
CODE OF BY-LAWS OF
COVENTRY VILLAS
AND
COVENTRY VILLAS OWNERS ASSOCIATION, INC.

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ARTICLE I

Identification and Applicability

Section 1.01. **Identification and Adoption.** These By-Laws are adopted simultaneously with the execution of a certain Declaration creating Coventry Villas Condominium 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 contained 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.

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:

- a. "Articles" means the Articles of Incorporation of the Association
- b. "Assessment" means all sums lawfully assessed against the Owners or as declared or authorized by the Act, the Declaration, any Supplementary Declaration, the Articles, or these By-Laws.
- c. "Directors" means all the members of the Board of Directors and "Director" means any individual member thereof.
- 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.
- e. "Managing Agent" means a reputable and recognized professional property management agent employed by the Board pursuant to Section 3.06.
- f. "Majority Vote" means a majority of the Percentage Vote present and voting at any duly constituted meeting of the Members.
- g. "Member" means a member of the Association and "Members" means more than one member of the Association.
- h. "Regular Assessment" means the Assessment levied pursuant to Section 6.02.
- i. "Special Assessment" means the Assessment levied pursuant to Section 6.03.
- j. "Statute" means the Indiana Nonprofit Corporation Act of 1991, as amended.

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

ARTICLE II

Meetings of Association

Section 2.01. **Purpose of Meetings.** At least annually, and at such other times as may be necessary, the meetings of the Owners 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, these By-Laws, the Act or the Statute.

Section 2.02. **Annual Meetings.** The annual meeting of the Members shall be held on the second Tuesday of June in each calendar year. At the annual meeting, the Owners 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 2.03. **Special Meetings.** A special meeting of the Members may be called by resolution of the Board, or upon a written petition of Owners who have not less than ten percent (10%) of the Percentage Vote. The resolution or petition shall be presented to the President or Secretary of the Association (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.

**AMMENDMENT TO THE
CODE OF BYLAWS OF
COVENTRY VILLAS
AND
COVENTRY VILLAS OWNERS ASSOCIATION, INC.**

ARTICLE II

MEETINGS OF ASSOCIATION

Section 2.01. **Purpose of Meetings.** At least annually, and at such other times as may be necessary or appropriate, a meeting of the 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 2.02. **Annual Meeting.** The annual meeting of 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 Members shall elect the Board of Directors of the Association in accordance with the provisions of these By-Laws and transact such other business as may properly come before the meeting.

Section 2.04. **Notice and Place of Meeting.** All meetings of the Members shall be held at any suitable place in Allen 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 therat not less than ten (10) days prior to the date of such meeting. The notice shall be mailed or delivered to the Owners at the addresses of their respective Condominium Units 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 2.05. **Voting.**

(f) **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, and 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.

Section 2.06. **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;
- (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 annual 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 any Owner from those persons eligible to serve (as set

forth in Article III, Sections 3.01 and 3.02). Such nominations must be in writing and presented to the Secretary at least seven (7) days prior to the date of the annual meeting. Nominations may also be sought by the Board through a notice or newsletter to the Owners prior to the annual meeting. If an insufficient number of nominations to fill all open Board positions are received by the Association prior to the date of the annual meeting, then the Board may, at its option, accept nominations from the floor from the Owners attending the annual meeting, or the Board may appoint a new director to fill any remaining Board vacancies unfilled at the annual meeting following the procedures set forth in Section 3.03 of these Bylaws. Voting for the Board of Directors will be by paper ballot. The ballot shall contain the name of each person nominated to serve as a Board member. Each Owner may cast 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. The Board may, in its sole discretion, require each owner casting a ballot to sign the ballot, including the owner's printed name, signature, and address.

- (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 seven (7) 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.
- (6) Committee / Management 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 2.07 **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 2.08. **Written or Electronic Ballots** In lieu of any annual or special meeting of the Members, written or electronic ballots, via hand collection, U.S. Mail, or the internet, may be utilized in the manner prescribed in the Indiana Nonprofit Corporations Act of 1991, as amended.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01. **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 Coventry Villas, and (2) resides in the Coventry Villas 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 3.02. **Additional Qualifications** Where an Owner consists of more than one person is a partnership, corporation, trust or other legal entity, then only 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 Condominium 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 Coventry Villas community. If a Director becomes ineligible for Board membership, as provided in this section or elsewhere in the Coventry Villas 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 3.04.

Section 3.03 **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 (3) Directors shall be elected to serve a two (2) year term of office; and at the second election of Directors following the adoption and recording of these bylaws, two(2) Directors shall be elected to serve a two (2) year term of office. All Directors shall serve their full term and/or until their respective successors re 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, except as provided in Section 3.04, shall be filled by a majority of the remaining Directors; and a Director appointed by the board to fill such vacancy on the board shall serve the remainder of the vacant Director's term that he or she is filling.

Section 3.04. **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 3.03.

