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**AMENDED AND RESTATED CODE OF BY-LAWS OF
HERON LAKE CONDOMINIUM OWNERS' ASSOCIATION, INC.
An Indiana Nonprofit Corporation**

This Amended and Restated Code of By-Laws of Heron Lake Co-Owners Association, Inc. was made as of the 8 day of December, 2004.

WITNESSETH THAT:

WHEREAS, the Heron Lake Horizontal Property Regime located in Marion County, Indiana was originally created and formed pursuant to the Indiana Horizontal Property Act codified at Indiana Code § 32-1-6-1 et seq., as amended per Indiana Code § 32-25-1-1 et seq., and pursuant to a certain "Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-Laws for Heron Lake Horizontal Property Regime", recorded in the Office of the Recorder of Marion County, Indiana, on August 1, 1979, as **Instrument No. 79-56193** ("Declaration"), to which were attached as an exhibit the Code of By-Laws of Heron Lake Condominium Owners Association, Inc. ("By-Laws"), said By-Laws being recorded on the same date and under the same **Instrument No. 79-56193**; as amended by an amendment dated October 5, 1979, recorded on October 15, 1979, in such office as **Instrument No. 79-78984**; as amended by an amendment dated October 26, 1979, recorded on October 26, 1979, in such office as **Instrument No. 79-82843**; as amended by an amendment dated October 19, 1981, recorded on November 16, 1981, in such office as **Instrument No. 81-70881**; as amended by an amendment dated August 18, 1982, recorded on August 19, 1982, in such office as **Instrument No. 82-45269**; as amended by amendment dated September 13, 1982, recorded on September 14, 1982, in such office as **Instrument No. 82-50441**; as amended by amendment dated

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November 16, 1983, recorded in such office on November 17, 1983, as **Instrument No. 83-84696**; as amended by amendment dated December 15, 1983, recorded in such office on January 23, 1984, as **Instrument No. 84-05082**; as amended by an amendment dated January 29, 1987, recorded in such office on February 9, 1987, as **Instrument No. 87-14848**; as amended by an amendment dated October 13, 1993, recorded in such office on October 13, 1993, as **Instrument No. 93-152508**; as amended by an amendment dated December 2, 1993, recorded in such office on December 3, 1993, as **Instrument No. 93-183572**.

WHEREAS, the Declaration established the Heron Lake Horizontal Property Regime consisting of One Hundred Thirty Eight (138) Condominium Units (including the clubhouse unit) and the Common Areas applicable thereto; and

WHEREAS, Article IX of the Original By-Laws, as amended, enables the By-Laws to be amended or modified by a two-thirds (2/3) vote of the eligible Owners within the Heron Lake development at a special meeting of the members called for such a purpose; and

WHEREAS, the Owners and members of the Heron Lake Condominium Owners' Association, Inc. ("Association") desire to adopt certain amendments or modifications to the Code of By-Laws of the Association as set forth herein and to incorporate such amendments into an Amended and Restated Code of By-Laws of the Association which shall replace the original Bylaws of the Association and all subsequent amendments thereto, and shall serve as the complete and entire set of Bylaws of the Association; and

WHEREAS, after notice was duly given, a Special Meeting of the Association's Members was held on December 8, 2004, for the stated purpose of considering and adopting this Amended and Restated Code of By-Laws of Heron Lake Condominium Owners' Association, Inc.; and

WHEREAS, at said Special Meeting, the Owners of Condominium Units holding at least two-thirds (2/3) of the total percentage ownership voted in person or by proxy to approve this Amended and Restated Code of By-Laws of the Association, said Affidavit of Vote Count with Talley Sheets is attached hereto and marked as "EXHIBIT A". Because of their voluminous nature, the individual vote ballots, or vote sheets, are on file with the Secretary of the Association;

NOW, THEREFORE, the By-Laws are hereby amended and restated as follows:

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**AMENDED AND RE-STATED CODE OF BY-LAWS OF
HERON LAKE CONDOMINIUM OWNERS' ASSOCIATION, INC.**

An Indiana Nonprofit Corporation

ARTICLE I

NAME

Section 1.1. Name. The name of this corporation is Heron Lake Condominium Owners' Association, Inc. (hereinafter, "Association").

ARTICLE II

IDENTIFICATION & APPLICABILITY

Section 2.1. Identification and Adoption. The provisions of these By-Laws shall apply to the Property and the administration and conduct of the affairs of the Association. These By-Laws shall also constitute the By-Laws of the Association.

Section 2.2. Individual Application. Each of the Owners within the Heron Lake Horizontal Property Regime located in Marion County, Indiana shall automatically and mandatorily be members in the Association and be entitled to all of the privileges and subject to all of the obligations thereof. The term "Member" shall mean every person or entity who holds membership in the Association. All Owners, by their acceptance of their respective deeds to their Condominium Units, covenant and agree to be bound by the conditions, restrictions, and obligations contained in the "Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-Laws for Heron Lake Horizontal Property Regime", said Declaration being recorded in the Marion County Recorder's Office on the August 1, 1979, as **Instrument No. 79-56193** together with all amendments or supplements thereto, the Articles of Incorporation, the rules and regulations of the Association and of the provisions hereof. All of the Owners, future Owners, tenants, future tenants, their guests and invitees, or any other person who might now or hereafter use or occupy a Condominium Unit or any part of the Common Areas and Facilities shall be subject to the rules, restrictions, terms and conditions set forth in the Declaration, the Articles of Incorporation, these By-Laws, the Indiana Horizontal Property Act,

and the Indiana Nonprofit Corporation Act of 1991 (the "Act"), all as the same may be amended from time to time, and to any rules and regulations adopted by the Board of Directors as herein provided. The Declaration is incorporated herein by reference. All of the covenants, rights, restrictions, and liabilities contained in the Declaration shall apply to and govern the interpretation of the Articles of Incorporation and this Code of By-Laws. The definitions and terms, as defined and used in the Declaration, shall have the same meaning in the Articles of Incorporation and this Code of By-Laws, and reference is specifically made to Article I of the Declaration containing definitions for terms, unless otherwise indicated herein.

ARTICLE III

MEETINGS OF ASSOCIATION

Section 3.1. Purpose of Meetings. At least annually, and at such other times as may be necessary or appropriate, a meeting of the Members shall be held for the purpose of electing the Board of Directors and presenting the annual budget, and for such other purposes as may be required by the Declaration, these By-Laws, the Articles of Incorporation, or the Act.

Section 3.2. Annual Meeting The annual meeting for the Members shall be held in the month of October of each year, with the specific date, time and place to be determined by the Board of Directors. At each annual meeting, the Member 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 3.3 Special Meetings. A special meeting of the Members may be called by the President, by resolution of the Board of Directors or upon a written petition of the Owners of not less than twenty-five percent (25%) of the total percentage of ownership. 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 3.4. Notice and Place of Meetings. All meetings of the Members of the Association shall be held on the Property or at any suitable place in Marion County, Indiana, as

may be designated by the Board of Directors. Written notice shall be given for any meeting of the members where a vote is required on any issue. The written notice shall state the date, time and 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 Member entitled to vote at the meeting not less than **fourteen (14) days** prior to the date of such meeting. Any written notice delivered to the Members as part of a newsletter or other publication regularly sent to the Members constitutes written notice. If at any meeting an amendment to the Declaration, the Articles of Incorporation, or these By-Laws is to be considered, the notice of such meeting shall describe the nature of such proposed amendment. All notices shall be mailed by first-class U.S. Mail, postage prepaid, or delivered to the Members at their respective addresses as the same shall appear upon the records of the Association. If an annual or special meeting of Members is adjourned to a different date, time or place, written notice is not required to be given of the new date, time or place as long as the new date, time and place is announced at the meeting pursuant to the Act before adjournment. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 3.5. Voting.

- (a) Number of Votes. To avoid fractional votes and to facilitate the orderly conduct of the meeting, each Member shall be entitled to cast that number of votes on each matter coming before the meeting which is equal to the percentage of ownership in the Common Areas and Facilities applicable to the Member's Condominium Unit or Units as set forth in Exhibit "B" of the Declaration. The total number of votes for all Members will be one hundred (100); however, in regard to that Unit which serves as the Heron Lake clubhouse, that Unit will not be counted in the total number of Units in Heron Lake for voting purposes, and the percentage of ownership, or votes, assigned to that Unit shall not be counted as part of or toward the 100% total percentage of votes. In voting for Directors, each Member (or his or her representative) shall be entitled to cast such a number of votes for each directorship being filled at that meeting, and the candidate(s) receiving the highest number of

votes shall fill the available directorship(s). No cumulative voting shall be allowed. To the extent provided in the Indiana Nonprofit Corporation Act of 1991, as amended, and except as otherwise provided in the Declaration, the Articles of Incorporation or these By-Laws, plurality of votes shall be permitted such that at a meeting, if a quorum exists, action on a matter is approved if the votes cast in favor of the action exceed the votes opposing the action.

- (b) Multiple Owners When more than one (1) person or entity constitutes the Owner of a particular Condominium Unit, all such persons or entities shall be Members of the Association, but all of such persons or entities shall have only such number of votes applicable to the Unit which is equal to the percentage of ownership in the Common Areas and Facilities applicable to the Owner's Condominium Unit as set forth in Exhibit "B" to the Declaration, which votes shall be exercised as they among themselves determine, but in no event shall more than such number of votes be cast with respect to any such Unit.
- (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. The secretary of such corporation or trustee of such trust so entitled to vote shall deliver or cause to be delivered prior to the commencement of the meeting a certificate signed by such persons to the Secretary of the Association stating who is authorized to vote on behalf of said corporation or trust.
- (d) Proxy. A Member may vote either in person or by proxy issued to his or her 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 of the Association prior to the commencement of the meeting. No such proxy shall remain valid for longer than eleven (11) months from the date of its execution, unless a longer term is specified in the proxy.

- (e) Quorum Except where otherwise expressly provided in the Indiana Horizontal Property Act, the Declaration, these By-Laws, or the Articles of the Indiana Nonprofit Corporation Act, the presence of Owners or their duly authorized representative owning at least ten percent (10%) of the total percentage of ownership eligible to vote shall constitute a quorum at all meetings. Unless otherwise required herein or by the Act, the Owners at a meeting at which a quorum is initially present may continue to do business until adjournment. As used elsewhere in these By-Laws, the term "Majority of Owners" shall mean, unless otherwise expressly indicated, more than fifty percent (50%) of the total percentage of ownership as determined by the applicable provisions set forth in the Declaration, the term "Majority of the Vote" shall mean a majority of the votes of the Owners present or represented at such meeting at which a quorum is present. In regard to the voting percentage assigned to that Unit which serves as the Heron Lake clubhouse, that percentage shall not be counted as part of or toward the total percentage of votes needed for a quorum.

Section 3.6. Conduct of Annual Meeting The Chairman of the annual meeting shall be the President of the Association. The President 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 shall read the minutes of the last annual meeting and the minutes of any regular or special meeting of the Members held subsequent thereto, unless such reading is waived by a Majority of the Vote as defined in Section 3.5(e) hereof.
- (2) Treasurer's Report. The Treasurer shall report to the 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 next fiscal year.

- (3) Budget A summary of the budget for the following calendar year shall be presented to the Owners.
- (4) Election of Board of Directors Nominations for the Board of Directors may be made by an Owner from those persons eligible to serve (as set forth in Article IV, Sections 4.1 and 4.2). Nominations may be made by a Nominating Committee consisting of a Chairman, who shall be a Director, and two (2) or more Members of the Association. The Nominating Committee, if so created, shall be appointed by the Board of Directors at least three (3) months prior to each annual meeting. Nominations may also be sought by the Board through a notice or newsletter to the Owners prior to the annual meeting. Nominations for the Board of Directors will also be accepted from the Owners attending the annual meeting.

