



CODE OF BY-LAWS OF
THE OAKS CONDOMINIUM ASSOCIATION, INC.
A NOT FOR PROFIT INDIANA CORPORATION

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ARTICLE I.
Identification and Applicability

Section 1.01 Identification and Adoption. These By-laws are adopted simultaneously with the execution of a certain Declaration of Horizontal Property Regime for The Oaks Condominium Homes (hereinafter referred to as the "Declaration"), to which these By-laws are attached and of which they are made a part. The Declaration is incorporated herein by reference and all of the covenants, conditions, rights, restrictions, and liabilities therein contained shall apply to and govern the interpretation of these By-laws. The definitions and terms as defined and used in the Declaration shall have the same meanings in these By-laws, and reference is hereby made to the definitions in Section 1 of the Declaration. The provisions of these By-laws shall apply to the Property and to the administration and conduct of the affairs of the Association.

Section 1.02 Individual Application. All of the Owners, tenants, their guests, and invitees, or any other person who might now or hereafter use or occupy a Unit or any part of the Property shall be subject to the rules, restrictions, terms and conditions set forth in the Declaration, these By-laws, the Articles and the Act, as the same may be amended from time to time.

ARTICLE II
Meetings Of Association

Section 2.01 Purpose of Meetings. At least annually and at such other times as may be necessary or appropriate, a meeting of the Co-Owners shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the collection of Common Expenses, and for such other purposes as may be required by the Declaration, these By-laws, or the Act.

Section 2.02. Annual Meetings. The first annual meeting shall not be held until the time of turnover of control of the Regime by Declarant or at such earlier time or times as may be determined by the Declarant. All subsequent annual meetings shall be held on any date selected by the Board of Directors which is within thirty (30) days of the anniversary of the first annual meeting. At each annual meeting, the Co-Owners shall elect the Board of Directors of the Association in accordance with the provisions of these By-laws and transact such other business as may properly come before the meeting.

Section 2.03 Special Meetings. After the turnover of control by Declarant, a special meeting of the members of the Association may be called by resolution of the Board of Directors or upon a written petition of the Co-Owners who have not less than ten percent (10%.) of the Percentage Vote. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.04 Notice and Place of Meetings. All meetings of the members of the Association shall be held at such location with the State of Indiana as may be designated by the Board of Directors. Written notice stating the date, time place of any meeting and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each Co-Owner and if applicable to any Mortgagee, not less than fourteen (14) days prior to the date of such meeting. If at any meeting an amendment to the Declaration or these By-laws is to be considered, the notice of such meeting shall describe the nature of such proposed amendment. The notice shall be mailed by first-class U. S. Mail, postage prepaid, or delivered to the Co-Owners at their respective addresses as the same shall appear upon the records of the Association, and by US Certified Mail, Return Receipt Requested to the Mortgagee at their respective addresses as they shall appear on the records of the Association, by such means as provided in Section 31 of the Declaration. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 2.05. Voting .

(a) Number of votes. To avoid fractional votes and to facilitate the orderly conduct of the meeting, each Owner shall be entitled to cast that number of votes on each matter coming before the meeting which is equal to the Percentage Vote to which the Owner is entitled multiplied by the number of Units then in the Regime. Thus, an Owner with a Percentage Interest and Percentage Vote of 1/40 would be entitled to cast one vote if there are 40 Units then in the Regime. The total number of votes for or against any matter shall then be divided by the number of Units then in the Regime to determine the respective proportions of Co-Owners supporting or opposing such matter.

(b) Multiple Owners. When the Owner of a Unit constitutes more than one person or entity, or is a partnership, there shall be only one voting representative entitled to cast the Percentage Vote allocable to that Unit. At the time of acquisition of title to a Unit by a multiple Owner or a partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Association an irrevocable proxy appointing one of such persons or partners as the voting representatives for such Unit, which shall remain in effect until such appointed representative relinquishes such appointment in writing, becomes incompetent, dies, or such appointment is otherwise rescinded by order of a court of competent jurisdiction. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.05 which shall constitute relinquishment of his right to act as voting representative for the Unit at such meeting or meetings.

