

Code of By-Laws
Of
Sugarberry Court at Ridgefield Homeowners' Association, Inc.

ARTICLE 1

Identification and Applicability

Section 1.1. Identification and Adoption. These By-Laws are adopted simultaneously with the execution of a certain Declaration to which these By-Laws are attached and made a part thereof. 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. 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 Section 1 of the Declaration containing definitions of terms. The provisions of these By-Laws shall apply to Sugarberry Court and the administration and conduct of the affairs of the Association.

Section 1.2. Individual Application. All of the Owners, tenants, future owners, future tenants, or their guests and invitees, or any other person that might use or occupy any Lot or any part of the Phase I Real Estate or Additional Real Estate annexed to the Declaration as provided therein, shall be subject to the rules, restrictions, terms and conditions set forth in the Declaration and these By-Laws.

ARTICLE 2

Meetings of Association

Section 2.1. Purpose of Meetings. At least annually, and at such other times as may be necessary, the meeting of the Owners shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the collection of Common Expenses and assessments, and for such other purposes as may be required by the Declaration and these By-Laws.

Section 2.2. Annual Meeting. The annual meeting of the members of the Association shall be held in November in each calendar year. At the annual meeting the Owners 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 2.3. Special Meetings. A special meeting of the members of the Association may be called by resolution of the Board of Directors or upon a written

petition of the Owners who have not less than twenty-five percent (25%) of the Class A and Class B membership votes. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the meeting is called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.4. Notice and Place of Meetings. All meetings of the members of the Association shall be held at any suitable place in Monroe County, Indiana, as may be designated by the Board of Directors. 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 of the Association to each Owner and, if applicable, to any Mortgagee not less than fourteen (14) days prior to the date of such meeting. The notice shall be mailed or delivered to the Owners at their address as it appears upon the records of the Association and to the Mortgagee at the address as it appears on the records of the Association. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 2.5. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 2.4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 2.6. Voting. For the purposes of conducting and voting at meetings, the Declarant shall be considered included within the term "Owner" for the purposes of these By-Laws. Voting rights shall be determined in accordance with the Declaration as follows:

Class A – Class A members shall be all Owners except Declarant and shall be entitled to one vote for each Lot owned. All persons holding an interest in any Lot shall be members provided, however, each Lot represented shall have only one vote as the Owners of such Lot may determine.

Class B – The Class B member shall be Declarant and Declarant shall be entitled to ten (10) votes for each Lot owned. The Class B membership shall cease and terminate upon the Applicable Date.

2.6.1. Multiple Owner. Where the Owner of a Lot constitutes more than one person, Limited Liability Partnership, Trust, or is a Partnership, there shall be only one voting representative entitled to the vote allocable to that Lot. At the time of acquisition of title to a Lot by a multiple Owner, Limited Liability Partnership, Trust, or Partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Association a proxy appointing one of such persons or partners as the voting representative for such Lot, which shall remain in effect until such appointed representative relinquishes such appointment in writing, becomes incompetent, dies, such appointment is rescinded by an order of a court of competent jurisdiction, or the subject Lot which forms the basis of

the vote is conveyed. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph 2.6.3 of this Section 2.6, which shall not constitute a permanent relinquishment of his right to act as voting representative for the Lot.

2.6.2. 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.

2.6.3. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot; or, upon receipt of notice by the Secretary, or the Board of Directors of the death or judicially declared incompetence of a member; or, upon the expiration of eleven (11) months from the date of the proxy. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

2.6.4. Quorum. Except as otherwise expressly provided in the Declaration or these By-Laws, the Owners representing fifty percent (50%) of each class of membership, taken together, shall constitute a quorum at all meetings. The term majority of Owners or majority of vote, as used in these By-Laws, shall mean the Owners entitled to not less than fifty-one percent (51%) of the votes in accordance with the Declaration as such may be amended from time to time.

2.6.5. Conduct of Meeting. The Chairman of the meeting shall be the President of the Association. He shall call the meeting to order at the duly designated time and business will be conducted in the following order:

Reading of the Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto.