Voting for the Board of Directors will be by paper ballot. Because the Owners have different percentage interest and a different numbers of votes, each Owner must sign his or her ballot or proxy. The ballot shall contain the name of each person nominated to serve as a Board member. Each Owner may cast the total number of votes to which he or she is entitled for as many nominees as are to be elected; however, no Owner shall be entitled to accumulate his or her 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 Vote as defined in Section 3.5(e) hereof.
- (6) Committee / Management Reports Reports of committees and/or the property management agent, if one is being used by the Association,

designated to supervise and advise on the respective segments of maintenance and operations prescribed in the Declaration or 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.

Section 3.7 Conduct of Special Meeting The President of the Association shall act as Chairman of any special meetings of the Association. The Chairman shall call the meeting to order at the duly designated time and the only business to be considered at such meeting shall be in consideration of the matters for which such meeting was called, as set forth in the notice of such special meeting.

Section 3.8. Written Ballots In lieu of any annual or special meeting of the Members, written ballots may be utilized in the manner prescribed in the Indiana Nonprofit Corporations Act of 1991, as amended.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1. Board of Directors The direction, affairs and administration of the Association and the Property shall be governed and managed by the Board of Directors (herein sometimes collectively called "Board" and individually called "Directors"). The Board of Directors shall be composed of Five (5) persons who each: (1) owns at least one (1) Condominium Unit in Heron Lake, and (2) resides in the Heron Lake Property. Notwithstanding any other provisions herein contained to the contrary, all duties, functions, and obligations herein imposed upon the Board are so imposed with the express understanding that the Board of Directors is the governing body and agent of the Owners and the Association.

Section 4.2. Additional Qualifications Where an Owner consists of more than one person is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner, or a partner or an officer or trustee shall be eligible to serve on the Board of Directors, except that no single Unit may be represented on the Board of Directors by more than one person at a time. An Owner may not serve as a Director if he/she is delinquent on paying any regular or special assessment, or is determined by a majority vote of the Board to be committing any act that is prohibited by or in contravention of the Declaration of Covenants, Bylaws, Articles of Incorporation or any other properly adopted rule or regulation of the Heron Lake community. If a Director becomes ineligible for Board membership, as provided in this section or elsewhere in the Heron Lake governing documents, after being duly elected to the Board, then a special meeting of the membership shall be called within sixty (60) days of the disqualifying act's occurrence by the Board of Directors for the express purpose of voting on the removal of said director, following the procedure outlined in Section 4.4.

Section 4.3 Term of Office and Vacancy Members of the Board of Directors shall be elected at each annual meeting of the Association. Each Director shall serve a term of two (2) years. At the first election of directors following the adoption and recording of these bylaws, three directors shall be elected to serve a two-year term of office; and at the second election of directors following the adoption and recording of these bylaws, two directors shall be elected to serve a two-year term of office. At all directorship elections held thereafter, directors shall be elected to serve a two-year term of office. All directors shall serve their full term and/or until their respective successors are properly elected and qualified. If no quorum is present at the Annual Meeting where directors are to be elected, then a second meeting shall be called within sixty (60) days of the first setting of the Annual Meeting for the express purpose of electing Directors to the Board. If, at this second meeting to elect Directors, there remains an insufficient quorum to hold an election of directors, then the Board shall appoint persons to fill those director positions open for election pursuant to the Board vacancy provisions set forth in this section of the bylaws, and a director so appointed to the Board shall serve the full two year term of that position as if he/she were elected by the members.

Any vacancy or vacancies occurring in the Board caused by a death, resignation, or otherwise, shall be filled by a majority of the remaining Directors; and a Director appointed by

the Board to fill such a vacancy on the board shall serve the remainder of the vacant Director's term that he or she is filling.

Section 4.4. Removal of Directors A Director or Directors elected by the Owners may be removed by the Owners with or without cause if the number of votes cast to remove would be sufficient to elect the Director(s) at a meeting to elect Directors. A Director or Directors may be so removed by the Owners only at a meeting called for the purpose of removing the Director(s). The meeting notice must state that the purpose of the meeting is for voting upon the removal of the Director(s). In such case, his or their successor(s) shall be elected at the same meeting from eligible Owners nominated at the meeting to serve for the remainder of the term(s) of the removed Director(s).

A Director who fails to attend three consecutive meetings of the Board may be removed by a majority vote of the Board, but only after that Director is given a thirty (30) day notice of the Board's intention to remove him or her from that position and an opportunity to appear before the Board and explain the absences. If, after the Director explains his or her absences to the Board, he or she is subsequently removed from the Board, then the Board shall appoint a replacement to fill such a vacancy as set forth in Section 4.3.

Section 4.5 Compensation. No Director or Officer shall receive any compensation for his or her services as such except to such extent as may be expressly authorized by a Majority or Owners as defined in Section 3.5(e) hereof. The Managing Agent, if any, shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 4.6 Meetings and Notice 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. No written or verbal notice need be given to Directors for regularly scheduled Board meetings of which the Directors are already aware. For all other Board meetings, the Secretary shall give notice of such 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. Special meetings of the Board may be called by the President or any two (2) 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. To the extent provided in the Indiana Nonprofit Corporations Act of 1991, a Director may conduct or participate in a regular or special meeting of the Board of Directors through the use of conference telephone or any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is considered to be present in person at the meeting.

Section 4.7. Waiver of Notice Before or after 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 4.8. Quorum At all meetings of the Board, unless the Indiana Nonprofit Corporations Act of 1991, or these By-Laws provide otherwise, a majority of the Directors shall constitute a quorum for the transaction of business and the votes of the majority of the Directors present at a meeting at which a quorum is present shall be the decision of the Board.

Section 4.9. Bond The Board of Directors may require the Managing Agent, Treasurer and such other officers as the Board deems necessary to provide surety bonds, indemnifying the Association against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, and other acts of fraud or dishonesty, in such sums and with such sureties as may be approved by the Board of Directors and any such bond shall specifically include protection for any insurance proceeds received for any reason by the Board. The expense of any such bond shall be a Common Expense.

Section 4.10 Informal Action by Directors. 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 or electronic consent to such action is communicated by all members of the Board and such written or electronic consent is filed with the minutes of proceedings of the Board or committee.

Section 4.11. Standards of Conduct and Liability of Directors and Officers The standard and duty of conduct for and the standard or requirements for liability of the Directors and Officers of the Association shall be as set forth in the Indiana Nonprofit Corporations Act 1991, as amended.

ARTICLE V

OFFICERS

Section 5.1. 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 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 5.2. 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 thereof. Each officer shall hold office for one (1) year or until his successor shall have been duly elected and qualified, unless earlier removed by the Board of Directors. Upon recommendation of a majority of all members of the Board or upon an affirmative vote of a Majority of Owners (as defined in Section 3.5(e) hereof), any officer may be removed either with or without cause and his or her successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 5.3. The President The President shall be elected from among the Directors and shall be the chief executive officer of the Association. The President 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 a nonprofit corporation organized under the laws of Indiana, including, but not limited to, the power to appoint committees from among the Members as he or she 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 5.4. 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 or her by the Board or by the President.

Section 5.5. The Secretary The Secretary shall be elected from among the 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 authenticate the Association's records, 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. 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 the By-Laws.

Section 5.6. The Treasurer The Board shall elect from among the Directors a Treasurer who 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 the Treasurer. The Treasurer shall be legal custodian of all monies, notes, securities, and other valuables which may from time to time come into possession of the Association. He or she shall immediately deposit all funds of the Association coming into his or her 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. The Treasurer may permit the Managing Agent, if any, to handle and account for monies and other assets of the Association to the extent appropriate as part of its duties.

Section 5.7 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 and shall delegate to them such other powers and duties as these By-Laws or the Board of Directors may prescribe.

ARTICLE VI

ADMINISTRATION

Section 6.1. 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) Protection, repair and replacement of the Common Areas and Facilities and Limited Common Areas, unless the same are otherwise the responsibility or duty of the Owners; 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, removal of garbage and waste if not provided by the municipality, and snow removal from the Common Areas;
- (c) Landscaping, painting, decorating, and furnishing of the Common Areas and Facilities and, where applicable, Limited Common Areas, the exterior of the buildings, garages, and walls;
- (d) Surfacing, paving, maintaining private streets, driveways, parking areas, and sidewalks, and the regulation of the use thereof;

- (e) Assessment and collection from the Owners of the Owners' pro-rata share of the Common Expenses;
- (f) Preparation of the annual budget, a copy of which will be mailed or delivered to each Owners at the same time the notice of the annual meeting is mailed or delivered;
- (g) Preparing a full accounting of all receipts and expenses incurred during each year, which accounting shall be delivered to each Owner simultaneously with the delivery of the notice of the annual meeting of the Owners;
- (h) Procuring and maintaining in force all insurance coverage required by the Declaration and the Indiana Horizontal Property Act, as amended;
- (i) Performing such duties as may be reasonably inferred from the provisions of the Heron Lake Declaration of Covenants, Bylaws or the Indiana Horizontal Property Act.

Section 6.2. Powers of the Board of Directors The Board of Directors shall have such powers as are reasonably necessary or appropriate to accomplish the performance of its duties in administering the affairs of the Association and the Property. These powers include, but are not limited to, the power:

- (a) To employ a reputable and recognized professional managing agent or real estate management company (either being hereinafter referred to as "Managing Agent" (to assist the Board in performing its duties; provided, however any management agreement shall be terminable without cause upon sixty (60) days written notice, and any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods;
- (b) To purchase for the benefit of the Members such equipment, materials, labor, and services as may be necessary in the judgment of the Board of Directors;

- (c) To procure for the benefit of the Members fire and extended coverage insurance covering the buildings and improvements on the Property to the full insurable value thereof, to procure public liability and property damage insurance and Worker's Compensation Insurance, if necessary, and to procure all such other insurance as is required or permitted under the Declaration, the Act, or the Indiana Horizontal Property Act, all as amended, for the benefit of the Owners, the Association, and the Mortgages;
- (d) To employ legal counsel, architects, engineers, contractors, accountants, and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of the Association and to delegate any such powers to the Managing Agent;
- (e) To employ, designate, discharge and remove such personnel as in the judgment of the Board of Directors may be necessary for the maintenance, upkeep, repair and replacement of the Common Areas and Facilities;
- (f) To include the costs of all the above and foregoing as Common Expenses of the Association and to pay all of such costs there from;
- (g) To open and maintain a bank account or accounts in the name of the Association and to designate the signatories thereto;
- (h) To adopt, revise, amend, and alter from time to time reasonable rules and regulations with respect to administration, management, use, occupancy, operation, and enjoyment of the Heron Lake Property provided that the Board shall give advance written notice to the Owners of such rules and any revision, amendment, or alteration thereof;
- (i) To establish the annual budget, and to provide the manner of assessing and collecting from the Owners their respective shares of the common expenses;

- (j) To exercise all other powers and duties of the Board of Directors or Owners as a group referred to in the Indiana Horizontal Property Act, and all powers and duties of the Board of Directors referred to in the Declaration or these By-Laws.

Section 6.3. Limitations on Board Action The authority of the Board of Directors to enter into contract 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 (as defined in Section 3.5(e) hereof) is obtained, except in the following cases:

- (a) Supervision and management of the replacement or restoration of any portion of the Property damaged or destroyed by fire or other casualty, where the cost thereof is payable out of insurance proceeds actually received; and,
- (b) Contracts and expenditures expressly set forth in the annual budget as presented to the Owners at the annual meeting. The Board may also reallocate funds to items in the budget so long as the total budgeted funds are not exceeded and by doing so, the total budget will not be increased; and
- (c) Expenditures necessary to deal with unforeseen damage, repairs, or emergency conditions that were not set forth in the annual budget, but in which the Board of Directors reasonably believes there is insufficient time to call a meeting of the Owners before addressing the situation.

The said Five Thousand Dollar (\$5,000.00) maximum shall automatically be adjusted every five (5) years from the date of recording of these By-Laws to reflect changes in the purchasing power of the dollar, as determined by the most recently published annual GNP Implicit Price deflator or any comparable index.

