

BYLAWS
OF
WALLEN CHASE VILLA ASSOCIATION, INC.

ARTICLE I

NAME

These are the Bylaws of Wallen Chase Villa Association, Inc. (hereinafter referred to as the "Association").

ARTICLE II

PURPOSES

The Association is formed under the provisions of the Indiana Nonprofit Corporation Act of 1991 (hereinafter referred to as the "Act") as a mutual benefit corporation to serve as the means through which the Owners of the Villa Lots in Wallen Chase, Section IV, (hereinafter referred to as the "Addition") may express their opinions, wishes and take action with regard to the administration, management and operation of the Association and the maintenance of and provision of services to the Villa Lots in the Addition as described in the Declaration. It shall be the obligation of the Association to make provisions for the maintenance of the Villa Lots in the Addition as provided herein.

ARTICLE III

DEFINITIONS

The terms of these Bylaws are intended to be consonant with the meanings ascribed to them in the other instruments constituting the Documents of the Addition, and the following terms are defined as hereinafter provided:

"Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Wallen Chase Villa Association, Inc., as amended.

"Association" shall mean the Association of the Wallen Chase Villa Lot Owners acting as an entity in accordance with the Declaration, its Articles of Incorporation and these Bylaws.

"Board of Directors," "Board" or "Directors" shall mean the group of persons authorized and directed to manage the duties of the Association as provided by the Documents of the Addition.

"Declarant" shall mean and refer to Wallen Chase, LLC, which entity is the owner and developer of the Addition and is an Indiana limited liability company.

"Declaration" shall mean and refer to each Dedication, Protective Restrictions, Covenants, Limitations and Easements for the Addition and shown in the records in the office of the Recorder of Allen County, Indiana.

"Documents of the Addition" shall mean and include the Declaration, Articles of Incorporation, these Bylaws, the plats of the Addition, and other documents, as amended, relating to the determination of the rights and obligations of the Declarant, the Owners and the Association.

"Dwelling Unit" or "Unit" shall mean and refer to any building, structure or portion thereof situated on a Villa Lot designated and intended for use and occupancy as a residence by one single family.

"Members" shall mean and refer to those persons or entities entitled and required to obtain membership in the Association as provided in the Documents of the Addition.

"Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Villa Lot in the Addition, including contract sellers, but excluding those having such interest merely as security for the performance of any obligation.

"Villa Lot" shall mean each lot in the Addition identified as a Villa Lot in a Declaration and/or each lot in the Addition whose Owner is required by a Declaration to be a Member of the Association.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Villa Lot shall be a Member of the Association, and shall be bound by the terms of the Documents of the Addition. When more than one person or entity holds an interest in any Villa Lot, all such persons or entities shall be Members. Membership shall be appurtenant to and may not be separated from ownership of any Villa Lot.

Section 2. Voting Rights. There shall be two classes of voting membership. Class A Members shall be all Owners of Villa Lots except the Class B Members, and each Class A Member shall be entitled to one vote for each Villa Lot owned. The Class B Members shall be the Declarant and any residential contractor who acquires

a Villa Lot from the Developer for the purpose of constructing a residential dwelling for resale, and each Class B Member shall be entitled to five votes for each Villa Lot owned. Class B membership shall cease and be converted to Class A membership upon the earlier of (a) when title to all Villa Lots is owned by Class A Members, or (b) December 31, 2010.

Section 3. Voting List. The Secretary, or Assistant Secretary, of the Association, shall keep at all times at the principal office of the Association, a complete and accurate list of all Members entitled to vote which may be inspected by any Member, for any proper purpose, at any reasonable time.

ARTICLE V

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Villa Lot, except a Class B Member, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) annual Villa lot maintenance assessments or charges assessed uniformly against each Villa Lot; and (2) assessments levied against the Villa Lot Owner's individual Villa Lot for the cost of services performed on the Villa Lot by the Association by reason of a failure of performance by the Villa Lot Owner; such assessments to be established and collected as hereinafter provided. Assessments or any installments thereof which are not paid when due shall bear interest at a fluctuating rate equal to the maximum rate of interest which may be charged under the laws of the State of Indiana for consumer loans, adjusted on the first day of each calendar year. If any Owner shall fail, refuse or neglect to make any payment of any Assessment when due, the Board of Directors of the Association may in its discretion declare the entire balance of unpaid Assessments to be due and payable, with interest as aforesaid, and file a written Notice of Lien against said Owner's Villa Lot in the office of the recorder of Allen County, Indiana, which Notice of Lien shall perfect the lien of the Association and have the same force and effect as, and be enforced in the same manner as, a mortgage lien under Indiana law, and shall include attorneys fees, title expenses, interest and any costs of collection.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of providing services to the Villa Lots by the Association as in accordance with the Documents of the Addition.

