Board described in the Declaration or elsewhere in these Bylaws, all powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board. The powers shall include, without limitation, the following:

- (a) To select, appoint and remove all officers, agents and employees of the Association, and to prescribe such powers and duties for them as may be consistent with law, the Declaration and these By-Laws; and
- (b) To conduct, manage and control the affairs and business of the Association, and to enforce such rules and regulations thereof consistent with law, the Declaration and the By-laws, as the Board may deem necessary or advisable

5.02 Original Composition of the Board and Term of Office. The Board shall initially consist of one (1) individual selected by the Developer (the “**Initial Board**”). The Initial Board shall serve until the Class B Control Period Termination Date. Until the Class B Control Period Termination Date, any individual may serve as a Director without being a Member.

5.03 Number of Directors. Following the expiration of the term of the Initial Board, the number of directors shall be increased to no fewer than three (3) directors and no more than five (5) directors, which directors (and the number thereof) shall be elected and determined by the Members at the first annual meeting held pursuant to Article 4.1 following the Class B Control Period Termination Date. One director shall be appointed Chairman and the remaining directors shall be appointed as directors-at-large.

5.04 Election of Directors. Following the Class B Control Period Termination Date, the members of the Board of Directors shall be elected at each annual meeting of Members. Each Director shall be elected to serve a term of one (1) year and shall be a Member of the Association. Election to the Board of Directors shall be by written ballot. 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. Cumulative voting is not permitted.

5.05 Annual Meeting. The Board of Directors shall meet each year at some time shortly after the annual meeting of the Members, for the purpose of organization, election of officers, and consideration of any other business that may properly be brought before the meeting.

5.06 Regular Meetings. Regular meetings of the Board of Directors may be held at the discretion of the Board and at such time and place as may be selected by the Board.

5.07 Other Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman or the President, and shall be called on the written request of any member of the Board of Directors. Notice of such a special meeting shall be sent by the Secretary to each Director at his or her residence or usual place of business by letter or telegram, at such time that, in regular course, such notice would reach such place not later than during the second day immediately preceding the day for such meeting; or may be delivered by the Secretary to a Director personally at any time during such second preceding day. A Director may waive any notice before or after the date and time stated in the notice.

Except for waiver by attendance as provided herein below, such waiver must be in writing, signed by the Director entitled to the notice, and delivered to the Association or any officer thereof. By his or her attendance at or participation in a meeting, a Director waives his or her right to object to the lack of notice of such meeting unless the Director at the beginning of the meeting (or promptly upon the Director’s arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Such meetings may be held at any place within the State of Indiana, as may be specified in the respective notices, or waivers of notice, thereof.

5.08 Quorum. A majority of the number of Directors prescribed by these By- Laws, from time to time, shall be necessary to constitute a quorum for the transaction of any business except the filling of vacancies, and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law, the Articles or these By-Laws.

5.09 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a written consent thereto is signed by all members of the Board of Directors.

5.10 Resignations. Any Director may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board of Directors, the President, the Secretary, or any other officer of the Association. Such resignation shall take effect when the notice is delivered unless the notice specifies a later effective date; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.11 Removal. From and after the Class B Control Period Termination Date, a Director may be removed only for cause by the Members, and only by action duly taken at a meeting of the Members, provided that there is a quorum present, by the affirmative vote of a majority of the Members present in person, or by proxy, and entitled to vote for the election of Directors, and provided further, that notice of the intention to act upon such matter shall have been given in the notice calling such meeting. A Director may be removed with or without cause by the balance of the Board. During the Class B Control Period, a director may not be removed.

5.12 Vacancies. Any vacancy or vacancies occurring in the Board caused by a death, resignation or otherwise, other than a vacancy created by removal or an increase in the number of Directors, shall be filled through a vote of a majority of the remaining Directors. The replacement Director shall serve for the balance of the term of the Director in respect to whom there was a vacancy.

