

BY-LAWS

OF

TIMBERSTONE VILLAS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME, PRINCIPAL OFFICE AND DEFINITIONS

Section 1.1. Name. The name of the Association shall be TIMBERSTONE VILLAS HOMEOWNERS ASSOCIATION, INC. (hereinafter sometimes referred to as the "Association").

Section 1.2. Principal Office. The principal office of the Association in the State of Indiana shall be located at such place in the State of Indiana as the Board of Directors of the Association shall determine from time to time.

Section 1.3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the recorded Declaration of Covenants, Conditions and Restrictions for Timberstone Villas, a subdivision located in Hamilton County, Indiana (said Declaration of Covenants, Conditions and Restrictions for Timberstone Villas, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit such meaning.

ARTICLE II

ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 2.1. Membership. The Association shall have two (2) classes of membership, Class A and Class B, as more fully set forth in the Declaration, the terms of which are specifically incorporated herein by reference.

Section 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 either within the Community or at a location as convenient thereto as possible and practical.

Section 2.3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within thirty (30) days after termination of the Class B Control Period, or earlier if so determined by Declarant pursuant to Section 3.6 of these By-Laws. Meetings shall be of the Members. Subsequent regular annual meetings shall be set by the Board so as to occur at least thirty (30) days but not more than ninety (90) days before the close of the Association's fiscal year on a date and at a time set by the Board of Directors.

Section 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 the Board of Directors or upon a petition signed by Members representing at least twenty-five percent (25%) of the total Class A 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.

Section 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, by or at the direction of the President or the Secretary or the officers or persons calling the meeting, to each Member entitled to vote at such meeting, not less than ten (10) nor 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.

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 prepaid.

Section 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 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 thereafter unless objection to the call or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 2.7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members representing at least twenty-five percent (25%) of the total votes of the Association remain in attendance, and provided further that any action taken is approved by at least a majority of the Members required to constitute a quorum.

Section 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. A proposition submitted for a vote hereunder shall be approved if the number of votes cast for such proposition are equal to or greater than the required minimum percentages set forth in the Declaration or these By-Laws, and if no minimum percentage is set forth in the Declaration or these By-Laws,

and if no minimum percentage is set forth for such proposal, then a majority vote shall be necessary for approval.

Section 2.9. Proxies. Members may vote by proxy but only upon a written proxy in a form prescribed by the Board.

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

Section 2.11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person of the Members representing one-third (1/3) of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 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 at the meeting.

ARTICLE III

BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection.

Section 3.1. Governing Board; Composition. The affairs of the Association shall be governed by a Board of Directors, each of who shall have one (1) vote. Except with respect to directors appointed by the Class B Member, the directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 3.2. Directors During Class B Control. Subject to the provisions of Section 3.6 below, the directors shall be selected by the Class B Member acting in its sole discretion and shall serve at the pleasure of the Class B Member during the Class B Control Period as defined in the Declaration. During the Class B Control Period the Directors shall have the right to assign all of their rights and obligations to a professional management company which management company shall perform all of the duties of the Directors as set forth in this Article III and the Officers as set forth in Article IV.

Section 3.3 Right to Disapprove Actions. This Section 3.3 may not be amended without the express, written consent of the Class B Member as long as the Class B membership exists.

So long as the Class B membership exists, the Class B Member shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section.

This right shall be exercisable only by the Class B Member, its successors, and assigns who specifically take this power in a recorded instrument. This right to disapprove shall be as follows:

No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class B Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Section 3.8, 3.9, and 3.10 of these By-Laws and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class B Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board, and committee thereof, or the Association. The Class B Member, its representatives, or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or the Board. The Class B Member shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Board of Directors or any committee thereof and to be taken by the Board, such committee, or the Association. This right may be exercised by the Class B Member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association. The Class B Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 3.4. Number of Directors. Following the termination of the Class B Control Period, the number of directors in the Association shall be not less than three (3) nor more than seven (7). The number of directors may be increased by the Board by a resolution of the Board adopted at least thirty (30) days prior to the next annual meeting of the Members. The Initial Board shall consist of three (3) members.