Section 3. Establishment of Annual Assessments. Prior to January 1 or each year, the Board of Directors shall adopt a budget which shall be used to establish the amount of the annual assessment for each Villa Lot based on those expenses for the next

calendar year which are for services to be provided or which may be provided to each Villa Lot. The budget shall contain the proposed assessments on each Villa Lot which shall be uniform for each Villa Lot. An annual assessment may be assessed whether or not the Villa Lot has a Dwelling Unit located on it or is otherwise improved.

The Board of Directors may provide for a reserve fund for unanticipated expenses if it deems it appropriate and necessary. Any delay or failure by the Board of Directors to prepare a proposed annual budget and to provide the same to the Villa Lot Owners shall not constitute a waiver or release in any manner of the obligation of each Villa Lot Owner to pay the annual assessment established pursuant to the provisions hereof. The annual budget shall be submitted at the annual meeting of the Members and shall be approved in whole or in part or may be amended in whole or in part by a majority of the votes cast by the Members present; provided, however, in no event shall the annual meeting be adjourned without or until the annual budget is approved at such meeting.

Immediately following the adopting of the annual budget and assessment, each Villa Lot Owner shall be given written notice of the assessment and the manner of payment thereof which may be monthly, quarterly or on a yearly basis. The Association, upon demand and for a reasonable charge, shall furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Villa Lot have been paid as well as the amount of assessments for the Villa Lot.

Section 4. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment or other charge not paid within 30 days after the due date shall bear interest from the due date as provided in Section 1 of this Article V. The Association may bring an action at law against the Owner personally obligated to pay the same, may foreclose the lien against the Villa Lot in accordance with the provisions of Section 1 of this Article V, or may do both. No Owner may waive or otherwise escape personal liability for the assessments provided for herein by nonuse of the Common Areas or abandonment of his Villa Lot.

Section 5. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Villa Lot shall not affect the assessment lien. However, the sale or transfer of any Villa Lot, pursuant to a judgment and court order on a foreclosure of any first mortgage, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Villa Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VI

FINANCIAL BOOKS, RECORDS AND REPORTS

Section 1. Books and Records. The Association shall keep full and complete books and records which shall show, at all times, the financial condition of the Association and a separate financial account of each Member. All books and records of any nature whatsoever of the Association shall be open for inspection by any Member, for proper purposes, at any reasonable time.

Section 2. Annual Accounting. Annually, after the close of each fiscal year of the Association and prior to the date of the annual meeting of the Association next following the end of such fiscal year, the Board of Directors of the Association shall cause to be prepared and to be furnished to each Owner a financial statement of all receipts and expenses received, incurred and paid during the preceding fiscal year.

ARTICLE VII

MEETINGS OF MEMBERS

Section 1. Place of Meetings. The Owners shall hold meetings within the State of Indiana at the principal office of the Association, or at such place as the Board of Directors shall duly authorize.

Section 2. Annual Meetings. The annual meetings of the Association shall be held at a date and time selected at the first meeting of the Owners. At such annual meetings, the Owners shall elect a Board of Directors of the Association in the manner herein provided, and may transact such other business as may properly come before the meeting.

Section 3. Special Meetings. After the first annual meeting, special meetings of the Owners may be called by the President of the Association or by a majority of the Board, and must be called upon receipt of written request from the voting Owners of 10% or more of the total number of the Villa Lots. Such written request shall state the purpose or purposes of the proposed meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

Section 4. Fixing Record Date. For the purpose of determining the Owners entitled to notice of any meeting of the Owners or any adjournment thereof, or for the purpose of any other action, the Board shall fix, in advance, a date as the record date for such determination. Such date shall not be more than 30 nor less than 10 days before the date on which the meeting or other action takes place. If no record date is fixed, then the date shall be deemed

to be fixed 10 days before the date on which the meeting or other action takes place.

