

SPRING KNOLL PROPERTY OWNERS ASSOCIATION, INC.
An Indiana Non-Profit Corporation

BY-LAWS

ARTICLE I

Identification, Membership, Definitions

SECTION 1.1 Identification of the Corporation. This Corporation shall be identified and known as the Spring Knoll Property Owners Association, Inc., an Indiana Non-Profit Corporation.

SECTION 1.2 Membership in Corporation. Each Owner of a Lot shall, automatically upon becoming an Owner, be and become a Member of the Corporation and shall remain a Member until such time as his ownership of a Lot ceases, but membership shall terminate when such Owner ceases to be an Owner, and will be transferred to the new Owner of such Lot.

SECTION 1.3 Definitions. The following definitions apply throughout these By-laws:

a. "Articles" or "Articles of Incorporation" means the Articles of Incorporation of the Spring Knoll Property Owners Association, Inc., as hereinafter defined. The Articles of Incorporation are incorporated herein by reference.

b. "Common Area" means the ground designated as "Block" or as "Common Area" upon the Final Plats of the Spring Knoll subdivision. The Common Areas of this Subdivision shall be subject to easements for drainage and utilities, as further described and defined in the Declaration of Covenants, Conditions and Restrictions.

c. "Common Expense" means expenses for administration of the Corporation, and expenses for the upkeep, maintenance, repair and replacement of the Common Areas, and all sums lawfully assessed against the Members of the Corporation.

d. "Corporation" means Spring Knoll Property Owners Association, Inc., its successors and assigns, a non-profit corporation, whose members shall be the Owners of Lots in the Spring Knoll Subdivision. The terms "Corporation" and "Association" may be used interchangeably to refer to the Spring Knoll Property Owners Association, Inc.

e. "Declaration" or "Declaration of Covenants" means the Declaration of Covenants, Conditions and Restrictions for Spring Knoll recorded in the Office of the Recorder of Boone County, Indiana on March 4, 1999, as Instrument Number 9902922.

f. "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns the fee simple title to a Lot.

g. "Spring Knoll" shall mean the entire subdivision developed as Spring Knoll. The platted sections comprising Spring Knoll include sections 1-3 as indicated in the legal description found in Exhibit A of the Declaration. Plat Covenants are recorded along with each Section of Spring Knoll. This Association shall not include The Preserve at Spring Knoll which may at times be referred to as Spring Knoll sections 4-6.

ARTICLE II

Purposes Of The Corporation

SECTION 2.1 Purposes. The Corporation has been formed for the following purposes and functions:

- a. Maintaining the value and appearance of the Spring Knoll subdivision;
- b. Providing for the maintenance, repair, upkeep, replacement, administration, operation and ownership of the Common Areas;
- c. Enforcement of the covenants and Architectural Design and Environmental Control of the subdivision for the mutual benefit of all Owners;
- d. To pay taxes assessed against and payable with respect to the Common Areas;
- e. To pay any other necessary expenses and costs in connection with the Association; and
- f. To perform such other functions as may be designated under the Articles of Incorporation, these By-Laws, the Declaration of Covenants, or as otherwise permitted by law.

ARTICLE III

Owners Meetings

SECTION 3.1 Annual Meeting. The annual meeting of the Owners shall be held on the Third Thursday in May in each year, at 7:00 o'clock P.M., for the purpose of electing directors, approving an Annual Budget and Regular Assessment and for the transaction of such other business as may come before the meeting. If the meeting cannot be conducted or concluded on this day, the annual meeting shall be held on the next succeeding Wednesday, or as soon thereafter as the meeting may practically be held.

SECTION 3.2 Special Meetings. Special meetings of the Owners may be called for any legal purpose by the President or by the Board of Directors, and shall be called by the President, at the written request of the owner(s) at least ten lots.

SECTION 3.3 Place of Meeting. The Board of Directors shall designate the place of the meeting. The Board may designate that any meeting of Owners take place at any suitable location at a reasonable distance of the Spring Knoll subdivision.

SECTION 3.4 Notice of Meeting. Written notice, stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered to each Owner not less than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the President. Unless an Owner provides the Secretary of the Corporation with written instructions to the contrary, notice may be sent or delivered to the address of the Lot. Notice contained in a newsletter or other general correspondence shall meet the notice requirement of this section, if it is sent or delivered to each Owner as provided herein.

SECTION 3.5 Quorum. Fifteen percent (15%) of the Owners, represented in person or by proxy, shall constitute a quorum at a meeting of Owners. In the event that a quorum is not present, the meeting may be adjourned to another date and time, with or without further notice, as determined by the Board. After a quorum is represented for any purpose at a meeting, the vote is considered present for quorum purposes for the remainder of the meeting. However, no issue

which has not been specifically described in the notice of meeting may be decided unless at least one third (1/3) of the Owners are represented, in person or by proxy, at the meeting.