5.13 Limitation on Board Action. Following the Class B Control Period, the authority of the Board to enter into contracts shall be limited to contracts involving a total expenditure of less than \$5,000.00 without obtaining the prior approval of a Majority of Members, except that in the following cases, approval shall not be necessary:

- (a) contracts for replacing or restoring portions of the Common Areas damaged or destroyed by fire, flood, natural disaster or other cause where the cost thereof is payable out of insurance proceeds actually received;
- (b) proposed contracts and proposed expenditures expressly set forth in the proposed Annual Budget as approved by the Members at the annual meeting; and
- (c) expenditures necessary to deal with emergency conditions in which the Board reasonably believes there is insufficient time to call a meeting of the Members.

The restrictions set forth herein shall not apply during the Class B Control Period.

5.14 Compensation. No Director shall be compensated for services as a Director except as otherwise expressly authorized by a Majority of Members. The Board may employ a Managing Agent to assist the Board in performing the duties of the Association. The Managing Agent shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

5.15 Retention of Managing Agent. The Board may, on behalf of the Association, employ a Managing Agent upon such terms as the Board shall find, in its discretion, reasonable and customary. The Managing Agent shall assist the Board in carrying out its duties, which include, but are not limited to:

(a) protection, surveillance and replacement of the Common Areas unless the same are otherwise the responsibility or duty of the Members, provided, however, that this duty shall not include or be deemed or interpreted as a requirement that the Association, the Board or any Managing Agent must provide any on-site or roving guards, security service or security system for protection or surveillance, and the same need not be furnished;

(b) procuring of utilities used in connection with the Community, removal of garbage and waste, and snow removal from the Common Areas;

(c) landscaping, painting, decorating, furnishing, maintaining and repairing the Common Areas;

(d) surfacing, paving and maintaining private streets, drives, parking areas and sidewalks;

(e) assessment and collection from the Members of the Member's share of the Common Expenses;

(f) preparing and delivering annually to the Members the proposed Annual Budget;

(g) preparing and delivering annually to the Members a full accounting of all receipts and expenses incurred in the prior year;

(h) keeping a current, accurate and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses;

(i) making available to Members current copies of the Declaration, By-Laws and rules and regulations governing the Association ("Organizational Documents") and any other non-confidential books, records and financial statements of the Association.; and

(j) such other duties that are reasonable and customary for a Managing Agent to conduct on behalf of a homeowner's association, as determined in the discretion of the Board.

ARTICLE 6 OFFICERS

6.01 Officers. The Officers of the Association shall be a President and Vice President, who shall at all times be Directors, a Secretary and a Treasurer (who may, but need not be Directors) and such other officers as the Board may from time to time by resolution establish.

6.02 Election. The Officers of the Association shall be elected by the Board at a meeting of the Board and shall hold office at the pleasure of the Board.

6.03 Term. The Officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she sooner resigns, is removed or is otherwise disqualified to serve.

6.04 Special Appointments. The Board may elect such interim or other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine.

6.05 Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of 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.

6.06 Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election by the Board. The person elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

6.07 Multiple Offices. During the Class B Control Period, the member of the Initial Board may hold all Officer positions. Following the Class B Control Period Termination Date, the offices of Secretary and Treasurer may be held by the same person, but no person shall simultaneously hold more than one of the other offices except in the case of special offices created by Section 6.04 above.

6.08 Duties. The duties of the Officers shall be as follows:

(a) President. The President shall preside at all meetings of the Board, shall be the chief executive officer of the Association and, subject to the control of the Board and provisions of the Declaration, shall have general supervision, direction and control of the business and affairs of the Association. The President shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes of the Association.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of the meetings of the Board and of its members; keep, or cause to be kept, appropriate current records showing Members of the Association, together with their addresses and telephone numbers, and shall perform such other duties as may be required by the Board.

