

**PROPOSED SETTLEMENT TERMS**  
**STATE OF INDIANA v. KEVIN ZIPPERLE, et al.**  
**December 7, 2012**

1. Kevin Zipperle, Mary Lou Trautwein-Lamkin, and Sharon Chandler's (collectively "Defendants") immediate resignation from the Board of Directors of The Harbours Condominium Association, Inc. ("Board").
2. Defendants are permanently barred from serving on the Board.
3. Defendants are permanently barred from serving on any committee of the Board.
4. Defendants are to relinquish immediately any and all proxies held by Defendants.
5. Defendants are permanently barred from holding and/or voting proxy votes in any election at The Harbours Condominium Association, Inc. ("The Harbours").
6. The Board will eliminate the status "preferred realtor" at The Harbours.
7. The Board will have the locks changed in the association office.
8. Defendants will not have access to the new office keys and are barred from having private access to the office.
9. The Board will change the access procedures (including any internet access) to any security cameras or security footage.
10. Defendants will not have access (including any internet access) to any security cameras or security footage.
11. The Board will change the Declarations so that one unit (as described by Declarations and any subsequent amendments) equals one vote. This would involve changing the concept of "percentage vote" in the Declarations. The percentage interest with respect to any Unit or the share of an owner's liability for Common Expenses" would remain the same.
12. With regard to Proxy voting in the Declarations:
  - a. Removal of the concept in the By-Laws, p. 30, of an "irrevocable proxy appointing one of such persons or partners as the voting representative." The Nonprofit Statute requires that all proxies are revocable.
  - b. Proxies may be solicited no more than thirty (30) days prior to any meeting requiring a vote of the membership and may only be used at the meeting for which the proxies were solicited.

13. The Board shall hold a special election thirty (30) days after the resignation of Defendants as board members for the purpose of replacing Defendants.

14. The Board shall immediately adopt as operating policy the provisions contained in IC 32-25.5-3-1 and IC 32-25.5-3-2 as follows:

**IC 32-25.5-3-1**

**Roster of members; member addresses**

Sec. 1. (a) A homeowners association shall maintain:

- (1) a current roster of all members of the association; and
- (2) the mailing address and legal description for each member of the association.

(b) The homeowners association shall also maintain any electronic mail addresses or facsimile (fax) numbers of those members who have consented to receive notice by electronic mail or facsimile (fax). Electronic mail addresses and facsimile (fax) numbers provided by a member to receive notice by electronic mail or facsimile (fax) shall be removed from the association's records when the member revokes consent to receive notice by electronic mail or facsimile (fax). However, the association is not liable for an erroneous disclosure of an electronic mail address or a facsimile (fax) number for receiving notices.

(c) The mailing addresses and legal descriptions maintained by a homeowners association under subsection (a):

- (1) shall be made available to a member of the homeowners association upon request;
- (2) may be used by a member of the homeowners association only for a purpose related to the operation of the homeowners association; and
- (3) may not be used by a member of the homeowners association for personal reasons.

(d) Except as provided in subsection (c), a homeowners association may not sell, exchange, or otherwise transfer information maintained by the homeowners association under this section to any person.

**32-25.5-3-2**

**Special meetings**

Sec. 2. (a) In addition to any other meeting held by a board, a board shall hold a special meeting of the members of a homeowners association if at least ten percent (10%) of the members of the homeowners association submit to the board at least one (1) written demand for the special meeting that:

- (1) describes the purpose for which the meeting is to be held; and
- (2) is signed by the members requesting the special meeting.

(b) If a board does not send out a notice of the date, time, and place for a special meeting not more than thirty (30) days after the date the board receives a valid written demand for the special meeting under subsection (a), a member of the homeowners association who signed the written demand may:

- (1) set the date, time, and place for the special meeting; and
- (2) send out the notice for the special meeting to the other members.

15. The return of all Harbours' property (computer and financial records) currently in the possession of Cindy Richards to either The Harbours itself or its attorney.

Any settlement based upon the above-mentioned terms shall result in:

1. Dismissal without prejudice of Sharon Chandler from the pending action.
2. A resolution of Count I and Count III without prejudice with regard to Kevin Zipperle and Mary Lou Trautwein-Lampkin.

Any settlement based upon the above-mentioned terms will not satisfy:

1. Any claims for restitution the State may discover during its forensic audit of The Harbours' Financial Records.
2. The allegations of violations of the Home Loan Practices Act pending against Kevin Zipperle, Mary Lou Trautwein-Lampkin, and Frank Prell.