

CODE OF BY-LAWS
OF
WATERSTONE HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1

Definitions

The definitions and terms as defined and used in the Articles of Incorporation shall have the same meaning in these By-Laws and reference is specifically made to Article 9 thereof containing definition of terms.

ARTICLE 2

Meetings of Members

Section 2.01. Place of Meetings. All meetings of the Members shall be held at such place in Hamilton or Marion Counties, Indiana as may be designated by the Board of Directors and specified in the respective notices or waivers of notice thereof.

Section 2.02. Annual Meeting. An annual meeting of the Members shall be held between April 1 and June 30 of each year.

Section 2.03. Special Meetings. Special meetings of the Members may be called by the President, by a majority of the Board of Directors, or by written petition signed by not less than one-tenth (1/10) of all of the Members.

Upon a request in writing delivered to the President or the Secretary by a Person or Persons entitled to call a special meeting, it shall be the duty of the President or the Secretary to give notice to the Members of such meeting, and, if such request is refused, the Person or Persons making such request may call a meeting by giving notice in the manner hereinafter provided.

Business transacted at all special meetings shall be limited to the subjects stated in the call or waiver of notice, and matters germane thereto.

Section 2.04. Notice of Meetings. A written or printed notice stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which such meeting is called, shall be delivered or mailed by the Secretary or by the officer or Person calling the meeting to each Member at such address as appears on the records of the Corporation at least ten (10) days before the date of the meeting or, if notice is mailed by other than first class or registered mail, sixty (60) days before the date of the meeting. Notice of any meeting may be waived in

writing filed with the Secretary by any Member if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place of the meeting. Attendance at any meeting shall constitute a waiver of notice of that meeting.

Section 2.05. Voting Lists. After fixing a record date for a notice of a meeting, the Secretary shall prepare a complete list of Members entitled to notice of a meeting of Members, containing the address and number of votes each Member is entitled to cast at the meeting. The Secretary shall prepare on a current basis through the time of the membership meeting a list of Members, if any, who are entitled to vote at the meeting, but are not entitled to notice of the meeting. Such lists may be inspected by any Member, for any proper purpose, at any reasonable time.

Section 2.06. Quorum. At any meeting of the Members fifty percent (50%) of the Members entitled to vote at such meeting, present in person or by proxy executed in writing, shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, the Members present in person or by proxy, by a majority vote and without notice, may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted for which notice was originally given. The Members present at a duly organized meeting may continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 2.07. Voting Rights. The voting rights of the Members shall be as prescribed in the Articles. In any election of Directors, no Member shall have the right to multiply the number of votes to which such Member may be entitled by the number of Directors to be elected. A majority of the votes cast at a meeting of the Members, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter that may properly come before the meeting unless more than a majority of votes cast is required by law, the Declaration, any Supplemental Declaration, the Articles or these By-Laws.

Section 2.08. Multiple Owner. Where the Owner of a Lot constitutes more than one person, or is a partnership, there shall be only one voting representative entitled to cast the vote allocated to that Lot. Those persons constituting such Owner or the partners shall determine among themselves who shall be the voting representative for such Lot. In the event agreement is not reached the vote attributable to such Lot shall not be cast.

Section 2.09. Voting by Corporation or Trust. Where a corporation or trust is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of the trust and the agent or other representative of the corporation duly empowered by the

board of directors of such corporation shall cast the vote to which the corporation is entitled.

Section 2.10. Proxies. A Member may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Member shall designate his attorney-in-fact in writing, delivered to an officer of the Corporation prior to the commencement of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless a longer time is expressly provided in the proxy.

Section 2.11. Action Without a Meeting. Any action required by the Act 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 the action, a consent in writing setting forth the action so taken is 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 2.12. Meeting by Telephone, etc. Any or all of the Members may participate in a meeting by or through the use of any means of communication by which all Members participating may simultaneously hear each other during the meeting. Participation in a meeting using these means constitutes presence in person at the meeting.

ARTICLE 3

Board of Directors

Section 3.01. Functions. The business, property and affairs of the Corporation shall be managed and controlled by a Board of Directors as from time to time constituted (herein collectively called "Board" or "Directors" and individually called "Director").

Section 3.02. Eligibility. No person shall be a Director who is not a Member or a designee of Developer, nor shall any person be a Director representing a Parcel who is not the Owner of a Lot in such Parcel.