(d) Treasurer. The Treasurer shall keep and maintain adequate and correct accounts of the properties and business transactions of the Association. Books of account shall be open to inspection by any Director or Member at all reasonable times as described below. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board, shall co-sign all checks and promissory notes of the Association, shall render to the President and Directors whenever they request it an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

6.09 Compensation. The Officers shall serve without compensation.

ARTICLE 7 AMENDMENTS

7.01 Duty to Pay Regular and Special Assessments. Each Class A Member is obligated to pay to the Association “**Regular Assessments**” and “**Special Assessments**” as provided herein.

7.02 Fiscal Year. The fiscal year for the Association shall be a calendar year commencing on January 1 and ending on December 31.

7.03 Interim Assessments. Within thirty (30) days following the execution of these By-Laws, the Developer shall determine the anticipated Common Expenses for 2013, and shall assess those Common Expenses, pro-rata, among the Class A Members of the Association, which amounts shall be deemed the “Initial Regular Assessments.” The Initial Regular Assessments shall be made payable to the Association, and shall be payable within thirty (30) days following notice being sent to the Members of the Initial Regular Assessments.

7.04 Determination of Regular Assessments Commencing in 2014. Beginning with the Regular Assessments due and payable in 2014, and annually thereafter, Regular Assessments shall be determined as follows: The Board shall establish an annual budget prior to the beginning of each fiscal year, setting forth all anticipated Common Expenses for the coming fiscal year, together with a reasonable allowance for contingencies and reserves of the Association (the “**Proposed Budget**”). The Proposed Budget shall be submitted to the Members at the annual meeting of the Association for adoption and, if so adopted, shall be the basis for the Regular Assessments for the coming fiscal year. At the annual meeting of the Members, the Proposed Budget may be approved in whole or in part or may be amended in whole or in part by a separate majority of votes (and not majority in numbers); provided, however, that in no event shall the annual meeting of the Members be adjourned until the a budget is adopted (the budget as adopted shall be the “**Final Budget**”). The Annual Budget, the Final Budget, the Regular Assessments and all sums assessed by the Association shall be established by using generally accepted accounting principles applied on a consistent basis. The Final Budget and the Regular Assessments shall include the amounts required for funding the reserve accounts required by Sections 7.06 and 7.07. The failure or delay of the Board to prepare a proposed Annual Budget and to furnish a copy thereof to the Members shall not constitute a waiver or release in any manner of the obligations of the Members to pay the Common Expenses as herein provided, whenever determined. Whenever, whether before or after the annual meeting of the Association, there is no Final Budget approved by the Members as herein provided for such current fiscal year, the Members shall continue to pay Regular Assessments based upon the last approved Final Budget (or, if applicable, the Interim Budget) or, at the option of the Board, based upon one hundred and ten percent (110%) of such last approved budget. The Final Budget as adopted by the Members shall, based on the estimated cash required for the Common Expenses in the current fiscal year and required reserve amounts as set forth in said budget, contain a proposed assessment against each Lot based on the pro-rata Share of each Lot. Immediately following the adoption of the Final Budget, each Member shall be given written notice of such Assessment against his respective Lot.

7.05 Special Assessments. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the Members, unless otherwise provided in these By-Laws or the Declaration or the Act, the Board of Directors shall have the full right, power and authority to make Special Assessments to fund such Common Expenses which, upon resolution of the Board, shall become a lien on each Lot, in accordance with the Pro-Rata Share interest of each Lot. Without limiting the generality of the foregoing provisions, Special Assessments may be made by the Board of Directors from time to time to pay Common Expenses, including but not limited to, capital expenditures or the costs of any repair or reconstruction of damage caused by fire or other cause or disaster to the extent insurance proceeds are insufficient therefor under the circumstances described herein.