(c) Voting by Corporation or Trust. Where a corporation or trust is an Owner or is otherwise entitled to vote, the trustees may cast the vote on behalf of the trust, and the agent or other representative of the corporation duly empowered by the board of directors of such corporation shall cast the vote to which the corporation is entitled.

(d) Proxy. An Owner may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Owner shall duly designate his attorney-in-fact in writing, delivered to an officer of the Association prior to the commencement of the meeting.

(e) Quorum. Except where otherwise expressly provided in the Declaration, these By-laws, or the Act, the presence of Owners or their duly authorized representatives holding fifty-one percent (51 %) of the total Percentage Vote shall constitute a quorum at all meetings. The terms 'majority of Owners' and 'majority of the vote', as used in these By-laws, shall mean, unless otherwise expressly indicated, not less than fifty-one percent (51 %) of the total Percentage Vote as determined by the applicable provisions set forth in the Declaration, and shall not mean a majority of the persons or votes present or represented at such meeting.

(f) Conduct of Meetings. The Chairman of the meeting shall be the President of the Association. He shall call the meeting to order at the duly designated time, and business will be conducted in the following order:

(1) Reading of Minutes. The Secretary or an Assistant Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto.

(2) Treasurer's Report. The Treasurer or an Assistant Treasurer shall report to the Co-owners concerning the financial condition of the Association and answer relevant questions of the Owners concerning the Common Expenses and financial report for the prior year and the proposed budget for the current year.

(3) Budget. The proposed budget for the current calendar year shall be presented to the Co-Owners for approval or amendment.

(4) Election of Board of Directors. Nominations for the Board of Directors may be made by an Owner from those persons eligible to serve. Such nominations must be in writing and presented to the Secretary of the Association at least ten (10) days prior to the annual meeting. Voting for Board of Directors will be by paper ballot. The ballot shall contain the name of each person nominated to serve as a Board member. Each Owner may cast his Percentage Vote for each of as many nominees as are to be elected; however, he shall not be entitled to accumulate his votes. Those persons receiving the highest number of votes shall be elected.

(5) Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least ten (10) days prior to the date of the meeting; provided, however, that such written request may be waived at the meeting if agreed by a majority of the Percentage Vote.

(6) Committee Reports. Reports of committees designated to supervise and advise on the respective segments of maintenance and operations assigned by the Board of Directors shall be presented.

(7) Adjournment. Upon Completion of all business before the Association, the President, upon the motion of any Owner, may adjourn the meeting; provided, however, that no annual meeting shall be adjourned until a budget is approved by the Co-Owners for the upcoming year.

(g.) Action of Consent. Any action required or permitted to be taken at any Owner's meeting may be taken without a meeting if, prior to such action, a written consent to such action is signed by all the Owners and is filed with the minutes of the Association proceedings.

Section 2.06. Control During Development. Notwithstanding any other provision of the Declaration, the Act, the Articles, or these By-laws, from and after the date of the Declaration until the date when Declarant turns over control of the Regime to the Co-Owners, as determined by Declarant within the limitations set forth in Section 8 of the Declaration, the Regime shall be governed by the initial Board of Directors appointed by Declarant. Said initial Board of Directors shall exclusively hold all rights and powers which a Board of Directors or the Association would

have under the Declaration, the Act, the Articles, or these By-laws, except as specifically limited in this Section 2.06. Said initial Board of Directors may appoint from time to time from among the Co-Owners committees to advise and assist it in the performance of its functions. The rights and powers of said initial Board of Directors shall be limited as follows:

(a) The power of assessment shall be limited in that the total monthly assessments in any month against any Dwelling Unit during the first year after the date of the Declaration shall not exceed Ninety-two and no/100 Dollars, (\$92.00). For each calendar year after the first calendar year during which assessments are made with respect to a unit, the total assessment charged with respect to such Unit for such calendar year will not exceed the greater of:

(i) one hundred ten percent (110%) of the amount of the assessment with respect to such Unit for the immediately preceding calendar year; and

(ii) the amount of the assessment with respect to such Units for the immediately preceding calendar year multiplied by a fraction, the numerator of which is the Consumer Price Index for Urban Wage Earners and Clerical Workers (all items - Chicago), or any successor index thereto, as determined by the United States Department of Labor, for the month most recently determinable as of the date on which assessment amounts are determined, and the denominator of which is such Consumer Price Index for the same calendar month in the immediately preceding year. (If said Consumer Price Index ceases to be published, the Association will designate a comparable successor index.)