Section 3.03. Number. Prior to the Applicable Date, the number of Directors comprising the Board shall be three (3), which number may from time to time be increased by resolution adopted by not less than a majority of the Board of Directors. In no event shall the number of Directors prior to the Applicable Date be less than three (3) nor more than seven (7) and no reduction in the number of Directors shall have the effect of removing a Director from office prior to the expiration of his term. In the event the

number of Directors is increased prior to the Applicable Date, the additional Director or Directors shall be appointed by Developer as provided in Section 5.03 of the Articles.

Subsequent to the Applicable Date, the number of Directors comprising the Board shall be that number which is equal to twice the number of Parcels within the Tract plus, if required to result in an odd number of Directors, one (1), which number may from time to time be increased or decreased by resolution adopted by not less than a majority of the Board of Directors, provided that all times the number shall not be less than the number of Parcels within the Tract. In no event shall the number of Directors subsequent to the Applicable Date be less than three (3) nor more than fifteen (15) and no reduction in the number of Directors shall have the effect of removing a Director from office prior to the expiration of his term. In the event the number of Directors is increased subsequent to the Applicable Date as provided herein, the election of the additional Director or Directors shall be by a vote of the Members entitled to elect such additional Director or Directors according to a procedure established by the Board by resolution.

Section 3.04. Classes. Subsequent to the Applicable Date, the membership of the Board shall be divided into classes consisting of (i) Directors each of whom shall represent a Parcel and (ii) Directors not representing Parcels. The class of Directors representing Parcels shall consist of that number of Directors which is equal to the number of Parcels within the Tract.

Section 3.05. Appointment. Prior to the Applicable Date, Directors shall be appointed by Developer as provided in Section 5.03 of the Articles.

Section 3.06. Nomination. Subsequent to the Applicable Date, candidates for election to the Board of Directors as Directors not representing Parcels shall file a petition for candidacy, signed by not less than five (5) Members, with the Elections Committee at least three (3) weeks prior to the annual meeting. The Elections Committee shall provide all Members with a ballot containing the names of all bona fide candidates not less than ten (10) days before the annual meeting. Subsequent to the Applicable Date, the Board of Directors shall by resolution establish such procedure as it deems appropriate governing the nomination of Members for election to the Board of Directors as Directors representing Parcels.

Section 3.07. Election. Subsequent to the Applicable Date, Directors shall be elected at the annual meeting provided in Article 2. If the Board of Directors is divided into classes pursuant to section 3.04, the Directors representing a Parcel shall be elected by those Members who are Owners of Lots in the Parcel to be represented by such Director. A Member who owns a Lot in more than one Parcel shall be entitled to vote for all Directors

representing Parcels in which he owns a Lot. Anything to the contrary in this Section 3.07 notwithstanding, the Board of Directors shall have the power to authorize that Directors representing Parcels be elected at the annual meeting of the homeowners association of each such Parcel, if any, rather than at the annual meeting of the Corporation. The Board may, by resolution, establish such election procedures as it deems appropriate.

Voting for the Board of Directors shall be by secret written ballot. The ballot shall be prepared by the Elections Committee and shall contain the name of each person nominated for election. Those persons receiving the highest number of votes shall be elected.

Section 3.08. Term. Each Director, other than a Director appointed by Developer, shall serve for a term of one (1) year or until his successor is elected and qualified or until he has resigned or been removed. Incumbent Directors shall be eligible for re-election and the number of years a person may serve as a Director is not limited. A Director appointed by Developer, including the initial Directors identified in Section 5.02 of the Articles, shall serve until such Director dies, resigns or is removed by Developer.

Section 3.09. Resignation. Any Director may resign at any time by giving written notice of such resignation to the President or the Secretary of the Corporation. Such resignation shall take effect when the notice is effective unless the notice specifies a later effective date. The acceptance of a resignation shall not be necessary to make it effective.

Section 3.10. Removal. Subsequent to the Applicable Date, any Director may be removed, with or without cause, in accordance with the provisions of the Act. Prior to the Applicable Date, any Director may be removed by Developer for any reason.

Section 3.11. Vacancies. Any vacancy occurring on the Board of Directors caused by death, resignation, removal or otherwise, shall (a) prior to the Applicable Date be filled by Developer and (b) subsequent to the Applicable Date be filled until the next annual meeting through a vote of a majority of the remaining members of the Board. If, subsequent to the Applicable Date, a majority of the remaining members of the Board cannot agree on a Person to fill any such vacancy, a special meeting of the Members shall be called to elect a Person to fill such vacancy. A Director elected to fill a vacancy shall hold office until the expiration of the term of the Director causing the vacancy or until his successor has been elected and qualified.