Section 5. Notice of Meetings. Notice of all meetings of the Owners shall be in writing and state the place, day and hour of the meeting. Notice of the meetings other than the annual meeting shall additionally indicate the purpose of the meeting and state that it is being issued by or at the direction of the person or persons calling the meeting. Such notice shall be mailed or delivered not less than 10 days prior to the date of the meeting to each Member. Where disposition is to be made of assets, or rights or easements are to be granted in the Properties, notice must also be given to the holders of the first mortgages affected thereby.

Section 6. Waiver of Notice. Notice of the meetings need not be given to any Owner who signs a waiver of notice either in person or by proxy whether before or after the meeting. The attendance of any Owner at a meeting, in person or by proxy, shall constitute a waiver of notice of the meeting by him.

Section 7. Action of the Members. The Members present shall constitute a quorum and a vote of the majority of those present shall constitute the action of the Members, except as to those matters where law or the Documents of the Addition or Article V hereof require a different majority.

Section 8. Proxies. A vote may be cast in person or by proxy. To be valid, proxies must be duly signed and acknowledged by the Owner and must be filed with the Secretary before the meeting. A proxy is valid only for the particular meeting designated therein except as given to a first mortgagee by an Owner pursuant to a mortgage by the Owner. A proxy, except as given to a first mortgagee by an Owner pursuant to a mortgage by the Owner may be revoked by the Owner by appearance in person at the meeting and there and then filing with the Secretary at that time notice of the revocation. A proxy given to a first mortgagee by an Owner pursuant to a mortgage shall be deemed to be coupled with an interest and not revokable by the Owner until the mortgage is satisfied. When a proxy is voted it shall be deemed to be the vote of the Owner. A proxy may be voted by delivering it or mailing it certified or registered mail to the Secretary. A proxy will be deemed received by the Secretary if it is deposited in the mails, certified or registered mail, three days prior to the meeting at which it is to be voted.

Section 9. Written Consent. Any action required by the Documents of the Addition to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting, if prior to such action a consent in writing, setting forth the actions so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such written consent is filed with the minutes of the

proceedings of the Members. Such consent shall have the same effect as a unanimous vote of the Members.

Section 10. Order of Business.

(a) **Annual Meetings.** The order of the business at the annual meeting of the Owners shall be:

(1) Calling the roll and certifying of proxies (optional).

(2) Proof of notice of the meeting or certificates as to waivers.

(3) Reading and disposing of unapproved minutes.

(4) Reports of the officers of the Association.

(5) Reports of the Board of Directors of the Association.

(6) Reports of committees.

(7) Election of the Directors of the Association.

(8) Unfinished business.

(9) New business.

(10) Adjournment.

(b) **Special Meetings.** The order of business at all other meetings of the Owners shall as far as practicable conform to the order of business at the annual meeting insofar as the special purpose of the meeting will permit.

ARTICLE VIII

BOARD OF DIRECTORS

Section 1. Qualifications. The Association shall be managed by the Board of Directors, each of whom shall be over the age of 21 years. The Directors shall be Owners, officers, directors, shareholders, partners, trustees or members of Owners.

Section 2. Number and Term of Office. The initial Board shall consist of three persons. Members of the Board shall be elected for a term of one year, or otherwise until their successor is elected and qualified. The number of members of the Board may be changed by a majority vote of the Association Members.

Section 3. Election.

(a) The initial members of the Board shall serve the Association for a term of one year, or otherwise until their successor is elected and qualified.

(b) Thereafter, the Board of Directors shall be elected at the annual meetings of the Members of the Association, or as required at a Special Meeting called for that purpose by the Members so entitled to vote.

Section 4. Removal and Resignation.

(a) Any or all of the members of the Corporation's Board of Directors may be removed, with or without cause, by a two-thirds vote of a quorum of Members entitled to vote at a meeting called for that purpose.

(b) Directors may not be removed without cause unless notice of the request for their removal and their resignation has been given to them and a meeting has been called for that purpose.

(c) A Director may resign at any time by giving written notice to the Board, the President or the Secretary. Unless otherwise specified in the letter of resignation, the resignation shall take effect immediately upon receipt thereof by the Board or by the officers designated to receive the same and acceptance of the resignation shall not be necessary to make it effective. Resignation shall not relieve the Director resigning from his liability by reason of malfeasance or negligence while in office.

Section 5. Vacancies. Any vacancy occurring in the Board caused by death, resignation or otherwise, shall be filled until the next date of the next annual meeting of the Owners by a majority vote of the remaining members of the Board.