Section 3.5. Nomination of Directors. Except with respect to directors selected by the Class B Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman who shall be a member of the Board of Directors and three (3) or more Members of the Association. The Nominating Committee members shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. Nominations shall also be permitted from the floor at the annual meeting

where such directors are elected. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 3.6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) If the Declarant elects, in its sole and absolute discretion, within thirty (30) days after the time Class A Members and the Class B Member each own fifty percent (50%) of the Lots in the community, the Association shall call a special meeting at which Members representing the Class A members shall elect one (1) of the three (3) directors. The remaining two (2) directors shall be appointees of the Class B Member. The directors elected by the Members shall not be subject to removal by the Class B Member acting alone and shall be elected for a term of two (2) years or until the happening of the event described in subsection (b) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (b) below, any successor director shall be elected for a like term.

(b) At the first annual meeting of the membership after the termination of the Class B Control Period, the directors shall be selected as follows: Five (5) directors shall be elected by the vote of all Members. Three (3) directors shall be elected for a term of two (2) years and two (2) directors shall be elected for a term of one (1) year. At the expiration of the initial term of office of each member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years. If the number of directors is increased pursuant to Section 3.4 above, the Board shall establish the terms of such directors.

Each Member shall be entitled to cast one (1) vote with respect to each vacancy to be filled on the Board. There shall be no cumulative voting. The directors elected by the Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 3.7. Removal of Directors and Vacancies. Any director elected by the Members may be removed, with or without cause, by the majority vote of the Members. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the Members to fill the vacancy for the remainder of the term of such director.

Any director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor. Any director appointed by the Board shall serve for the remainder of the term of such vacating director.

B. Meetings.

Section 3.8. Annual Meetings. The annual meeting of the Board of Directors shall be held within ten (10) days following each annual meeting of the membership at such time and place as shall be fixed by the Board.

Section 3.9. 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, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of each regular meeting shall be communicated to the directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 3.10. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any three (3) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods:

(a) by personal delivery;

(b) written notice by first class mail, postage prepaid; or

(c) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director.

All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery or telephone shall be delivered or telephoned at least seventy-two (72) hours before the time set for the meeting.

Section 3.11. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting, or an approval of the minutes, the directors waive notice of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.12. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and unless otherwise provided in these By-Laws or the Declaration, the vote of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the

Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by a majority of the total Class A vote of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 3.14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 3.15. Open Meetings. Subject to the provisions of Section 3.16 of this Article, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, including but not limited to such matters as pending or threatened litigation or personnel matters.

Section 3.16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 3.17. 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 or cause to be done all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

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

- (a) preparation and adoption, in accordance with the Declaration, of annual budgets in which there shall be established the contribution by each Owner to the Common Expenses and any other expenses provided for in the Declaration;
- (b) making assessments to defray the Common Expenses and other expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the Common Expenses 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) providing for the operation, care, upkeep, and maintenance of all of the Common Areas and those portions of the Lots as described in the Declaration;
- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its property and the Common Areas and those portions of the Lots described in the Declaration and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;
- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association;
- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Members;

(l) 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;

(m) making 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, rules governing the Lot and all other books, records, and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Areas reasonably necessary to the ongoing development or operation of the Property.

Section 3.18. Management. Upon conversion or cessation of the Class B member, the Association shall engage and employ a professional manager or management company, possessing experience in the management of homeowners associations, to assist the Board of Directors in the management and administration of the Association. No contract or agreement for professional management of the Association, nor any other contract between Declarant and the Association, shall be for a term in excess of three (3) years. Any such agreement or contract shall provide for termination by either party with or without cause and without payment of any termination fee upon written notice of ninety (90) days or less. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws. The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class B Control Period unless such contract contains a right of termination exercisable by either party without penalty at anytime, with or without cause, upon not more than ninety (90) days notice to the other party.

Section 3.19. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, or restoration of the Common Areas without the approval of the Members of the Association except as provided in the Declaration. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws, or the Articles of Incorporation, during the Class B Control Period, no mortgage lien shall be placed on any portion of the Common Areas without the affirmative vote or written consent, or any combination thereof, of Members representing at least two thirds (2/3) of the Members.

Section 3.20. Rights of the Association. With respect to the Common Areas and those portions of the Lots described in the Declaration and otherwise in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, and other owner associations, both within and without the Community. Such agreements shall require the consent of a majority of all directors of the Association.

Section 3.21 Enforcement.