Section 3.12. Meetings. The Board of Directors shall meet each year immediately after the annual meeting of the Members, at

the place where such meeting of the Members has been held, for the purpose of organization, election of officers, and consideration of any other business which may properly be brought before the meeting. No notice shall be necessary for the holding of this annual meeting. If such meeting is not held as above provided, the election of officers may be held at any subsequent meeting of the Board specifically called in the manner provided in Section 3.13. The Board of Directors may provide by resolution the time and the place, either within or without the State of Indiana, for the holding of additional regular meetings of the Board without other notice than such resolution. Special meetings of the Board may be called by the President and shall be called by order thereof upon the written request of not less than two (2) Directors, which request shall set forth the business to be conducted at such meeting.

Section 3.13. Notice of Meetings. Notice of all meetings of the Board of Directors, except as herein otherwise provided, shall be given by mailing, telephoning, telegraphing or delivering personally the same at least two (2) days before the meeting to the usual business or residence address of the Director as shown upon the records of the Corporation. Notice of any meeting of the Board may be waived in a document filed with the Secretary by any Director if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place of the meeting. Attendance at any meeting of the Board shall constitute a waiver of notice of that meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any meeting of the Board may adjourn from time to time to reconvene at the same place or some other place. No notice need be given of any such adjourned meeting.

Section 3.14. Quorum. A quorum of the Board of Directors at any annual or special meeting of the Board shall be a majority of the duly qualified members of the Board then occupying office, but in no event less than two (2) Directors, except that, subsequent to the Applicable Date, in filling vacancies a majority of the remaining Directors (but not less than two (2) Directors) shall constitute a quorum. The act of a majority of the Directors present at a meeting, who constitute a quorum, shall be the act of the Board unless otherwise provided by the Act, the Declaration, any Supplemental Declaration, the Articles, or these By-Laws. In the absence of a quorum, the Directors present may, by majority vote, adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting for which notice was originally given.

Section 3.15. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if the

action is taken by all members of the Board of Directors or such committee. The action must be evidenced by at least one (1) written consent describing the action taken signed by each member of the Board of Directors or of such committee, and included in the minutes or filed with the corporate records reflecting the action taken.

Section 3.16. Meeting by Telephone, etc. Any or all of the members of the Board or of any committee designated by the Board may participate in a meeting by or through the use of any means of communication by which all persons participating may simultaneously hear each other during the meeting. Participation in a meeting using these means constitutes presence in person at the meeting.

Section 3.17. Committees. The Board of Directors, by resolution adopted by a majority of the Board, may designate one or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board in the management of the Corporation. Other committees not having and exercising the authority of the Board in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law. Subsequent to the Applicable Date, the Board shall annually establish an Elections Committee which shall be responsible for the conduct of the election of the Board of Directors pursuant to Sections 3.06 and 3.07.

Section 3.18. Powers. All of the corporate powers, except as otherwise provided herein or by law, shall be vested in and shall be exercised by the Board of Directors. Said powers shall include, but not be limited to:

(a) The power to adopt, publish, and enforce rules and regulations governing the use of the Community Areas;

(b) The power to lease or purchase for the benefit of the Members such property, equipment, materials, labor and services as may be necessary in the judgment of the Board;

(c) The power to exercise the powers and perform the duties of the Corporation granted, imposed, authorized or permitted by the Declaration or any Supplemental Declaration, the exercise of which is not reserved or committed to the membership by the Articles or By-Laws;

(d) The power to make and collect Assessments and charges, establish and collect membership dues, and levy

and collect fines for the violation of rules and regulations governing the use of the Community Areas;

(e) The power to employ legal counsel, architects, contractors, accountants, consultants, managers, independent contractors and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the maintenance, repair, replacement, restoration, and operation of the Community Area and the business and affairs of the Corporation.