Section 6. Quorum. A majority of the prescribed number of Directors shall constitute a quorum for the transaction of business or for any specific item of business. If at any meeting there is less than a quorum present, the majority of those present may adjourn the meeting from time to time unless a quorum is present. At an adjourned meeting any business which could have been transacted at the meeting originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Directors for the purpose of determining the presence of a quorum.

Section 7. Conference Calls. Any or all of the Directors or a committee designated by the Board may participate in a meeting of the Board or committee by means of a conference telephone or

similar communications equipment by which all persons participating in the meeting can communicate with each other, and participation in this matter constitutes presence in person at the meeting.

Section 8. Action of the Board. A quorum of the Board being present, a vote of the majority of those present shall constitute the action of the Board of Directors, except as to those matters where law or the Documents of the Addition require a different majority.

Section 9. Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if prior to such action a written consent to such action is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 10. Time and Place of Meetings. The Board of Directors shall meet at such times and places as the Board may determine, provided that the annual meeting be held within six months after the close of each fiscal year of the Corporation. It may hold its meetings at the office of the Association or at such other places within the State of Indiana as it may determine. A special meeting of the Board may be called by the President, or Vice President, on two days' notice given either in writing, in person, by telephone or by wire to each Director. Such special meeting must be called on the demand or request of two members of the Board.

Section 11. Notice. Regular meetings once established may thereafter be held without notice at the time and place agreed upon by the Board. If the time or the place of a regular meeting be changed by circumstances beyond the control of the Board, notice of the change shall be given in the same manner as for a special meeting. Notice of a meeting need not be given to any Director who submits a waiver of notice, whether such waiver be before or after the meeting. Attendance at the meeting shall be deemed to be a waiver of notice thereof.

Section 12. Order of Business. The order of business at all meetings of the Board of Directors shall be as follows:

- (1) Reading of the minutes of the preceding meeting and action thereon.
- (2) Reports of officers.
- (3) Reports of committees.
- (4) Unfinished business.
- (5) New business.

(6) Adjournment.

Section 13. Presiding Officer. The President shall preside at all meetings of the Board of Directors and of the Owners.

Section 14. Fees. The fees, if any, to be received by the members of the Board as fair and reasonable compensation for services rendered shall be determined by the Owners at a meeting of the Association.

Section 15. Duties. As a means of exemplifying the duties of the Board designated in the Documents of the Addition, but not as a means of limiting them, the duties of the Board are enumerated as follows:

(a) To levy and collect assessments against the Owners for the purposes set forth herein, and to use the same in the exercise of its powers and duties.

(b) To provide to the Villa Lots such maintenance, repair and/or replacement as required or permitted by the Documents of the Addition.

(c) To enforce by legal means all of the provisions of the Documents of the Addition and the resolutions and decisions rendered in pursuance thereof as they relate to the authority and responsibilities of the Association.

(d) To employ legal, accounting, maintenance or other personnel for reasonable compensation to perform the Villa Lot maintenance services required or permitted to be performed by the Association.

(e) To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(f) To do all other acts required of the Association by the Documents of the Addition.

Section 16. Powers. As a means of exemplifying the duties of the Board designated in the Documents of the Addition, but not as a means of limiting them, the powers of the Board are enumerated as follows:

(a) In accordance with the Documents of the Addition, to cause to be performed such maintenance, repair or replacement services to a Villa Lot upon the failure of performance thereof by the Villa Lot Owner and to add the amount expended to that Villa Lot's assessment.

(b) To engage the services of personnel to perform the Villa Lot services and maintenance responsibilities or prerogatives of the Association.

(c) To foreclose the lien against any Villa Lot for which assessments are not paid within 30 days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) To suspend the voting rights by an Owner for any period during which any assessment against his Villa Lot remains unpaid and for a period not to exceed 90 days for any infraction of its published rules and regulations after a hearing by the Board of Directors of the Association.

(e) To do any and all things which their duties would require.

ARTICLE IX

OFFICERS

Section 1. Election and Term. At the annual meeting of the Board there shall be elected a President, Secretary, Treasurer and such Vice Presidents to assist the President as may be required but not exceeding three. These officers shall all serve for a term of one year, or until their successor has been duly elected and qualified. Any two or more offices may be held by the same person, except that the duties of the President and the Secretary shall not be performed by the same person.