Section 6.4. Specific Powers of the Board The Board, for the benefit of the Board, the Association and all Owners, shall provide and shall pay for out of the maintenance fund hereinafter provided, the following:

- (a) Utility Service for Common Areas and Facilities. Waste, water removal, electricity, and telephone, heat, power and other necessary utility service for the Common Areas and Facilities (and, if not separately metered or charges, for the Condominium Units),
- (b) Casualty Insurance. Insurance for the Property against loss or damage by fire and those perils contained in extended coverage, vandalism and malicious mischief endorsements and such other hazards as the Board may deem desirable, for the full insurable replacement cost of the Common Areas and Facilities and the Condominium Units in accordance with Article VIII of the Declaration. Premiums for such insurance shall be common expenses. Such insurance coverage shall be written in the name of, losses under shall be adjusted by, and the proceeds of such insurance shall be payable to, the members of the Board as trustees for each of the Owners and their respective mortgagees in their respective percentages of ownership interest in the Common Areas and Facilities as established in Exhibit "B" to the Declaration. The Board may engage the services of any bank or trust company authorized to do trust business in Indiana to act as trustee, agent or depository on behalf of the Board for the purpose of receiving and disbursing the insurance proceeds resulting from any loss, upon such terms as the Board shall determine consistent with the provisions of the Act and the Declaration. The fees of such corporate trustee shall be Common Expenses. In the event of any loss in excess of \$50,000.00 in the aggregate, the Board shall engage a corporate trustee as aforesaid upon the written demand of the mortgagee or Owner of any Condominium Unit so destroyed;

The proceeds of such insurance shall be applied by the Board or by the corporate trustee on behalf of the Board for the reconstruction of the Buildings, or shall be otherwise disposed of, in accordance with the provisions of the Declaration and the

Act; and the rights of the mortgagee of any Condominium Unit under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions in the Act with respect to the application of insurance proceeds to reconstruction of a Building.

Payment by an insurance company to the Board or to such corporate trustee of the proceeds of any policy, and the receipt of release from the Board of the Company's liability under such policy shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which such proceeds may be held pursuant hereto, or to see to the application of any payments of the proceeds of any policy by the Board or the corporate trustee.

- (c) Liability Insurance. Comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage, in such limits as it shall deem desirable, and other liability insurance as it may deem desirable, insuring each Owner, the Association, its officers, members of the Board, Declarant, the manager and managing agent of the Buildings, if any, and their respective employees and agents, from liability in connection with the Common Areas and Facilities and the streets and sidewalks adjoining the Property and insuring the officers of the Association and members of the Board from liability for good faith actions beyond the scope of their respective authorities. Such insurance coverage shall include cross liability claims of one or more insured parties against other insured parties. The premiums for such insurance shall be Common Expenses;

- (d) Workmen's Compensation. Workmen's compensation insurance to the extent necessary to comply with any applicable laws;

- (e) Wages and Fees for Services. The services of any person or firm employed by the Board, including, without limitation the services of a person or firm to act as manager or as managing agent for the Property, the services of any person or persons required for maintenance or operation of the Property, and legal and/or accounting services necessary or proper in the operation of the Property or the enforcement of the

Declaration and for the organization, operation and enforcement of the rights of the Association;

- (f) Care of Common Areas and Facilities. Landscaping, gardening, snow removal, painting, cleaning, tuckpointing, maintenance, decorating, repair and replacement of the Common Areas and Facilities of such furnishings and equipment for the Common Areas and Facilities as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire or provide the same for the Common Areas and Facilities.
- (g) Additional Expenses. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the Board is required to secure or pay for pursuant to the terms of these restrictions or by law or which in its opinion shall be necessary or proper for the maintenance and operation of the Property as a first class condominium project or for the enforcement of the Declaration;
- (h) Certain Maintenance of Condominium Units. Maintenance and repair of any Condominium Unit as provided in the Declaration or these By-Laws, and maintenance and repair of any Condominium Unit if such maintenance or repair is necessary in the discretion of the Board to protect the Common Areas and Facilities or any portion of a Building and the Owner or Owners of said Condominium Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair shall have been delivered by the Board to said Owner or Owners, provided that the Board shall levy a special assessment against such Owner for the cost of said maintenance or repair.
- (i) Capital Additions and Improvements. The Board's powers hereinabove enumerated shall be limited to the extent that the Board shall have no authority to acquire or provide or pay for out of the maintenance fund any capital additions and improvements (other than for purposes of maintenance, replacement or restoration of

portions of the Common Areas and Facilities, subject to all provisions of the Declaration) having a total cost in excess of One Hundred Thousand Dollars (\$100,000.00), nor shall the Board authorize any structural alterations, capital additions to, or capital improvements expenditure in excess of One Hundred Thousand Dollars (\$100,000.00), without in each case the prior approval of the Voting Members holding two-thirds (2/3) of the total votes eligible to vote.

- (j) Certain Utility Services to Condominium Units. The Board may pay from the maintenance fund for water, taxes, waste removal and/or any utilities which are not separately metered or otherwise directly charged to individual Owners. However, the Board may discontinue such payments at any time, in which case each Owner shall be responsible for direct payment of his share of such expenses as determined by the Board. The Board reserves the right to levy additional assessments against any Owner to reimburse it for excessive use by such Owner of any utility service, the expense of which is charged to the maintenance fund.

ARTICLE VII

BOOKS AND RECORDS

Section 7.1. Books and Records, in General The Board of Directors shall keep full and correct books of account in chronological order of the receipts and expenditures effecting the Common Areas and Facilities, specifying and itemizing the maintenance and repaid expenses of the Common Areas and Facilities and other expenses incurred. Such records and the vouchers authorizing the payments shall be available for inspection by any Owner or a representative of any Owners duly authorized in writing, at such reasonable time during normal business hours as may be requested by the Owner. Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Owner shall be furnished a statement of his or her account, setting forth the amount of any unpaid assessments or other charges due and owing from such Owner, and such amount shall be binding upon the Board and the Association, and any mortgagee or grantee of such Owners furnished with such statement shall not be liable for, and the Condominium Unit of

such Owner shall not be conveyed subject to a lien for, any unpaid assessment in excess of the amount set forth in such statement.

ARTICLE VIII

ADDITIONAL RIGHTS AND DUTIES OF BOARD

Section 8.1. Right of Entry An Owner or occupant of a Condominium Unit shall be deemed to have granted the irrevocable right of entry to his Condominium 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 or her Condominium Unit, the building located therein, or any other property or person, whether the Owner is present at the time or not.

Any Owner shall permit persons, as authorized by the Board to perform any such work, to enter his or her Condominium Unit for the purpose of performing installations, alterations, or repairs to the mechanical or electrical facilities or equipment, to make structural repairs, or to perform any other maintenance, repair or work on any Unit, common area or limited common area of the Property deemed necessary by the Association. A request for entry to perform such work shall be made to the Unit Owner in advance of said entry; and such entry shall be made at a time convenient to the Unit Owner, if possible. If a Unit Owner fails to cooperate in establishing an acceptable date and/or time entry may be made to perform said work, then the Board may set a date and time for the work to be performed and shall notify the Unit Owner in writing of the date and time entry will be made. In case of emergencies, such right to entry shall be immediate.

Section 8.2. Right of Board to Adopt Rules and Regulations The Board may promulgate such reasonable rules and regulations regarding the operation of the Property as the Board may deem desirable, including but not limited to the use of the Common Areas and Facilities, Limited Common Areas and Condominium Units. 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 IX
INDEMNIFICATION

Section 9.1. Indemnification of Directors and Officers To the extent not inconsistent with the laws of the State of Indiana, every person (and the heirs and personal representatives of such person) who is or was a director of the Association shall be indemnified by the Association as provided in the Indiana Nonprofit Corporation Act of 1991, as amended. Every person (and the heirs and personal representatives of such person) who is or was an officer of the Association shall additionally be indemnified by the Association to the same and fullest extent that directors are indemnified by the Association as provided for in the Indiana Nonprofit Corporation Act of 1991, as amended.

ARTICLE X
NOTICE AND MORTGAGES

Section 10.1. Notice to Association Any Owner who places a first mortgage lien upon his or her Condominium Unit or Mortgage thereof may notify the Secretary of the Association or its designee and provide the name and address of the Mortgagee. A record of such Mortgagee and name and address shall be maintained by the Secretary and notice required to be given to the Mortgage pursuant to the terms of the Declaration, these By-Laws, or the Indiana Horizontal Property Act shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record in 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 be otherwise required by the Declaration of these By-Laws shall be required, and no 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.

ARTICLE XI

ASSESSMENTS

Section 11.1. Creation of the Lien and Personal Obligation for Assessments Each Owner of any Condominium Unit by acceptance of a deed therefore, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Regular Assessments; and (2) Special Assessments, such assessments to be established and collected as hereinafter provided. The Regular and Special Assessments, together with interest, late fees, costs, reasonable attorney's fees, and any other obligation which may be charged to an Owner pursuant to these By-Laws or the Declaration, shall be a charge on the Condominium Unit, and shall be a continuing lien upon the property against which each such assessment or charge is made. Each such assessment or charge, together with interest, late fees, collection costs of the Managing Agent, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 11.2. Annual Accounting Annually, within ninety (90) days after the close of the Association's fiscal year, the Board of Directors shall cause to be prepared and made available for inspection to each Owner an audited financial statement, which statement shall show all receipts and expenses received, incurred and paid during the preceding year.

Section 11.3. Annual Budget At least thirty (30) days prior to the annual meeting, the Board of Directors shall cause to be prepared an annual budget for the ensuing fiscal year, estimating the total amount of the Common Expenses for the ensuing year, and furnish a copy of such budget to each Owner prior to the annual meeting together with the notice of said meeting. "Common Expenses" means the actual and estimated cost to the Association for maintenance, management, operation, insurance, wages, payroll taxes, management fees, supplies, materials, fuel, power, and other common utilities, contingencies, repair, improvement and replacement of Common Areas and Facilities and Limited Common Areas, and any other cost or expense incurred by the Association for the benefit of the same or the Owners. The annual budget shall be the basis for the Regular Assessments (hereinafter defined) for the ensuing fiscal year. The failure or delay of the Board of Directors to prepare the budget and furnish a copy thereof to the

Members shall not constitute a waiver or release in any manner of such Owner's obligation to pay the Common Expenses as herein provided, whenever determined, and in the absence of an annual budget, the Owner shall continue to pay the then existing monthly assessment until such new annual budget and monthly assessment is established.

Section 11.4. Regular Assessments The Board of Directors shall give written notice of the assessment against each respective Unit based on its Percentage Interest (herein called the "Regular Assessment"). The Regular Assessment against each Condominium Unit shall be assessed on a fiscal year basis commencing on January 1st and shall be due and payable in equal monthly installments, in advance, on the first day of each month. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors or the Managing Agent, or as otherwise directed by the Board of Directors. The Regular Assessment shall automatically become a lien on that Unit on the date it is due and payable.

In addition to the meeting the estimated cash requirements for the Common Expenses, the annual budget and the Regular Assessment shall be established to include the establishment and maintenance of an adequate replacement reserve fund for capital expenditures and replacement and repair of the Common Areas and Facilities, which replacement reserve fund shall be used only for those purposes and not for usual and ordinary repair expenses of the Property. Such reserve fund shall be maintained in a separate, federally insured, interest bearing account with a bank or savings and loan association authorized to conduct business in Marion County.

Section 11.5. Special Assessments From time to time, Common Expenses of an unusual or extraordinary nature or otherwise not anticipated may arise. At such time and with the approval of the Owners holding at least sixty percent (60%) of the total percentage of ownership at a special meeting called for such purpose, the Board of Directors shall have the full right, power and authority to make and levy special assessments which, upon resolution of the Board of Directors, shall become a lien on each Condominium Unit, prorated in accordance with the percentage of ownership of each Condominium Unit, payable in a lump sum or installments as directed by the Board of Directors (herein called "Special Assessment").