Section 3.19. Duties. It shall be the duty of the Board of Directors to:

(a) cause the Community Area to be maintained in good, clean, attractive and sanitary condition, order and repair;

(b) adopt and publish rules and regulations, including fees, if any, governing the use of the Community Area, and the personal conduct of the Members, their tenants and guests;

(c) cause to be kept a complete record of all its corporate affairs, making such records available for inspection by any Member or his authorized agent, and present an annual report thereof to the Members;

(d) supervise all officers, agents and employees of the Corporation and see that their duties are properly performed;

(e) issue upon demand by any Member a certificate setting forth whether or not any Assessment has been paid and giving evidence thereof for which a reasonable charge may be made;

(f) designate depositories for the funds of the Corporation, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Corporation, and cause such persons to be bonded, as it may deem appropriate;

(g) approve the annual budget;

(h) fix annual General and Parcel Assessments at amounts sufficient to meet the obligations imposed by the Declaration and all Supplemental Declarations;

(i) annually set the date(s) Assessments are due and decide what, if any, interest rate is to be applied

to Assessments which remain unpaid thirty (30) days after they become due;

(j) send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the Assessment or first installment thereof;

(k) cause the lien against any property for which Assessments are not paid within thirty (30) days after due date to be foreclosed or cause an action at law to be brought against the Owner personally obligated to pay the same;

(l) suspend the right of an Owner to use the recreational facilities constituting a part of the Community Area during any period during which such Owner shall be in default for more than thirty (30) days after notice in the payment of any Assessment. Such right of Members may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days for violation of any provision of the Declaration, any Supplemental Declaration or the Register of Regulations;

(m) procure and maintain adequate insurance to protect the Corporation, its employees and its personal and real properties;

(n) enter into mortgage agreements and obtain capital debt financing subject to the provisions of the Declaration;

(o) appoint such committees as are prescribed in Section 3.17;

(p) faithfully observe and perform each duty imposed on the Corporation by the terms of the Declaration and the Supplemental Declarations and exercise such discretion granted to the Board thereunder in the best interests of the Members; and

(q) exercise their powers and duties in good faith, with a view to the interests of the Corporation.

Section 3.20. Non-Liability of Directors. No Director shall be liable to any Person for any error or mistake of judgment exercised in carrying out his duties and responsibilities as a Director, unless (a) the Director has breached or failed to perform the duties of his office in compliance with the Act and (b) the breach or failure to perform constitutes willful misconduct or recklessness. The Members shall indemnify and hold harmless each of the Directors against any and all liability to any Person

arising out of contracts made by the Board on behalf of the Corporation, unless any such contract shall have been made in bad faith or is contrary to the provisions of the Act, the Articles or these By-Laws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Members and as their agent. The liability of any Member arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Directors shall be limited to such percentage of the total liability or obligation thereunder as is equal to a fraction, the numerator of which is the number of Lots owned by him and the denominator of which is the total number of Lots in the Tract.

Section 3.21. Indemnity of Officers and Directors. To the extent not inconsistent with the laws of the State of Indiana, every Person (and the heirs, assigns and legal representatives of such Person) who is or was a Director or an officer of the Corporation shall be indemnified by the Corporation as provided in the Act. To the extent the assets of the Corporation are insufficient to satisfy its indemnification obligations hereunder, the Board of Directors may levy a Special Assessment in the manner specified in the Declaration to obtain such funds as may be required to satisfy such obligation.

Section 3.22. Transactions Involving Affiliates. No contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any Person (including the Developer) in which one or more of the Directors are directors, officers, partners, or employees or are pecuniarily or otherwise interested, shall be void or voidable because such Director or Directors are present at the meeting of the Board or any committee thereof which authorizes, approves or ratifies the contract or transaction, or because his or their votes are counted for such purpose if:

(a) the fact of the relationship or interest is disclosed or known to the Board or committee; and the Board or committee authorizes, approves, or ratifies such contract or transaction by a vote or consent sufficient for the purpose without counting the vote or consents of the interested Director(s); or

(b) the fact of the relationship or interest is disclosed or known to the Members, and they authorize, approve or ratify the contract or transaction by a vote or written consent; or

(c) the contract or transaction is fair and reasonable to the Corporation.

Affiliated or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board or committee

thereof which authorizes, approves or ratifies any contract or transaction.

Section 3.23. Insurance. The Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all of the structures located in the Community Area, whether owned or leased by the Corporation, against loss or damage by fire or other hazards commonly insured against in similar properties in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard, and shall also obtain a broad form public liability policy covering all damage or injury caused by the negligence of the Corporation or any of its agents. All such insurance policies shall contain a provision that all Members shall, in appropriate circumstances, be able to recover damages as claimants under such insurance. Premiums for all such insurance shall be included in the General Assessment.