Section 3.05. **Duties of the Board of Directors.** The Board shall provide for the administration of Coventry Villas, the maintenance, repair, upkeep and replacement of the Common Areas and Limited Areas (unless the same are otherwise the responsibility or duty of the Owners of Condominium Units), 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:

- a. protection, surveillance and replacement of the Common Areas and Limited Areas, including, without limitation, the enforcement of the prohibition of vehicular parking in the right-of-way of streets and roads on the Property, unless the same are otherwise the responsibility or duty of the Owners of Condominium Units; provided, however, that this duty shall not include or be

Managing Agent must provide any on-site or roving guards, security service or security system for protection or surveillance, and the same need not be furnished;

b. procuring of utilities used in connection with Coventry Villas, removal of garbage and waste, and snow removal from the Common Areas;

c. landscaping, painting, decorating, furnishing, maintaining and repairing the Common Areas, the Mound as described in the Written Commitment and, where applicable, the Limited Areas;

e. assessment and collection from the Owners of the Owner's 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 and delivering annually to the Owners a full accounting of all receipts and expenses incurred in the prior year;

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

i. procuring and maintaining for the benefit of the Owners, the Association and the Board the insurance coverage required by Article VIII herein and such other insurance coverage as the Board, in its sole discretion, may deem necessary or

j. making available to Owners and Mortgagees current copies of the Declaration, By-Laws and rules and regulations governing Coventry Villas ("Organizational Documents") and any other books, records and financial statements of the Association. The Board shall also make available to prospective purchasers of Condominium Units 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 3.06. 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: duties;

- a. to employ a Managing Agent to assist the Board in performing its duties;
- b. to purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board;
- c. to employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board may be necessary or desirable in connection with the business and affairs of Coventry Villas;.
- 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 and, where applicable, the Limited Areas;
- e. to include the costs of all of the above and foregoing as Common expenses and to pay all of such costs therefrom;
- f. to open and maintain a bank account or accounts in the name of the Association; and
- 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.

Section 3.07. **Limitation on Board Action.** The authority of the Board to enter into contracts shall be limited to contracts involving a total expenditure of \$10,000.00 or less without obtaining the prior approval of a Majority of Owners, except that in the following cases such approval shall not be necessary:

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

b. proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Owners at the annual meeting; and

c. expenditures necessary to deal with emergency conditions in which the Board reasonably believes there is insufficient time to call a meeting of the Owners.

The \$10,000.00 limitation on a total contract expenditure shall be automatically increased by fifteen percent (15%) every five years beginning in the year 2009.

Section 3.08. **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 Owners. The Managing Agent shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 3.09. **Meetings.**

a. **Organization Meeting.** The Board shall meet each year within ten (10) days following 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 meeting of the Board to each Director personally or by United States mail at least five (5) days prior to the date of such meeting.

c. **Special Meetings.** Special meetings 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 Allen County, Indiana, as shall be designated in the notice.

Section 3.10. **Waiver of Notice.** Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting 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 3.11. **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 3.12. **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 3.13. **Non-Liability of Directors.** The Directors shall not be liable to the Owners 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 Coventry Villas 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 Coventry Villas or the Association and that in all matters the Board is acting for and on behalf of the Owners as their agent. The liability of any Owner 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 there under as is equal to his Percentage Interest. Every contract made by the Board or the Managing Agent on behalf of Coventry Villas shall provide that the Board and the Managing Agent, as the case may be, are acting as agent for the Owners and shall have no personal liability thereunder, except in their capacity as Owners (if applicable) and then only to the extent of their Percentage Interests.

Section 3.14. **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 Owners 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 3.15. **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 in which one or more of the Directors are directors, officers, partners, or employees or are pecuniary 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 fact of the affiliation or interest is disclosed or known to the Board or a majority thereof or noted 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 Owners, 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, and may vote thereat to authorize any contract or transaction with like force and effect as if they were not so affiliated or not so interested.

Section 3.16. **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 administered on behalf of, the Association and the Association shall be named as an additional obligee

thereon. Such fidelity bonds shall name the Association as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or Managing Agent, as the case may be, at any given time during the term of each bond. In no event, however, may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Condominium Units plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms of expressions. The expense of all such bonds shall be a Common Expense. The bonds may not be cancelled or substantially modified without thirty (30) days notice in writing to the Association, the Insurance Trustee and each servicer of a FNMA (Fannie Mae) owned mortgage in the Property.

ARTICLE V

Management

Section 5.01. Maintenance, Repairs and Replacements.

a. **Condominium Units.** Each Owner shall, at his expense, be responsible for the maintenance, repairs, decoration and replacement of:

(i) 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;

(ii) 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.

b. **Maintenance Exceptions.** Maintenance, repairs and replacements for which each Owner is not individually responsible are water lines, gas-lines, plumbing and electric lines that service the Owner's Condominium Unit, but only from the point prior to, or up to, where the utility meter or main utility line connects to (customer service point of connection) the individual Unit Owner's line. The Condominium Unit Owner shall be responsible for the maintenance, repair and replacement of all water lines, gas lines, and electric lines that serve the Owner's Condominium from the utility meter or main utility line (customer point of connection) into the Condominium Unit itself. The maintenance, repair and replacement of any utility not expressly set forth herein is the sole responsibility of the Condominium Unit Owner for which that service is provided. Additionally, each individual Condominium Unit Owner shall be responsible for the maintenance, repair and replacement of all mechanical, plumbing, telephone, cable,

security, fire alarm, electrical, or other utility "lines, equipment and/or components" which service the Owner's individual Condominium Unit.

