

BY-LAWS OF

THE COBBLESTONE HOMEOWNERS ASSOCIATION OF MUNSTER, INC.

SECTION 1. NAME, OFFICE AND DEFINITIONS

1.1 Name. The name of the Association shall be The Cobblestone Homeowners Association of Munster, Inc. (hereinafter sometimes referred to as the "Association").

1.2 Principal Office. The principal office of the Association in the State of Indiana shall be located in the Town of _____, County of Lake. The Association may have such other offices, either within or without the State of Indiana, as the Board of Directors may determine or as the affairs of the Association may require.

1.3 Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions and Restrictions for The Cobblestones of Munster (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

SECTION 2. MEMBERSHIP, MEETINGS AND VOTING.

2.1 Membership. The Association shall have one (1) class of membership, as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

2.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors.

2.3 Annual Meetings. The first annual meeting shall not be held until such time as the rights of the Developer to appoint Directors and to thereby control the Association shall have expired as provided in Article IV.D. of the Declaration, or at such earlier time or times as may be determined by the Developer. The next annual meeting shall be set by the Board of Directors so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent annual meetings shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board of Directors. Subject to the foregoing, the annual meeting of the Members shall be held at a date and time as set by the Board of Directors. Subject to the foregoing, the Members shall, at each annual meeting, 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.

2.4 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by at least ten percent (10%) of the total votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

2.5 Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) or more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

2.6 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed a waiver by such member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

2.7 Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

2.8 Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are

specifically incorporated herein.

2.9 Proxies. At all meetings of Members, each Member may vote in person or by proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting.

2.10 Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as to the context may indicate totaling more than fifty percent (50%) of the total number.

2.11 Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of thirty percent (30%) of the Members shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

2.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

2.13 Action Without a Meeting. Any action required by law to be taken at a meeting of the Members, or any action may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Members.

SECTION 3. DIRECTORS

3.1 Governing Body. The Board of Directors shall consist of three (3) persons. Each Member of the Board of Directors shall be either a Member or be designated by the Developer as provided in the Declaration and the Articles of Incorporation.

3.2 Election of Directors. Election of Directors shall be conducted in the following manner:

- a. Members of the Board of Directors shall be elected by a plurality of the votes cast at the annual meeting of the Members of the Association.
- b. Vacancies in the Board of Directors may be filled until the date of the next annual meeting by a majority of the remaining Directors (not a majority of a quorum).

- c. Nothing herein shall be in any way interpreted to limit in any manner the right of the Developer to select and designate all of the Directors pursuant to Article IV.D. of the Declaration, and Article IX, Section 2 of the Articles of Incorporation.

3.3 Term of Office. The term of each Director's service shall be for a period of three (3) years and extending thereafter until his successor is duly elected and qualified or until he is removed, provided, however, that the terms of the members of the initial Board of Directors as named in the Articles of Incorporation of the Association shall be, in the order listed therein, for periods of three (3) years, two (2) years, and one (1) year, respectively, such that there shall be only one vacancy each year on the Board of Directors occasioned by the expiration of a director's term.

3.4 Organization Meeting. The organization meeting of a newly-elected Board of Directors shall be held within ten (10) days of their election at such time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary providing a quorum shall be present.

3.5 Regular 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 the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph at least three days prior to the day named for such meeting unless such notice is waived.

3.6 Special Meetings. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of one-third (1/3) of the votes of the entire Board. Not less than two days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

3.7 Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

3.8 Quorum of Board of Directors. A quorum at Directors' meetings shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors except as specifically otherwise provided in the Declaration, or elsewhere herein. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At an

adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joining of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

3.9 Conduct of Meetings. The presiding officer of Directors' meetings shall be the President. In the absence of the presiding officer, the Vice President shall preside.

3.10 Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation or these By-Laws directed to be done and exercised exclusively by the Members.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- a. preparation and adoption of an annual budget in which there shall be established the contribution of each member to the Facilities;
- b. making Assessments to pay the Facilities expenses, establishing the means and methods of collecting such Assessments, and establishing the period of the installment payments of the annual Assessment, provided that unless otherwise determined by the Board of Directors, the annual assessment shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;
- c. collecting the Assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- d. opening of bank accounts on behalf of the Association and designating the signatories required;
- e. enforcing by legal means the provisions of the Declaration and these By-Laws, and bringing any proceedings which may be instituted on behalf of or against the members concerning the Association;
- f. obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration,

and paying the premium cost thereof;

- g. paying the cost of all services rendered to the Association or its members;
- h. keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred.

The said books and vouchers accrediting the entries thereupon shall be available for examination by the members and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the owners. All books and records shall be kept in accordance with generally accepted accounting practices; and

- i. make available to any prospective purchaser of a lot, any owner of a lot, any first mortgagee, and the holders, insurers, and guarantors of a first mortgage on any lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, and all other books, records, and financial statements of the Association.

3.11 Financial Matters and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- a. cash accounts of the Association shall not be commingled with any other accounts;
- b. commencing at the end of the year in which the Association was incorporated, annual financial reports shall be prepared and distributed within ninety (90) days after the close of the fiscal year for the Association containing:
 - i. an Income Statement reflecting all income and expense activity for the preceding year;
 - ii. an Account Activity Statement reflecting all receipt and disbursement activity for the preceding year;
 - iii. a Balance Sheet as of the last day of the Association's fiscal year and an Operating

Statement for said fiscal year;

- iv. a Delinquency Report listing all members who have been delinquent during the preceding year in paying the installments of Assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent (an installment of the Assessment shall be considered to be delinquent on the fifteenth (15th) day after due); and
- c. Ordinarily, the annual report referred to above shall be prepared by an independent accountant. If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

3.12 Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the facilities without the approval of the members of the Association.