Section 3.24. Insured Loss, Damage or Destruction. In the event of loss, damage or destruction by fire or other peril, the Board of Directors shall (unless otherwise agreed by two-thirds (2/3) of the Directors then serving), upon receipt of the insurance proceeds, contract to rebuild or repair damaged or destroyed portions of the insured property to its condition before such damage. All such insurance proceeds (if the amount of such proceeds exceeds \$5,000.00) shall be deposited in a bank or other financial institution, the accounts of which are insured by a federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signatures of at least one-third (1/3) of the members of the Board of Directors, or by their duly authorized agent. In such event, the Board of Directors 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 repair, reconstruction or rebuilding of such destroyed structure or structures. In the event that the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as previously existed, the Board of Directors may levy a Special Assessment in the manner specified in the Declaration to make up any deficiency. Excess insurance proceeds, if any, shall become a part of the Corporation's reserve for replacements.

Section 3.25. Uninsured Loss, Damage or Destruction. In the event of loss, damage or destruction to the Property caused by perils not covered by standard insurance described in Section 2.04(d) of the Articles, the Board of Directors may levy a Special Assessment in the manner specified in the Declaration to make up any deficiency created by such uninsured loss.

Section 3.25. Compensation. No Director shall receive any compensation for any service he may render to the Corporation. He

may, however, be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE 4

The Officers of the Corporation

Section 4.01. Officers and Agents. The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may, by resolution, designate from time to time. Any two or more offices may be held by the same person. The Board of Directors may, by resolution, create, appoint and define the duties and fix the compensation of such officers and/or agents as, in its discretion, is deemed necessary, convenient or expedient for carrying out the purposes for which the Corporation is formed; but such officers and agents shall be compensated only for actual services performed on behalf of the Corporation.

Section 4.02. Election. Term of Office and Qualifications. The officers shall be chosen annually by the Board of Directors. Each officer shall hold office (unless he resigns, is removed or dies) until the next annual meeting of the Board of Directors or until his successor is chosen and qualified.

Section 4.03. Vacancies. In the event an office of the Corporation becomes vacant by death, resignation, retirement, disqualification or any other cause, the Board of Directors shall elect a person to fill such vacancy, and the person so elected shall hold office and serve (unless he resigns, is removed or dies) until the next annual meeting of the Board or until the election and qualification of his successor.

Section 4.04. President. The President, who shall be chosen from among the membership of the Board of Directors, shall preside at all meetings of the Board, if present; shall appoint the chairman and members of all standing and temporary committees, subject to the review of the Board of Directors; shall be the executive officer of the Corporation; shall have and exercise general charge and supervision of the affairs of the Corporation; and shall do and perform such other duties as these By-Laws provide or as may be assigned to him by the Board of Directors.

Section 4.05. Vice President. Any Vice President may perform all duties incumbent upon the President during the absence or disability of the President and shall perform other duties as these By-Laws may require or as may be assigned to him by the President or the Board of Directors.

Section 4.06. Secretary. The Secretary shall have the custody and care of the corporate records and the minute book of the Corporation. He shall attend all of the meetings of the Board of Directors and the Members, and shall keep, or cause to be kept in a book provided for the purpose, a true and complete record of the proceedings of such meetings, and shall perform a like duty for all standing committees of the Board of Directors when required. He shall attend to the giving and serving of all notices of the Corporation, shall file and take care of all papers and documents belonging to the Corporation, shall authenticate records of the Corporation, as necessary, and shall perform such other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors or the President.

Section 4.07. Treasurer. The Treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Corporation. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into the possession of the Corporation. He shall immediately deposit all funds of the Corporation coming into his hands in some reliable bank or other depository to be designated by the Board of Directors, and shall keep such bank account in the name of the Corporation. He shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Corporation and shall perform such other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors or the President.

Section 4.08. Assistant Officers. The Board of Directors may from time to time designate assistant officers who shall exercise and perform such powers and duties as the officers whom they are elected to assist shall specify and delegate to them, and such other powers and duties as may be prescribed by the Code of By-Laws, the Board of Directors or the President.

Section 4.09. Removal. Any officer of the Corporation may be removed from office, with or without cause, by the affirmative vote of two-thirds (2/3) of all the Directors at any regular or special meeting of the Board of Directors called for the purpose. Any officer whose removal is proposed shall be entitled to at least ten (10) days' notice in writing by mail of the meeting of the Board of Directors at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Board of Directors at such meeting.

Section 4.10. Resignation. Any officer or member of a committee may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, and, if no time be specified, at the time of its receipt by the President or Secretary of the Corporation. The acceptance of a resignation shall not be necessary to make it effective.