Section 11.6. Rate of Assessments Each Owner shall pay the Regular Assessments and Special Assessments according to the percentage ownership of such Owner's Condominium Unit as set forth in the Declaration and Exhibit "B" thereto.

Section 11.7. Failure of Owner to Pay Assessments No Owner may exempt himself or herself from paying Regular or Special Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and Facilities and toward any other expense lawfully agreed upon, by waiver of the use or enjoyment of the Common Areas or Limited Areas, or by abandonment of the Condominium Unit belonging to such Owner. Each Owner shall be personally liable for the payment of all Regular and Special Assessments. Where the Owner constitutes more than one person, the liability of such persons shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Regular or Special Assessments when due, the lien for such assessment on the Owner's Unit may be foreclosed by the Board for and on behalf of the Association as provided by law. Upon the failure of an Owner to make payments of any Regular or Special Assessments within ten (10) days after such are due, the Board, in its discretion, may:

- (1) impose a late charge, which will be considered an addition to the assessment, in an amount to be determined by the Board of up to twenty-five percent (25%) of the amount of the Assessment;
- (2) accelerate the entire balance of the unpaid Assessments for the remainder of the fiscal year and declare the same immediately due and payable, notwithstanding any other provisions hereof the contrary;
- (3) suspend such Owner's rights to use the recreational facilities within Heron lake as provided in the Indiana Nonprofit Corporation Act of 1991, as amended; and
- (4) suspend such Owner's right to vote as provided in the Indiana Nonprofit Corporation Act of 1991, as amended,

In any action to foreclose the lien for any Assessments, the Owner and any occupant of the Condominium Unit shall be jointly and severally liable for the payment to the Association of reasonable rental for such Condominium Unit, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the Condominium Unit and to collect the rentals and other profits there from for the benefit of the Association to be applied to the unpaid Regular or Special Assessments. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular or Special Assessments without foreclosing or waiving the lien securing the same. In any action to recover a Regular and Special 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 attorney's fees, from the Owner of the respective Condominium Unit.

Section 11.8 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed upon the property subject to assessment. Notwithstanding anything contained in this section or elsewhere in the Declaration or these By-Laws, any sale or transfer of a Condominium Unit to a mortgage pursuant to a foreclosure on 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 Regular or Special Assessments as to such installments which became due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien shall not relieve the prior Owner from personal liability therefore. No such sale, transfer or conveyance shall relieve the Condominium Unit or the purchaser at such foreclosure sale, or grantee in the event of conveyance in lieu thereof, from liability for any installments of Regular or Special Assessments thereafter becoming due or from the lien therefore.

Such unpaid share of any Regular Assessments or Special Assessments, the lien for which has been divested as aforesaid, shall be deemed to be a Common Expense collectible from all Owners (including the party acquiring the subject Condominium Unit from which it arose).

ARTICLE XII
RESPONSIBILITIES AND MAINTENANCE
FOR
COMMON AREA, LIMITED COMMON AREA AND UNITS

Section 12.1. Common & Limited Common Areas.

- (a) Description. Except as otherwise provided in this Declaration, the Common Areas and Limited Common Areas shall consist of all portions of the Property, except the individual Condominium Units, including but not necessarily limited to the land, outside walks and driveways, landscaping, patios, carports, parking areas, clubhouse, lake, beaches, stairways, entrances and exits, halls, storage areas, laundry rooms, management office, roofs, structural parts of the Buildings, pipes, ducts, electrical wiring and conduits, public utility lines, and other utility installations to the outlets, and such component parts of walls, floors, and ceilings as are not located within the Condominium Unit.
- (b) Maintenance: All maintenance, repairs and replacements to the Common Areas and Limited Common Areas (except as otherwise provided under Indiana Law, the Declaration or these By-Laws), including the painting and decorating of the exterior doors and exterior window sashes, shall be furnished by the Corporation as part of the Common Expenses. The Board may adopt rules and regulations concerning maintenance, repairs, use and enjoyment of the Common Areas and Limited Common Areas and may set or schedule said maintenance, repairs and replacements as necessary.

Section 12.2. Carports.

- (a) Description: The Carports are Limited Common Areas owned by the Corporation. Each Owner who has a Carport Right or Rights shall have the right and easement to the exclusive use of the Carport or

Carports which serves his Condominium Unit. The Carports shall be used and operated in such manner and subject to such rules and regulations as the Board may prescribe from time to time consistent with the terms of the Declaration and these By-Laws. Carport Units may not be used exclusively for the storage of personal items, but must be used solely for the parking or storage of vehicles only. The term "Carport" shall include any carport unit, space, or enclosed area used to park or store vehicles in the development.

- (b) Improvements: Before any improvement, modification, addition, repair or change to a carport unit may begin, the Unit Owner, or legally assigned user of the carport unit, must submit a written request to make said improvement, modification, addition, repair or change, including a written description of the improvement or work to be performed detailing the materials to be used, color, or other information requested by the Association, and receive the prior written approval of the Board before the improvement, modification, addition, repair or change can be made. If the person requesting to make the improvement, modification, addition, repair or change is an assignee of carport rights pursuant to Section 12.2(c), then the assigned carport user must also include with his or her request a copy of the recorded assignment of the carport right to the carport for which the improvement or work request was submitted. Each Unit Owner assigned the carport right being improved or modified, and any legally assigned carport user, shall be jointly responsible for any improvement, modification, addition, repair or change made to a carport unit, including, but not limited to, garage enclosures, garage doors, electric door openers, electric outlets or attachments thereto, movement of walls, partitions and/or support beams in or between carport units. A Unit Owner and/or assigned carport user that has improved, modified, altered, repaired or changed in any fashion a

carport unit shall provide written proof to the Board that said carport to which the improvement, modification, alteration, repair or change was made has insurance coverage or is covered under the Unit Owner's, or assigned carport user's, insurance in the event the improvement, modification, alteration, repair or change causes or creates any damage to the carport, carport building, any other carport unit, or the contents of any carport unit. If proof of insurance is not provided to the Board upon written request, then the Board has the right to remove, repair or replace any improvement, modification, alteration, repair or change made to the carport unit. If, for any reason, it becomes necessary for the Board to remove, repair or replace any improvement, modification, alteration, repair or change made to a carport unit, then all expenses associated with said removal, repair, or replacement shall be the joint responsibility of the Unit Owner who holds the right of usage to the carport unit, and/or the legally assigned carport user, when said removal, repair or replacement occurs.

- (c) Carport Rights: The deed of conveyance from the Declarant to the first purchaser of each Condominium Unit shall state that each Condominium Unit shall have a specifically designated Carport Right. Each subsequent transfer of the Condominium Unit, or other instrument assigning a Carport Right, shall indicate how many Carport Rights have been assigned up to and including the Carport Right assigned by such instrument. A Condominium Unit may have more than one (1) Carport Right. The Association shall maintain a record of which Condominium Units have Carport Rights assigned to them.

A Carport Right shall be appurtenant to and shall run with the title to the Condominium Unit to which it is assigned; provided that, any Owner whose Condominium Unit has a Carport Right may (but only with the written consent of his first mortgagee, if any) transfer the

Carport Right to another Condominium Unit. Prior written approval of the Board is required before a carport right can be assigned or leased. The transfer of a Carport Right shall be made by recording an appropriate document evidencing the transfer. A copy of the recorded carport right shall be provided to the Board within thirty (30) days of being recorded. If a copy of the recorded assignment is not provided to the Association within thirty (30) days, then the Association has the option of withdrawing its approval of any such assignment of carport right. Each Owner of a Condominium Unit with a Carport Right shall be deemed to grant a power coupled with an interest to the Board, as attorney-in-fact, to give any consent to the transfer of a Carport Right from one Condominium Unit to another. Upon the recording of such document, the Association shall change its records to show that the Carport Right is assigned to the transferee's Condominium Unit. Neither the initial assignment nor the subsequent transfer of a Carport Right shall affect the undivided Interest in the Common Areas and Facilities of any Condominium Unit. After the date this amendment is recorded, all units shall have at least one carport right. No assignment or lease of a carport right is permitted if said assignment or lease will leave a Unit with no carport right. Additionally, any assignment or lease, unless approved by the Board and so stated within the recorded assignment document, shall be valid for only that period of time when all parties to the assignment or lease are Unit Owners within Heron Lake. If any party to the assignment or lease ceases to be a Unit Owner within Heron Lake, then the assignment or lease is deemed terminated and the carport right at issue is reverted to the grantor or lessor of the assignment or lease. This section shall be subject to such reasonable rules and regulations as shall be set by the Board, including the establishment of a reasonable processing fee for any assignment or lease request, and a carport rental fee for maintenance of and/or record keeping regarding the carport units.

12.3. Patios and Balconies. Each Owner shall, at his expense, be responsible for the decoration and general maintenance of any patio or balcony to which there is direct access from the interior of his Condominium Unit. Any such patio or balcony shall be kept free and clear of snow, ice and any other accumulation by the Owner of such Condominium Unit who shall also make all repairs thereto caused or permitted by his negligence, misuse or neglect. All other repairs or replacements in, to, or with respect to such patio or balcony, unless said patio or balcony is enclosed, shall be made by the Corporation, and the cost thereof shall be a Common Expense.

If the patio or balcony is enclosed, then the interior of the enclosure will be treated as and become part of the interior of the Condominium Unit, and any maintenance and repair of the interior enclosure shall be performed by the Unit Owner or resident as set forth in Section 12.6(b). The exterior of said enclosed patio or balcony shall be treated as and remains part of the Common Area or Limited Common Area of Heron Lake, and any maintenance and repairs shall be made by the Corporation as set forth in this section or Section 12.6(a).

Section 12.4. Storage Areas. The storage areas for the Owners' personal property in the Buildings outside of the Condominium Units shall be part of the Common Areas and Facilities, and the exclusive use and possession of the storage areas shall be allocated among the Owners in such manner and subject to such rules and regulations as the Board may prescribe. Each Owner shall be responsible for such Owner's personal property in the storage area. The Board and the Association shall not be considered the bailees of such personal property and shall not be responsible for any loss or damages thereto whether or not due to the negligence of the Board and/or the Association. Carport Units may not be used exclusively for the storage of personal items, but must be used solely for the parking or storage of vehicles only.

Section 12.5. Parking Areas. Any portion of the Property allocated to parking purposes other than a Carport shall be part of the Common Areas and Facilities and shall be subject to the requirement that its use be restricted to guests and visitors until all Carport Rights have been assigned to Condominium Units, and thereafter, to the provisions of the reasonable rules and regulations of the Board.

Section 12.6. Maintenance, Repairs and Replacements of Condominium Unit.

- (a) By the Association. The Association, at its expense, shall be responsible for the maintenance, repair, and replacement of those portions of each Condominium Unit which contribute to the support of the Buildings, excluding, however, interior wall, ceiling and floor surfaces, but including outside walls. In addition, the Association shall maintain, repair and replace all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which may be located within the Condominium Unit boundaries exclusive of any portions of the foregoing which may be located at or beyond the wall, ceiling or floor outlets, or which may be the responsibility of an individual Owner under any other provision of this Declaration. The Association may replace and repair any window glass, window frames and doors, in the event any Owner fails to do so as provided in subparagraph (b) of this Section 12.6, but the expense of same shall be paid by the defaulting Owner.
- (b) By the Unit Owner. Except as otherwise provided in Paragraph (a) above, each Owner shall furnish, at his or her own expense, and be responsible for the following:
1. All of the maintenance, repairs and replacements within his or her own Condominium Unit and all of the window glass, window frames and doors appurtenant thereto, and all internal installations of such Condominium Unit such as televisions, refrigerators, ranges and other kitchen appliances, lighting fixtures and other electrical fixtures, appliances, water heating, and heating, plumbing and air conditioning fixtures or installations, and any portion of any other utility service facilities located within the Condominium Unit boundaries, provided however, such maintenance, repairs and replacements

as may be required for the bringing of water or electricity to the Condominium Unit, shall be furnished by the Board as part of the Common Expenses. The Board may provide, by its rules and regulations, for ordinary maintenance and minor repair and replacements to be furnished to Condominium Units as a Common Expense. No Owner shall make any alterations or additions to his Condominium Unit which affects the structural integrity of any other Condominium Unit or Building.