SECTION 4. OFFICERS.

4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

4.2 Election, Term of Office and Vacancy. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Section 3. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

4.3 Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

4.4 Powers and Duties. The offices of the Association shall each have such powers and duties as generally pertain to their

respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee.

4.5 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by the President and Treasurer or by such other person or persons as may be designated by resolution of the Board of Directors.

SECTION 5. MISCELLANEOUS

5.1 Fiscal Year. The initial fiscal year of the Association shall be the calendar year, unless otherwise set by resolution of the Board of Directors.

5.2 Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Indiana law, the Articles of Incorporation, the Declaration, or these By-Laws.

5.3 Conflicts. If there are conflicts or inconsistencies between the provisions of Indiana law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Indiana law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

5.4 Books and Records.

- a. Inspection by Members and Mortgagees. The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at

such other place within the Project as the Board shall prescribe.

- b. Rules for Inspection. The Board shall establish reasonable rules with respect to:
 - i. notice to be given to the custodian of the records;
 - ii. hours and days of the week when such an inspection may be made; and
 - iii. payment of the cost of reproducing copies of documents requested.
- c. Inspection By Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

5.5 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

- a. if to a member, at the address which the member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the member's lot; or
- b. if to the Association, the Board of Directors, at the principal office of the Association, or at such other address as shall be designated by the notice in writing to the members pursuant to this section.

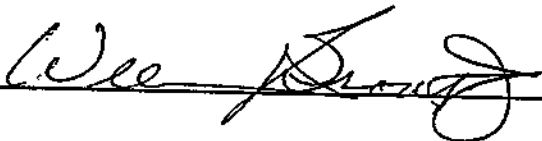
5.6 Amendment. Prior to the sale of the first lot, Declarant may amend the By-Laws. These By-Laws may be amended only by the affirmative vote (in person or by proxy) or written consent of members representing a majority of the total votes of the Association. However, the percentage of votes necessary to amend a specific clause or provisions shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

5.7 Definitions. The capitalized words and phrases used in these By-Laws shall have the same definition and meaning as those

set forth in the Declaration of Covenants, Conditions and Restrictions of The Cobblestones of Munster.

CERTIFICATION

The undersigned being first duly sworn, hereby certifies that the within and foregoing By-Laws of The Cobblestones Homeowners Association of Munster, Inc. are true and correct.



WILLIAM J. BRANT Jr PRES.
(Printed Name and Title)

**DESCRIPTION OF REAL ESTATE
FOR STORM WATER DETENTION**

The North 558.10 feet of the Southeast Quarter of Section 31, Township 36 North, Range 9 West of the Second Principal Meridian lying West of the center line of Hart Ditch and West of the West line of 100 foot wide right of way of the P.C.C. & St. Louis R.R. (now Conrail), containing 8.053 acres, more or less, all in Munster, Lake County, Indiana.

EXHIBIT "E"

**DESCRIPTION OF REAL ESTATE THAT MAY BE ENCUMBERED
BY A DECLARATION ESTABLISHING A NEIGHBORING ASSOCIATION**

Part of the South Half of Section 31, Township 36 North, Range 9 West of the Second Principal Meridian more particularly described as follows: Beginning at the Southwest corner of the Southwest Quarter of said Section 31; thence North 88 degrees 38 minutes 38 seconds East, along the South line of said South Half a distance of 1358.84 feet; thence North 1 degree 21 minutes 22 seconds West, a distance of 100.00 feet to a point of curve; thence Northeasterly along a curve concave to the Southeast and having a radius of 257.33 feet, an arc distance of 177.85 feet to a point of reverse curve; thence Northeasterly along a curve concave to the Northwest and having a radius of 213.33 feet, an arc distance of 147.44 feet; thence North 1 degrees 21 minutes 22 seconds West, a distance of 511.29 feet to a point of curve; thence Northwesterly along a curve concave to the Southwest and having a radius of 260.00 feet, an arc distance of 74.87 feet; thence North 17 degrees 51 minutes 15 seconds West, a distance of 320.00 feet; thence South 72 degrees 08 minutes 45 seconds West, a distance of 63.62 feet; thence North 17 degrees 51 minutes 15 seconds West, a distance of 210.00 feet; thence North 72 degrees 08 minutes 45 seconds East, a distance of 1020.00 feet; thence North 85 degrees 31 minutes 25 seconds East a distance of 123.35 feet; thence South 17 degrees 51 minutes 15 seconds East, a distance of 121.46 feet; thence North 72 degrees 08 minutes 45 seconds East, a distance of 3.62 feet; thence South 17 degrees 51 minutes 15 seconds East, a distance of 220.00 feet; thence North 72 degrees 08 minutes 45 seconds East, a distance of 501.11 feet; thence South 63 degrees 40 minutes 58 seconds East, a distance of 108.63 feet to the centerline of Plum Creek (also known as Hart Ditch); thence North 26 degrees 19 minutes 02 seconds East, along said Plum Creek centerline, a distance of 628.23 feet; thence South 88 degrees 51 minutes 59 seconds West along a line parallel to and 558.10 feet South of (by rectangular measurement) the North line of said South Half, a distance of 3233.87 feet to the West line of said South Half; thence South 0 degrees 50 minutes 32 seconds West, along the West line of said South Half, a distance of 2107.57 feet to the point of beginning, containing 86.072 acres, more or less, all in Munster, Lake County, Indiana.

EXHIBIT "F"