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(f) "Majority Vote" means majority of the Percentage
pursuant to Section 3.06.
(e) "Managing Agent" means a reputable and recognized
professional property management agent employed by the Board

(d) "Initial Board" means those individuals appointed
by Declarant as Directors pursuant to the power reserved to
Declarant by Section 3.02 in their capacity as the Board of
Directors.

(c) "Directors" means all the members of the Board of
Directors and "Directors" means any individual member
thereof.
(b) "Assessment" means all sums lawfully assessed
against the Homeowners or as declared by the Declaration, any
Supplementary Declaration, the Articles, or these By-Laws.

(a) "Articles" means the Articles of Incorporation of
the Association.

Section 1.02. Additional Definitions. Notwithstanding any
other definition in the Declaration, the following terms as used
in these By-Laws shall have the following meanings:

Section 1.01. Identification and Adoption. These By-Laws
are adopted simultaneously with the execution of a certain
Declaration of Covenants, Conditions and Restrictions of the
Moorings to which these By-Laws are attached and made a part.
The Declaration is incorporated herein by reference, and all of
the covenants, rights, restrictions and liabilities therein con-
tained shall apply to and govern the interpretation of these
By-Laws. Except as otherwise provided in Section 1.02 hereof,
the definitions and terms as defined and used in the Declaration
shall have the same meaning in these By-Laws and reference is
specifically made to Paragraph 1 of the Declaration containing
definitions of terms. 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.

Identification and Applicability

ARTICLE I

CODE OF BY-LAWS OF
THE MOORINGS
AND OF
MOORINGS OWNERS' ASSN., INC.,

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Section 2.02. Annual Meetings. The annual meeting of the Members shall be held on the first Tuesday of April in each calendar year. At the annual meeting, the Homeowners shall (subject to the provisions of Section 3.02 hereof) elect the Board of Directors in accordance with the provisions of these By-Laws and transact such other business as may properly come before the meeting.

Section 2.01. Purpose of Meetings. At least annually, and at such other times as may be necessary, the meetings of the Homeowners shall be held for the purpose of electing the Board (Subject to the provisions of Section 3.02 hereof), approving the annual budget, providing for the collection of Common Expenses and for such other purposes as may be required by the Declaration, the Articles and these By-Laws.

Meetings of Association

ARTICLE II

Section 1.03. Individual Application. All of the Homeowners, future Homeowners, tenants, future tenants or their guests and invitees, or any other person that might use or occupy a Home or any part of the property, shall be subject to the restrictions, terms and conditions set forth in the Declaration, the Articles and these By-Laws and to any rules and regulations adopted by the Board as herein provided.

(j) "Applicable Date" means the earliest of (i) January 1st, 1997, or (ii) four (4) months after seventy-five percent (75%) of the Homes that may be developed on the Real Estate have been conveyed to purchasers, or (iii) the date Declarant files of record in the office of the Recorder of Marion County, Indiana, an instrument waiving and releasing its reserved rights and duties.

(i) "Special Assessment" means the Assessment levied pursuant to Section 6.03.

(h) "Regular Assessment" means the Assessment levied pursuant to Section 6.02.

(g) "Member" means a member of the Association and "Members" means more than one member of the Association.

Vote present and voting at any duly constituted meeting of the Members.

(b) Multiple Homeowner. Where the Homeowner of a Home constitutes or consists of more than one Person, or is a partnership, there shall be only one voting representative entitled to all of the Percentage Vote allocable to that Home. At the time of acquisition of title to a Home by a multiple Homeowner or a partnership, those Persons constituting such Homeowner or the partners shall file with the Secretary an irrevocable proxy appointing one of such Persons or partners as the voting representative for such Home, which shall remain in effect until all of those Persons constituting such multiple Homeowner or a majority of the partners in such partnership designate another voting representative in writing, or such appointed representative relinquishes such appointment in writing, becomes incompetent, dies or such appointment is otherwise rescinded by order of a court of competent jurisdiction or the Homeowner no longer owns

(a) Number of Votes. All Persons who own a Home shall jointly (and not severally) be entitled to cast one vote for each Home; they own on each matter coming before the meeting as to which they are entitled to vote.

Section 2.05. Voting.

Section 2.04. Notice and Place of Meeting. All meetings of the Members shall be held at any suitable place in Marion County, Indiana, as may be designated by the Board. Written notice stating 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 to each Member entitled to vote thereat not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the Homeowners at the addresses of their respective Homes and not otherwise. A copy of each such written notice shall also be delivered or mailed simultaneously by the Secretary to each Mortgagee (a) who requests in writing that such notices be delivered to it, and (b) who has furnished the Association with its name and address in accordance with Section 12.01 of these By-Laws. Attendance at any meeting in person by agent or by proxy shall constitute a waiver of notice of such meeting.