(b) Said initial Board shall have no power to reallocate Percentage Interests or Percentage Votes in a manner not consistent with the Declaration.

(c) Said initial Board, as such, shall have no power to determine on behalf of the Co-Owners whether a complete destruction of the Buildings and other Property within the Regime has occurred, and the Co-Owners shall be entitled to vote on such matter in accordance with Section 17 of the Declaration, provided, however, that this shall not prohibit Declarant from voting on such matter according to the Percentage Vote attaching to the Units owned by Declarant.

(d) Said initial Board of Directors shall not take any action requiring the vote or consent of any Mortgagee unless the vote or consent of such Mortgagee is obtained.

Declarant shall have the right to waive, on behalf of the Association, the annual meetings and annual accountings provided for in this Article II and in the Declaration, so long as Declarant retains control of the Association. At the time of turnover of control by Declarant, the first annual meeting of the Association will be called, if it has not already been held, at which time the rights and powers of the initial Board of Directors shall terminate and the Regime shall thereafter be governed in accordance with the provisions of the Declaration, the Act, the Articles, and these By-laws other than this Section 2.06.

**ARTICLE III.
Board of Directors**

Section 3.01. Board of Directors. The affairs of the Association shall be governed and managed by the Board of Directors (herein sometimes collectively called "Board" and individually called "Directors"). The initial Board of Directors shall be composed of three (3) persons appointed by Declarant. After the expiration of the term of the initial Board of Directors as provided in

Section 2.06 hereinabove, the constituency of such Board may be increased to, but shall not exceed nine (9) persons. The number of Directors shall be increased in accordance with this Section 3.01 only if the increase is properly brought before the Association at an annual meeting or special meeting called for such purpose and approved by a majority of the Percentage Vote. No person shall be eligible to serve as a Director unless he is an Owner or is an attorney, agent, or employee, of Declarant.

Section 3.02 Additional Qualifications. Where an Owner consists of more than one person or is a partnership, corporation, trust or other legal entity, then the person entitled to cast the Percentage Vote on behalf of such multiple Owner shall be eligible to serve on the Board of Directors.

Section 3.01 Term of Office and Vacancy. One-third (1/3) of the Board of Directors shall be elected at each annual meeting of the Association subject to the limitations set forth in Section 2.06 above, for a term of three (3) years each. Any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the Co-Owners if a Director is removed in accordance with Section 3.04 of this Article III.

Section 3.04. Removal of Directors. After the tenure of the initial Board of Directors has expired, a Director or Directors may be removed with or without cause by a majority of the vote at a special meeting of the Co-Owners duly called and constituted. In such case, his successor shall be elected at the same meeting from eligible Owners nominated at the meeting. A Director selected shall serve until the next annual meeting of the Co-Owners or until his successor is duly elected and qualified.

Section 3.05 Duties of the Board of Directors. The Board of Directors shall perform or cause to be performed, when and to the extent deemed necessary or appropriate in the Board's business judgment, the following:

- (a) Repair and replacement of the General Common Areas and Limited Areas;
- (b) Procuring of utilities, removal of garbage and waste, and snow removal from the Common Areas;
- (c) Landscaping, painting, decorating, and furnishing of the General Common Areas and Limited Areas, the exterior of the Buildings, garages and walls;
- (d) Surfacing, paving, and maintaining streets, parking areas, garages, and sidewalks, and the regulation of the use thereof;
- (e) Assessment and collection from the Owners of the Owner's Percentage Interest of the Common Expenses;
- (f) Preparation of the proposed annual budget, a copy of which will be mailed or delivered to each Owner at the same time as the notice of annual meeting is mailed or delivered;

(g) Preparing and delivering annually to the Co-Owners a full accounting of all receipts and expenses incurred during each year, which accounting shall be delivered to each Owner simultaneously with delivery of the annual budget;

(h) Keeping a current, accurate, and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses; all records and vouchers shall be available for examination by an Owner at any time during normal business hours; and

(i) Procuring and maintaining in force all insurance coverage required by the Declaration to be maintained for the whole Regime as specified by Section 15 of the Declaration.