If the individual Condominium Unit Owner does not maintain, repair or replace any utility that is the Unit Owner's responsibility as set forth above, and said failure to perform effects, or potentially effects, any other Unit, Common Area, or Limited Common Area within Coventry Villas, then the Association may, at its option, provide the necessary maintenance, repair or replacement and charge the cost for said work, including parts, equipment and service, to the responsible Owner's next payment of the Regular Assessment collectable and enforceable as provided for herein.

c. **Appurtenant Maintenance.** Each Owner shall be responsible for doors, screens and windows (including exterior and interior of all glass and screen surfaces), interior grouting and/or caulking and all other accessories appurtenant to the Condominium Unit or belonging to the Owner thereof. In the event that the maintenance or repair of any Condominium Unit is reasonably necessary in the discretion' of the Board to protect the Common Areas or Limited Areas, or to preserve the appearance or value of the Property, or is otherwise in the interest of the general welfare of the Owners, the Board shall have the power to undertake such maintenance or repair; but no such maintenance or repair shall be undertaken without a resolution by the Board and reasonable written notice to the Owner of the Condominium Unit proposed to be maintained. The cost of an)' such maintenance or repair shall be assessed against the Condominium Unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then Owner of the Condominium Unit at which time the Assessment shall become due and payable and a continuing lien and obligation of said Owner in all respects as provided in Section 6.06 hereof.

d. **Certain Limited Areas.** Each Owner shall, at his own expense, be responsible for the replacement of the air conditioning compressor installed to service his

Condominium Unit and for the decoration and general maintenance of any patio, deck, or porch area to which there is direct access from the interior of his Condominium Unit and the storage area assigned to the Owner within the garage area. All patios, decks or porch areas shall be kept free and clean 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, deck, or porch area, excluding any improvements, additions, or alterations, approved or unapproved, made by the Unit Owner, shall be made by the Association, and the cost thereof shall be a Common Expense.

e. **Common Areas and Limited Areas.** All maintenance, repairs and replacements to the Common Areas and Limited Areas (except as otherwise provided in the Declaration, a Supplemental Declaration, or these By-Laws) shall be furnished by the Association as part of the Common Expenses. The Association is not responsible for any improvements, additions, or alterations, approved or unapproved, made by any Unit Owner to the Common Areas or Limited Common Areas, and any maintenance, repair or replacement of said areas shall be to the original condition of said area immediately following construction. The Board of Directors may adopt rules and regulations concerning maintenance, repairs, use and enjoyment of the Common Areas and Limited Areas.

Section 5.03. **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 Coventry Villas community.

ARTICLE VI

Assessments

Section 6.01. 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 6.02. **Proposed 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 6.03. **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. The Regular Assessment shall automatically become a lien on that Unit on the date it is due and payable. 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; provided, however, that Owners may elect to pay monthly assessments semi-annually or annually, in advance. Monthly (if so determined by the Board) installments of Regular Assessments shall be due and payable automatically on their respective due dates without any notice from the Board or the Association, and neither the Board nor the Association shall be responsible to Owners for the same.

Section 6.04. **Special Assessments.** From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the Owners, unless otherwise provided in these By-Laws, the Declaration or the Act, the Board of Directors shall have the full right, power and authority to make special assessments which, upon resolution of the Board, shall become a lien on each Condominium Unit, prorated in accordance with the Percentage Interest on each Condominium Unit, Without limiting the generality of the foregoing provisions, Special Assessments may be made by the Board of Directors from time to

time to pay for capital expenditures or to pay for the cost of any repair or reconstruction of damage caused by fire or other cause or disaster to the extent insurance proceeds are insufficient therefore under the circumstances described herein or in the Declaration.

Section 6.05. **Reserve for Replacements.** The Board of Directors shall cause to be established and maintained a reserve fund for replacements by the allocation and payment to such reserve fund not less often than annually of an amount determined by the Board to be sufficient to meet the costs of periodic maintenance, repair, renewal and replacement of the Common Areas and Limited Areas, including, but not limited to, painting the exterior of buildings, repairing or replacing the recreational facilities, and resurfacing, repairing or replacing streets, parking areas, sidewalks, roofs and other facilities and appurtenances. In determining the amount, the Board shall take into consideration the expected useful life of such Common Areas and Limited Areas, projected increases in the cost of materials and labor, interest to be earned by such funds, and the advice of the Managing Agent and consultants the Board may employ. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in an interest bearing account with a bank or savings and loan association authorized to conduct business in Allen County, Indiana. The reserve for replacements may be expended only for the purpose of affecting the periodic maintenance, repair, renewal or replacement of the Common Areas and Limited Areas and equipment of the Property, The Board shall annually review the adequacy of the reserve fund. The proportionate interest of any Owner in any reserve for replacements shall be considered an appurtenance of his Condominium Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Condominium Unit to which it appertains and shall be deemed to be transferred with such Condominium Unit.

Section 6.06. **General Operating Reserve.** The Board of Directors may establish and maintain a reserve fund for general operating expenses of a non-recurring nature by the allocation and payment to such reserve fund not less frequently than annually of such amount as the Board in its discretion determines to be reasonable under the circumstances. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in an interest bearing account with a bank or savings and loan association authorized to conduct business in Allen County, Indiana. The general operating reserve may be expended only for operating contingencies of a non-recurring nature. The proportionate interest of any Owner in any reserve fund for general operating expenses shall be considered an appurtenance of his Condominium Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Condominium Unit to which it appertains and shall be deemed to be transferred with such Condominium Unit.