SECTION 3.6 Proxies. At all meetings of Owners, an Owner may vote in person or by written proxy, executed by the Owner or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. Every proxy shall be specific for an Annual or Special Meeting of Owners, or its adjourned date, unless otherwise provided in the proxy. No proxy shall be valid after 11 months from the date of its execution unless a longer time is expressly provided for in the proxy.

SECTION 3.7 Cumulative Voting. Cumulative voting shall not be permitted. Each Owner may only cast one vote for any candidate for any Office, even though multiple positions are open for such Office.

SECTION 3.8 Voting by Mail-In Ballot. The Board may determine that one or more issues be voted upon by mail-in ballot, either in conjunction with an Annual or Special Meeting or as a substitute for the holding of a Meeting. In the event that the Board elects to permit Mail-in ballots, ballots shall be mailed or delivered to each Owner at least 14 days prior to the deadline for voting, and ballots must be received for at least fifteen percent (15%) of all eligible Owners.

ARTICLE IV Board Of Directors

SECTION 4.1 General Powers. The business and affairs of the corporation shall be managed by its Board of Directors. No person shall be eligible to serve as a member of the Board of Directors unless he or she is an Owner as defined herein.

SECTION 4.2 Number, Tenure and Qualifications. The initial number of directors of the corporation shall be five (5). The corporation may have not less than three directors and may have up to seven directors. Each director shall hold office until his or her successor shall have been elected and qualified. Any increase or decrease in the number of Directors shall be approved by the Owners.

SECTION 4.3 Qualification of Directors. Where an Owner consists of more than one person or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner or a partner or an officer or trustee shall be eligible to serve on the Board of Directors, except that no single Lot or Dwelling Unit may be represented on the Board of Directors by more than one person at a time.

SECTION 4.4 Regular Meetings. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings to be held without notice, so long as the first such meeting is with notice, and the notice informs all directors of the resolution.

SECTION 4.5 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or a written request that is submitted and signed by two-thirds of the Directors. In either event, the President shall fix the time for holding such meeting of the

Board of Directors, which shall be no later than seven days after a request for a special meeting has been made pursuant to the terms of this Section 4.4. This special meeting shall be held within a reasonable distance of the Spring Knoll subdivision.

SECTION 4.6 Notice. Notice of any special meeting shall be given at least three days in advance by written notice delivered personally or by telegram, or at least seven days in advance if notice is mailed. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 4.7 Quorum. At majority of the number of directors eligible to attend and vote shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

SECTION 4.8 Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 4.9 Action Without A Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent, in writing, setting forth the action to be taken shall be signed by all of the Directors.

SECTION 4.10 Term of Office and Vacancy. Each member of the Board of Directors shall be elected for a term of three (3) years, which terms shall be staggered so that the terms of approximately one-third (1/3) of the members of the Board shall expire annually. Each Director shall hold office throughout the term of his election and until his successor is elected and qualified. Unless a Director is removed by the Owners under Section 4.10, any vacancy occurring in the Board shall be filled by a vote of a majority of the remaining members of the Board. The Director filling a vacancy shall serve until the next annual meeting of the Owners and until his successor is elected and qualified, at which time a special election shall be held to elect a Director to serve the remainder of the term, if any, of the vacancy.

SECTION 4.11 Removal of Directors. A Director may be removed with or without cause by a majority vote of the Owners, at a meeting duly called for such purpose. In such case, his successor shall be elected at the same meeting, to serve until the next annual meeting.

SECTION 4.12 Duties of the Board of Directors. The Board of Directors shall be the governing body of the Corporation representing all of the Owners and being responsible for the functions and duties of the Corporation, including, but not limited to, the management, maintenance, repair, upkeep and replacement of the Common Areas and the collection and disbursement of the Common Expenses.

SECTION 4.13 Powers of the Board of Directors. The Board of Directors shall have such powers as are reasonable and necessary to accomplish their duties. These powers include, but are not limited to, the power:

- a. To promulgate, adopt, revise, amend and alter from time to time such additional rules and regulations (in addition to those set forth in these By-Laws) with respect to use, occupancy, operation and enjoyment of the Common Areas as the Board, in its discretion,

deems necessary or advisable; provided, however, that copies of any such additional rules and regulations so adopted by the Board shall be promptly delivered or mailed to all Owners; and

- b. To grant permits, licenses and easements over the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of Spring Knoll.