2. All of the decoration within his own Condominium Unit from time to time, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furnishings and interior decorating. Each Owner shall be entitled to the exclusive use of such portions of the perimeter walls, floors, and ceilings as lie within the boundaries of his Condominium Unit as shown on the Plans, and such Owner shall maintain such portions in good condition and repair at his sole expense, and all such maintenance and use shall be subject to the rules and regulations of the Board. The interior and exterior surfaces of window glass in all windows forming part of perimeter wall of a unit shall be cleaned or washed at the expense of each respective Owner. The use of and the covering of the interior surfaces of such windows, whether by draperies, shades or other items visible on the exterior of the Building, shall be subject to the rules and regulations of the Board. Decorating of the Common Areas and Facilities (other than interior surfaces within the Condominium Units as above provided), and any redecorating of Condominium Units to the extent made necessary by any damage to existing decorating of such Condominium Units caused by maintenance, repair or

replacement work on the Common Areas and Facilities by the Board, shall be furnished by the Association as part of the Common Expenses. Nothing herein contained shall be construed to impose a contractual liability upon the Board for maintenance, repair and replacement, but the Board's liability shall be limited to damages resulting from negligence. The respective obligations of the Board and Owners set forth in the Declaration shall not be limited, discharged, or postponed by reason of the fact that any such maintenance, repair, or replacement is required to cure a latent or patent defect in material of the Property.

Section 12.7. Alterations, Additions and Improvements. No alterations, additions or improvements to any Common Areas or Limited Common Areas shall be made by any Owner or resident without the prior written approval of the Board or in compliance with any properly adopted rule or regulation of the Board; and an Owner shall comply with the restrictions and requirements regarding the use of the Common Areas and Limited Commons Areas as set forth in the Declaration of Covenants, these By-Laws, and all applicable rules and regulations of the Heron Lake community.

ARTICLE XIII

RESTRICTIONS AND REMEDIES

Section 13.1. Restrictions on Use The following restrictions on the use and enjoyment of the Condominium Units, Common Areas, Limited Common Areas and the Property shall be applicable to Heron Lake and are in addition to those set forth in the Declaration. These are as follows:

All Condominium Units shall be used exclusively for residential purposes and the occupancy of a single family, all as permitted under local zoning ordinances. "Single Family" is

defined as a single housekeeping unit, operating on a nonprofit, non-commercial basis between its occupants with a common kitchen and dining area.

- (a) No additional buildings shall be erected or located on the Property other than the Building designated in the Declaration and shown on the Plans.
- (b) Nothing shall be done or kept in any Condominium Unit or in the Common Areas or Limited Areas which will cause an increase in the rate of insurance on any Building or the contents thereof. No Owner shall permit anything to be done or kept in his or her Condominium Unit or in the Common Areas or Limited Areas which will result in a cancellation of insurance on any Building or contents thereof, or which would be in violation of any law or ordinance.
- (c) No Owner shall cause or permit any sign, banner, flag or any other similar item to be hung or displayed on the outside of the windows or balconies or placed on the outside walls of any Building; and no awning, canopy, shutter, or other attachment or thing shall be affixed to or placed upon the exterior walls or roof or any other parts of any Building without the prior written consent of the Board. The placement, installation, use and maintenance of antennas, including satellite dishes, shall be subject to rules and regulations promulgated by the Board of Directors and as allowed or permitted under the Federal Telecommunications Act of 1996.
- (d) No animals, livestock or poultry of any kind shall be raised, bred, or kept in any part of the Property, except that small dogs, cats or customary household pets in reasonable numbers may be kept in a Condominium Unit subject to rules and regulations adopted by the Board of Directors; provided that such pet is not kept, bred or, maintained for any commercial purpose, and does not create a nuisance, including but not limited to odor or unreasonable noise, to other Unit Owners or residents. All pets (including cats) shall be taken outdoors only under leash or other restraint and while attended by its owner, and an Owner shall be fully liable for any injury or damage to persons or property, including the Common Areas or Limited

Areas, caused by his or her pet. The Owner shall be responsible for the cleaning of any Common Area or Limited Areas made dirty by his or pet's excrement, and shall be fully liable for the expenses of any cleaning not performed by the Owner. The tethering of pets in any area outside the Owner's home does not constitute "attended". The Board may adopt such other rules and regulations regarding pets as it may deem necessary from time to time. Any pet which, in the judgment of the Board, is causing or creating a nuisance or unreasonable disturbance or noise, shall be permanently removed from the Property upon ten (10) days' written notice from the Board to the respective Owner. The appropriate governmental authorities shall have an easement across the Property to enforce any federal, state or local animal control laws.

- (e) Nothing shall be done or permitted by a Unit Owner or resident in any Condominium Unit or the Heron Lake Property which will impair the structural integrity of any Building or which would structurally change any Building, except as otherwise provided in the Declaration or these By-Laws; nor shall any act be committed or the premises be used in any unlawful manner or in any manner that may cause injury to the reputation of the Property or which may be a nuisance, annoyance, inconvenience to, or cause damage to, any other resident of the Building or Heron Lake, including, but not limited to, noise by the use of any musical instruments, radio, television, loud speakers, electrical equipment, amplifiers or other equipment or machines, or by loud persons, and any objectionable odors.
- (f) Every Owner shall promptly perform all maintenance, repair and replacement within his or her own Condominium Unit and Carport Unit, which, if neglected, may affect the value of any Unit, common area or limited common area within the Heron Lake Property, and which such maintenance, repair or replacement is the personal responsibility of the Unit Owner as set forth in these Bylaws. Such maintenance, repairs and replacements include, but are not limited to, internal water lines, plumbing, electric lines, appliances, water heaters, gas lines, telephones, heating and air conditioning equipment, doors, windows, light fixtures and all other accessories

belonging to the Owner and appurtenant to the Condominium Unit, including washing and cleaning of exterior window surfaces of the Condominium Unit.

- (g) No clothes, sheets, blankets, rugs, laundry or other things shall be hung out or exposed on any part of the Common Areas or Limited Areas. The Common Areas and Limited Areas shall be kept free and clear of rubbish, debris and other unsightly materials.
- (h) No industry, business, manufacturing, mercantile, storing, trade or any commercial activity, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, practiced, or permitted on the Property; provided however, that an Owner may maintain an office or home business in the Unit if: (1) such office or business generates no significant number of visits or unreasonable parking usage (both as determined by the Board of Directors) by clients, customers or other persons related to the business; (2) no equipment or other items related to the business are stored, parked, or otherwise kept outside such Owner's Unit; (3) there are no employees or independent contractors within the Unit other than the Owner or other resident; (4) such Owner has obtained approvals for such use as may be required by the appropriate local and state governmental agencies; (5) the Owner complies with all provisions of the Marion County / City of Indianapolis Dwelling District Ordinances, including the "home occupations ordinance"; and (6) all other provisions of these By-Laws, the Declaration and the rules and regulations are complied with. The Board may require the Owner to pay any increase in the rate of insurance or other costs for the Association which may result from such use.
- (i) No Condominium Unit shall be used or rented for transient, motel or hotel purposes.
- (j) No "For Sale", "For Rent", or "For Lease" signs or other window or advertising display shall be maintained or permitted on any part of the Property or any Condominium Unit without the prior written consent of the Board.

- (k) All Owners and members of their families, their guests, or invitees, and all occupants of any Condominium Unit or other persons entitled to use the same and to use and enjoy the Common Areas or any part thereof, shall observe and be governed by such rules and regulations as may from time to time be promulgated and issued by the Board governing the operation, use and enjoyment of the Condominium Units, Common Areas and Limited Areas, which rules and regulations are incorporated herein.
- (l) No camper, trailer of any kind, mobile home, recreational vehicle, boat or jet-ski, truck, bus, or other similar vehicles of any kind may be parked in the Heron Lake Property unless such vehicle is kept in an enclosed garage and out of public view. For purposes of this By-Law provision, the term "truck" does not include pickup trucks up to one ton, full size vans and/or sport utility vehicles. No vehicles of any kind may be parked, either continuously or habitually, on any portion of the grass, yard, or other non-paved portion of the Common Area. No semi-tractor, semi-trailer, semi-tractor/trailer combo, box style, non-pickup style trucks or other similar vehicles shall be permitted in the Heron Lake Property. Vehicles or commercial vehicles that display company logos or advertisements are prohibited within the Heron Lake Property unless parked or stored completely within a carport unit; with the exception of vehicles or commercial vehicles that are temporarily present for the sole purpose of performing or providing routine home maintenance or health care services. No inoperative, disabled or unlicensed vehicle shall be parked, stored, or repaired anywhere in the Heron Lake Property in open public view. No vehicles of any kind may be put up on blocks or jacks to accommodate car repair unless such repairs are done in an enclosed garage. Any vehicle in violation of any of the above rules or prohibitions shall be subject to towing at the discretion of the Board, and any expenses incurred by the Association for said towing shall be born by the owner of the vehicle thereof, including any collection costs, attorney fees or expenses.

- (m) No Owner shall be allowed to plant trees, landscape, or do any other from of gardening in any of the Common Areas or Limited Common Areas, except with the express written permission from the Board.
- (n) No Owner shall be allowed to place or cause to be placed in the lobbies, vestibules, stairways, hallways, or areas of a similar nature and used for a similar purpose, both Common and Limited, any furniture, wall hangings, decorations, packages, or objects of any kind, without the consent of the Board.
- (o) All trash or refuse shall be stored in appropriate containers inside the Condominium Unit (including the garage) or designated trash areas and made accessible for the programmed trash collection system established by the Board of Directors.

Section 13.2. Remedies for Violations. Abatement and Enjoinment. The violation of any rule or regulation adopted by the Board, or the breach of any restriction, covenant, By-Law or provision herein contained, shall give the Association the right to, in addition to the rights set forth in the next succeeding Paragraph: (a) enter upon that part of the Property where such violation or breach exists and summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof; and Declarant, its beneficiaries, successors or assigns, the Association, or the Board of Directors and its agents, shall not thereby be deemed guilty in any manner of trespass; and (b) enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

All expenses of the Association in connection with such actions or proceedings, including court costs and attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the rate of eight per cent (8%) per annum until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of such defaulting Owner's respective share of the Common Expenses, and the Association shall have a lien for all of the same upon the Condominium Unit of such defaulting Owner and upon all of the additions and improvements thereto and upon all of such defaulting Owner's personal property in the Condominium Unit or located elsewhere on the Property. Any

and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association.

ARTICLE XIV

MISCELLANEOUS

Section 14.1. Fiscal Year The fiscal year of the Association shall be the calendar year.

Section 14.2. Personal Interests Except as permitted under Section 4.5 hereof, no Member of the Association shall have or receive any earnings from the Association; provided, however, that a Member who is an officer, director, employee, or agent of the Association may be reimbursed for expenses incurred on the Association's behalf. It shall be acceptable for the Board to contract for goods and services with a Unit Owner or member only when: the Board has received at least two other bids from outside providers for the same goods and services; there is full disclosure of the conflict to the Board; and there is contained in any contract for goods and services with a member or Unit Owner a thirty (30) day written notice termination provision without penalty for said termination.

Section 14.3. Contracts, Checks, Notes, Etc. All contracts and agreements entered into by the Association and all checks, drafts, and bills of exchange and orders for the payment of money shall, in the conduct of the ordinary course of business of the Association, be signed by the Treasurer, and at least one other officer by the Association, unless otherwise directed by the Board of Directors or unless otherwise required by law.