Section 6.07. **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 payment of his or her portion 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 in addition to the Regular or Special Assessment, in an amount to be determined by the Board up to twenty-five percent (25%) of the amount of the Regular or Special Assessment, to be billed for each billing cycle (monthly, semi-annual, or annual) that the Regular or Special Assessments are delinquent;
- (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 to the contrary;
- (3) suspend such Owner's rights to use the recreational facilities, including the clubhouse and pool, within Coventry Villas 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 therefrom 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 6.08. **Waiver of Lien Upon Foreclosure.** Notwithstanding anything to the contrary contained in the Declaration and these By-Laws, any sale or transfer of a Condominium Unit to a Mortgagee pursuant to a foreclosure of its mortgage or conveyance. in lieu thereof, or a conveyance to any Person at a public sale in the manner provided by law with respect to mortgage foreclosures, shall extinguish the lien of any unpaid installment of any Assessment as to such installments that became due prior to such sale, transfer or conveyance, but extinguishment of such lien shall not relieve the prior 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 Assessments thereafter becoming due or from the lien therefore. Such unpaid share of any 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 Condominium Unit from which it arose), as provided in the Act.

ARTICLE VII

RESTRICTIONS AND REMEDIES

Section 7.01. **Restrictions on Use.** The following restrictions on the use and enjoyment of the Condominium Units, Common Areas, Limited Areas and the Property shall be applicable to Coventry Villas.

(A) All Condominium Units shall be used exclusively for residential purposes and for occupancy by a single family.

(B) No additional buildings shall be erected or located on the Tract other than the Buildings designated in the Declaration or a supplement or amendment to the Declaration, and shown on the Plans or plans filed with such a supplement or amendment to the Declaration, without the consent of the Board .

(C) Nothing shall be done or kept in any Condominium Unit or in the Common Areas or Limited Areas that 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 Condominium Unit or in the Common Areas or Limited Areas that will result in a cancellation of insurance on any building or any part of the Common Areas or contents thereof or that would be in violation of any law or ordinance or the requirements of any insurance underwriting or rating bureau.

(D) Vehicular parking shall not be allowed in the right-of-way of the streets and roads of the Property, and shall be limited strictly to those areas specifically set aside and designated as parking areas in the Plans, subject to the rules and regulations adopted by the Board regarding parking in the Common Areas and Limited Areas. 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 Coventry Villas 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 for any length of time on any portion of the grass, yard, or other non-paved portion of the Common Areas or Limited Areas. No semi-tractor, semi-trailer, semi-tractor/trailer combo, box style, non-pickup style trucks or other similar vehicles shall be permitted in the Coventry Villas Property. Commercial vehicles and/or vehicles that display company logos or advertisements are prohibited within the Coventry Villas Property unless parked or stored completely within a garage; 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 Coventry Villas 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 borne by the owner of the vehicle thereof, including any collection costs, attorney fees or expenses.

(E) No Owner shall cause or permit any sign, banner, flag, ornament, ceramic animal, statue, bird bath, wall hanging, furniture or any other similar item or object to be hung, displayed, placed or erected on the outside of the windows, the outside walls, or the lawn of any Building or Common Area within Coventry Villas without the prior written consent of the Board; 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. Interior window and door drapes or coverings shall be of a neutral color and texture.

(F) In accordance with the Federal Communications Commission rules governing Over-the-Air Reception Devices (OTARD), members may only install satellite dishes that are one meter or less in diameter. One meter is equal to 39.37 inches, and "diameter" is the distance measured across the widest part of the dish. The Board reserves the right to require members to put screening around the dish to hide it from view, or to cover or paint the dish to make it more acceptable in appearance to its surroundings, but only if these changes can be made without making it too expensive or difficult to install the dish or hinder its reception. The Board also reserves the right to specify a preference order of places to install the dish, so long as the preferences do not make it

too expensive or difficult to install the dish or hinder its reception. Other antennae or devices, such as towers or radio antennae that are not covered by the OT ARD rule, must receive approval of the Board before being installed on any Building, Unit or Common Area within Coventry Villas.

(G) 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; 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 any other Unit Owner or resident. 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 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.

(H) All garbage, trash or refuse shall be stored in appropriate containers inside the Condominium Unit or Unit's garage area. Trash receptacles, trash bags

and/or other items placed outside for regular trash collection may not be placed on the curb side earlier than dusk the night before the scheduled trash pick up, and trash receptacles must be removed and placed back inside the Unit, garage or Limited Area by dusk of the trash collection day.

(I) Holiday decorations placed in the Common Areas will be allowed, provided they are not attached to any exterior surface of any building, they are not displayed earlier than one (1) month prior to the holiday, and they are removed within two (2) weeks after the holiday. The Board reserves the right to grant a variance of this restriction if requested to do so in writing by a Unit Owner, and reserves the right to adopt additional rules and regulations regarding holiday decorations.

(J) Nothing shall be done or permitted in any Condominium Unit that will impair the structural integrity of any Building or that would structurally change any Building; and no alteration, addition or improvement may be made to the exterior of any Unit that would affect the exterior appearance of any Condominium Unit without submitting an architectural request form to the Board in writing and receiving written approval from the Board prior to the change or modification being made. No Condominium Unit shall be used in any unlawful manner or in any manner that might cause injury to the reputation of Coventry Villas or that might be a nuisance, annoyance, inconvenience or damage to any other Owner and/or occupant of a Condominium Unit in Coventry Villas or any neighboring property, including, but not limited to, noise by the use of loud speakers, electrical equipment, amplifiers or other equipment or machines, animal barking or noises, or a loud person or group of people, and any objectionable odors.

(K) The Common Areas and Limited Areas shall be kept free and clear of

rubbish, debris and other unsightly materials. No clothes, sheets, blankets, rugs, laundry or other things shall be hung out or exposed on any part of the Common Area or Limited Areas.