7.06 Reserve for Common Area. The Board of Directors shall cause to be established and maintained a “**General Replacement Reserve**” fund for replacements by the allocation and payment to such General Replacement Reserve fund not less often than annually of an amount determined by the Board to be sufficient to meet the costs of periodic maintenance, repair, renewal and replacement of the Common Areas and resurfacing, repairing or replacing private streets, parking areas, sidewalks, landscaping and other appurtenances. In determining the amount, the Board shall take into consideration the expected useful life of such Common Areas, projected increases in the cost of materials and labor, conservative investment income and gains to be earned by such funds, and the advice of Declarant, the Managing Agent and any consultants the Board may employ or engage. Such contributions to the General Replacement Reserve fund shall be conclusively deemed to be a Common Expense. Such contributions to the General Replacement Reserve fund shall be deposited in a separate interest bearing account with a bank or savings and loan association, or such other investment account as determined by the Board in its sole discretion. The General Replacement Reserve for replacements may be expended only for the purpose of effecting the periodic maintenance, repair, renewal or replacement of the Common Areas. The Board shall annually review the adequacy of the General Replacement Reserve fund.

7.07 General Operating Reserve. The Board of Directors may establish and maintain a reserve fund for general operating expenses (“**General Operating Reserve**”) of a nonrecurring nature by the allocation and payment to such General Operating Reserve fund not less frequently than annually of such amount as the Board in its discretion determines to be reasonable under the circumstances. Such contribution to the General Operating Reserve fund shall be conclusively deemed to be a Common Expense. Such contribution to the General Operating Reserve fund shall be deposited in a separate interest bearing account with a bank or savings and loan association or such other investment account as determined by the Board in its sole discretion. The General Operating Reserve may be expended only for operating contingencies of a non-recurring nature. The proportionate interest of any Member in any General Operating Reserve fund for general operating expenses shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

7.08 Overpayment or Underpayment. In the event that the amounts actually expended by the Association for Common Expenses in any fiscal year exceed the Final Budget, the amount of such deficit shall be carried over and become an additional basis for Assessments for the following fiscal year. Such deficit may be recouped either by inclusion in the next year’s Final Budget or by the making of one or more Special Assessments for such purpose, at the option of the Association. In the event that the amounts budgeted and assessed for Common Expenses in any fiscal year exceed the amount actually expended by the Association for Common Expenses for that fiscal year, such additional sums may, in the discretion of the Board of Directors, be deposited in the General Reserve Fund or credited towards future Regular Assessments, which credits shall be split among Members that paid the Regular or Special Assessments giving rise to such surplus, on a pro rata basis.

7.08 Failure of Member to Pay Assessments. The Regular Assessment against each Lot shall be due and payable within 15 days of the Annual Meeting of Members. Payment of the Regular Assessment shall be made to the Board of Directors or the Managing Agent, as directed by the Board of Directors. No Member may exempt himself from paying Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and toward any other expenses lawfully agreed upon, by waiver of the use or enjoyment of the Common Areas. Each Member shall be personally liable for the payment of his respective Pro-Rata Share of all Assessments. Where the Member constitutes more than one person, the liability of such person shall be joint and several. If any instrument payable to the Association is returned to the Association due to insufficient funds, there shall be a return fee of not less than Twenty Dollars (\$20.00) or such maximum amount as is permitted by law. If any Assessment upon any Lot is not paid within fifteen (15) days after the due date, such Assessment, a

late fee of Twenty-Five Dollars (\$25.00) and all costs of collection thereof, including attorneys' fees, shall bear interest from the date of delinquency until paid at the maximum rate allowable under applicable usury laws. A lien for such Assessment on the Member's Lot may be filed and foreclosed by the Board for and on behalf of the Association as provided by law; provided however, any lien for delinquent Assessments or other charges that the Association has on a Lot will be subordinate to a first mortgage on the Lot if the mortgage was recorded before the delinquent Assessment was due. Upon the failure of an Member to make timely payments of any Assessment when due, the Board may in its discretion accelerate the entire balance of the unpaid Assessments for the remainder of the current fiscal year and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Assessment without foreclosing or waiving the lien securing the same. In any action to recover an Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorneys' fees and expenses, including but not limited to paralegal fees, from the Member of the respective Lot.