Section 2.03. Special Meetings. A special meeting of the Members may be called by resolution of the Board or upon a written petition of Homeowners who have not less than ten percent (10%) of the Percentage Vote. The resolution or petition shall be presented to the President or Secretary of the Association (references herein to an officer shall be to that officer 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.

(1) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto, unless such reading is waived by a Majority Vote.

(a) Annual Meeting. The President shall act as the chairman of all annual meetings of the Association if he is present. At all annual meetings, the chairman shall call the meeting to order at the duly designated time and business will be conducted in the following order:

Section 2.06. Conduct of Meetings.

(f) Quorum. Except where otherwise expressly provided in the Declaration or these By-Laws, a Majority of Homeowners shall constitute a quorum at all meetings of the Members.

(e) Pledges. If the vote of a Homeowner or Homeowners has been pledged by mortgage, security agreement, conditional assignment, or other instrument, an executed copy of which has been filed with the Secretary, only the pledgee shall be entitled to cast the vote of such Homeowner or Homeowners upon those matters upon which the Homeowner or Homeowners vote is so pledged.

(d) Proxy. A Homeowner may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Homeowner shall duly designate his attorney-in-fact in writing, delivered to the Secretary prior to the commencement of the meeting. Such proxy does not have to be recorded with the Marion County Recorder but shall be maintained as a part of the permanent records of the corporation for at least a two (2) year period.

(c) Voting by Corporation or Trust. Where a corporation or trust is a Homeowner or is otherwise entitled to vote, the trustee 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 may cast the vote to which the corporation is entitled. The secretary of the corporation or a trustee of the trust so entitled to vote shall deliver or cause to be delivered prior to the commencement of the meeting a certificate signed by such person to the Secretary stating who is authorized to vote on behalf of said corporation or trust.

Such Homeowner may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.05, which shall not constitute a permanent relinquishment of his right to act as voting representative for the Home.

(b) Special Meeting. The President shall act as chairman of any special meetings of the Association if he is present. 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 the matters for which such meeting was called, as set forth in the notice of such special meeting.

(6) Adjournment.

(5) Other Business. Other business may be brought before the meeting only by decision of the Board of Directors or upon a written request of a Homeowner submitted to the Secretary of the Association at least seven (7) days prior to the date of the meeting, except that such written request may be waived at the meeting if agreed by a Majority of Homeowners.

(4) Election of Board of Directors. After the Applicable Date, nominations for the Board may be made by any Homeowner from those Persons eligible to serve such nominations must be in writing and presented to the Secretary at least seven (7) days prior to the date of the annual meeting. Voting for the Board will be by paper ballot. The ballot shall contain the name of each Person nominated to serve as a member of the Board. Each Homeowner may cast the total number of votes to which he is entitled for as many nominees as are to be elected; however, he shall not be entitled to cumulate his votes. Those Persons receiving the highest number of votes shall be elected. Each voting Homeowner shall sign his ballot. Prior to the Applicable Date, the nomination and election of the Board shall be governed by the provisions of Section 3.02 hereof.

(3) Budget. The proposed budget for the current fiscal year shall be presented to the Homeowners for approval or amendment.

(2) Treasurer's Report. The Treasurer shall report to the Homeowners concerning the financial condition of the Association and answer relevant questions of the Homeowners concerning the Common Expenses and financial report for the prior year and the proposed budget for the current year.

Board Of Directors

ARTICLE III

Section 3.01. Management. The affairs of the Association and the meetings shall be governed and managed by the Board of Directors. Prior to the Applicable Date, the Board shall be composed of three (3) individuals; after the Applicable Date, the Board shall be composed of nine (9) individuals. No individual shall be eligible to serve as a Director unless he is, or is deemed in accordance with the Declaration to be, a Homeowner excepting as provided in Section 3.02 hereof.

Section 3.02. Initial Board of Directors. The initial Board of Directors shall be William A. Schmadeke, Dan Folzenlogel and Sandra Sue Murray, all of whom have been or shall be appointed by Declarant or any successor Declarant by reason of obtaining title to all unsold lots and lands which are a part of the Property. Notwithstanding anything to the contrary contained in, or any other provisions of, these By-Laws and the Declaration (a) The initial Board shall hold office until the Applicable Date, and (b) in the event of any vacancy or vacancies occurring in the initial Board for any reason or cause whatsoever, prior to the Applicable Date, every such vacancy shall be filled by an individual appointed by Declarant, who shall thereafter be deemed a member of the initial Board. Each Homeowner, by acceptance of a deed to a lot or by acquisition of any interest in a home by any type of juridic acts inter vivos or causa mortis, or otherwise, shall be deemed to have appointed Declarant as such Homeowner's agent, attorney-in-fact and proxy, which appointment shall be deemed coupled with an interest and irrevocable until the Applicable Date, to exercise all the said Owner's right to vote and to vote as Declarant determines on all matters for which Members are entitled to vote under the Declaration and these By-Laws, or otherwise. This appointment of Declarant as such Homeowner's agent, attorney-in-fact and proxy shall not be affected by subsequent incompetence of the Homeowner granting the same.