Section 3.06 Power of the Board of Directors. The Board of Directors shall have such powers as are reasonably necessary or appropriate to accomplish the performance of their duties. These powers include, but are not limited to, the power:

(a) To employ a professional Managing agent or real estate management company (either being hereinafter referred to as "Managing Agent") to assist the Board in performing its duties;

(b) To purchase for the benefit of the Co-Owners such equipment, materials, labor, and services as may be necessary or desirable in the judgment of the Board of Directors;

(c) To procure for the benefit of the Owners fire and extended coverage insurance covering the Buildings and the Property to the full insurable value thereof, to procure public liability and property damage insurance and Workmen's Compensation insurance, if necessary, and to procure all such other insurance as is required or permitted under the Declaration, for the benefit of the Owners and the Association;

(d) To employ legal counsel, architects, contractors, accountants, and others as in the judgment of the Board or Directors may be necessary or desirable in connection with the business and affairs of the Association;

(e) To include the costs of all of the above and foregoing as Common Expenses and to pay all of such costs therefrom;

(f) To open and maintain a bank account or accounts in the name of the Association;

(g) To adopt, revise, amend, and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation, and enjoyment of the Property; provided that the Board shall give written notice to the Co-Owners of such rules and any revision, amendment, or alteration thereof; and

(h) To appoint Committees to supervise and interpret the policies and regulations adopted by the Board.

Section 3.07 Limitations on Board Action. After the tenure of the initial Board of Directors, the authority of the Board of Directors to enter into contracts shall be limited to contracts involving

a total expenditure of less than Five Thousand Dollars (\$5,000.00), unless the prior approval of a majority of Owners is obtained, except in the following cases:

(a) Supervision and management of the replacement or restoration of any portion of the Common Areas damaged or destroyed by fire or other casualty, where the cost thereof is payable out of insurance proceeds actually received; and,

(b) Proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Co-Owners at the annual meeting.

Section 3.08 Compensation. No Director shall receive any compensation for his services as such except to such extent as may be expressly authorized by a majority of the Owners.

Section 3.09 Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors. The Secretary shall give notice of regular meetings of the Board to each Director personally or by United States mail at least five (5) days prior to the date of such meetings. At any time after the tenure of the initial Board of Directors has expired, a special meeting of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary, who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Such meeting shall be held at such place as shall be designated in the notice.

Section 3.10 Waiver of Notice. Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting shall, as to such Director, constitute a waiver of notice of the time, place, and purpose thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.11 Actions by Consent . Any action required or permitted to be taken and any Board meeting may be taken without a meeting if, prior to such action, a written consent to such action is signed by all of the Directors and is filed with the minutes of the Board proceedings.

**Article IV
Officers**

Section 4.01 Officers of the Association. The principal officers of the Association shall be the President, Vice-President, Secretary and Treasurer, all of whom shall be elected by the Board. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person.

Section 4.02. Election of Officers The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each election of Directors. Upon recommendation of a majority of all members of the Board and upon an affirmative vote of a majority of all owners, any officer may be removed either with or without cause and his successor

elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.03. Vacancies. Whenever any vacancy occurs in any Association office for any reason, such vacancy may be filled by the Board of any meeting thereof, and any officer so elected shall hold office until expiration of the term of the officer causing the vacancy, and until a successor is duly elected and qualified.

Section 4.04 Compensation. No officer shall receive any compensation for his services as such, except as fixed by duly recorded Board action.

Section 4.05 The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Association. After the tenure of the initial Board of Directors, he shall preside at all meetings of the Association and of the Board, shall have and discharge all the general powers and duties usually vested in the office of the president or chief executive officer of an association or a stock corporation organized under the laws of Indiana, including, but not limited to, the power to appoint committees from among the Co-Owners as he may deem necessary to assist in the affairs of the Association and to perform such other duties as the Board may from time to time prescribe.

