

**BY-LAWS
OF
THE COMMONS AT VALLEY LAKES HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I
GENERAL**

Section 1. Name. The name of the corporation is The Commons at Valley Lakes Homeowners' Association, Inc., hereinafter referred to as "Association".

Section 2. Principal Office. The post office address of the principal office of the Association is 8355 Rockville Road, P. O. Box 34297, Indianapolis, Indiana 46234, but meetings of Members and Directors may be held at such places within the State of Indiana, including Marion County, Indiana, in the case of Members' meetings, as may be designated by the Board of Directors.

Section 3. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

**ARTICLE II
DEFINITIONS**

Section 1. "Articles" means the Articles of Incorporation of the Association (as hereinafter defined) filed, or to be filed, with the Office of the Secretary of State of Indiana, as the same are or hereafter may be amended from time to time.

Section 2. "Association" means The Commons at Valley Lakes Homeowners' Association, Inc., a formed or to-be-formed Indiana not-for-profit corporation, its successors and assigns.

Section 3. "Board of Directors" means the Board of Directors of the Association.

Section 4. "Common Area" means those areas, if any, set aside for conveyance to the Association, as shown on the Plat as Common Areas.

Section 5. "Common Expenses" shall mean and refer to expenses of administration of the Association, and expenses for the upkeep, maintenance, repair and replacement of the Common Area, if any, and all sums lawfully assessed against the Owners by the Association, and all sums, costs and expense declared by the Declaration to be Common Expenses.

Section 6. "Declarant" and "Declaration" means Cedar Run Limited, Inc., an Indiana corporation, its successors and assigns as a declarant, if such successors or assigns should acquire

more than one (1) undeveloped Lot from the Declarant for the purposes of development pursuant to the Declarations of Covenants, Conditions, and Restrictions of The Commons at Valley Lakes, Phase I and Subsequent Sections recorded the 26th day of April, 2002 as Instrument No. 02013412 in the Office of the Recorder of Tippecanoe County, Indiana (the "Declaration").

Section 7. "Development Period" means the period of time commencing with Declarant's acquisition of the Property and ending when Declarant has completed the development and sale of, and no longer owns, any Lot or any other portion of the real estate in the Property (as hereinafter defined).

Section 8. "Dwelling Unit" means any single-family residence situated upon a Lot (as hereinafter defined) whether attached or detached.

Section 9. "Lot" means any parcel of real estate, whether residential or otherwise, described by the recorded plat of the Development which is recorded in the Office of the Recorder of Tippecanoe County, Indiana. No Lot may be subsequently subdivided for development purposes.

Section 10. "Owner" and "Member" means a person who has any right, title or interest, legal or equitable, in and to a Lot, but excluding those persons having such interest merely as security for the performance of an obligation.

Section 11. "Plat" means the subdivision plat of the Property (as hereinafter defined) identified as "The Commons at Valley Lakes, Phase I, Part I" recorded the 26th day of April, 2002 as Instrument No. 02013411 in the Office of the Recorder of Tippecanoe County, Indiana, as the same may be hereafter amended or supplemented by law or pursuant to the Declaration which includes additional phases.

Section 12. "Property" means the real estate described in Exhibit "A" and any subsequent phases recorded thereafter.

ARTICLE III MEMBERSHIP AND MEETINGS OF MEMBERS

Section 1. Membership and Voting. Membership in the Association and voting rights of Members are governed by the Articles. Except as otherwise provided in the Articles, in the Declaration or in Article V of these By-Laws, each question shall be determined by a majority of the eligible votes cast by the Members present, in person or by proxy, at a meeting at which a quorum is present. The Members may take any action without a meeting that could be taken at a meeting, in the manner provided in the Articles. Additionally, any action required or permitted to be taken at any meeting of the Board of Directors, may be taken without a meeting, if prior to such action a written consent to such action is signed by all members of the Board of Directors, and such written consent is filed with the Minutes of the proceeding of the Board.

Section 2. Annual Meeting. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at a time and place to be specified by the Board of Directors, unless such date is not within six (6) months after the end of the Fiscal Year. If the annual meeting date is not within six (6) months after the close of the Fiscal Year, the meeting will be held on a date within said period set by the Board of Directors and thereafter on the same day of the same month of each year, at a time and place to be specified by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the President of the Association, or by a majority of the Board of Directors, or upon written request of Members who together are entitled to vote one-fourth (1/4) of all the votes.

Section 4. Notice of Meetings. Except as otherwise required by the Declaration, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by delivering or mailing a copy of such notice at least thirty (30) days before such meeting, to each Member entitled to vote thereat, at or addressed to the Member's address last appearing in the records of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes of the meeting. Notice of any meeting may be waived by a written waiver filed with the Secretary or by attendance at the meeting in person or by proxy.