ARTICLE XV
AMENDMENT TO BY-LAWS

Section 15.1. Amendment. These By-Laws may be amended, modified, changed, repealed, replaced, or altered by a two-thirds (2/3) vote of the total percentage vote, excluding from the total the percentage of votes determined as ineligible to vote as set forth in Article XI, Section 11.7(4), in a duly constituted meeting called for such purpose, except as prohibited by any provision of the Declaration, the Act, or these By-Laws, as the same may be amended from time to time. In regard to the voting percentage assigned to that Unit which serves as the Heron Lake clubhouse, that percentage shall not be counted as part of or toward the total percentage of votes needed for the passage of an amendment. No amendment to this Code of By-Laws shall be valid unless and until it is duly recorded in the Office of the Recorder of Marion County, Indiana.

IN WITNESS WHEREOF, I, the undersigned, do hereby execute this Amended and Restated Code of By-Laws and certify the truth of the facts herein stated, this 28 day of March, 2005

Heron Lake Condominium Owner's Association, Inc. by:

Jocelyn L. Acker
Signature

Jocelyn L. Acker, President
Printed and Title

ATTEST:

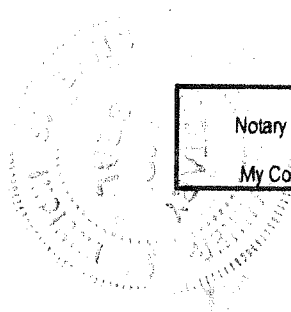
Alma K. Smith
Signature

ALMA K. SMITH, Secretary
Printed and Title

STATE OF INDIANA)
)
COUNTY OF Johnson)

Before me a Notary Public in and for said County and State, personally appeared
Jacelyn L. Acker and Alma K. Smith, the President and
Secretary, respectively, of Heron Lake Condominium Owners' Association, Inc., who acknowledged execution
of the foregoing Amended and Restated Code of By-Laws of Heron Lake Condominium Owners' Association,
Inc. for and on behalf of said corporation and who, having been duly sworn, stated that the representations
contained herein are true.

Witness my hand and Notarial Seal of this 28 day of March, 2005



Scott A. Tanner
Notary Public Seal State of Indiana
Johnson County
My Commission Expires 11/18/12

Notary of Public – Signature

Scott A. Tanner

Printed

My Commission Expires:

11.18.2012

Residence County: Johnson

This instrument prepared by, and should be returned to:

Scott A. Tanner
TANNER LAW GROUP
435 East Main Street, Suite M-1
Greenwood, IN 46143
(317) 884-0787

AFFIDAVIT OF VOTE COUNT
(with Tally Sheets)

Date of Special Meeting to Vote on Bylaw Amendment: December 8, 2004

Quorum Required @ Special Meeting: 51% of total percentage vote

Quorum Present @ Special Meeting (in person or by proxy): 72.28% of total percentage vote

Percentage of Owners Required to Approve Bylaw Amendment: Two-thirds (2/3) of percentage
vote of all Owners at the
Meeting

Percentage of Owners at Meeting who Approved Amendment: 84.15%

Percentage of Owners at Meeting who Voted No to Amendment: 15.85%

VOTE COUNTERS

We, the Vote Counters of the Bylaw Amendment vote, hereby attest that the figures contained in this Affidavit of Vote Count and the accompanying Tally Sheets accurately represent the votes that were cast on this Bylaw Amendment issue, and that the figures are true and accurate to the best of our knowledge and conclusion.

Name: GEORGE WOOD

Signature: George Wood

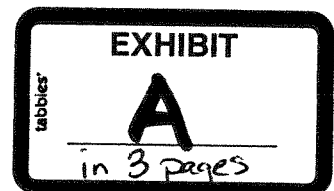
Name: BILL REED

Signature: William Reed

I, Alma Smith, Secretary of the Heron Lake Condominium Owners' Association, Inc., hereby attest that pursuant to Article II, Section 6, of the Bylaws of the corporation, that a valid quorum was present at the Special Meeting held on December 8, 2004, and that pursuant to Article IX, Section 1, of the Bylaws, at least two-thirds (2/3) of the percentage vote in attendance at this Special Meeting, either in person or by proxy, voted in favor of adoption of said amendments to the Bylaws. Therefore, to the best of my knowledge and conclusion, this measure passes and the Amended Bylaws are hereby adopted.

Alma K. Smith
Alma K. Smith, Secretary

12/08/04
Date



Bylaws Vote Count

Votes	24 1-Bedroom .5049%	48 2-Bedroom .6383%	43 3-Bedroom .8342%	22 3+-Bedroom .9336%	TOTAL
Yes	10	22	31	17	80
No	5	7	2	3	17

Vote Counters

We, the 2004 Vote Counters, hereby attest the figures: more fully described above true and accurate to the best of our knowledge and conclusion.

Name GEORGE WOOD Signature George P. Wood
Print

Name BILL REED Signature Bill Reed
Print

I Alma Smith, Secretary to the Heron Lake Condominium Owners Association, Inc. Board of Directors, hereby attest that pursuant to the code of By-laws, Article II Section 6, a Quorum is present personally or by proxy as per the result of the Vote Counters showing 72.28 % is correct to the best of their knowledge and conclusion.

Alma K. Smith 12/08/04
Alma K. Smith, Secretary Date

Bylaws Vote Tally Sheet

Votes	24 1-Bedroom .5049%	48 2-Bedroom .6383%	43 3-Bedroom .8342%	22 3+-Bedroom .9336%	TOTAL
Yes	$10 \times .5049 = 5.05$	$22 \times .6383 = 14.04$	$31 \times .8342 = 25.86$	$17 \times .9336 = 15.87$	$\frac{60.82}{72.28} = \underline{\underline{84.15\%}}$
No	$5 \times .5049 = 2.52$	$7 \times .6383 = 4.47$	$2 \times .8342 = 1.67$	$3 \times .9336 = 2.80$	$\frac{11.46}{72.28} = \underline{\underline{11.46\%}}$

EXHIBIT D
TO
DECLARATION OF CONDOMINIUM OWNERSHIP
AND OF
EASEMENTS, RESTRICTIONS, COVENANTS AND BY-LAWS
FOR
HERON LAKE HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF TRACT

Part of the Southwest Quarter of Section 8, Township 16 North, Range 4 East in Mairon County, Indiana, more particularly described as follows:

Beginning on the North line of said Quarter Section South 90 degrees 00 minutes 00 seconds West 544.00 feet from the Northeast Corner of the said Quarter Section; thence South 00 degrees 00 minutes 00 seconds 470.00 feet; thence South 56 degrees 20 minutes 49 seconds West 993.32 feet; thence South 00 degrees 20 minutes 05 seconds West 90.00 feet to the South line of real estate described in deed of conveyance recorded January 31, 1966, Instrument #66-5187, in the Office of the Recorder of Marion County, Indiana; thence North 89 degrees 39 minutes 55 seconds West parallel with the South line of the said Quarter Section 157.00 feet to the Southwest Corner of the said real estate (Instrument #66-5187); thence North 00 degrees 20 minutes 05 seconds East 60.00 feet to the South line of real estate described in deed of conveyance recorded July 30, 1965, Instrument #65-36727, in the Office of the Recorder of Marion County, Indiana; thence North 89 degrees 39 minutes 55 seconds West parallel with the South line of the said Quarter Section 50.00 feet to the Southwest Corner of the said real estate (Instrument #65-36727); thence North 14 degrees 31 minutes 02 seconds East along the West line of the said real estate (Instrument #65-36727) 50.00 feet to the Southeast Corner of real estate described in deed recorded August 25, 1966, Instrument #66-44003 in the Office of the Recorder of Marion County, Indiana; thence North 90 degrees 00 minutes 00 seconds West 11.542 feet to the Southwest Corner of real estate (Instrument #66-44003); thence North 14 degrees 31 minutes 02 seconds East 275.40 feet; thence North 11 degrees 46 minutes 02 seconds East 750.00 feet to the North line of the said Quarter Section; thence North 90 degrees 00 minutes 00 seconds East along the North line of the said Quarter Section 811.042 feet to the place of beginning, containing 16.661 acres, more or less. Subject, however, to the right of way of East 52nd Street off the North line of the said Quarter Section.

DECLARATION OF RIGHTS OF USE
AND COVENANTS WITH RESPECT TO
PRIVATE LAKE

THIS DECLARATION, made and entered into by MERCHANTS NATIONAL BANK & TRUST COMPANY OF INDIANAPOLIS, as Trustee under a Trust Agreement dated July 20, 1979, and known as Trust No. 800, and not individually (hereinafter referred to as "Merchants") and LAKE COUNTY TRUST COMPANY, as Trustee under a Trust Agreement, dated May 4, 1979, and known as Trust No. 2834, and not individually (hereinafter referred to as "Lake County") (Merchants and Lake County collectively are hereinafter referred to as "Declarants"):

W I T N E S S E T H T H A T:

WHEREAS, Merchants is the owner of certain real estate located in Marion County, Indiana, more particularly described in Exhibit "A" attached hereto and by reference made a part hereof (hereinafter referred to as "Real Estate"); and

WHEREAS, the Real Estate is now improved with an apartment project containing a total of 138 residential apartment units, which project is commonly known as Lake Shore Manor Apartments, Indianapolis, Indiana; and

WHEREAS, Lake County is the owner of certain real estate located in Marion County, Indiana, more particularly described in Exhibit "B" attached hereto and by reference made a part hereof (hereinafter referred to as "Tract"); and

WHEREAS, there is presently situated on portions of the Real Estate and Tract one (1) private lake (hereinafter referred to as the "Lake"), which is presently being used for private recreational purposes by the residents of the Real Estate; and

WHEREAS, it is the desire and intention of Merchants to enable the Real Estate together with all buildings, structures, improvements, fixtures and property of whatsoever kind thereon, and all easements, rights, appurtenances and privileges belonging or in anywise pertaining thereto, to be

owned by Merchants and by each successor in interest of Merchants under a certain type or method of ownership commonly known as condominium ownership; and

WHEREAS, Merchants has created or will create, by the execution and recordation in the Office of the Recorder of Marion County, Indiana of a certain instrument entitled "Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-Laws for Heron Lake Horizontal Property Regime" (hereinafter referred to as the "Condominium Declaration"), create an association of condominium homeowners (hereinafter referred to as the "Condominium Association") which shall have the right and obligation to operate and maintain the Lake; and

WHEREAS, Declarants, acting under direction of the parties authorized to direct Declarants have elected to establish, for the benefit of Declarants, their successors, assigns and legal representatives, and for the mutual benefit of all residents from time to time of the Real Estate and Tract, or any part thereof, certain easements, privileges and rights in, over and upon the Lake and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, Declarants have further elected to declare that the several owners, mortgagees, occupants, and other persons acquiring any interest in the Lake shall at all times enjoy the benefits of, and shall at all times hold their interests subject to the rights, easements, privileges, and restrictions hereinafter set forth;

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Merchants National Bank & Trust Company of Indianapolis, as Trustee aforesaid and not individually, as the owner of the Real Estate and Lake County, as Trustee aforesaid and not individually, as the owner of the Tract, and for the puposes set forth, DECLARE AS FOLLOWS:

1. Declarants hereby grant and convey to every person now or hereafter owning any portion of the Real Estate or Tract and the tenants and residents thereof but only during the time such person shall be a resident of the Real Estate or Tract (hereinafter collectively referred to as the "Residents"), a non-exclusive right of ingress to and egress from the Lake and full riparian rights in and to the use, benefit and enjoyment of the Lake in pari passu with all of the Residents subject to and on the following terms and conditions:

(a) The Lake shall be a private recreational facility to be used only by the Residents for boating, swimming and fishing. No hunting shall be allowed on or around the Lake.

(b) The Lake shall not be used for public purposes; instead, the use of the Lake shall be restricted to the Residents and the members of their immediate families. Guests shall be allowed only when accompanied by and under the direct supervision of the Residents or members of their immediate families.

(c) No motors except for electric trolling motors shall be allowed or used on the Lake; provided, however, that one (1) motorized pontoon boat may be used on the Lake by and for the use of the owners from time to time of the Real Estate or the Condominium Association and one (1) motorized pontoon boat may be used on the Lake by and for the use of the owners from time to time of the Tract.

