

BYLAWS
OF
KENSINGTON GROVE HOMEOWNERS ASSOCIATION, INC.

Preface: On definitions common to these By-Laws and the Declaration of Covenants and Restrictions (hereinafter defined and hereafter referred to as "Declaration") shall have the meaning ascribed to it in the Declarations. Consequently, any conflict in definition is controlled by the Declaration definition.

ARTICLE I

Identification

Section 1. Name. The name of the Corporation is Kensington Grove Homeowners Association, Inc., a non-profit corporation organized and existing under the laws of the State of Indiana, (hereinafter referred to as the "Corporation").

Section 2. Principal Office and Resident Agent. The principal office of the Corporation shall be located at 4800 W. Smith Valley Road, Suite Q, Greenwood, Indiana 46142, and the name and post office address of its registered agent is Ronald Wampler, 4800 W. Smith Valley Road, Suite Q, Greenwood, Indiana 46142.

Section 3. Fiscal Year. The fiscal year of the Corporation shall begin at the beginning of the first day of January and end at the close of the last day of December of each year.

ARTICLE II

Definitions

Section 1. "The Real Estate" shall mean and refer to the property located in Johnson County, Indiana, and contained within the legal description marked Exhibit A and Exhibit B, attached hereto and by this reference incorporated herein.

Section 2. "Common Areas" shall mean and refer to those areas of land detailed under the definition of "Common Areas" in the Declaration to which the Exhibit A and Exhibit B realty is subjected, any other properties or facilities owned and maintained by the Corporation for the common benefit and enjoyment of the residents within the Real Estate.

Section 3. "Lot" shall mean and refer to those areas of land designated as Lots on any plat of the Real Estate.

ARTICLE III

Corporation Purposes and Powers

Section 1. The Corporation has been organized for the following purposes:

(a) To promote and develop the health, safety, common good and social welfare of the Owners and residents of the residential community which is proposed to be developed by Kensington Grove, LLC, an Indiana limited liability company ("Declarant"), or by its successors, on all or portions of the Real Estate and shall provide for the maintenance, repair, replacement and operation of the Common Areas and the payment of taxes assessed against and payable with respect to such Common Areas.

(b) To provide, as a "homeowners association" and "residential real estate management association" as defined under the Internal Revenue Code of 1986, as amended, ("Code") for the acquisition, construction, management, maintenance and care of "association property" as defined in said Code.

(i) to exercise all of the rights, privileges, powers and authority, and to perform all of the duties and obligations, of the "Corporation" (as defined in the Declaration) provided for in that certain Declaration applicable to all or portions of the Real Estate, which Declaration was recorded in the office of the Recorder of Johnson County, Indiana on June 17, 2002 and recorded as instrument # 2002-019741 and as the same may be supplemented or amended from time to time as therein provided, said Declaration being incorporated herein by reference as if set forth at length;

(ii) to fix, levy, collect and enforce payment by any lawful means of all charges and assessments pursuant to the terms of the Declaration and the Act; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation including, but not limited to, all licenses, taxes or governmental charges levied or imposed against the property of the Corporation;

(iii) to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer or otherwise dispose of real or personal property in connection with the affairs of the Corporation;

(iv) to borrow money and pledge, mortgage, deed in trust or hypothecate any or all of its real or personal property (including the right to obtain assessments) as security for money borrowed or debts incurred;

(v) to transact any and all lawful business for which corporations may be incorporated under the Act;

(vi) to have, possess, exercise and enjoy all of the rights, privileges and powers granted to corporations by the Act, as now existing or hereafter amended, and by the common law.

(d) Notwithstanding the foregoing, the Corporation is and shall at all times be a not-for-profit corporation, and its activities shall be conducted for the foregoing purposes in such a manner that no part of its activities shall result in pecuniary remuneration to its members as such (except for reasonable compensation to members for services actually rendered) and no part of its net earnings shall inure to the benefit of any private member (other than by acquiring, constructing or providing management, maintenance and care of "association property" and other than by rebate of excess membership dues, fees, charges and assessments).