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

Budget. The proposed budget for the current calendar year shall be presented to the members for approval or amendment.

Election of the Board of Directors. Nominations for the Board of Directors may be made by any member from those persons eligible to serve. Such nominations must be in writing and presented to the Secretary of the Association at least ten (10) days prior to the date of the annual meeting. Each member may cast the total number of votes to which he is entitled for as many nominees as are to be elected; however, he shall not be entitled to cumulate his votes. Those persons receiving the highest number of votes shall be elected. All voting for election of the members of the Board of Directors shall be conducted by secret ballot.

Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least ten (10) days prior to the date of the meeting; provided, however, that such written request may be waived at the meeting if agreed by a majority of the vote.

Adjournment.

ARTICLE 3

Board of Directors

Section 3.1. Board of Directors.

3.1.1. The business and property of the Association shall be managed and directed by the Board of Directors composed of five (5) persons, or by such Committees as the Board may establish pursuant to the By-Laws.

3.1.2. The initial Board of five (5) Directors shall be selected by the Declarant from the date upon which this Declaration is recorded in the Monroe County, Indiana public records until the Applicable Date and the qualification of successor directors elected at a meeting of voting members.

3.1.3. This paragraph governs directors elected after the term of initial Board of Directors has expired pursuant to 3.1.2. Directors shall be elected at the annual meeting of the Association and those persons who receive the highest number of votes shall be deemed to have been elected. The size of the Board of Directors may be increased or decreased from time to time upon the affirmative vote of seventy-five percent (75%) of all Owners provided that the Board of Directors shall not be less than five (5) in number nor more than seven (7). After the Applicable Date, each Director shall hold office for a period of three (3) years or until his death, resignation, retirement, removal, disqualification or his successor is elected and qualified. Terms shall be staggered. Each Director shall be one of the Owners; provided, however, that in the event an Owner is a

corporation, partnership, trust or other legal entity, other than a natural person, or persons, then an officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board of Directors. Nothing herein contained shall be construed to prevent the election of a Director to succeed himself.

3.1.4. Vacancies in the Board, including vacancies due to any increase in the number of persons on the Board shall be filled by majority vote of the remaining members thereof, except that a vacant position of the Board last filled by a person appointed by the Declarant shall be filled by a person appointed by the Declarant. Any director so elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the director he succeeds. Except as otherwise provided in this Declaration, the Common Area shall be managed by the Board and the Board shall act by majority vote of those present at its meetings when a quorum exists. Meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may adopt. A majority of the total number of members of the Board shall constitute a quorum.

3.1.5. All meetings of the Board shall be open to attendance by any Lot Owner, except the President may call the Board into executive session on matters of personnel, infractions of the rules and regulations of the Association, and matters of similar sensitivity. Any action taken by the Board in executive session shall be recorded in the minutes.

3.1.6. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, if a written consent to such action is signed by all members of the Board and such consent is filed with the minutes of proceedings of the Board.

Section 3.2. Powers of the Board of Directors. The Board of Directors 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:

3.2.1. To employ a managing agent or a real estate management company (either being hereinafter referred to as "Managing Agent") to assist the Board in performing its duties;

3.2.2. To purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors;

3.2.3. To procure for the benefit of the Owners fire and extended coverage insurance covering the Buildings, to the full replacement value thereof and to procure public liability and property damage insurance, Directors and officers liability insurance, Workmen's Compensation insurance, and such

other insurance as the Board of Directors may determine is necessary for the benefit of the Owners and the Association;

3.2.4. To employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of the Association;

3.2.5. To include the costs of all of the above and foregoing as Common Expenses and assessments and to pay all such costs therefrom;

3.2.6. To consent to amendment to the Declaration as therein provided;

3.2.7. To adopt, revise, amend and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation and enjoyment of Sugarberry Court or the Common Areas;

3.2.8. To open and maintain a bank account or accounts in the name of the Association.

Section 3.3. Limitation on Board Action. The authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than \$10,000.00 without obtaining the prior approval of a majority of Owners, except in the following cases:

3.3.1. Contracts for replacing or restoring portions of the Common Areas damaged or destroyed by fire or other casualty where the cost thereof is payable out of insurance proceeds actually received;

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

Section 3.4. Compensation. No Directors shall receive any compensation for any service rendered to the Association except to such extent as he may be reimbursed for actual expenses incurred in the performance of his duties.