SECTION 4.14 Limitation on Board Action. The authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than \$2,500.00 without obtaining the prior approval of a majority of the Owners, except that in the following cases such approval shall not be necessary:

- a. Contracts for replacing or restoring portions of the Common Area damaged or destroyed by fire or other casualty where the cost thereof is payable out of insurance proceeds actually received;
- b. Contracts and expenditures expressly approved by the Owners in the annual budget; and,
- c. Expenditures necessary to deal with emergency conditions where the Board of Directors reasonably believes there is insufficient time to call a meeting of the Owners.

SECTION 4.15 Compensation. No Director shall receive any compensation for his services without the express approval of the Owners.

SECTION 4.16 Non-Liability of Directors. The Directors shall not be liable to the Owners or any other persons for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Directors, except for their own individual willful misconduct, bad faith or gross negligence. The Corporation shall indemnify, hold harmless and defend each of the Directors against any and all liability to any person, firm or corporation arising out of actions or contracts by the Board on behalf of the Corporation, unless any such action or contract shall have been made in bad faith, or as the result of willful misconduct or gross negligence.

SECTION 4.17 Additional Indemnity of Directors. The Corporation shall indemnify, hold harmless and defend any person, his heirs, assigns and legal representatives, made a party to any action, suit or proceeding by reason of the fact that he is or was a Director of the Corporation, against the reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with any appeal therein, except as to matters in which it shall be adjudged in such action, suit or proceeding that such Director is liable for bad faith, gross negligence or willful misconduct in the performance of his duties. The Corporation shall also reimburse any such Director the reasonable costs of settlement of or judgment rendered in any action, suit or proceeding, if it shall be found by a majority vote of the Owners that such Director was not guilty of gross negligence, bad faith or willful misconduct. In making such findings and notwithstanding the adjudication in any action, suit or proceeding against a Director, no Director shall be considered or deemed to be guilty of or liable for gross negligence or willful misconduct in the performance of his duties where, acting in good faith, such Director relied on the books and records of the Corporation or statements or advice made by or prepared by the Managing Agent (if any) or any officer or employee thereof, or any accountant, attorney or other person, firm or corporation employed by the Corporation to render advice or service unless such Director had actual knowledge of the falsity or incorrectness thereof; nor shall a Director be deemed guilty of or liable for negligence

or misconduct by virtue of the fact that he failed or neglected to attend a meeting or meetings of the Board of Directors.

SECTION 4.18 Non-Liability of Officers. The provisions of Sections 4.15 and 4.16 shall also apply to Officers of the Corporation.

SECTION 4.19 Bond. The Board of Directors shall provide blanket fidelity bonds for the treasurer of the Corporation, and such other officers or directors of the Corporation that handle or are responsible for funds, indemnifying the Corporation against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, and other acts of fraud or dishonesty, in such sums and with such sureties as may be approved by the Board of Directors (provided, however, in no event shall the aggregate amount of the bond be less than a sum equal to one fourth of the aggregate annual assessments on all Lots) and any such bond shall specifically include protection for any insurance proceeds received for any reason by the Board. Fidelity bonds shall name the Corporation as an obligee and shall contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. Such bonds shall provide that they may not be cancelled or substantially modified for any reason without at least ten (10) days prior written notice to the Corporation. The expense of any such bond shall be a Common Expense.

ARTICLE V

Officers

SECTION 5.1 Number. The officers of the corporation shall be a President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. The corporation may also have one or more Vice Presidents. Such other officers and assistant officers, who need not be Directors, may be elected or appointed by the Board of Directors.

SECTION 5.2 Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors, at the first meeting of the Board held after each annual meeting of the Owners. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as conveniently possible. Each officer shall hold office until a successor shall have been duly elected and qualified or until their death, resignation or removal as hereinafter provided.

SECTION 5.3 Removal. Any officer or agent may be removed by the Board of Directors whenever, in its judgment, the best interests of the corporation will be served thereby. In addition, an officer, agent or Director may resign from their position with written notice at any point during their tenure.

SECTION 5.4 President. The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall supervise and direct all of the business and affairs of the corporation. The President shall, when present, preside at all meetings of the Owners and of the Board of Directors. The President shall, in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5.5 Vice President. Vice Presidents of the Corporation shall fulfill such duties as the Board of Directors or the President shall direct. A Vice President shall not serve in the capacity of the President, unless the President so directs in writing.

SECTION 5.6 Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Owners and of the Board of Directors in the corporate minute book; (b) see that all notices are duly given in accordance with the provisions herein or as required by law; (c) be custodian of the corporate records; (d) keep a register of the post office address of each Owner, as furnished by the Owner and of each Mortgagee, as furnished by the Owner or Mortgagee; and (e) in general, perform all duties incident to the office of Secretary and such other duties as may be assigned by the President or by the Board of Directors.