Section 2. Annexation of Additional Properties; Additions to Membership. The Corporation may, at any time, annex additional residential and common properties to the Real Estate and so add to its membership, provided that any such annexation shall have the assent of a majority of the members voting as a single class person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 3. Mergers and Consolidations. To the extent permitted by the law, the Corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the Class A members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4. Mortgages. The Corporation shall have power to mortgage its real estate for the purpose of making improvements thereon, provided that any such mortgage shall have the assent of two-thirds (2/3) of the Class A members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

ARTICLE IV

Members

Section 1. Members. Every person or entity who is a record owner of a fee interest in any Lot which is part of the Real Estate and which is subject to the Declaration shall be a member of the Corporation, provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a member until such time as such person realizes upon his security. The rights of membership are subject to the payment of annual and special assessments levied by the Corporation, the obligation of which assessments is imposed against each owner of and becomes a lien upon the property against which such assessments are made as provided by Article XI of the Declaration.

Section 2. Revocation of Membership. The membership rights of any person except Declarant whose interest in the Real Estate is subject to assessments under Article XI, Section 3 and Section 4 of Declaration, may be suspended by action of the Directors during the period when the assessments automatically restored. If the Directors have adopted and published rules

and regulations governing the use of the Common Areas and the personal conduct of any person thereon, as provided in Article V, Section 7(g) of the Declaration, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

Section 3. Class of Membership.

(a) Class A Members. Each Owner (as defined in the Declaration) of a Lot (as defined in the Declaration), other than Declarant, shall automatically upon becoming an owner of a Lot, be and become a Class A member of the Corporation and shall remain a Class A member until such ownership ceases, but membership shall terminate when such person ceases to be an Owner.

(b) Class B Members. Declarant, and all successors and assigns of Declarant designated by Declarant in a written notice mailed or delivered to the resident agent of the Corporation, shall be members of the Corporation; provided, however, that Class B Membership shall cease and terminate on the Applicable Date, as Applicable Date is defined in the "Declaration".

Section 4. Rights, Preferences, Limitations and Restrictions of Classes. The members shall have such rights, duties, liabilities and obligations, and shall be subject to such limitations and restrictions, as are provided herein in the Articles of Incorporation of the Corporation, in the Declaration, and in the Act.

Section 5. Voting Rights.

(a) The Class A Members described in subsection (a) of Section 2 of Article IV shall have the same and equal voting rights on all matters submitted to vote at any annual or special meeting of the members and same being one (1) vote for each Lot of which such Class A Member is the Owner; provided, however, that until the Applicable Date, each Owner, by acceptance of a deed to a Lot, or by acquisition of any interest in a Lot or Dwelling Unit (as defined in the Declaration) by any type of juridic acts inter vivos or, causa mortis, or otherwise, shall be deemed to have appointed Declarant as such, Owner's agent, attorney-in-fact and proxy, which shall be deemed coupled with an interest and irrevocable until the Applicable Date to exercise all of said Owner's right to vote, and to, vote as Declarant determines, on all matters as to which members are entitled to vote under the Declaration, the Act or otherwise, and such appointment shall not be affected by incompetence of the Owner granting the same, When more than one (1) Person (as defined in the Declaration) constitutes the Owner of a particular Lot, all such Persons shall be Class A Members of the Corporation, but all of such Persons shall have only one (1) vote for such Lot, which vote shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.

(b) Each of the Class B Members described in subsection (b) of Section 2 of this Article IV shall be entitled to ten (10) votes for each Lot of which it is the Owner and ten (10) votes for each single numbered parcel of land shown upon, and identified as a Lot on, any recorded subdivision plat of the Real Estate of which it is the owner (either as to the entire

numbered parcel or any part thereof) which is not a Lot, on all matters requiring a vote of the members. After the Applicable Date, Class B memberships shall be converted to Class A memberships, and each Class B member shall be entitled to one (1) Class A membership for each Lot owned and for each single numbered parcel of land shown upon, and identified as a Lot on, any recorded subdivision plat of the Real Estate of which it is the owner (either as to the entire numbered parcel or any part thereof) which is not a Lot.

Section 6. Annual Meetings. The first annual meeting of the members shall be held on the first _____ in _____, and annually on said date thereafter unless said date falls upon a legal holiday, in which instance the meeting shall be held the next day following, or on such date and at such time as may be determined by the President, Declarant or Board of Directors and specified in the notice or waivers of such notice.

Section 7. Special Meetings: Special meetings of the members for any purpose may be called at any time by the President, the Vice President, the Secretary or Treasurer, or by Declarant or any two (2) or more members of the Board of Directors or upon written request of the members who have a right to vote one-fourth (1/4) of the votes of the Class A membership.

Section 8. Notice of Meetings. Notice of annual meetings shall be given in writing to the members by the Secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid, to his address appearing on the books of the Corporation. Each member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Notice of any, meeting, regular or special, shall be given or sent at least ten (10) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve any change in the basis or maximum amount of assessments set forth in Article XI of the Declaration to which the Real Estate are subject and recorded, or any special assessments therein authorized, notice of such meeting shall be given or sent as therein provided.