Section 4.06. The Vice-President. The Vice-President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice-President shall also perform such other duties as these By-laws may prescribe or as shall, from time to time, be imposed upon him by the Board or by the President.

Section 4.07. The Secretary . The Secretary shall be elected from among the Owners or Directors. The Secretary shall attend all meetings of the Association and of the Board and shall keep or cause to be kept a true and complete record of proceedings of such meetings, shall perform all other duties incident to the office of the Secretary, and such other duties as from time to time may be prescribed by the Board. If required, the Secretary shall attend the execution by the Association of deeds, leases , agreements and other official documents. The Secretary shall specifically see that all notices of the Association or the Board are duly given, mailed or delivered, in accordance with the provisions of these By-laws.

Section 4.08 The Treasurer. The Treasurer shall be elected from among the Owners or Directors. The Treasurer shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and such other duties incident to the office of Treasurer. He shall be legal custodian of all moneys, notes, securities, and other valuables which may from time to time come into possession of the Association. He shall immediately deposit all funds of the Association coming into his hands in some reliable bank or other depository to be designated by the Board and shall keep such bank account in the name and for the exclusive benefit of the Association.

Section 4.09. Assistant Officers. The Board of Directors may from time to time designate and elect from among the Owners an Assistant Secretary and Assistant Treasurer, who shall have such powers and duties as the Officers whom they are elected to assist shall delegate to them and such other powers and duties as these By-laws or the Board of Directors may prescribe.

**ARTICLE V.
Additional Rights and Duties of Board**

Section 5.01 Right of Entry. An owner or occupant of a Unit shall be deemed to have granted the right of entry to his Unit to the Board, the Managing Agent, or any person authorized by the Board in case of any emergency, in order to remedy any circumstance threatening his Unit, the Building in which it is located, or any person, whether the Owner is present at the time or not. Any Owner shall permit persons authorized by the Board to perform any work, when required, to enter his Unit for the purpose of performing installations, alterations, or to the mechanical or electrical facilities or equipment, or to make structural repairs, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In case of emergencies, such right of entry shall be immediate.

Section 5.02. Right of Board to Adopt Rules and Regulations. The Board may promulgate such reasonable rules and regulations regarding the appearance and operation of the Property as the Board may deem desirable, including but not limited to the use of the General Common Areas and Limited Areas. Such rules as are adopted may be repealed or amended by a vote of a majority of the Board. The Board shall cause copies of all such rules and regulations, including any amendments or repeals thereof, to be delivered or mailed promptly to all Owners at least fifteen (15) days prior to the effective date thereof. Any rule or regulation promulgated by the Board shall be properly and consistently enforced by the Board.

**ARTICLE VI
Procedures for Assessments**

Section 6.01 Annual Accounting. Annually, after the close of each calendar year and prior to the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared and furnished to each Owner a financial statement showing all receipts and expenses received, incurred, and paid by the Association during the preceding calendar year.

Section 6.02. Proposed Annual Budget. Annually, on or before the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses for the ensuing year, and furnish a copy of such proposed budget to each Owner prior to the annual meeting. The proposed annual budget shall be submitted to the Co-Owners at the annual meeting of the Association for adoption and if so adopted, shall be the basis for the Regular Assessments (hereinafter defined) for the ensuing calendar year. At the annual meeting of the Co-Owners, the proposed annual budget may be approved in whole or in part, or may be amended in whole or in part, by a majority of the vote present or represented at the meeting (provided a quorum is present); provided, however, that in no event shall the annual meeting of the Co-Owners be adjourned until an annual budget is approved at such meeting.