(L) All Owners, guests, tenants 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 and Limited 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, the Common Areas and Limited Areas; including but not limited to rules relating to the keeping of animals, the parking or storage of vehicles or trailers, use of the clubhouse and pool, and any other matters incidental to the use of the Common Areas and Limited Areas.

(M) No Owner shall be allowed to plant trees, landscape or perform any other type of gardening in any of the Common Areas except with express permission from the Board. If you wish to change your landscaping or plant a tree, you must submit a plan to the Board and get Board approval prior to beginning any work. Flowers will be allowed in the Common Area and Limited Area flower beds without prior approval from the Board. No plastic or artificial flowers shall be used in the Common Area. The Association assumes no responsibility or liability for any damage or loss resulting from a Unit Owner's contract landscaping or private plantings, and any planting, landscaping, or gardening performed by an Owner on or within the Common Area or Limited Areas is done at the Owner's risk, and all cost, maintenance and upkeep of said planting and/or landscaping is the sole responsibility of the Unit Owner. If it is determined that an Owner has planted or landscaped in the Common Area or Limited Area without prior approval of the Board, or has failed to adequately maintain any plants or landscaping installed in the Common Area

or Limited Area, then the Board reserves the right to remove said landscaping and/or planting and restore the Common Area or Limited Area to its original state prior to the change or modification. If it becomes necessary for the Association to replace or repair any portion of the Common Area as a result of landscaping, planting or gardening performed by a Unit Owner or resident, the Board may assess any costs or expenses incurred as a result of the replacement or repair to the next Regular Assessment of the Unit Owner, and said cost or expense will become a part of the Regular Assessment owed by that Unit Owner and a lien of the Unit, subject to the provisions of Article VI of these Bylaws.

(N) No signs, except for medical or security information regarding the Unit Owner or resident, may be displayed in or on any portion of the Common Area or Limited Common Area without the prior written consent of the Board. One sign advertising a Unit "for sale", "for rent" or "for lease" may be displayed without prior written approval of the Board if it is placed on or in an interior window of the Unit.

(O) Common Areas and Limited Areas shall be used only for the purposes for which they are designed and intended, and shall be used subject to the provisions of the Declaration, these By-Laws and rules and regulations from time to time adopted by the Board.

(P) The Pool, Clubhouse and other areas of the Common Areas within Coventry Villas are subject to the Rules and Regulations, if any, adopted by the Board.

(Q) 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) 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; and (5) 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.

(R) No Condominium Unit shall be used or rented for transient, motel or hotel purposes.

Section 7.02. **Right of Board to Adopt Rules and Regulations.** The Board may promulgate such rules and regulations regarding the operation of the Property, including but not limited to the use of the Common Areas and Limited Areas, as it may deem necessary from time to time and such rules as are adopted may be amended by a vote of a majority of the Board. The Board shall cause copies of such rules and regulations and all amendments thereto to be delivered or mailed promptly to all Owners.

Section 7.03. **Enforcement.** The violation or breach of any restriction, covenant, bylaw, rule or regulation adopted by the Board, or provision herein contained, shall give the Board 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; the Board, and/or any of 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 Board.

manner that does not clutter the flooring and discharge point into the chute. In the event such garbage, trash or refuse is too bulky to place within the trash chute then garbage, trash and refuse shall be placed in sealed disposable plastic bags or other containers approved by the Board for scheduled trash collection and shall be placed at such locations for trash collection as are designated by the Board.

(m) No "for sale," "for rent" or "for lease" signs or other advertising display shall be maintained or permitted on the property without the prior consent of the Board except that the right to place or display such signs is reserved to Declarant and the Association with respect to unsold or unoccupied Condominium Units.

(n) Common Areas and Limited Areas shall be used only for the purposes for which they are designed and intended, and shall be used subject to the provisions of the Declaration, these By-Laws and the rules and regulations from time to time adopted by the Board.

(o) The Association shall have no right of first refusal to purchase any Condominium Unit which an Owner wishes to sell and an Owner may sell his/her Condominium Unit free of any such restriction.

Section 7.02. Right of Board to Adopt Rules and Regulations. The Board may promulgate such rules and regulations regarding the operation of the Property, including but not limited to the use of the Common Areas and Limited Areas, as it may deem necessary from time to time and such rules as are adopted may be amended by a vote of a majority of the Board. The Board shall cause copies of such rules and

regulations and all amendments thereto to be delivered or mailed promptly to all Owners.

Section 7.03. **Enforcement. The Declarant,** the Association and any of its members shall have the right of enforcement of all restrictions and regulations adopted pursuant to this Article VII. Any costs including reasonable attorneys fees may be recovered from any Owner for violation thereof; however, any reservation of right to the use of summary abatement or similar means to enforce restrictions against a Condominium Unit or its use shall require that judicial proceedings be instituted before any items of construction can be altered or demolished.

ARTICLE VIII

Insurance

Section 8.01. **Coverage.** The Board of Directors on behalf of the Owners shall obtain, maintain and pay the premiums upon, as a Common Expense, and keep in full force and effect at all times the following insurance coverage underwritten by companies duly authorized to do business in Indiana:

(a) Casualty or physical damage insurance in an amount equal to the full replacement cost of all buildings and property owned by the Association with "agreed amount" and "inflation guard" endorsements, without deduction or allowance for depreciation (as determined annually by the Board with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

(i) loss or damage by fire or other hazards covered by the standard extended coverage endorsement together with coverage for Common Expenses with respect to Condominium Units, during any period of repair or construction; and

(ii) such other risks as are customarily covered with respect to projects similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, machinery, explosion or damage, and such other insurance as the Board may from time to time determine.