(a) Upon the violation by any Owner or occupant of the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder, the Board shall have the power, after fifteen (15) days written notice to the Owner or occupant of said violation, and failure by said Owner or occupant to cure the violation: (1) to cause the Association to correct the violation at its own cost and expense (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), which said cost and expense shall constitute a continuing lien upon the Lot of the Owner or occupant who is guilty of such violation; (2) to suspend an Owner's right to vote in the Association; or (3) to suspend an Owner's right (and the right of such Owner's family, guest, and tenants) to use any recreational facilities located in the Common Areas.

The Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants. Any such suspension of rights may be for the duration of the infraction and/or any additional period thereafter, not to exceed thirty (30) days per violation.

(b) Notwithstanding subsection (a) above, a violation or threatened violation of any of the covenants and restrictions contained in the Declaration and the provisions contained in the Articles of Incorporation and these By-Laws, or any rules and regulations adopted hereunder, shall be grounds for an action at law or equity instituted by the Association, acting through its Board of Directors, against any person violating or threatening to violate any such covenant, restriction, rule, or regulation. Available relief in any such action shall include the recovery of damages; injunctive relief, either to restrain the violation or threatened violation or to compel compliance with the covenants, restrictions, rules, and regulations; declaratory relief; the enforcement of any lien created by the covenants, restrictions, rules, or regulations; and the recovery of costs and attorneys' fees incurred by any party successfully enforcing such covenants, restrictions, rules, or regulations. Failure by the Association to enforce any covenant, restriction, rule, or regulation shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE IV

OFFICERS

Section 4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint 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) offices may be held by the same person.

Section 4.2. Election, Term of Office, and Vacancies. 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 Article III. A

vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors (except as to any director which Declarant had the right to appoint) for the unexpired portion of the term.

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

Section 4.4 Powers and Duties. The officers 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 specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Vice President shall perform the duties of the President when the President is unable to perform such duties. The Secretary shall have the care and custody of the corporate records, shall attend all meetings of the Board and Members and shall keep, or cause to be kept in a book provided for such purposes, a true and complete record of the proceedings of such meetings when required. He shall also attend to the giving and serving of all notices 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, management agent, or both.

Section 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.

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

ARTICLE V

COMMITTEES

Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VI

ARCHITECTURAL COMMITTEE

No building, outbuilding, mailbox, fence, satellite dish, wall or other structure, except original construction of Dwelling Units by or on behalf of the Declarant, shall be commenced,

erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein, other than by the Declarant, be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant until the end of the Development Period, and thereafter by the Board of Directors of the Association. After the Development Period, the Board of Directors may appoint three (3) or more representatives to an Architectural Committee. Any change in the appearance or the color of any part of the exterior of a residence shall be deemed a change thereto and shall require the approval therefore as above provided.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 7.2. Parliamentary Rules. Except as may be modified by Board resolution, 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.

Section 7.3. Conflicts. If there are conflicts 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.

Section 7.4. Books and Records. The Declaration, By-Laws, Articles of Incorporation, and any amendments to the foregoing, the rules and regulations of the Association, the 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 holder, insurer, or guarantor of a first Mortgage on a Lot, Member of the Association, or by the duly appointed representative of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot, at the office of the Association or at such other place within the Community as the Board shall prescribe.

(a) **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.

(b) **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 a copy of relevant documents at the expense of the Association, such expense to be reasonable.

Section 7.5. 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 United States Mail, first class, postage prepaid:


(a) if to a Member, at the address at which the Member resides or the Member has designated in writing and filed with the Secretary or, if no such address has been designated in writing and filed with the Secretary or, if no such address has been substituted, at the address of the Lot of such Member, or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as may be designated by notice in writing to the Members pursuant to this Section.

Section 7.6 Amendment. Prior to the conveyance of the first Lot to an Owner, Declarant may unilaterally amend these By-Laws. After such conveyance, Declarant may unilaterally amend these By-Laws at any time and from time to time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rules, or regulations, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots and the Dwellings; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots and the Dwellings; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots; provided, however, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing.

Thereafter and otherwise, these By-Laws may be amended upon the affirmative vote or written consent of Members representing fifty-five percent (55%) of the total votes in the Association; provided, however, that there shall be no amendment, alteration, change or repeal of these By-Laws during the Class B Control Period without the consent and approval of Declarant. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken in that clause.

Adopted this _____ day of _____, 2007.



Shirley J. White, Secretary