Section 3.03. Additional Qualifications. Where a Homeowner consists of more than one individual or is not a natural Person, then one of the individuals constituting the multiple Homeowner, or a partner, an officer or the trustee of a Homeowner shall be eligible to serve on the Board, except that no single Home may be represented on the Board by more than one individual at a time.

Section 3.04. Term of Office and Vacancy. Subject to the provisions of Section 3.02 hereof, three (3) members of the Board shall be elected at each annual meeting of the Association. The initial Board shall be deemed to elect and re-elected as the Board of Directors at each annual meeting until the Applicable

(a) protection, surveillance and replacement of the Common Areas and Limited Areas, unless the same are otherwise the responsibility or duty of the Homeowners; 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;

Section 3.06. Duties of the Board of Directors. The Board shall provide for the administration of the Moorings, the maintenance, upkeep and replacement of the Common Areas and Limited Areas (unless the same are otherwise the responsibility or duty of the Homeowners), and the collection and disbursement of the Common Expenses. After the Applicable Date, the Board may, on behalf of the Association, employ a Managing Agent upon such terms as the Board shall find, in its discretion, reasonable and customary. The Managing Agent shall assist the Board in carrying out its duties, which include, but are not limited to:

Section 3.05. Removal of Directors. A Director or Directors, except the members of the Initial Board, may be removed with or without cause by vote or a Majority of Homeowners at a special meeting of the Members duly called and constituted for that purpose. In such case, his successor shall be elected at the same meeting from eligible Homeowners nominated at the meeting. A Director so elected shall serve until the next annual meeting of the Members or until his successor is duly elected and qualified.

After the Applicable Date, each member of the Board of Directors shall be elected for a term of three (3) years, except that at the first election after the Applicable Date three (3) Directors shall be elected for a three (3) year term, three (3) for a two (2) year term, and three (3) for a one (1) year term so that the terms of one-third (1/3) of the Directors shall expire annually. There shall be separate nominations for the office of each Director to be elected at such first election after the Applicable Date. Each Director shall hold office throughout the term of his election and until his successor is elected and qualified. Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the Homeowners if a Director is removed in accordance with Section 3.05. The Director so filling a vacancy shall serve until the next annual meeting of the Members and until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Director shall be elected for the balance of the term of the Director so removed or in respect to whom there has otherwise been a vacancy.

- (b) procuring of utilities used in connection with The Moorings, removal of garbage and waste, and snow removal from the Common Areas;
- (c) landscaping, painting, decorating, furnishing, maintaining and repairing the Common Areas;
- (d) surfacing, paving and maintaining drives, parking areas and sidewalks in Common Areas.
- (e) assessment and collection from the Homeowners of the Homeowner's share of the Common Expenses.
- (f) preparation of the proposed annual budget;
- (g) preparing and delivering annually to the Homeowners a full accounting of all receipts and expenses incurred in the prior year;
- (h) keeping a current, accurate and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses; and
- (i) procuring and maintaining for the benefit of the Homeowners, the Association and the Board the insurance coverages required by Section 8.01 and such other insurance coverages as the Board, in its sole discretion, may deem necessary or advisable.
- (j) making available to Homeowners and Mortgagees current copies of the Declaration, By-Laws and rules and regulations governing The Moorings ("Organizational Documents") and any other books, records and financial statements of the Association. The Board shall also make available to prospective purchasers of Homes current copies of the Organizational Documents and the most recent annual audited financial statement, if such statement has been prepared. "Available" means available for inspection upon request during normal business hours or under other reasonable circumstances. Upon written request by the United States Department of Housing and Urban Development or the Veterans Administration, the Board shall also prepare and furnish within a reasonable time an audited financial statement for the Association for the immediately preceding fiscal year.
- Section 3.07. Powers of the Board of Directors. The Board shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the power:

Section 3.09. Compensation. No Director shall receive any compensation for his services as a Director except to such extent as may be expressly authorized by a Majority of Homeowners. The

(c) expenditures necessary to deal with emergency conditions in which the Board reasonably believes that it is in the best interests of the Homeowners to call a meeting of the Homeowners;

(b) proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Homeowners at the annual meeting; and

(a) contracts for replacing or restoring portions of the Common Areas damaged or destroyed by fire or other cause where the cost thereof is payable out of insurance proceeds actually received;

Section 3.08. Limitation on Board Action. After the Applicable Date, the authority of the Board to enter into contracts shall be limited to contracts involving a total expenditure of less than \$5,000.00 without obtaining the prior approval of a Majority of Homeowners, except that in the following cases such approval shall not be necessary:

(g) to adopt, revise, amend and alter from time to time rules and regulations with respect to use, occupancy, operation and enjoyment of the Property.