(b) Comprehensive public liability insurance in such amounts as may be considered appropriate by the Board including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, and any and all other liability incident to the ownership and/or use of the Property or any portion thereof. Such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under the insurance policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas and Limited Areas, and legal liability arising out of lawsuits related to employment contracts of the Association.

(i) Such liability insurance shall contain no provisions relieving the insurer from liability for loss occurring while the hazard is increased, whether or not within the knowledge or control of the Board, or

because of any breach of any warranty or condition or any other act or neglect by the Board or any Owner or any other Person under either of them.

(ii) Such liability insurance shall provide that such policy may not be cancelled or substantially modified (whether or not requested by the Board) except by the insurer giving at least thirty (30) days prior written notice thereof to the Board, Insurance Trustee, all Owners, all Mortgagees and every other Person in interest who shall have requested such notice of the insurer.

(c) Workmen's compensation and employer's liability insurance in respect to employees of the Association in the amounts and in the form necessary to comply with any applicable law.

(d) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be considered appropriate by the Board of Directors.

The provisions of this Section 8.01 shall not be construed to limit the power or authority of the Board to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association or the Board may deem appropriate from time to time.

Section 8.02. **Definition.** As used in Section 8.01, the term "all buildings and improvements" means, without limitation, the Common Areas, Limited Areas, and the standard separation walls, fixtures, pipes, wires, conduits and installations installed in Condominium Units as of the date of initial sale by Declarant, as shown on the Plans as amended from time to time, and replacements thereof, but does not mean any fixtures, alterations, installations or additions in or to a Condominium Unit made by an individual Owner of that Condominium Unit and not shown on the Plans.

Section 8.03. **Form.** Casualty insurance shall be carried in a form or forms naming as the insured the Association for the use and benefit of the Owners according to the loss or damage to their respective Condominium Units and Percentage Interest and payable in case of loss to the Insurance Trustee. Every such policy of insurance shall:

(a) provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaim, apportionment, proration, pr contribution by reason of any other insurance obtained by or for any Owner;

(b) contain no provisions relieving the insurer from liability for loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Board, or because of any breach of warranty or condition or any other act or neglect by the Board or any Owner or any other Person under either of them;

(c) provide that such Policy may not be cancelled or substantially modified (whether or not requested by the Board) except by the insurer giving at least thirty (30) days' prior written notice thereof to the Board, the Insurance Trustee, all Owners, all Mortgagees and every other Person in interest who shall have requested such notice of the insurer;

(d) contain a waiver by the insurer of any right of subrogation to any right the Board or Owners against any of them or any other Person under them;

(e) provide that notwithstanding any provision thereof giving the insurer an election to restore damage in lieu of a cash settlement, such option shall not be exercisable in the event the Owners do not elect to restore pursuant to Paragraph 10 of the Declaration;

(f) provide that the policy is primary in the event an Owner has other insurance covering the same loss.

(g) contain a standard mortgagee clause which shall

(i) provide that any reference to a mortgagee in such policy shall mean and include any Mortgagee, whether or not named therein and, where applicable, name as mortgagee Federal National Mortgage Association or Federal Home Loan Mortgage Corporation or their respective servicers, successors and assigns;

(ii) provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or any Owner, or any Persons under any of them;

(iii) waive any provision invalidating such mortgagee clauses by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, and requirement that the Mortgagee pay and premium thereon, and any contribution clause;

(iv) provide that without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Insurance Trustee; and

Public liability and property damage insurance shall be carried in a form or forms naming as the insured the Board of Directors as trustee for each individual Owner, the Association, the Board of Directors, the Managing Agent, and any Person acting on behalf of the Association, and providing for payment of any proceeds therefrom to the Insurance Trustee. The Board shall promptly upon effecting such insurance deposit with each Owner a current certificate of such insurance, without prejudice to the right of and Owner to maintain additional public liability insurance for his Condominium Unit.

Section 8.04. **Allocation of Insurance Proceeds.** In the event of damage or destruction by fire or other cause to any part of the Property covered by insurance written in the name of the Board as trustee for Owners and their Mortgagees, the following provisions shall apply:

(a) **Common Areas and Limited Areas.** Proceeds on account of damage to Common Areas and Limited Areas shall be allocated among the Owners in accordance with their respective Percentage Interests .

(b) **Condominium Units.** Proceeds on account of damage to Condominium Units shall be allocated as follows:

(i) If the Building in which the damaged Condominium Unit is located is to be restored, insurance proceeds shall be allocated to such Condominium Unit in the proportion that the cost of Restoration of such Condominium Unit bears to the cost of Restoration to all damaged Condominium Units, such cost to be determined by the Board. In determining such cost, the Board shall not take into consideration the cost of repairing any items specifically excluded from insurance coverage pursuant to the provisions of Section 8.02.

(ii) In the Building in which the damaged Condominium Unit is located is not to be restored, insurance proceeds shall be allocated to such Condominium Unit in accordance with the agreed amount of the replacement cost of such Condominium Unit.

(iii) In the event a mortgage endorsement has been issued with respect to a particular Condominium Unit, the amount of the insurance proceeds allocated to the Owner of such Condominium Unit shall be held in trust for the Mortgagee and the Owner as their interests may appear, but no Mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be restored or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made to the Owner and Mortgagee pursuant to the provisions of these By-Laws .