7.09 Waiver of Lien Upon Foreclosure. Notwithstanding anything to the contrary contained in the Declaration and these By-Laws, any sale or transfer of a Lot to a Mortgagee pursuant to a foreclosure of its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid installment of any Assessment as to such installments that became due prior to such sale, transfer or conveyance, but extinguishment of such lien shall not relieve the prior Member from personal liability therefor. No such sale, transfer or conveyance shall relieve the Member or the purchaser at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any installments of Assessments thereafter becoming due or from the lien therefor. Such unpaid share of any Regular or Special Assessments, shall be deemed to be a Common Expense collectible from all Members as otherwise provided herein (including the party acquiring the Lot from which it arose), as provided in the Act.

ARTICLE 8 INDEMNIFICATION OF OFFICERS AND DIRECTORS

8.01 Non-Liability of Directors. The Directors shall not be liable to the Members or any other persons for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Directors, except for their own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify and hold harmless and defend each of the Directors against any and all liability to any person, firm or Association arising out of contracts made by the Board on behalf of the Association, unless any such contract shall have been made in bad faith. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Association.

8.02 Additional Indemnity of Officers and Directors. To the extent not inconsistent with the terms and conditions of the Declaration, the Association shall indemnify each member of the Board of Directors, each incorporator, each officer and each employee or agent of the Association against all liability and expenses (including legal fees and disbursements), judgments, fines, penalties and amounts paid in settlement or upon execution of judgment, that may be incurred by or on his behalf, to the fullest extent now or hereafter permitted by law, in connection with any threatened, pending or completed action, suit, proceeding, including the appeal thereof, whether civil, criminal, administrative or investigative, brought or threatened to be brought against him or her by reason of his or her performance as a director or officer of Association, or in any other capacity on behalf of Association and shall continue as to an individual who has ceased to be a director or officer of the Association, and shall inure to the benefit of the heirs, executors, administrators and legal representatives of such individual. The rights of

indemnification provided for herein shall not be deemed the exclusive rights to which any director or officer of the Association may be entitled.

8.03 Expenses. All direct expenses incurred by one or more individuals entitled to be indemnified by the Association in defending any such action, suit or proceeding shall be paid by the Association on behalf of each such individual as such expenses are incurred, in advance of the final disposition of such action, suit or proceeding if:

(a) the individual entitled to indemnification furnishes the Association a written affirmation of such individual's good faith belief that such individual has met the standard of conduct required by law; and

(b) the individual entitled to indemnification furnishes the Association a written undertaking, executed personally or on the individual's behalf, to repay the advance if it is ultimately determined that the individual did not meet the required standard of conduct; and

(c) determination is made that the facts then known to those making the determination would not preclude indemnification under applicable law.

8.04 Liability Insurance. If so decided by the Board of Directors, the Association shall purchase and maintain, on behalf of any person who is a Director, officer, employee or agent of the Association, insurance against any liability asserted against him or her or incurred by him or her in any such capacity or arising out of his or her status as such whether or not the Association would have the power to indemnify him or her against such liability under law.

8.05 Effect of Indemnification Rights. The foregoing provisions for indemnification shall be deemed to be a contract between the Association and each person entitled to indemnification thereunder and no such person's rights to indemnification shall be diminished or otherwise adversely affected by any repeal, amendment or modification of the foregoing provisions which occurs subsequent to such person becoming an officer, Director, employee or agent of the Association.

ARTICLE 9 AMENDMENTS TO BY-LAWS

9.01 Procedure. The Board of Directors shall have the power, without the assent or vote of the Members, to make, alter, amend or repeal these By-Laws.

9.02 Amended and Restated By-Laws. An amended and restated By-Laws may be executed any time or from time to time by a majority of the Board of Directors and shall, upon recording in the office of the Secretary of the State of Indiana, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original By-Laws and the various amendments thereto.

SO EXECUTED AND ADOPTED ON THE _____ DAY OF MAY, 2013

PAUL SHOOPMAN CUSTOM HOMES, INC.
The "Developer"

/s: _____

By: _____

Title: _____