ARTICLE 5

Architectural Review Board

Section 5.01. Composition. The Architectural Review Board shall be comprised of three (3) members elected by the Board of Directors by a vote of a majority of the Directors then serving. Subsequent to the Applicable Date, no member of the Architectural Review Board shall simultaneously serve as a member of the Board of Directors.

Section 5.02. Term. Prior to the Applicable Date, the members of the Architectural Review Board shall serve until the earlier of (a) the date such member dies, resigns or is removed or (b) the Applicable Date. Subsequent to the Applicable Date, the members of the Architectural Review Board shall serve for a term of one (1) year. Members shall be eligible for re-election.

Section 5.03. Removal; Vacancies. The Board of Directors may remove a member of the Architectural Review Board at any time, with or without cause, by a vote of two-thirds of the Directors then serving. In the event of a vacancy on the Architectural Review Board, the Board of Directors shall, by a vote of a majority of the Directors then serving, elect a successor to serve the unexpired term.

Section 5.04 Organization. The Architectural Review Board shall elect from among its membership a chairman, secretary and such other officers as it deems appropriate.

Section 5.05. Quorum. A quorum for action by the Architectural Review Board shall be a majority of its members, but in no event less than two (2) members.

Section 5.06. Duties. It shall be the duty of the Architectural Review Board to regulate the external design, appearance, location and maintenance of the Tract and of improvements thereon and to regulate such uses of property, all as provided in the Declaration and the Supplemental Declarations.

Section 5.07. Procedures. The Architectural Review Board shall formulate general guidelines, procedures and regulations and submit them for approval to the Board of Directors. Such guidelines, procedures and regulations shall be considered adopted policy of the Board of Directors unless rejected by a two-thirds (2/3) vote of the Board of Directors within thirty (30) days after the date of submission. The adopted guidelines, procedures and regulations shall be incorporated in the Register of Regulations and the Architectural Review Board shall act in accordance therewith.

ARTICLE 6

Loans to Officers and Directors

The Corporation shall not lend money to or guarantee the obligations of any officer or Director of the Corporation.

ARTICLE 7

Corporate Books

The Corporation shall maintain all records required by the Act and shall permit the Members to inspect and copy such records to the extent and on the conditions specified in the Act.

ARTICLE 8

Financial Affairs

Section 8.01. Contracts. The Board of Directors may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to a specific instance; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit or render it liable pecuniarily for any purpose or to any amount.

Section 8.02. Checks, Etc. All checks, drafts, notes, bonds, bills of exchange, and orders for the payment of money and other evidence of indebtedness in excess of One Thousand Dollars (\$1,000.00), shall, unless otherwise directed by the Board of Directors or required by law, be signed by any two of the following officers, who are different persons: President, a Vice President, Secretary or Treasurer. Any such obligation equal to or less than One Thousand Dollars (\$1,000.00) may be signed by any one (1) of such preceding officers. The Board of Directors may, however, designate officers or employees of the Corporation, other than those named above, who may, in the name of the Corporation, execute drafts, checks and orders for the payment of money on its behalf.

Section 8.03. Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors.

**WHOA By-law changes: Please replace appropriate sections
in your Homeowners Manual.** **12/99**

Replacing Section 3.19, para j and k: (using January 1 due date for example)

*Billings will be sent out the 15th of the month prior to the due date. (e.g. 12/15 for January 1.)

*Reminder notices will be sent out on the 20th of the due month. (e.g. 1/20)

*The first day of the next month (e.g. 2/1) a 10-day collection letter will be sent certified mail and a \$25 late fee assessed.

*The 15th of the month following the original due date (e.g. 2/15) the account will be turned over to a collection agency. The agency will send a demand letter giving another 10 days to cure, with legal fees added.

*After the cure period expires (approx. 2/25) the following will happen:

--Lien will be filed.

--Unresolved issues will be taken to a court of law.

Replacing second Section 3.25 Compensation:

Section 3.26: No director shall receive any compensation for any service he may render to the Corporation, unless he performs a job offered to all members of the HOA that no other member accepts. Compensation would be the same as offered to other members of the HOA. A director may, however, be reimbursed for other operating expenses.

Replacing Section 8.07 Auditing:

If requested by a Majority of the Board of Directors, the books and accounts of the Corporation shall at the close of each fiscal year be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards.