Section 6.03. Regular Assessments. The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses in the ensuing year as set forth in said budget, contain a proposed annual assessment against each Dwelling Unit based on 101.62 % the Percentage Interest of each Dwelling Unit times the total amount of said budget (herein called the

"Regular Assessment"). The Regular Assessment against each Unit shall be paid in twelve (12) equal monthly installments, commencing on the first day of the month following adoption and continuing on the first day of each calendar month thereafter. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors or the Managing Agent, as directed by the Board of Directors; provided, however, that any Owner may elect to pay monthly Assessments in advance. The Regular Assessment for each year shall become a lien on each separate Unit as of the date of the adoption of the annual budget. Prior to Declarant's turning over of control of the Regime to the Co-Owner-s, the Co-Owners shall bear the Common Expenses of the Regime through payment of an initial Assessment fixed from time to time by the initial Board of Directors as provided in Section 2.06. The Declarant shall be responsible for any deficits during the period in which it controls the Association, and Declarant shall also establish and maintain during such period a reserve fund for the periodic maintenance, replacement or repair of Common Areas based upon its good faith estimates of replacement costs and useful life of such Common Areas. After the turning over of control of the Regime to the Co-Owners, each Unit Owner shall pay to the Association a Regular Assessment as set forth above. The total of all such Regular Assessments shall be applied to the payment of the regular Common Expenses provided for in the annual budget, including expenses for maintenance and repair of the Common Areas, necessary insurance costs, reserve funds for replacements and maintenance, costs of operation of the Community activities and facilities of the Association, and for any other necessary or appropriate expenses for maintenance and operation of the Regime.

Section 6.04. Special Assessments. In addition to the Regular Assessments authorized above, the Association may levy such special assessments as may be necessary for the purpose of defraying, in whole or in part: (1) the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto, and (2) the expense of any other Contingencies or events not provided for in the annual budget or the reserves and working capital of the Association; provided that no special assessments shall be levied without the assent of a majority of the Percentage Vote at a meeting duly called for this purpose. Each owner of a Dwelling Unit shall pay to the Association a special assessment based on 101.62% of his Percentage Interest times the total sum approved to meet the costs and expenses as heretofore provided (herein called the "Special Assessment"). The Association may, in connection with the levy of any Special Assessment, specify that the same shall be payable in installments and specify the due dates thereof.

Section 6.05 Adjustments. In the event that the approved budget and Regular Assessments plus the reserves and working capital of the Association prove insufficient to meet the Association's actual expenses in any year, such deficiencies may be corrected through one or more Special Assessments. In the event the approved and Regular Assessments exceed actual expenses in any year, such surplus shall be retained and used to offset expenses in the next year(s) or returned to the Co-Owners in proportion to their Percentage Interests, as the Board of Directors shall elect.

Section 6.06 Temporary Budget and Assessments. If for any reason an annual budget and the annual Assessments for any year have not been determined as of the beginning of such year, the budget and Assessments in effect during the preceding year shall continue in effect until such time as the annual budget and annual Assessments are determined in accordance with the Declaration and these By-laws; provided, however, that said preceding budget and Assessments may be increased by up to fifteen percent (15%) as the Board of Directors may deem necessary in said temporary budget and Assessments.

Section 6.07. Reserve and Working Capital Funds.

(a) The Association shall be obligated to establish a reserve fund for the repair and replacement of those Common Areas that must be replaced periodically, based upon good faith estimates of the useful lives and replacement costs of such Common Areas made or obtained by the Association. The reserve fund shall be funded through the payments by the Owners of Common Expenses, or by an extraordinary or Special Assessment. Extraordinary expenditures not originally included in the annual budget that become necessary during the year shall be charged first against the reserve fund so established before any Special Assessment is made or levied therefor.

(b) In addition to the reserve fund, a working capital fund shall be established and maintained by the Association. At the closing of the initial sale of each Dwelling Unit to an Owner, the Association shall be paid by the purchaser of such Dwelling Unit an amount equal to two (2) month's installment of the Regular Assessment for Common Expenses for such Dwelling Unit, which amount shall be retained by the Association as working capital, which amount shall be adjusted annually so as to always keep on deposit an amount at least equal to two (2) months of the Regular Assessment for Common Expenses for such Dwelling Unit for said calendar year. Amounts paid or deposited into the working capital fund shall not relieve an Owner from this responsibility for the Regular Assessments due in accordance with this Article VI.

(c) All amounts held by the Association pursuant to this Section 6.07 shall be maintained in a federally-insured, interest-bearing account in a bank or savings and loan association doing business in Porter County, Indiana, and all interest thereon shall be added to and deemed a part of such fund. Upon the original sale of a Dwelling Unit, and the deposit by the new Owner of two (2) months of Regular Assessments, the Association shall refund to the Declarant the amount that the Declarant has on deposit for such Dwelling Unit.