(d) No boathouses shall be erected in, over or adjacent to the Lake. Docks and storage facilities with suitable appearance will be allowed.

(e) Because of the hazard of pollution and to maintain ecological balance, the Residents are

not to use the Lake for any purpose which would result in the pollution of the Lake by refuse, sewage or other materials; provided, however, that nothing contained herein shall be construed in any manner whatsoever as prohibiting, restricting or in any other manner regulating the construction of any buildings, structures, parking lots or other improvements or the further development of any type or in any manner whatsoever, of the Real Estate or Tract.

(f) There will be no riparian rights to the public at large or to owners of real estate other than the Real Estate and Tract.

(g) The Lake use shall be subject to any reasonable rules and regulations not inconsistent with the terms and provisions hereof in respect to the maintenance and use of the Lake as may be promulgated by the Lake Association (as hereinafter defined).

(h) The Lake use shall be subject to any rules, regulations and restrictions imposed by any governmental authority having jurisdiction.

2. The foregoing rights and privileges shall run with the land in favor of the Real Estate and Tract. All obligations and liabilities of Declarants hereunder shall be enforceable against them only in their respective capacities as Trustee and not personally.

3. The shore line of the Lake, or any portion thereof, may be altered, graded, excavated, filled or in any other manner changed and improvements constructed therein or thereupon as follows:

(a) By or on behalf of the Condominium Association (but only as to that portion of the shore line appurtenant to the Real Estate);

(b) By or on behalf of the owners from time to time of the Tract (but only as to that portion of such shore line appurtenant to the Tract).

(c) By or at the direction of any federal, state or local governmental agency having jurisdiction or pursuant to any applicable statute, regulation, rule or directive of any such governmental agency.

4. At such time as the Tract or any portion thereof is developed for residential purposes and any person or persons shall take up residence thereon, there shall be formed an association for the maintenance and operation of the Lake (hereinafter referred to as the "Lake Association"). Fifty per cent (50%) of the members of the Lake Association shall be appointed by the Condominium Association and fifty per cent (50%) of such members shall be appointed by the owners from time to time of the Tract. Prior to the establishment of the Lake Association, the right and authority of the Lake Association, and all expenses in connection therewith, shall be vested in the Condominium Association. The Lake Association shall have the right and authority from time to time to adopt and enforce reasonable rules and regulations in respect to the maintenance and use of the Lake and the construction of docks and storage facilities and shall bear the responsibility and expenses of maintaining and operating the Lake; provided, however, that all such rules and regulations shall neither discriminate against nor in favor of the owners from time to time of the Real Estate, the owners from time to time of the Tract, nor any group of Residents granted rights hereunder. The Lake Association shall have the further right and authority to assess a reasonable annual fee against the Condominium Association and the owners from time to time of the Tract based on the cost of operation and maintenance of the Lake, which assessment shall be equally between the Condominium Association and the owners from time to time of the Tract.

5. This Declaration shall be binding upon Declarants and their respective heirs, successors in title, assigns and legal representatives and shall inure to the benefit of any successor in title to the Real Estate and the Tract or any portion thereof.

6. The rights of Residents granted under this Declaration and the covenants and restrictions in respect to the use of the Lake and its status as a private recreational facility shall continue in full force and effect until July 1, 2029, at which time they shall be automatically extended for successive periods of ten (10) years each unless terminated, amended or modified by written instrument executed by Declarants, and the Lake Association or their successors in title to the Real Estate or the Tract or any portion thereof and recorded in the Office of the Recorder of Marion County, Indiana. The invalidity of any of the covenants and restrictions contained herein shall not affect any other terms and provisions of this Declaration.

IN WITNESS WHEREOF, the Declarants, Merchants National Bank & Trust Company of Indianapolis, as Trustee aforesaid and not individually, and Lake County Trust Company, as Trustee aforesaid and not individually, have caused this Declaration to be signed by their duly authorized representatives this _____ day of _____, 1979.

MERCHANTS NATIONAL BANK & TRUST
COMPANY OF INDIANAPOLIS,
as Trustee aforesaid and not
individually

By: _____

ATTEST:

LAKE COUNTY TRUST COMPANY,
as Trustee aforesaid and
not individually

By: _____

ATTEST:

STATE OF _____)
COUNTY OF _____) SS:

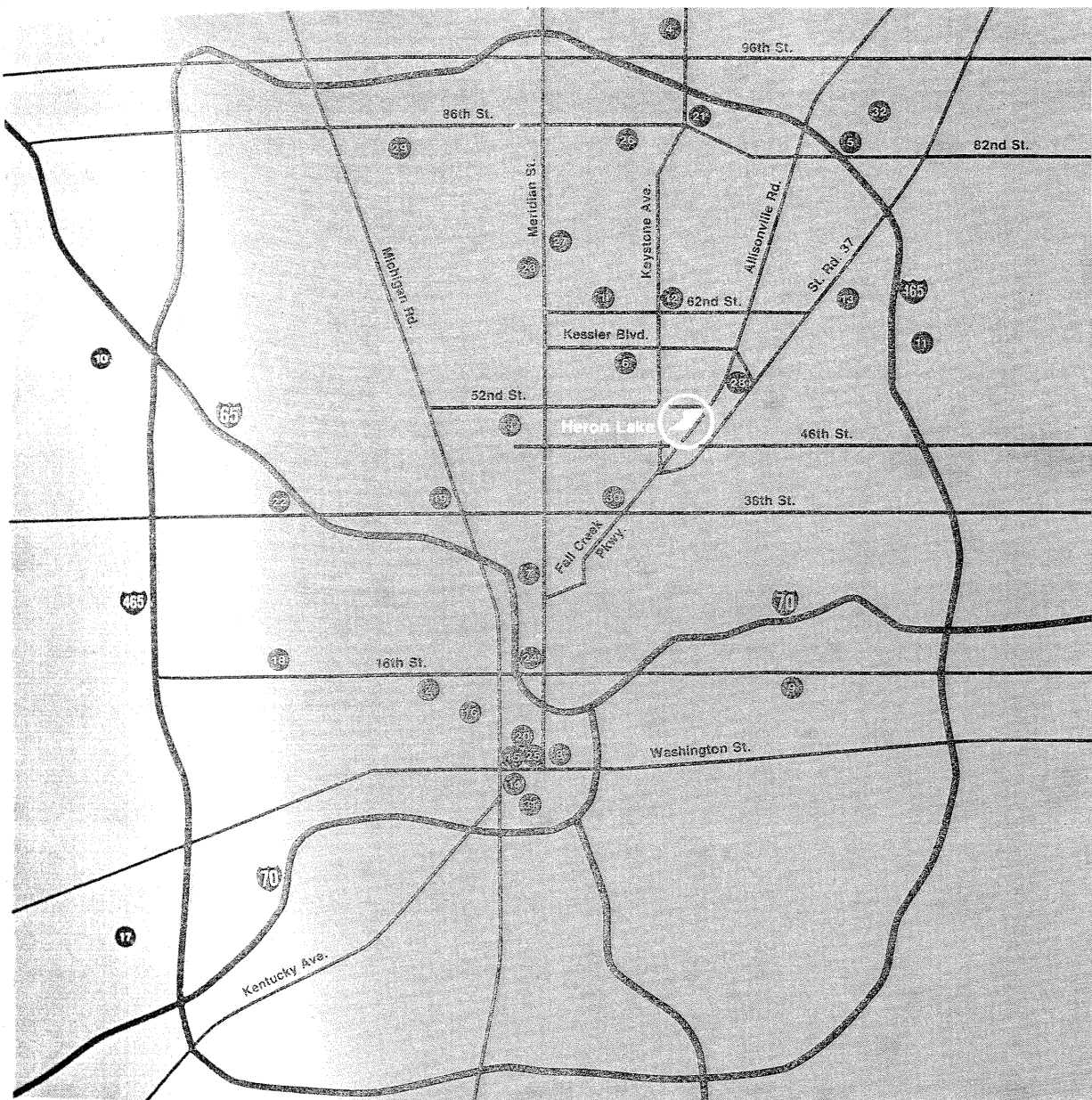
Before me, a Notary Public in and for said County and
State, personally appeared _____
and _____, the _____
and _____, respectively, of Merchants National
Bank & Trust Company of Indianapolis, as Trustee, each of whom,
having been duly sworn, acknowledge the execution of the fore-
going Declaration as Trustee, for and on behalf of said Trust.

GIVEN under my hand and Notarial Seal this _____ day
of _____, 1979.

(_____) Notary Public

My Commission Expires:

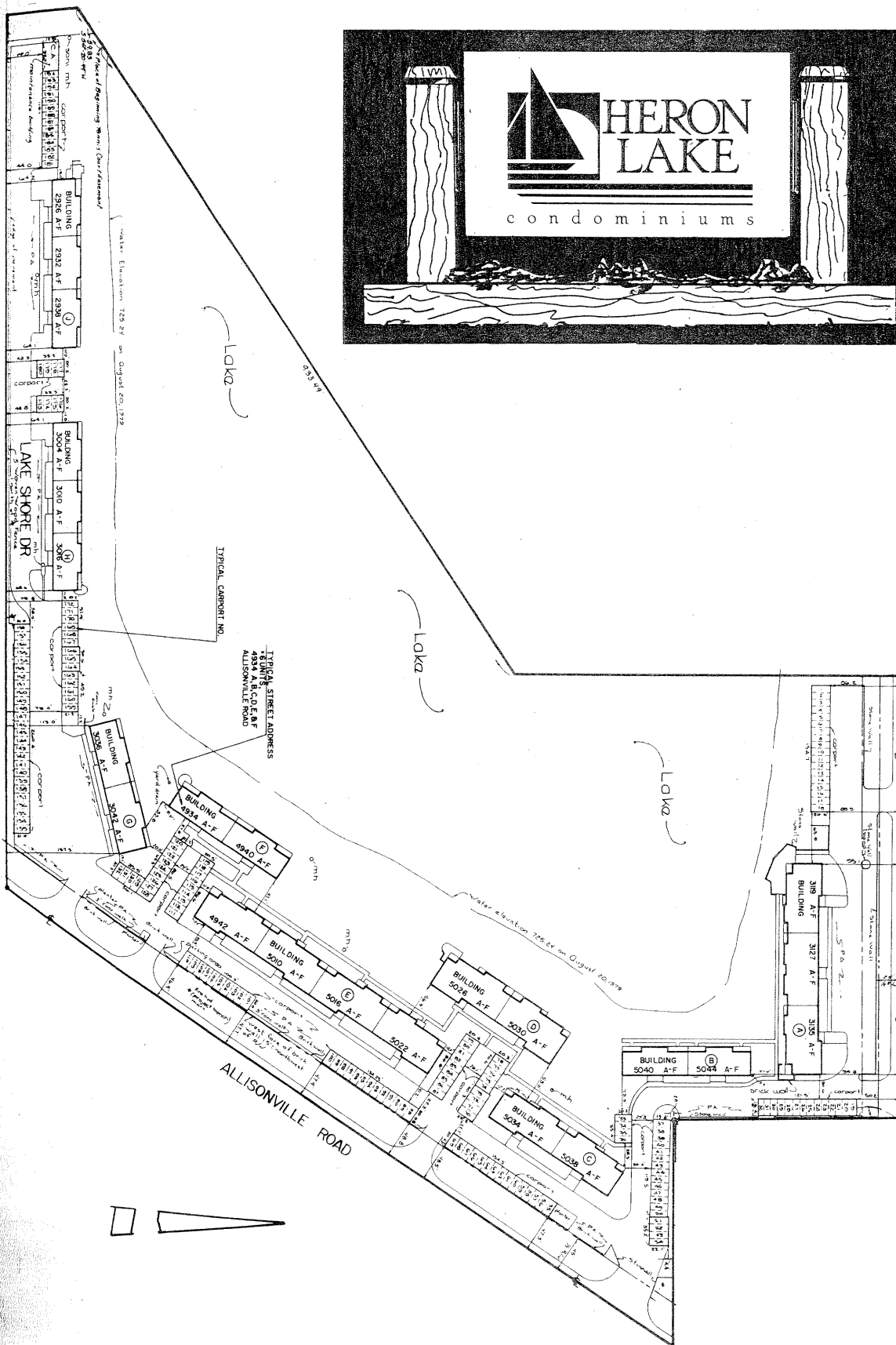
My County of Residence:



1. Broad Ripple Park
2. Bush Stadium
3. Butler University/
Clowes Hall
4. To Carmel
5. Castleton Square
Shopping Center
6. Chatard High School
7. Children's Museum
8. City-County Building
9. Community Hospital
10. Eagle Creek Park
11. Fort Benjamin Harrison
12. Glendale
Shopping Center
13. Hillcrest Country Club

14. Hoosierdome -
Indianapolis
Convention Center
15. Indiana State House
16. Indiana University -
IUPUI - Medical
Center - Law School
17. Indianapolis
International Airport
18. Indianapolis
Motor Speedway
19. Indianapolis
Museum of Art
20. Indianapolis
Sports Center
21. Keystone at the
Crossing

22. Lafayette Square
Shopping Center
23. Meridian Hills
Country Club
24. Methodist Hospital
25. Monument Circle
26. North Central
High School
27. Park Tudor
(Private School)
28. St. Matthews Church
and School
29. St. Vincents Hospital -
Humana Hospital
30. State Fair Grounds
31. Union Station
32. William S. Sahm Park



AMENDMENT TO DECLARATION OF
EASEMENTS, RESTRICTIONS, COVENANTS AND BY-LAWS OF
HERON LAKE HORIZONTAL PROPERTY REGIME

THIS INSTRUMENT, executed and acknowledged by the under-
signed, being all the members of the Board of Directors of HERON
LAKE CONDOMINIUM OWNERS' ASSOCIATION, INC., an Indiana not-for-
profit corporation (hereinafter referred to as the
"Association"), WITNESS THAT a certain declaration entitled
Declaration of Condominium Ownership and of Easements,
Restrictions, Covenants and By-Laws for Heron Lake Horizontal
Property Regime, dated July 31, 1979, executed by Merchants
National Bank & Trust Company of Indianapolis, as trustee under a
certain trust agreement dated July 20, 1979, known as Trust No.
800 (hereinafter referred to as "Declarant"), and recorded on
August 1, 1979, in the office of the Recorder of Marion County,
Indiana (hereinafter referred to as the "Recorder"), as
Instrument No. 79-56193 as amended by an amendment dated October
5, 1979, and recorded on October 15, 1979, in the office of the
Recorder as Instrument No. 79-78984, and an amendment dated
October 26, 1979, and recorded on October 26, 1979, in the office
of the Recorder as Instrument No. 79-82843 (such declaration as
amended hereinafter referred to as the "Declaration"), is hereby
amended as follows:

1. Article II, Section 3, of the By-Laws of the
Association is deleted in its entirety, and the following is
inserted in lieu thereof:

"Section 3. Annual Meetings. The initial
meeting of the voting Members shall be held upon
ten (10) days' written notice given by Declarant.
Until such time as Declarant has consummated the

sale of one hundred thirty seven (137) condominium units in Heron Lake Horizontal Property Regime, such written notice shall not be given unless the Declarant, at its election, elects to do so after consummating the sale of fifty-one percent (51%) of all condominium units in Heron Lake Horizontal Property Regime. The formation of the Association by Declarant shall not require Declarant to call the intitial meeting of the voting Members any earlier than provided in the preceding sentence. Thereafter, there shall be an annual meeting of the voting Members on the first Tuesday of October following such initial meeting and on the first Tuesday of October of each succeeding year thereafter at 7:30 P.M., or at such other year thereafter at 7:30 P.M., or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board delivered to the voting Members not less than ten (10) days prior to the date fixed for said meeting."

2. The following section is inserted in Article III of the By-Laws of the Association immediately following Section 8 thereof:

"Section 9. Committees. The Board of Directors may, by resolution adopted by a majority of the actual number of directors elected and qualified, from time to time, designate two (2) or more of the Members or its members to constitute an Executive Committee, or such other committees as it may determine, which committees shall have the powers and authority and shall perform the duties specified in the resolution. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him."

3. Article VII of the Declaration is deleted and the following is inserted in lieu thereof:

"Article VII

"PURCHASE OF CONDOMINIUM UNITS BY THE BOARD

"1. Consent of Voting Members. The members of the Board or their duly authorized representatives, acting on behalf of the other Owners, may

purchase any Condominium Unit, or interest therein, upon the prior written consent of the voting members having two-thirds (2/3) or more of the total votes. The consent of the voting members shall set forth a maximum price which the members of the Board or their duly authorized representatives are authorized to pay for the Condominium Unit, or interest therein.

"2. Financing of Purchase. (a) Acquisition by the Board of Condominium Units, or any interest therein, under the provisions of this Article shall be made from the maintenance fund specified in the By-Laws. If the maintenance fund is insufficient, the Board shall levy an assessment against each Owner in the ratio that such Owner's percentage of ownership in the Common Areas and Facilities as set forth in Exhibit "B" bears to the total of all such percentages applicable to Condominium Units subject to such assessment, which assessment shall become a lien and be enforceable in the same manner as provided in Article X hereof.

"(b) The members of the Board, in their discretion, may borrow money to finance the acquisition of any Condominium Unit, or interest therein, authorized by this Article; provided however, no financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Condominium Unit, or interest therein, to be acquired.

"3. Title to Acquired Interest. Condominium Units, or interest therein, acquired pursuant to the terms of this Article shall be held or recorded in the name of the Association as an entity or of the members of the Board and their successors in office, or such nominee as they shall designate, for the benefit of all the Owners, whichever the Board, in its sole discretion, deems appropriate. Such Condominium Units, or interests therein, shall be sold or leased by the Board in such manner as the Board shall determine appropriate. All proceeds of such sale and/or leasing shall be deposited in the maintenance fund and credited to each Owner in the same proportion in which the Board could levy a special assessment under the terms of paragraph 2(a) of this Article VII.

"4. Board's Right to Remedy Defaults. In the event any Owner shall default in the payment of any monies required to be paid under the provisions of any mortgage against the Owner's Condominium Unit, the Board shall have the right to cure such default by paying the amount so owing to the party

entitled thereto and shall thereupon have a lien therefor against such Condominium Unit, which lien shall have the same force and effect and may be enforced in the same manner as provided in Article X thereof.

"5. Special Amendment. Declarant reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with the requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veterans' Administration, or any other governmental agency or any other public, quasi-public, or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages covering any of the Condominium Units, (iii) to bring this Declaration into compliance with the Act, or (iv) to correct clerical or typographical errors in this Declaration or any exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to vote in favor of, make, or consent to a Special Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Condominium Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to Declarant to vote in favor of, make, execute, and record all Special Amendments. The right of Declarant to act pursuant to rights reserved or granted under his Paragraph 5 of this Article VII shall terminate at such time as the Declarant no longer holds or controls title to a Condominium Unit."

4. The last sentence of paragraph 2 of Article X is deleted, and the following is inserted in lieu thereof:

"Upon the deed of such sale, the purchaser at such sale shall thereupon be entitled to the Condominium Unit and to immediate possession of the Condominium Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such

possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the property sold subject to this Declaration."

In accordance with Article IX of the By-Laws of the Association, the amendments set forth in paragraphs 1 and 2 above were effected by unanimous written consents to resolutions of the Board of Directors of the Association dated November 27, 1979, and November 26, 1980, respectively.

In accordance with paragraph 8 of Article XII of the Declaration, the undersigned certify that the amendments set forth in paragraphs 3 and 4 above were approved by members of the Association having at least two-thirds (2/3) of the total votes at a meeting of the members of the Association duly called for the purpose of considering such amendments. Further, copies of such amendments were mailed to mortgagees of record as indicated in the affidavit attached hereto as Exhibit "A" and by reference made a part hereof.

IN WITNESS WHEREOF, the undersigned have executed this Instrument this 19th day of October, 1981.

c/s

Robert L. Bernstein

c/s

Richard C. Filitti

c/s

Mary Parrilli

CONSENT

The undersigned, as trustee under a certain trust agreement dated July 20, 1979, known as Trust No. 800, and not individually, being the Declarant under the Declaration, hereby consents to the foregoing amendments, this _____ day of November, 1981.

MERCHANTS NATIONAL BANK & TRUST
COMPANY OF INDIANAPOLIS, as trustee
aforesaid and not individually

By: c/s
Mary Y. Marsh, Vice President

Attest:

c/s
Mary V. Hunter, Assistant Cashier

STATE OF ILLINOIS)
) SS:
COUNTY OF WILL)

Before me, a Notary Public in and for said County and State, personally appeared Robert L. Bernstein, being one of the duly elected and qualified members of the Board of Directors of Heron Lake Condominium Owners' Association, Inc., an Indiana not-for-profit corporation, who, having been duly sworn, acknowledged the execution of the foregoing Instrument and stated that the representations contained therein are true.

Witness my hand and Notarial Seal this 28th day of October, 1981.

c/s
Carol A. McCurdy, Notary Public

My Commission Expires:

My County of Residence is:

Exhibit "A"

AFFIDAVIT

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

The undersigned, being first duly sworn, on his oath states that he is the duly elected and acting Secretary of Heron Lake Condominium Owners' Association, Inc., an Indiana not-for-profit corporation ("Corporation"), and a member of the Board of Directors of the Corporation and that copies of the amendments to the Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-Laws for Heron Lake Horizontal Property Regime which were approved by the members/owners of the corporation at a special meeting thereof on September 24, 1981, were mailed by certified mail to all mortgagees having bona fide liens of record against any Condominium Unit in Heron Lake Horizontal Property Regime not less than ten (10) days prior to the date of this Affidavit.

IN WITNESS WHEREOF, the undersigned has executed this Affidavit this 19th day of October, 1981.

c/s

Richard C. Filitti, Secretary of
Heron Lake Condominium Owners'
Association, Inc.

Subscribed and sworn to before me, a notary public in and for said County and State and a resident of Marion County, Indiana, this 19th day of October, 1981.

c/s

Janice L. Arbuckle, Notary Public

My County of Residence is:

Marion

My Commission Expires:

8-27-82

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared Richard C. Filitti, being one of the duly elected and qualified members of the Board of Directors of Heron Lake Condominium Owners' Association, Inc., an Indiana not-for-profit corporation, who, having been duly sworn, acknowledged the execution of the foregoing Instrument and state that the representations contained therein are true.

Witness my hand and Notarial Seal this 28th day of October, 1981.

 c/s
Janice L. Arbuckle, Notary Public

My Commission Expires:

 8-27-82

My County of Residence is:

 Marion

STATE OF ILLINOIS)
) SS:
COUNTY OF WILL)

Before me, a Notary Public in and for said County and State, personally appeared Mary Parrilli, being one of the duly elected and qualified members of the Board of Directors of Heron Lake Condominium Owners' Association, Inc., an Indiana not-for-profit corporation, who, having been duly sworn, acknowledged the execution of the foregoing Instrument and state that the representations contained therein are true.

Witness my hand and Notarial Seal this 28th day of October, 1981.

 c/s
Carol A. McCurdy, Notary Public

My Commission Expires:

My County of Residence is:

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared Mary Y. March and Mary V. Hunter, a Vice President and an Assistant Cashier, respectivley, of Merchants National Bank & Trust Company of Indianapolis, a national banking association, who, having been duly sworn, acknowledged the execution of the foregoing Instrument for and on behalf of said Bank and state that the representations contained therein are true.

Witness my hand and Notarial Seal this 28th day of October, 1981.

 c/s
Notary Public

My Commission Expires:

My County of Residence is:

This instrument was prepared by Robert D. West, Attorney.