Section 5. Quorum. The presence at the meeting, in person or by proxy, of Members entitled to cast one-tenth (1/10) of the votes of membership shall constitute a quorum for any action, except as otherwise required by the Articles or the Declaration. If, however, such quorum shall not be present at any meeting, the Members present and entitled to vote thereat are empowered to adjourn the meeting from time to time, without notice other than announcement at the meeting, until such later time or date that a quorum shall be present in person or by proxy.

Section 6. Voting by Co-Owners and Entities. The vote appurtenant to any Lot in which more than one person owns an interest may be exercised by any of such persons present at any meeting, unless the Association is advised (by objection or protest at the meeting or written notice prior thereto) by any other person owning an interest in such Lot that the Owners of the Lot are unable to agree upon the manner in which the vote appurtenant to such Lot shall be cast at such meeting or on any particular question to come before such meeting. In such event the vote appurtenant to the Lot shall not be counted at the meeting or on the particular question noted, as the case may be. In the event any Lot is owned by a corporation, then the vote appurtenant to such Lot shall be cast by a person designated in a certificate signed by the President or any Vice President of such corporation and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association prior to the meeting. The vote appurtenant to any Lot owned

by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and unless any objection or protest by any other such trustee or partner is noted at such meeting or in writing prior thereto, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes.

Section 7. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from the date of its execution unless a longer time is expressly provided in the proxy.

Section 8. Suspension of Voting Rights. No Member shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due to the Association shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors.

Section 9. Rights of Mortgagees. An institutional mortgagee (as defined in Article XII, Section 2 of these By-Laws) of any Lot who desires notice of the annual and special meetings of the Members shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom such notice should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Members to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are provided for notice to the Members in Section 4 of this Article III. Any representative to attend any annual or special meeting of the Members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the Members present at any such meeting. Such representative shall have no voting rights at any such meeting.

Section 10. Action Taken By Conference Phone. Any or all the members of the Association may participate in a meeting of the Board by means of a conference telephone or similar communication equipment, by which all persons participating in the meeting, can communicate with each other, and participation in this manner constitutes presence in person at the meeting.

ARTICLE IV BOARD OF DIRECTORS GENERAL INFORMATION

Section 1. General Powers and Duties. The Board of Directors shall manage the affairs of the Association.

Section 2. Number. The Board of Directors shall be composed of an initial Board of two (2) members and no more than eight (8) on subsequent Boards, who need not be Members of the Association.

Section 3. Term of Office. The members of the initial Board of Directors shall serve until the first annual meeting of the Members of the Association. Thereafter, such Director shall be elected to serve a term of one (1) year and until his successor is elected and qualified. A Director may serve any number of consecutive terms.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association, at a meeting of the Members called expressly for that purpose. A Director also may be removed by a majority vote of the other members of the Board of Directors if he fails to attend three (3) or more consecutive meetings of the Board.

Section 5. Compensation. Directors shall receive no compensation for their services as directors of the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor by any Member eligible to vote at the meeting. The Nominating Committee shall consist of a Chairman who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by written ballot. In the election of Directors, each Member or his proxy may cast, in respect to each vacancy, as many votes as he is entitled to cast under the provisions of the Articles. The persons receiving the highest numbers of votes, respectively (whether or not a majority of the votes cast) shall be elected. Cumulative voting is not permitted.

Section 3. Vacancy. When a vacancy occurs on the Board of Directors by reason of the death, resignation, removal or incapacity of a Director, or for any other reason except the expiration of a Director's term or an increase in the number of Directors prescribed in these By-Laws, the remaining Directors shall by majority vote elect a Director to serve until the next annual meeting of the Members of the Association. When a vacancy occurs by reason of an increase in the number of

Directors prescribed in these By-Laws, the vacancy shall be filled by a vote of the Members of the Association, pursuant to Sections 1 and 2 of this Article V.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Quorum and Voting. A majority of the Board of Directors shall be necessary to constitute a quorum for the transaction of any business except the filling of vacancies on the Board of Directors, and the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2. Annual Meeting. The newly elected Board of Directors shall meet annually, without notice, immediately following the annual meeting of the Members, for the purpose of electing officers of the Association for the ensuing year and transacting such other business as properly may come before the meeting.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Association or by a majority of the Board of Directors upon not less than three (3) days written notice. A special meeting may be held at such place as is specified in the call of the special meeting. The purpose of any such meeting need not be specified.

Section 4. Regular Meetings. Regular meetings of the Board of Directors may be held without notice, other than the adoption of a resolution of the Board establishing the meeting schedule, at such place and hour as may be fixed by resolution of the Board. Should any regular meeting date fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 5. Waiver of Notice. Notice of the time, place, and call of any meeting of the Board may be waived in writing if the waiver sets out in reasonable detail the purpose or purposes of which the meeting is called and the time and place thereof. Attendance at any meeting of the Board shall constitute a waiver of notice of such meeting and of the time, place and call thereof.

Section 6. Action Taken Without a Meeting. The Board of Directors may take any action without a meeting that could be taken at a meeting, in the manner provided in the Articles. Additionally, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof, may be taken without a meeting, if prior to such action a written consent to such action is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceeding of the Board or committee.