Section 6.08 Status of Funds . All funds collected pursuant to this Article VI shall be held and expended by the Association solely for the purposes designated herein, and, except for any Special Assessments that may be levied hereunder against less than all of the Owners, and except for such adjustments as may be required to reflect delinquent or prepaid assessments, shall be deemed to be held for the use, benefit, and account of all of the Owners for the payment of Common Expenses in accordance with the Owners' respective Percentage Interests.

**ARTICLE VII.
Amendment to By-laws**

These By-laws may be amended in the same manner and to the same extent as the Declaration.

**ARTICLE VIII.
Notices and Mortgagees**

Section 8.01. Notice to Association. Any owner who places a first mortgage lien upon his Unit or the Mortgagee thereof shall notify the Secretary of the Association and provide the address of the Mortgagee. A record of such Mortgagee and notice required to be given to the Mortgagee pursuant to the terms of the Declaration or these By-laws shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record at the time provided. Unless notification of any such mortgages and the name and address of the Mortgagee are furnished to the

Secretary, either by Owner or by the Mortgagee, no notice to any Mortgagee as may otherwise be required by the Declaration or these By-laws shall be required, and no such Mortgagee shall be entitled to vote on any matter on which he otherwise may be entitled to vote by virtue of the Declaration or By-laws or proxy granted to such Mortgagee in connection with the mortgage.

Section 8.02. Notice of Assessments. Upon five (5) days written notice to the Association and the payment of a reasonable fee, the Association shall deliver to any Owner, Mortgagee, prospective Mortgagee, title insurance company, purchaser or other prospective transferee of a Unit, a written statement setting forth the amount of all unpaid assessments, if any, with respect to the subject Unit, together with the amount of the current assessments for Common Expenses and the date(s) such assessments become due and payable. Any such written statement shall be binding upon the Association in favor of any person relying thereon in good faith.

Section 8.03. Financial Statements. The Association, upon the request of any Mortgagee, shall provide to said Mortgagee the most recent financial statement prepared on behalf of the Association pursuant to Section 6.01 of these By-laws.

Section 8.04. Notices to Mortgagees. The Association shall promptly provide to any Mortgagee of whom the Association has been provided notice under Section 8.01 of these By-laws of any of the following:

- (a) Any condemnation or casualty loss that affects either a material portion of the Regime or the Unit during its mortgage;
- (b) Any delinquency in the payment of Regular or Special Assessments owed by the Owner of any Unit on which said holder, insurer, or guarantor holds a mortgage, if said delinquency continues for more than sixty (60) days;
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and,
- (d) Any proposed action that requires the consent of a specified percentage of Mortgagees.

**ARTICLE IX
Miscellaneous**


Section 9.0.1 Corporate Seal. The Association shall have no corporate seal.

Section 9.02. Execution of Contracts and Other Documents. Unless otherwise ordered by the Board, all written contracts and other documents entered into by the Association shall be executed on the Association's behalf by the President or a Vice President, and, if required, attested by the Secretary or an Assistant Secretary.

Section 9.03. Fiscal Year. The Association's fiscal year shall begin on January 1 of each year and end on the immediately following December 31.

CERTIFICATION

The under-signed, being first duly Sworn, hereby certifies that the within and foregoing Code of By-laws of The Oaks Condominium Association, Inc. is true and correct.




Larry N. Gough, Incorporator

STATE OF INDIANA
COUNTY OF PORTER

I, Mary Jo Brust, being a Notary Public in and for the state and county aforesaid, do hereby certify that Larry N. Gough, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1st day of October, 1997.



(Signature)

Mary Jo Brust

(Printed Name)

My Commission Expires: 1-22-2000
County of Residence Porter

This instrument was prepared by:
Brenda W. Finnegan, Attorney at Law
1620 Country Club Road, Suite D
Valparaiso, Indiana 46383
(219) 477-6883 fax: (219) 531-2179

MARY JO BRUST
Notary Public - Indiana
PORTER COUNTY
My Commission Expires
January 22, 2000