**WATERSTONE HOMEOWNERS ASSOCIATION, INC.
DUES COLLECTION POLICY**

WHEREAS, the Waterstone Homeowners Association, Inc. ("Association") is responsible for the maintenance, improvement, repair, and operation of certain portions of the four (4) residential communities in Carmel, Indiana known as Bayhill, Stonewick, Windpointe, and Brookfield, including, but not limited to, the payment of the costs of labor, equipment, material and insurance furnished with respect to the Community Area, and any and all other common expenses; and

WHEREAS, by purchasing a home within any of said four (4) subdivisions, each Owner covenanted and agreed to pay assessments to the Association for their pro rata share of the common expenses; and

WHEREAS, there is a need to establish orderly procedures for the collection of assessments which remain unpaid past their due date since delinquent assessments pose a serious financial and administrative burden on the Association.

NOW, THEREFORE, BE IT RESOLVED that the duly elected Directors of the Association do hereby, adopt, publish, and adhere to the following procedures for the collection of quarterly assessments:

1. The Owners' payments of assessments to the Association shall be in quarterly installments. At least fifteen (15) days prior to the first day of each quarter, the Association shall distribute to each Owner an invoice or statement for the next quarter's installment and shall specify the amount of the quarterly assessment for that Owner and that each installment is due in advance on the 1st day of each quarter, i.e., January, April, July and October.
2. For those Owners whose payments have not been received, the Association shall send reminder late notices on or shortly after the 20th day of the same month when the installment was due.
3. The Association shall mail by both certified mail and first class mail a second notice of delinquency to the Owner on or shortly after the 1st day of the following month (for which payment was due on the 1st day of the prior month). This notice shall include a statement that a late charge of \$25 has been added to the Owner's account for which the Owner is responsible. This notice shall also advise the Owner that unless payment in full is received within fifteen (15) days of such notice, the matter will be referred to the Association's attorney at which time the Owner will be responsible for all attorneys fees, court costs, and other expenses incurred.
4. To be deemed timely, payments must be received (not just postmarked) by the due date(s) at the office of the Association's managing agent or at such other address specified by the Board.
5. If an Owner is still delinquent fifteen (15) days after the date of the second late notice, the Board of Directors or Managing Agent shall refer the matter to the Association's attorney with instructions to pursue the collection thereof in the manner recommended by the Association's attorney. Thereafter, all communications by the delinquent Owner must be directed to the attorney during the time of the delinquency.
6. Any payments received for less than the full amount then due shall not be accepted as full payment.

Adopted 6-23, 2001 by the Board of Directors of Waterstone Homeowners Association, Inc.

AMENDMENTS TO CODE OF BY-LAWS OF
WATERSTONE HOMEOWNERS ASSOCIATION, INC.

The following amendments to the Code of By-Laws of Waterstone Homeowners Association were passed November 27, 2001.

1. Section 2.06 of the By-Laws is amended to reduce the quorum from fifty percent (50%) to **ten percent (10%)**. All other provisions of Section 2.06 shall remain unchanged.

2. Section 3.02 of the By-Laws is deleted and replaced with the following:

Section 3.02. Eligibility. No person shall be a Director who is not a Member, nor shall any person be a Director representing a Parcel who is not the Owner of a Lot in such Parcel.

3. Section 3.03 of the By-Laws is deleted and replaced with the following:

Section 3.03. Number. The Board of Directors shall be composed of nine (9) Owners.

4. Section 3.04 of the By-Laws is deleted and replaced with the following:

Section 3.04. Classes. The membership of the Board of Directors shall be one class consisting of nine (9) Directors. Three (3) Directors shall represent Bayhill, two (2) shall represent Stonewick, two (2) shall represent Windpointe, and two (2) shall represent Brookfield.

5. Section 3.07 of the By-Laws is deleted and replaced with the following:

Section 3.07. Election. Directors shall be elected at the Corporation's annual meeting. The Directors representing a Parcel shall be elected by those Members who are Owners of Lots in such Parcel. A Member who owns a Lot in more than one Parcel shall be entitled to vote for all Directors representing Parcels in which he or she owns a Lot. Voting for the Board of Directors shall be by secret written ballot prepared by the Elections Committee or, in the absence thereof, the Board. The ballot shall contain the name of each person nominated for election. Those persons receiving the highest number of votes shall be elected.