Section 7. Action Taken By Conference Phone. Any or all the members of the Board of Directors may participate in a meeting of the Board or committee, by means of a conference telephone or similar communication equipment, by which all persons participating in the meeting

can communicate with each other, and participation in this manner constitutes presence in person at the meeting.

ARTICLE VII
SPECIFIC POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Without limitation on the Board's general power to manage the affairs of the Association, the Board of Directors shall have power to:

- A. Adopt and publish rules and regulations governing the use of the Lots, the Common Area and any facilities at any time located on the Properties, and the personal conduct of the Members and guests thereon, and to establish penalties for the infraction thereof;
- B. Suspend the voting rights and right to use of the Common Area of a Member during any period in which such Member shall be in default in payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations; and,
- C. Exercise for the Association all powers, duties and authority vested in or delegated to the Association (and not reserved to the membership) by the provisions of these By-Laws, the Articles or the Declaration and applicable law.

Section 2. Duties. Without limitation on the Board's general duty to manage the affairs of the Association, it shall be the duty of the Board of Directors to:

- A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- B. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- C. As more fully provided in the Declaration, to:
 - 1. Fix and send written notice of assessments; and,
 - 2. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date, or bring an action at law against the owner personally obligated to pay the same.

- D. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- E. Procure and maintain the insurance coverages required by the Declaration;
- F. Cause all officers or employees having fiscal responsibilities to be bonded, as required by the Declaration; and,
- G. Cause the Property to be maintained to the extent of the Association's responsibility therefor as provided in the Declaration.

ARTICLE VIII DUTIES OF OFFICERS

Section 1. Enumeration of Officers. The officers of this Association shall be a President who shall at all times be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time-to-time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year and until his successor is elected and qualified, unless he shall sooner resign, or shall be removed or otherwise become disqualified to serve.

Section 4. Other Offices. The Board may elect one or more additional vice presidents, assistant secretaries or other officers as the Board may deem necessary or appropriate, each of whom shall hold office for one (1) year (and until his successor is elected and qualified) or such shorter period, and shall have such authority and perform such duties, as the Board may from time-to-time determine.

Section 5. 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer, or those of Vice President and Treasurer, may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The general duties of the officers, subject at all times to further delineation and delegation of duties by the Board, are as follows:

- A. President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.
- B. Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise such other duties as may be required 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; keep the corporate seal of the Association (if one is adopted) and affix it on all appropriate documents; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.
- D. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member and institutional mortgagee (as hereinafter

defined). The Declaration, the Articles and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. As more particularly set forth in the Declaration, if an assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at a rate to be determined by the Board of Directors; the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment; and no Owner may waive or otherwise escape liability for the assessments provided for in the Declaration by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII NOTICE ON MORTGAGES

Section 1. Notice to Board of Directors. Any Member who mortgages the Lot to which his membership is appurtenant shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested to do so, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain a suitable roster pertaining to such mortgages. Any mortgagee of any Lot that desires that a record of its name and address be maintained by the Association may forward such information to the Secretary for the purpose of assisting in compliance with the notice provisions of these By-Laws.

Section 2. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees, and the term "mortgage" shall include a deed of trust. As used generally by these By-Laws, the term "institutional holder" or "institutional mortgagee" shall include the insurer of any mortgage and the following mortgages: banks, trust companies, insurance companies, savings and loan associations, pension funds, real estate investment trusts, FnMA, FHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof.

ARTICLE XIII CONTRACTS, LOANS, AND CHECKS

Section 1. Authorization. The Board of Directors may authorize any officer or officers or agent or agents of the Association to enter into any contract or execute any instrument on its behalf. Such authorization may be general or confined to specific instances. Except as provided in these By-

Laws, no officer, agent, or employee shall have any power to bind the Association or to render it liable for any purpose or amount unless so authorized by the Board of Directors.

Section 2. Signatures. All checks, drafts, or other orders for payment of money by the Association shall be signed by any two of the following officers: President, Secretary, Treasurer, or such other person as the Board of Directors may from time to time designate by resolution.

ARTICLE XIV CORPORATE SEAL

The Association need not have a seal, except as may otherwise be specifically required by applicable law, and no seal is required to make any action of or document executed by the Association effective. If a seal is adopted, it shall be in circular form having within its circumference the words "THE COMMONS AT VALLEY LAKES HOMEOWNERS' ASSOCIATION, INC.".

ARTICLE XV AMENDMENTS AND CONSTRUCTION

Section 1. Procedure. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of members present in person or by proxy. If the Property has been approved for mortgage financing, insured or issued by the Federal Housing Administration ("FHA") or the Veterans Administration ("VA"), the FHA or VA shall have the right to veto amendments while the Declarant controls the Association.

Section 2. Conflict with Declaration or Articles. In the case of any conflict between the Articles and these By-Laws, the Articles shall control, and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

This instrument was prepared by: William T. Rees, Attorney at Law, 8355 Rockville Road, Indianapolis, IN 46234.