Section 9. Voting Lists. The Secretary of the Corporation shall at all times keep a complete and accurate list of the members of the Corporation entitled to vote by the Articles of Incorporation or Bylaws. Such list shall be on file in the principal office of the Corporation and subject to inspection by any member for any proper purpose at any reasonable time.

Section 10. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the Class A membership and one-tenth (1/10) of the votes of the Class B membership shall constitute a quorum for any action governed by these Bylaws, or for any, other action which may properly come before the members of the Corporation. Any action governed by the Articles of Incorporation or by the covenants applicable to the Real Estate shall require a quorum as therein provided.

Section 11. Action by Written Consent. Any action required or permitted to be taken at any meeting of the members may be taken without a meeting if, prior to such action, a written consent thereto, setting forth the action so taken, is signed by all 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 12. Membership Certificates. The Corporation may issue membership certificates to persons meeting the qualifications of membership as defined in Article IV, Section 1, and the certificates of membership of the Corporation shall be in such form as shall be approved by the Board of Directors. Each certificate shall state the name of the member to whom it is issued, the membership class and shall be signed by the President or Vice President and the Secretary or Assistant Secretary, Certificates of membership shall not be transferable.

ARTICLE VI

Property Rights and Rights of Enjoyment

Section 1. Each member shall be entitled to the use and enjoyment of the Common Areas (except if limited in use and referred to as Limited Common Areas as defined in the Declaration) as provided by deed of dedication, subject to the following provisions appearing therein:

(a) The right of the Declarant and of the Corporation, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the above described properties and in aid thereof to mortgage the Common Areas, the rights of owners to use the Common Areas shall be subject to such mortgages; and

(b) The right of the Corporation to take such, steps as are reasonably necessary to protect the above-described properties against foreclosure; and

(c) The right of the Corporation, as provided in its Articles and Bylaws to suspend the rights and privileges of any member for any period during which any assessment (to which his interest is subject) remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations; and

Section 2. Any member may delegate his rights of enjoyment in the Common Areas to the members of his family who reside upon the Real Estate or to any of his tenants who reside thereon under a leasehold interest for a term of one year or more. Such member shall notify the Secretary in writing of the name of any such person. The rights and. privileges of such person are subject to suspension to the same extent as those of the member.

ARTICLE VII

Board of Directors

Section 1. Number and Term. Other than for the Initial Board as defined in the Declaration, the affairs of the Corporation, after the Applicable Date, shall be managed by a board of seven (7) directors, to serve for a term of one (1) year.

Section 2. Vacancies. Vacancies in the Board of Directors (other than the Initial Board) shall be filled by the remaining directors, any such appointed directors to hold office until his successor is elected by the members, who may make such election at the next annual meeting of the members or at any special meeting duly called for that purpose.

Section 3. Powers. The Board of Directors shall have power:

(a) To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of fifteen percent (15%) of the voting membership,

(b) To appoint and remove, at pleasure; all officers agents and employees of the Corporation, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any member, officer or director of the Corporation in any capacity whatsoever,

(c) To establish, levy and assess, and collect the assessments or charges referred to in Article IV, Section 1 hereof.

(d) To adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the members and their guests thereon,

(e) To exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation.

(f) In the event that any member of the Board of Directors of this Corporation shall be absent from two (2) consecutive regular meetings of the Board of Directors, the Board may by action taken at the meeting during which said second unexcused absence occurs, declare the office of said absent director to be vacant.

Section 4. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is requested in writing by fifteen percent (15%) of the voting membership.

(b) To supervise all officers, agents and employees of this Corporation, and to see that their duties are properly performed.

(c) As more fully provided in Article V, Section 6, of the Declaration to provide for the administration of the Real Estate, the Common Areas and the collection and disbursement of common expenses.

(1) To fix the amount of the assessment against each lot for each assessment period at least fifteen (15) days in advance of such date or period, and, at the same time;

(2) To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Corporation and shall be open to inspection by any member under reasonable prearrangement, and, at the same time;

(3) To send written notice of each assessment to every owner subject thereto, but failure to send such notice shall not be a defense to the vesting of the obligation..

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

Section 5. Annual Meetings. The Board of Directors shall meet annually, without notice, concurrently with or immediately following, the annual meeting of the members of the Corporation.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held without any notice whatever, at such place and times as may be fixed from time to time by resolution of the Board of Directors.