6. Section 3.08 of the By-Laws is deleted and replaced with the following:

Section 3.08. Term. Each Director shall serve for a term of two (2) years. The terms shall be staggered so that the Directors representing a particular Parcel shall be elected in alternate years. For example, one Director representing Bayhill shall be elected in odd numbered years, with the other two Bayhill Directors being elected the following even numbered year. Incumbent Directors shall be eligible for re-election and the number of years a person may serve as a Director is not limited. Despite the expiration of a Director's term, the Director continues to serve until a successor is appointed or elected and qualified.

Cross-Reference: Instrument # 9252058

200300020073
Filed for Record in
HAMILTON COUNTY, INDIANA
JENNIFER J HAYDEN
02-26-2003 02:24 pm.
AMEND DECL 12.00

**AMENDMENT TO THE DECLARATION OF
COVENANTS AND RESTRICTIONS--
WATERSTONE**

This Amendment to the Declaration of Covenants and Restrictions--Waterstone is executed this 11th day of February, 2003, by Waterstone Homeowners Association, Inc..

WITNESSETH:

WHEREAS, the Waterstone subdivision located in Hamilton County, Indiana was established by and is subject to a certain "Declaration of Covenants and Restrictions--Waterstone" (hereinafter "Declaration"), which was recorded on December 31, 1992, as **Instrument No. 9252058** in the Office of the Recorder of Hamilton County, Indiana; and

WHEREAS, the original developer of Waterstone, pursuant to the authority granted in the Declaration, caused to be incorporated under the laws of the State of Indiana a nonprofit corporation under the name "Waterstone Homeowners Association, Inc." (hereafter, "Association"), whereby all Owners in Waterstone are Members of the Association; and

WHEREAS, Paragraph 23 (a) of the Declaration states that the Declaration's provisions may be amended by an instrument signed by an appropriate officer of the Association acting pursuant to the authority granted by not less than two-thirds (2/3) of the votes of the Members cast at a meeting duly called for such purpose; and

WHEREAS, the Owners and Members within Waterstone desire to amend certain provisions of the Declaration; and

WHEREAS, after written notice was duly given, a Special Meeting of the Association was held on November 18, 2002; and

WHEREAS, at said Special Meeting, more than two-thirds (2/3) of the votes of the Members cast at said meeting were cast in favor of the following amendments to the Declaration.

NOW THEREFORE, the Declaration is hereby amended as follows:

1. Two (2) new sub-paragraphs (e) and (f) are added to the end of Paragraph 4 of the Declaration to read as follows:

(e) Lake Waterstone. Boating privileges on Lake 1 (Lake Waterstone), except as delineated below in sub-paragraph 4(f), shall be exclusive to Members owning Lots adjacent to Lake 1 ("Waterstone Lake Lot Owners").

(f) Lake Waterstone Rules. The Board of Directors will establish a Lake Rule that permits up to a maximum of five (5) Members per day who are not Waterstone Lake Lot Owners to use non-motorized canoes, kayaks, paddleboats, and sailboats on Lake 1.

2. Except as above amended, all other provisions of the Declaration shall remain unchanged and in full force and effect. Unless otherwise herein stated, the terms used herein shall have the same meaning as defined in the Declaration.

3. The foregoing amendment shall run with the land and shall be binding upon the Owners and Members and upon the parties having or acquiring any right, title or interest, legal or equitable, in and to the real property within Waterstone or any part or parts thereof subject to such restrictions, and shall inure to the benefit of all successors in title to any real property in Waterstone.

4. The undersigned person hereby represents and certifies that all requirements for and conditions precedent to the Amendment of the Declaration have been fulfilled and satisfied. This Amendment to the Declaration is executed on the date and year first above written.

WATERSTONE HOMEOWNERS ASSOCIATION, INC.

By: 
Steven E. Lankton, President

ACKNOWLEDGMENT

STATE OF INDIANA)
)
COUNTY OF HAMILTON)

Before me a Notary Public in and for said County and State, personally appeared Steven E. Lankton, the President of Waterstone Homeowners Association, Inc., who acknowledged execution of the foregoing for and on behalf of said corporation and its members and who, having been duly sworn, stated that the representations contained herein are true.

Witness my hand and Notarial Seal this 11th day of February, 2003.

My Commission Expires:

May 8, 2003


Notary Public - Signature

Residence County: Marion

CHRISTINA M HENDRICKSON
Printed

This Instrument prepared by, and should be returned to, P. Thomas Murray, Jr., EADS MURRAY & PUGH, P.C., 7321 Shadeland Station, Suite 250, Indianapolis, IN 46256 (317) 842-8550