Section 3.5. Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors. The Secretary shall give notice of regular meetings of the Board to each Director personally or by United States mail at least five (5) days prior to the date of such meeting.

Special meetings of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Board members. The notice of this 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 Monroe County, Indiana, as shall be designated in the notice.

Section 3.6. 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 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 3.7 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 3.8. Non-Liability of Directors. The Directors shall not be liable to the Association 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 each of the Directors against any and all liability to any person, firm or corporation arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or 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 Association. Every contract made by the Board shall provide that the Board of Directors, in executing such contract, is acting as Agent for the Association and shall have no personal liability thereunder.

Section 3.9 Additional Indemnity of Directors. The Association shall indemnify any person, his heirs, assigns and legal representatives, made a part to any action, suit or proceeding by reasons of the fact that he is or was a Director of the Association, 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, if it shall be found by a majority of the 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 of the Association or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation 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 of Directors.

Section 3.10. Bond. The Board of Directors shall require any or all officers and employees of the Association handling or responsible for Association funds to be covered by an adequate bond. The premiums on such bonds shall constitute a Common Expense.

Section 3.11. Information Action of Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

ARTICLE 4

Officers

Section 4.1. Officers of the Association. The principal officers of the Association shall be the President, Vice President and Secretary/Treasurer, all of whom shall be elected by the Board. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person. Every officer will serve for a term of one (1) year except an officer filling the vacancy created by resignation, death or removal of his successor in which case, the officer shall serve for the unexpired term of his successor.

Section 4.2. Election of Officers. The officers of the Association shall be elected annually by the Board at the initial meeting of each new Board. Upon an affirmative vote of a two-thirds (2/3) majority of all members of the Board, any officer may be removed either with or without cause and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.3. The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board, shall have and discharge all the general powers and duties usually vested in the office of president or chief executive officer of an association or a stock corporation organized under the laws of Indiana, including but not limited to, the power to appoint committees from among the Owners as he may deem necessary to assist in the affairs of the Association and to perform such other duties as the Board may from time to time prescribe.

4.3.1. At the organizational meeting of the Board of Directors, following the election of officers, the President shall appoint an Insurance Committee, consisting of the Board Vice President along with two individual Owners whose duties include ensuring compliance by individual homeowners to insurance coverage requirements as set forth in Section 9.2, paragraph 2.

Section 4.4. The Vice President. The Vice President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice President shall also perform such other duties as these By-Laws may prescribe or as shall, from time to time, be imposed upon him by the Board or by the President.

Section 4.5. The Secretary. The Secretary shall be elected from among the Directors. The Secretary shall attend all meetings of the Association and of the Board and shall keep or cause to be kept a true and complete record of the proceedings of such meetings, shall perform all other duties incident to the office of the Secretary and such other duties as from time to time may be prescribed by the Board. The Secretary shall specifically see that all notices of the Association or the Board are duly given, mailed or delivered, in accordance with the provision of these By-Laws.

Section 4.6. The Treasurer. The Board shall elect from among the Directors a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and such other duties incident to the office of Treasurer. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into possession of the Association. He shall immediately deposit all funds of the Association coming into his hands in some reliable bank or other depository to be designated by the Board and shall keep such bank account in the name of the Association.

Section 4.7. Assistant Officers. The Board of Directors may, from time to time, designate and elect from among the Owners an Assistant Secretary and Assistant Treasurer who shall have such powers and duties as the officer whom they are elected to assist shall delegate to them and such other powers and duties as these By-Laws or the Board of Directors may prescribe.

Section 4.8. Compensation. No officer shall receive compensation from the Association for acting as such.