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

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

(d) to employ, designate, discharge and remove such personnel as in the judgment of the Board may be necessary for the maintenance, upkeep, repair and replacement of the Common Areas;

(c) to employ legal counsel, architects, contractors, accountants and other as in the judgment of the Board may be necessary or desirable in connection with the business and affairs of the Moorings;

(b) to purchase for the benefit of the Homeowners such equipment, materials, labor and services as may be necessary in the judgment of the Board;

(a) to employ a Managing Agent to assist the Board in performing its duties;

Managing Agent shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense;

Section 3.10. Meetings.

(a) Organization Meeting. The Board shall meet each year within ten (10) days from and including the date of the annual meeting of the Association, at such time and place as shall be fixed at the annual meeting, for the purpose of organization, election of officers and consideration of any other business that may properly be brought before the meeting, and no notice shall be necessary to any newly elected Directors in order legally to constitute such meeting if a quorum is present.

(b) Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors. The Secretary shall give notice of regular meetings of the Board to each Director. The Secretary shall give notice of regular meetings of the Board to each Director personally or by mail, and at least three (3) days prior to the date of such special meeting, give notice to the members of the Board. 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 and at such time within Marion County, Indiana, as shall be designated in the notice.

(c) Special Meetings. Special meetings of the Board may be called by the president or any two (2) members of the Board. The Director or Directors 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 members of the Board. 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 and at such time within Marion County, Indiana, as shall be designated in the notice.

Section 3.11. Waiver of Notice. Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting or his subsequent consent to the actions taken thereat, shall, as to such Director, constitute a waiver of notice of the time, place and purpose thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.12. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if a consent in writing setting forth such actions so taken is signed by all Directors and such written consent is filed with the minutes of the proceedings of the Board.

Section 3.13. Quorum. At all meetings of the Board 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 3.14. Non-Liability of Directors. The Directors shall not be liable to the Homeowners or any other Persons for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Directors, except for their own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify and hold harmless and defend each of the Directors against any and all liability to any Persons arising out of contracts made by the Board on behalf of the Homeowners or the Association, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these By-Laws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Board or the Association and that in all matters the Board is acting for and on behalf of the Homeowners as their agent. The liability of any Homeowner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Directors shall be limited to such percentage of the total liability or obligation thereunder as is equal to his Percentage Interest. Every contract made by the Board or the Managing Agent on behalf of the Homeowners shall provide that the Board and the Managing Agent, as the case may be, are acting as agent for the Home owners and shall have no personal liability thereunder, except in their capacity as Homeowners (if applicable) and ten only to the extent of their Percentage Interests.

Section 3.15. Additional Indemnity of Directors. The Association shall indemnify, hold harmless and defend any individual, his heirs, assigns and legal representatives made a party to any action, suit or proceeding by reason of the fact that he is or was a Director, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director is liable for gross negligence or misconduct in the performance of his duties. The Association shall also reimburse to any such Director the reasonable costs of settlement of or judgment rendered in any action, suit or proceeding, if it shall be found by a Majority of Homeowners that such Director was not guilty of gross negligence or misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against a Director, no Director shall be considered or deemed to be guilty of or liable for negligence or misconduct in the performance of his duties where, acting in good faith, such Director relied on the books and records of the Association or statements or advice made by or prepared by the Managing Agent or any officer or employee thereof, or any accountant, attorney or

other person employed by the Association to render advice or service unless such director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director be deemed guilty of or liable for negligence or misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board.

Section 3.16. Transactions Involving Affiliates. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any Person (including Declarant or any partner of Declarant) in which one or more of the Directors are directors, officers, partners, or employees or are pecuniarily or otherwise interested shall be void or voidable because such Director or Directors are present at the meeting of the Board that authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose if:

- (a) the contract or transaction is between the Association and Declarant or any affiliate of Declarant entered into prior to the Applicable Date;
- (b) the fact of the affiliation or interest is disclosed in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (c) the fact of the affiliation or interest is disclosed or known to the Homeowner, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (d) the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Affiliated or interested Directors may be counted in determining the presence of the quorum of any meeting of the Board thereof that authorizes, approves or ratifies any contract or transaction with like force and effect as if they were not so affiliated or not so interested.

Section 3.17. Bonds. Blanket fidelity bonds shall be maintained by the Association for all officers, directors and employees of the Association and all other persons handling, or responsible for, funds of or administered by the Association. Where the Managing Agent has the responsibility for handling or administering funds of the Association, the Managing Agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or