Section 7. Notice of Regular Meetings. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall be upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

Section 8. Special Meetings. Special meetings of the Board of Directors shall be held when called by any officer of the Corporation or by any two (2) directors after not less than three (3) days' notice to each director.

Section 9. Waiver of Notice. Any director may waive notice of any meeting in writing. Attendance by a director at any meeting shall constitute a waiver of notice of such meeting,

Section 10. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if, prior to such action, a written consent, setting forth the action so taken, is signed by all of the members of the Board of Directors entitled to vote with respect to the subject matter thereof, and such written consent is filed with the minutes of the proceedings of the Board of Directors. Such consent shall have the same effect as, a unanimous vote of the Board of Directors.

Section 11. Meeting by Telephone or Similar Communications Equipment. Directors may participate in and hold a meeting by means of a conference telephone or similar communication equipment by which all persons participating in the meeting can communicate with each other. Participation by these means constitutes presence in person at the meeting.

Section 12. Quorum. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting. The majority of the Board of Directors shall constitute a quorum thereof.

Section 13. Kensington Grove Architectural Control Committee. Until one hundred percent (100%) of the Real Estate subject to this Declaration has been developed or earlier if this right to appoint the committee has been relinquished (in part or whole) by the Declarant (Article IX of the Declaration), the Board of Directors shall nominate and elect not more than five (5) nor less than three (3) persons to serve on the Kensington Grove Architectural Control Committee to have such powers and perform such duties and functions as set forth in Article IX.

ARTICLE VIII

Officers

Section 1. Number of Officers. The officers shall be a President, a Vice President, a Secretary and a Treasurer. The office of Vice President and, Treasurer may be held by one person. The President and the Vice President shall be members of the Board of Directors.

Section 2. Election and Term. The officers shall be chosen by majority vote of the directors. All officers shall hold office during the pleasure of the Board of Directors.

Section 3. President. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 4. Vice President. The Vice President shall perform all the duties of the President in his absence.

Section 5. Secretary. The Secretary shall be ex-officio the Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for the purpose. He shall sign all certificates of membership. He shall keep the records of the Corporation. He shall record in a book kept for that purpose the names of all members of the Corporation, together with their addresses as registered by such members (see Article V, Section 4 hereof).

Section 6. Treasurer. The Treasurer shall receive and, deposit in appropriate bank accounts all monies of the Corporation and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business. conducted within the limits of a budget adopted by the Board. The President or Treasurer shall sign all checks and

notes of the Corporation. The Treasurer shall further keep proper books of account and cause an annual audit of the corporate books to be made by a certified public accountant at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement, and the budget and the balance sheet statement shall be presented to the membership at its regular annual meeting.

Section 7. Vacancies. Whenever any vacancies shall occur in any office by death, resignation, increase in the number of officers of the Corporation, or otherwise, the same shall be filled by the Board of Directors, and the officer so elected or appointed shall hold office until his or her successor is elected or appointed and qualified, or until death, resignation or removal.

ARTICLE IX

Books and Papers

Section 1. The books, records and papers of the Corporation shall at all times, during reasonable business hours, be subject to the inspection by any member by reasonable prearrangement.

ARTICLE X

Proxies

Section 1. At all corporate meetings of members, each member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his home or other interest in The Real Estate or by personal appearance when the proxy is being exercised to vote.

ARTICLE XI

Amendments

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of two-thirds (2/3) of a quorum of each class of members present in person or by proxy, provided that those provisions of these Bylaws which are governed by the Articles of Incorporation of this Corporation may not be amended except as provided in the Articles of Incorporation or applicable law; and provided further that any matter stated herein to be or which is in fact governed by the Declaration applicable to the Real Estate and recorded may not be amended except as provided in such Declaration.

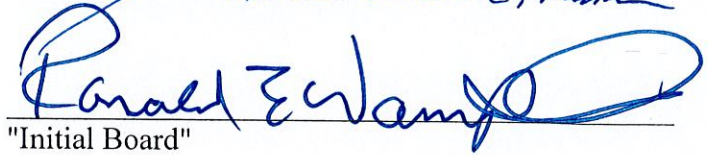
Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration

applicable to the Real Estate referred to in Section 1 and these Bylaws, the Declaration shall control.

IN WITNESS WHEREOF, the undersigned, being all of the Initial Board of Directors of Kensington Grove Homeowners Association, Inc. have hereunto set our hands this 11 day of June, 2002.



Michael J. Burke, member



"Initial Board"

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