ARTICLE 5

Assessments

Regular and Special Assessments shall be determined and collected as follows:

5.1. Annual Accounting. Annually after the close of each calendar year of the Association, the Board of Directors shall cause to be prepared and furnished to each Owner a financial statement, which statement shall show all receipts and expenses received, incurred or paid during the preceding calendar year.

5.2. Proposed Annual Budget. Annually on or before the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared a

proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses for the ensuing year, and shall furnish a copy of such proposed budget to each Owner prior to the annual meeting. The proposed annual budget shall be submitted to the Owners at the annual meeting of the Association for adoption, and if so adopted shall be the basis for the Regular Assessments for the ensuing calendar year. At the annual meeting of the Owners, the proposed budget may be approved in whole or in part, or may be amended in whole or in part by a majority of the Owners present or represented at the meeting (provided a quorum is present); provided, however, in no event shall the annual meeting of the Owners be adjourned until an annual budget is approved.

The failure or delay of the Board of Directors to prepare a proposed annual budget and to furnish a copy thereof to the Owner shall not constitute a waiver or release of the Owner to pay the Common Expenses.

5.3. Regular Assessments. The annual budget as adopted shall, based on the estimated cash requirement for the Common Expenses in the ensuing year as set forth in said budget, contain a proposed assessment against each Lot based on the total amount of said budget divided by the total number of Lots. The Regular Assessment against each Home shall be paid in twelve (12) monthly installments on the first day of each month beginning in January following adoption of the budget. Payment of the monthly installments of the Regular Assessment shall be made to the Board of Directors as directed by the Board of Directors; provided, however, that any Owner may elect to pay Regular Assessments in advance. The Regular Assessment for each year shall become a lien on each separate Lot as of the date the payment is due.

5.4. Special Assessments. In addition to the Regular Assessments authorized above, the Association may levy such Special Assessments as may be necessary for the purpose of defraying, in whole or in part: (1) the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto; and, (2) the expense of any other contingencies or events not provided for in the annual budget or the reserves and working capital of the Association; provided that no Special Assessments shall be levied without the assent of a majority of the Owners at a meeting duly called for this purpose. Each Owner shall pay the Association a Special Assessment based on the total sum approved to meet the costs and expenses as heretofore provided divided by the total number of Lots in Sugarberry Court. The Association may, in connection with the levy of any Special Assessment, specify that the same shall be payable in installments and specify the due dates thereof.

5.5. Adjustments. In the event that the approved budget and Regular Assessment plus the reserves and working capital of the Association shall prove insufficient to meet the Association's actual expenses in any year, such deficiencies may be corrected through one or more Special Assessments. In the event the approved and Regular Assessments exceed actual expenses in any year, such surplus shall be retained and used to offset expenses in the next year(s) or returned to the Owners proportionately as the Board of Directors shall elect.

5.6. Temporary Budget and Assessments. If for any reason an annual budget and the Regular Assessments for any year have not been determined as of January 1 of any such year, the budget and Regular Assessments in effect during the preceding year shall continue in effect until such time as the annual budget and Regular Assessments are determined in accordance with the Declaration and the By-Laws; provided, however, that said preceding budget and Regular Assessments may be increased by up to fifteen percent (15%) as the Board of Directors, by majority vote, may deem necessary in said temporary budget and Regular Assessments.

5.7. Reserve Funds. The Association shall be obligated to establish a reserve fund for the repair of the Common Area based upon good faith estimates of the useful life and replacement cost of such Common Area made or obtained by the Association. The reserve fund shall be funded through the payments by the Owners of Common Expenses and not by an extraordinary or Special Assessment. Extraordinary expenditures not originally included in the annual estimate that become necessary during the year shall be charged first against the reserve fund so established before any Special Assessment is made or levied therefor. All amounts held by the Association pursuant to this Section 5.7 shall be maintained in a federally-insured account and any interest thereon shall be added to and deemed a part of such fund.

5.8. Status of Funds Collected by Association. All funds collected pursuant to this Section 5 shall be held and expended by the Association solely for the purposes designated herein, and, except for such adjustments as may be required to reflect delinquent or prepaid Regular or Special Assessments, shall be deemed to be held for the use, benefit and account of the Owners for the payment of Common Expenses.