Section 8.05. **Distribution of Insurance Proceeds.** Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Owners and their Mortgagees as their respective interests appear, in the following manner:

(a) **Expense of Trust.** All expenses of the Insurance Trustee shall be first paid or provision made therefore.

(b) **Reconstruction or Repair.** If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof pursuant to the provisions of Article IX. Any proceeds remaining after defraying such costs shall be retained by the Association and added to the reserve for replacements established pursuant to the reserve for replacements established pursuant to Section 6.04, except that, with respect to a Condominium Unit in which there was damage to items excluded from insurance coverage pursuant to Section 8.02, the Owner of such Condominium Unit shall be entitled to receive out of such remaining proceeds his pro-rata share thereof determined according to his Percentage Interest .

(c) **Failure to Reconstruct or Repair.** If it is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed in accordance with Section 21 of the Act.

(d) **Certificate.** In making distributions to Owners and their mortgagees, the Insurance Trustee may rely upon a certificate issued by the Board as to the names of the Owners and their respective shares of the distribution, and, with respect to the names of mortgagees, may rely upon a certificate from an attorney-at-law who, Or a title insurance company which, has examined the

Mortgage Records in the office of the Recorder of Allen County, Indiana, as to the names of the holders of mortgages of record.

Section 8.06. **Association as Owner's Agent.** The Association, acting by its Board of Directors, is hereby irrevocably appointed agent for each Owner and for each Owner of a mortgage or other lien upon a Condominium Unit and for each owner of any other interest in the Property to negotiate all claims arising under insurance policies purchased by the Board, and to execute and deliver releases upon the payment of claims.

Section 8.07. **Individual Policies - Recommendation of Declarant.** Any Owner or Mortgagee may obtain additional insurance (including a "condominium unit-owner's endorsement" for acquired at the expense of the Lender) at his own expense. Such insurance shall provide that it shall be without contribution as against the insurance maintained by the Board. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 8.03(d). If an insured loss is sustained on the Property and the amount of insurance proceeds that would otherwise be payable to the Insurance Trustee is reduced due to proration of insurance purchased pursuant to this' Section, the Owner shall assign the proceeds of the personally purchased insurance, to the extent of the amount of the reduction, to the Insurance Trustee to be distributed as provided in Section 8.05. The Declarant recommends that each Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a policy insuring against loss or damage to personal property used or incidental to the occupancy of the Condominium Unit, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the Condominium Unit made or acquired at the expense of the Owner.

Section 8.08. **Certificates.** Shall cause to be issued to each certificate of insurance evidencing Association. Upon request, the Association Owner and each Mortgagee a certificate insurance carried by the Association .

ARTICLE IX

Damage or Destruction

Section 9.01. **Procedure for Restoration, or Repair.** In the event of damage or destruction to the Common Property by fire, other cause, or as a result of condemnation, and Restoration or repair of the Property is required or authorized pursuant to Paragraph 10 or Paragraph 11 of the Declaration, such Restoration or repair shall be undertaken in, accordance with the provisions of this Article.

Section 9.02. **Estimate of Cost.** Promptly after the occurrence of the damage or destruction to the Property that the Association has the responsibility to restore or repair, the Board shall obtain reliable and detailed estimates of the cost to restore or repair. In the event of damage after the Applicable Date to any structure exceeding \$25,000.00, the Board shall retain the services of an architect to supervise the Restoration or repair and the disbursement of the construction funds.

Section 9.03. **Plans and Specifications.** Any Restoration or repair must be either substantially in accordance with the Plans or according to plans and specifications approved by a Majority of Owners, and if damaged Property contains any

Condominium Units, by all of the Owners of the damaged Condominium Units, which approval shall not be unreasonably withheld.

Section 9.04. **Sealed Bids.** After the Applicable Date, the Board shall advertise for sealed bids with any licensed contractors, and then may negotiate with any contractor, who may be required to provide a full performance and payment bond for the Restoration or repair of the damaged Property.

Section 9.05. **Responsibility.** If the damage is only to those parts of a Condominium Unit for which the responsibility of maintenance and repair is that of an Owner, then the Condominium Unit Owner shall be responsible for the cost of Restoration and repair unless such damage is specifically covered by the insurance purchased by the Board, in which event the Association shall be responsible for said costs.

Section 9.06. **Construction Funds.** The funds for payment of the costs of Restoration or repair, which shall consist of the proceeds of insurance held by or payable to the Insurance Trustee, such amounts from the reserve for replacements as are authorized by the Board for the purpose of Restoration or repair, and the funds collected by the Board from Special Assessments against Owners, shall be deposited with the Insurance Trustee who shall apply or disburse the same in payment of the costs of Restoration or repair as provided in this Article.

Section 9.07. **Certificates.** The Insurance Trustee may rely upon a certificate from the Board to determine whether or not the damaged Property is to be restored or repaired and upon a certificate from the architect employed by the Board to supervise the Restoration or repair, or, if such Restoration or repair is undertaken prior to the Applicable Date, from Declarant or the Board, with respect to the payments to be made to contractors undertaking the Restoration and/or repair.

Section 9.08. **Insurance Trustee.** The Insurance Trustee shall not be liable for payment of insurance premiums, the renewal or the sufficiency of insurance policies, nor for the failure to collect any insurance proceeds or condemnation awards. The duty of the Insurance Trustee shall be to receive such proceeds or awards as are paid and to hold the same in trust for the purposes herein and in the Declaration stated, and for the benefit of the Owners and their Mortgagees as herein and in the Declaration provided.