Section 2. Compensation. The compensation of all the officers and employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from engaging a manager or managing agent of the Association nor preclude the contracting with him for his full-time service.

Section 3. Removal. All employees of the Association may be removed peremptorily by the board. The officers may be removed as provided in Article VIII, Section 4.

Section 4. Vacancies. Whenever any vacancies shall occur in any office by death, resignation, increase in the number of offices of the Association, or otherwise, the same shall be filled by the Board, and the officer so elected shall hold office until his successor has been chosen and qualified.

Section 5. President. The President is the chief executive officer of the Association and has general and active supervision and direction over the business and affairs of the Association and over the Association's several officers, subject, however, to the direction and control of the Board of Directors. The President

shall preside at each meeting of the Members and of the Directors. Unless otherwise provided by law, the Documents of the Addition, or by the Board of Directors, the President has the power to sign, execute and deliver in the name of the Association, all deeds, mortgages, bonds, contracts, vouchers for payment or other instruments. The President shall see that all orders and resolutions of the Board shall be carried into effect. In general, the President shall perform all duties incident to the office of the President and such other duties as may from time to time be assigned to him by the Bylaws or by the Board of Directors.

Section 6. Vice President. The Vice President shall perform all duties as shall be delegated to him by the President. He shall serve as chairman of the respective committees which the Board shall deem appropriate. If there is more than one Vice President, they shall exercise the powers and perform the duties of the President in his absence or disability in the order of their appointment.

Section 7. Secretary. The Secretary shall attend all meetings of the Members and of the Directors, and shall keep or cause to be kept in a book provided for such purpose a true and complete record of the proceedings of such meetings, and perform a like duty for all committees appointed by the Board of Directors, when required. He shall attend to the giving of all notices to the Owners, officers and directors, and shall supervise the service thereof. He shall prepare a certified list in alphabetical order of the names of the Members entitled to vote, which list shall be made available at each meeting of the Members, and at any other reasonable time. He shall perform all other duties incident to the office of the Secretary of the Association as may be required by the President, the Board or the Bylaws.

Section 8. Treasurer. The Treasurer shall keep correct and complete financial records and books of account for the Association, showing accurately at all times the financial condition of the Association, furnishing such information upon the request of the Board of Directors. He shall have custody of all property of the Association, including all funds, securities and evidences of indebtedness. He shall keep the assessment roll and the accounts of the Owners. He shall deposit all monies and other valuables in the name of and to the credit of the Association in such depositories as shall be designated by the Board. He shall disperse the funds of the Association as may be ordered and authorized by the Board and shall preserve proper vouchers for such disbursements. He shall render an annual report at the annual meeting of the Owners. The Treasurer and the President shall, as prescribed by the Board, report on the operation of the Common Areas and the payment of expenses. He shall perform such other duties as may be prescribed by the Bylaws, the President or the Board, and may be required to furnish bond in such amounts as shall be determined by the Board.

ARTICLE X

AMENDMENTS TO THE BYLAWS

To the extent not inconsistent with the other Documents of the Addition, the Board of Directors shall have the power, without the assent or vote of the Members, to alter, amend or repeal the Bylaws of the Corporation, and the affirmative vote of a majority of the Board shall be necessary to effect such alteration, amendment or repeal.

ARTICLE XI

INCORPORATION AND
CONSTRUCTION OF DOCUMENTS

The Declaration and Articles of Incorporation are incorporated by reference in these Bylaws, and these documents are to be construed together.

ARTICLE XII

PARLIAMENTARY RULES

Roberts Rules of Order (latest addition) shall govern the conduct of proceedings except where the Declaration or the laws of the State of Indiana require a different method of procedure.

ARTICLE XIII

GENDER, SINGULAR, PLURAL

Whenever the context so permits, the use of the plural shall include the singular, the plural, and any gender shall be deemed to include all genders.

ARTICLE XIV

CAPTIONS

Captions used in the Documents of the Association are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text of the Documents of the Association.

ARTICLE XV

SEVERABILITY

If any provision hereof, or any section, sentence, clause, phrase or word, or the application thereof in any circumstances be judicially held in conflict with the laws of the State of Indiana, then the said laws shall be deemed controlling and the validity of the remainder hereof and the application of any such provision, section, sentence, clause, phrase or word in other circumstances shall not be affected thereby.