5.9. Accounting Practices of the Association. The annual budget, the Regular Assessment and all sums assessed by the Association shall be established by using generally accepted accounting principles. The annual budget and the Regular Assessment shall, in addition, be established to include the establishment and maintenance of a replacement reserve fund for capital expenditures and replacement and repair of the Common Area and of Homes to the extent such capital expenditures and replacement and repair is the obligation of the Association, which replacement reserve fund shall be used for those purposes and not for usual and ordinary repair expenses of the Common Area. Such replacement reserve fund for capital expenditures and repair of the Common Area shall be maintained by the Association in a separate, federally insured interest-bearing account or accounts selected from time to time by the Board of Directors.

5.10. Community Assessments. Any regular Assessment or Special Assessment levied by the Community Association shall be in addition to the Regular Assessments and Special Assessments provided for in this Section 5.

5.11 Collection of Assessments. Each Regular Assessment shall be due and payable on the first day of the month, and shall be paid in twelve monthly installments. Any Regular or Special Assessment which is not paid in full by the Delinquency Date, the tenth (10) of the month, shall be deemed delinquent without further notice or demand

of the defaulting Owner. The Homeowners' Association shall impose a late fee on delinquent Regular Assessments paid after the last day of the month which said Regular Assessment became delinquent. The late fee shall be ten percent (10%) of the delinquent Regular Assessment due. If the Regular Assessment continues to be delinquent after the last day of the next following month, another late fee of ten percent (10%) will be charged on the previous delinquent Regular Assessment plus an additional late fee of ten percent (10%) for the present month delinquent Regular Assessment. This formula for late fees for delinquent payment of Regular Assessments will be used for each following delinquent monthly payment. In the event that any costs or expenses, including reasonable attorney's fees and costs, are incurred by or on behalf of the Association with respect to the recovery or collection of any delinquent Assessment, all such costs and fees shall be due and payable immediately by such delinquent Owner and shall bear interest from the date incurred until paid in full, at a rate of interest equal to eighteen percent (18%) per annum. All interest and all costs and expenses payable hereunder with respect to a delinquent Assessment shall be added to and deemed a part of such delinquent Assessment and shall constitute a lien on the delinquent Owner's Lot as of the date on which such delinquent Assessment first became a lien. In the event that any Assessment is not fully paid on or before the Delinquency Date, the Association shall be entitled to enforce payment of the same by foreclosure of said lien and/or other appropriate legal proceedings in accordance with the laws of the State of Indiana. The Owner and any occupant of the Home shall be jointly and severally liable for the payment to the Association of reasonable rental for such Home and the Board of Directors shall be entitled to the appointment of a receiver for the purpose of preserving the Home and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular Assessments or Special Assessments. The Board of Directors may at its option, bring suit to recover a money judgment for any unpaid Regular Assessment or Special Assessment without foreclosing or waiving the lien securing the same.

5.12. Subordination of Assessment Lien to Mortgage. Notwithstanding anything contained in the Declaration, the Articles of Incorporation of the Association or these By-Laws, any sale or transfer of a Lot or Home to a Mortgagee pursuant to a foreclosure on its mortgage or conveyance in lieu thereof, or a conveyance to any person at a public sale in a manner provided by law with respect to mortgage foreclosures shall extinguish the lien of any unpaid installment of any Regular Assessment or Special Assessment as to such installment which became due prior to such sale, transfer or conveyance; provided, however, that the extinguishment of such lien cannot relieve the prior Owner from personal liability therefor.

ARTICLE 6

Rules and Regulations

Section 6.1. Right of Board to Adopt Rules and Regulations. The Board of Directors may promulgate such additional rules and regulations regarding the operation of Sugarberry Court, including but not limited to the use of the Common 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, and the Board shall cause copies of such rules to be delivered or mailed promptly to all Owners.