ARTICLE X

Fiscal Management

Section 10.01. **Fiscal Year.** The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 10.02. **Books of Account.** Books of account of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices, and shall include a current, accurate and detailed record of receipts and expenditures affecting the Property, specifying and itemizing the Common Expenses .

Section 10.03. **Inspection.** All books, records and accounts, and all vouchers accrediting the entries made thereupon, shall be available for examination by an Owner or a Mortgagee or any duly authorized agent or attorney of an Owner or

Mortgagee at any time during normal business hours for purposes reasonably related to his interest as an Owner.

Section 10.04. **Auditing.** Unless otherwise agreed by a Majority of Owners, at the close of each fiscal year, the books and accounts of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards.

Section 10.05. **Annual Financial Statement.** Prior to the annual meeting of the Association, the Board of Directors shall cause to be prepared and delivered to the Owners an annual financial statement, certified to by the Treasurer, showing all income and all disbursements of the Association during the previous fiscal year. To the extent possible, such financial statement shall be based upon the report prepared pursuant to Section 10.04. The requirements of this Section 10.05 shall be satisfied if the Board causes to be delivered to each Owner prior to the annual meeting of the Association a copy of the report prepared pursuant to Section 10.04 .

Section 10.06. **Execution of Association Documents.** With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents, or other individuals as are from time to time so authorized by the Board.

ARTICLE XI

Amendment to By-Laws

Section 11.01. **Procedure.** Subject to any contrary, overriding or superseding provisions set forth herein or in the Declaration, these By-Laws may be amended in the same manner, and subject to the same limitations and requirements as amendments to the Declaration, as set forth in Paragraph 14 of the Declaration. Amendments to these By-Laws shall be considered as amendments of the Declaration and shall be recorded in the Office' of the Recorder of Allen County, Indiana, as required by the Declaration and the Act. Notwithstanding anything to the contrary contained herein or in the Declaration there shall be no amendment of the Declaration or these By-Laws prior to the Applicable Date without the consent and approval of Declarant.

Section 11.02. **Amended and Restated By-Laws.** An amended and restated By-Laws, containing the original By-Laws and all amendments theretofore made, may be executed any time or from time to time by a majority of the then Board of Directors and shall, upon recording in the office of the Recorder of Allen County, Indiana, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original By-Laws and the various amendments thereto.

ARTICLE XII

Mortgages

Section 12.01. **Notice to Association.** Any Owner who places a first mortgage lien upon his Condominium Unit or the Mortgagee shall notify the Secretary thereof and provide the name and address of the Mortgagee. A record of such Mortgagee's name and address shall be maintained by the Secretary and any notice required to be given to the Mortgagee pursuant to the terms of the Declaration, these By-Laws or the 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 mortgage and the name and address of Mortgagee are furnished to the Secretary, either by the Owner or the Mortgagee, no notice to any Mortgagee as may be otherwise required by the Declaration, these By-Laws or the Act shall be required and no Mortgagee shall be entitled to vote on any matter to which it otherwise may be entitled to vote by virtue of the Declaration, these By-Laws, the Act, or proxy granted to such Mortgagee in connection with the mortgage.

Section 12.02. **Notices to Mortgagees.** The Association shall promptly provide to any Mortgagee of whom the Association has been provided notice under Section 12.01 of these By-Laws notice of any of the following:

(a) Any proposed termination of the Regime or any condemnation or casualty loss that affects either a material portion of Coventry Villas or the Condominium Unit securing its mortgage;

(b) Any delinquency in the payment of Regular or Special Assessments owed by the Owner of any Condominium Unit on which said Mortgagee holds a mortgage, if said delinquency continues for more than sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action that requires the consent of a specified percentage of Mortgagees; and,

(e) Any proposed amendment of the Organizational Documents effecting a change in (i) the boundaries of any Condominium Unit or the exclusive easement rights appertaining thereto, (ii) the interests in the Common Areas or Limited Areas appertaining to any Condominium Unit or the liability for Common Expenses appertaining thereto, (iii) the Percentage Vote appertaining to a Condominium Unit or (iv) the purposes for which any Condominium Unit or the Common Areas are restricted .

Section 12.03. **Notice of Unpaid Assessments.** The Association shall, upon request of the Mortgagee, a proposed mortgagee, or a proposed purchaser who has a contractual right to purchase a Condominium Unit, furnish to such mortgagee or purchaser a statement setting forth the amount of the unpaid Assessments against the Condominium Unit, which statement shall be binding upon the Association and the Owners, and any Mortgagee or grantee of the Condominium Unit shall not be liable for, nor shall the Condominium Unit conveyed be subject to a lien for, any unpaid Assessments in excess of the amount set forth in such statement or as such Assessments may be adjusted upon adoption of the final annual budget, as referred to in Section 6.02 hereof.

Section 12.04. **Financial Statements.** Upon the request of any Mortgagee, the Association shall provide to said Mortgagee the most recent financial statement prepared on behalf of the Association-pursuant to Section 10.04 and 10.05 of these By-Laws .

ARTICLE XIII

Miscellaneous

Section 13.01. **Membership Certificates.** Each Member shall automatically become a member of the Association upon delivering of title to a Condominium Unit. Such membership shall be nontransferable and membership shall automatically transfer to the new owner.

Section 13.02. **Personal Interests.** No Member shall have or receive any earnings from the Association, except a Member who is an officer, director or employee of the Association may receive fair and reasonable compensation for his services as officer, director or employee, and a Member may also receive principal and interest on monies loaned or advanced to the Association as provided in the Statute.