ARTICLE 7

Amendment to By-Laws

Prior to the Applicable Date, these By-Laws may be amended by a majority vote or by written consent of all initial directors. After the Applicable Date, these By-Laws may be amended by a vote of not less than sixty-six and two-thirds percent (66 2/3%) of the vote of the Owners in a duly constituted meeting called for such purpose.

ARTICLE 8

Mortgages

Section 8.1. Notice to Association. Any Owner who places a first mortgage lien upon his Lot, or the mortgagee being the holder of any such first mortgage lien, shall notify the secretary of the Association and provide the name and address of the mortgagee. A record of such mortgagee and such name and address shall be maintained by the secretary and any notice required to be given to any Owner pursuant to the terms of the Declaration or these By-Laws shall be given in the same manner and in the same effect to such mortgagee.

Section 8.2. Notice of Unpaid Assessments. The Association shall, upon request of a Mortgagee, a proposed mortgagee or purchaser who has a contractual right to purchase a Lot, furnish to such mortgagee or purchaser a statement setting forth the amount of the unpaid Regular Assessments or Special Assessments against the Lot, which statement shall be binding upon the Association and the Owners, and any mortgagee or grantee of the Lot shall not be liable for nor shall the Lot conveyed be subject to a lien for any unpaid assessments in excess of the amount set forth in such statement.

Section 8.3. Notice and Representative. Any and all Mortgagees shall receive notice of meetings of the Association and shall receive specific notice from the Association of the intention of the Association to amend any provisions of the Declaration, By-Laws, or Articles of Incorporation of the Association; and any and all Mortgagees shall have the right to designate a representative to attend any meetings of the Association.

ARTICLE 9

Insurance

ASSOCIATION RESPONSIBILITY

Section 9.1. Minimum Requirements for Association Insurance. The Association shall as a minimum obtain and carry a policy of property insurance in an amount equal to the full replacement value (i.e. 100% of current "replacement cost" exclusive of land) of the common facilities owned by the Association, a "Demolition Endorsement" or its equivalent, and, if necessary, an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, such insurance to protect against at least the following: loss or damage by fire and other hazards covered by the standard extended coverage endorsement, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage.

9.1.1.

- a. Footings.
- b. Foundations.
- c. Exterior walls and load bearing walls.
- d. Fireplace (except inserts) and chimney.
- e. Windows.
- f. Exterior doors, including garage door.
- g. Guttering, soffets and fascia.
- h. Exterior wallboard, siding and brick
- i. Framing.
- j. Sub-flooring.
- k. Original decks and patio slabs.
- l. Electrical service to the meter.
- m. Plumbing to the interior of the exterior wall.
- n. Grinder pump.

9.1.2. Owners will be billed annually for the premium.

9.1.3. Sugarberry Court Homeowners Association shall be responsible for payments of the deductible on insurance carried by it when the damage is to property that is the Association's responsibility. However, in cases where the Board determines that the owner was responsible for the loss, the owner shall deposit with the Board as insurance trustee the amount of the deductible.

9.1.4. All proceeds payable as a result of casualty losses covered by insurance purchased by the Board shall be paid to the Board and the Board shall act as an insurance trustee. The sole duty of the insurance trustee shall be to receive the proceeds as they are paid and to hold the proceeds in trust for the benefit of the homeowners and their respective mortgagees.

The Board retains the right to adjust with the insurance company the proceeds payable under policies purchased by the Board.

The Owner shall have the right to select the contractor or contractors subject to Board approval. Owner's selection of a contractor shall be submitted to the Board in writing together with a projected timetable for work to be completed which shall also require Board approval.

In no such event shall any distribution of proceeds be made by the Board to a homeowner where there is a mortgagee endorsement on the certificate of insurance. In such an event, the distribution of proceeds shall be to the homeowner and mortgagee jointly.

In the event of damage to or destruction of any home by fire or other disaster, the Board shall arrange for its prompt repair and restoration using the proceeds of insurance. The Board shall disburse the proceeds of its insurance policies to the contractors engaged in such repair and restoration, or as the Board otherwise deems appropriate to assume reconstruction.

HOMEOWNERS' RESPONSIBILITY

Section 9.2. Insurance on Individual Lots. The Owner of any Lot shall be solely responsible for obtaining insurance, at the individual's expense, for coverage of personal property; the contents of the unit; and for personal liability. It shall include coverage for:

- a. External modification to the original unit.
- b. Interior improvements finishing ballerments and permanent addition to the unit .
- c. All mechanical, both exterior and interior, including without limitation, air conditioners, furnaces, hot water heaters, filtering units, ceiling and exhaust fans, and appliances.
- d. Electrical wiring from the meter in outlet boxes, exterior lights.
- e. Interior drywall, wall boards, doors and trim.
- f. Plumbing from the interior of the exterior wall.
- g. Ceiling.
- h. Flooring and floor covering.
- i. Wall finishes, including without limitation paint, wallpaper and painting, tile, decorative trim.
- j. Fireplace inserts.
- k. Counter top, cabinets, vanity.
- l. Bathroom fixtures and cabinets.
- m. Appliances.
- n. Window treatments.
- o. Owners furnishing and personal property.

Note: The above list is demonstrative and shall not be considered as limited to the specific items denoted.

The homeowners will determine the level of coverage and deductible for their individual policies. The level of coverage, excluding personal property and personal liability, shall be subject to Board approval. The Board will not approve coverage of less than 100% of replacement value. The Owner shall furnish the Insurance Committee with proof of insurance in complying with this provision (refer to Section 4.3.1.).

In the event a damaged or destroyed home is not insured or in the event the insurance proceeds are insufficient to pay the full cost of repair or reconstruction, uninsured repair or reconstruction cost shall be paid by the homeowners directly affected by the damage.

If any one or more of the homeowners directly affected by the damage or destruction shall refuse to make payments, the Board and the other homeowners directly affected shall be entitled to enforce such payment by any legal means.

Section 9.3. Public Liability Insurance. The Board shall purchase and maintain insurance to protect against any and all liability or casualty which might accrue to the real property in the Sugarberry Court Homeowners Association, the homeowners, the Corporation, and Board of Directors. The limits of such insurance will be not less than \$500,000.00 covering all claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobile, liability for property of others, and, if applicable, garage-keeper's liability, host liquor liability, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use. The cost of such insurance shall be billed equally to each individual owner apart from the Owner assessment.

Section 9.4. Minimum Bonding Requirement. The Association shall be required to maintain adequate fidelity insurance coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of such Association and all others who handle, or are responsible for handling funds of the Association. Such insurance shall meet the following requirements:

9.4.1. Shall name the Association as an obligee;

9.4.2. Shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves, unless a greater amount is required by FNMA;

9.4.3 . Shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and

9.4.4. Shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days prior written notice.

Section 9.5. Director and Officers Insurance. The Association shall carry Directors and Officers' liability insurance in order to protect it from any causes of action resulting from the actions or inactions of the Board.

Section 9.6. Workmen's Compensation Insurance. The Association shall carry Workmen's Compensation insurance if and to the extent necessary to meet the requirements of law.

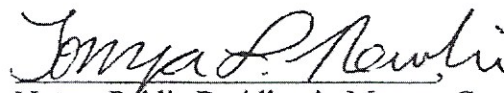
Section 9.7. Additional Insurance. The Association shall carry any additional insurance as the Board of Directors may determine or the Declaration may require.

Certified to be the By-Laws adopted by consent of the Directors of Sugarberry Court at Ridgefield Homeowner's Association, Inc. dated this 3rd day of August, 2005


Secretary, Sugarberry Court at Ridgefield

STATE OF INDIANA)
) ss:
COUNTY OF MONROE)

Before me a Notary Public personally appeared Lee Marchant to be known to be the Secretary of Sugarberry Court at Ridgefield Homeowners' Association and on behalf of said Homeowners' Association executed the above this 3rd day of August, 2005


Notary Public Residing in Monroe County, IN

My Commission Expires:
1/23/13

This Instrument was prepared
by Frank A. Barnhart