SECTION 5.7 Treasurer. The Treasurer shall: (a) have charge and custody of, and be responsible for, all funds of the corporation; (b) receive and give receipts for monies due and payable to the corporation and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors; and (c) in general, perform all of the duties incident to the office of Treasurer and such other duties as are assigned by the President or by the Board of Directors. The Treasurer shall provide a statement of the finances of the corporation at any meeting of the Board of Directors or at the Annual Meeting as requested by the Board of Directors.

ARTICLE VI

Contracts, Loans, Checks And Deposits

SECTION 6.1 Contracts. The Board of Directors may authorize, by resolution, any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 6.2 Loans. No loans shall be contracted on behalf of the corporation and no indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 6.3 Checks and Drafts. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 6.4 Deposits. All funds of the corporation not otherwise employed shall be deposited to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII

Taxes, Utilities And Maintenance

SECTION 7.1 Real Estate Taxes. Real estate taxes are to be separately assessed and taxed to each Lot, and paid by the title owner of each Lot. Any real estate taxes or other assessments which are chargeable against the Common Areas shall be paid by the Corporation and treated as a Common Expense.

SECTION 7.2 Maintenance, Repairs and Replacements. Maintenance, repairs, replacements and upkeep of the Common Areas shall be furnished by the Corporation, as a part of its duties, and the cost thereof shall constitute a part of the Common Expenses.

SECTION 7.3 Damage to or Abuse of Common Areas. If, due to the willful, intentional or negligent acts or omissions of an Owner, or of a member of the Owner's family, or of a guest, tenant, invitee or other occupant or visitor of the Owner, damage is caused to Common Areas, or

if maintenance or repairs is required, the Owner shall be required to pay for such damage. Upon demand by the Board, the cost of such repairs shall be immediately due and payable, and if not paid, a lien may attach to the Owner's property, and costs of collection and reasonable attorney fees shall be added to any judgment entered on behalf of the Corporation.

ARTICLE VIII

Architectural Control

SECTION 8.1 Purposes. The Architectural Design and Environmental Control Committee (also referred to herein as the "Architectural Control Committee" or simply as the "Committee") shall regulate the external design, appearance, use and location of improvements within the Spring Knoll subdivision in such manner as to preserve and enhance values and to maintain a harmonious relationship among structures, improvements and the natural vegetation and topography.

SECTION 8.2 Architectural Control Guidelines. The Board of Directors shall have the authority to establish, amend and revoke Architectural Control Guidelines for the Subdivision and the Association, which shall be binding upon all Owners and all others, who in any way use, occupy or benefit from the Subdivision, or any part thereof. The Architectural Control Guidelines shall not be inconsistent with any covenant or provision of the Declaration and shall not be retroactively applied. The Architectural Control Guidelines may be amended by the Architectural Design and Environmental Control Committee, at any time and from time to time, so long as the Board of Directors provides its written consent to such amendment and so long as written notice of any such amendment is given to all Lot Owners at least thirty (30) days prior to the adoption of such amendment. The Architectural Control Guidelines may be enforced by the Architectural Design and Environmental Control Committee or by the Board of Directors.

SECTION 8.3 Architectural Design and Environmental Control. No structure or improvement -- including but not limited to residences, accessory structures, landscaping, fences, walls, mounds, ponds, pools, satellite dishes, antenna, patios, trampolines, basketball goals and other permanent structures for sports and recreation -- shall be erected, placed and altered on any Lot in this Subdivision until the building plans, specifications and plot plan showing the location, materials, and appearance of the planned improvement have been submitted to and approved by as the Architectural Design and Environmental Control Committee, regarding conformity and harmony of external design, topography, and finished ground elevations. The destruction of trees and vegetation and any other such matter as may affect the environment and ecology of this Subdivision shall also be approved in advance by the Committee.

SECTION 8.4 Composition of the Committee. The Committee will be composed of three or more members and an ex-officio member, who shall be a member of the Board of Directors. All members of the Committee will be appointed by the Board of Directors of the Spring Knoll Property Owners Association, Inc., and will serve a three year term. The initial members of the Committee shall be appointed to terms of one, two and three years, so that approximately one third of the members' terms shall expire each year.

SECTION 8.5 Written Approval. The Committee's approval or disapproval of any properly submitted application shall be in writing within thirty (30) days from the date of submission of a completed application and any additional documentation requested by the Committee.

SECTION 8.6 Additional Approvals. Under no circumstances shall approval of the Architectural Design and Environmental Control Committee be deemed to replace any required governmental approval or be deemed to constitute a representation or assurance by the Committee that the planned structure or improvement meets the requirements of any law, regulation or ordinance or meets any structural or safety requirement or standard.

SECTION 8.7 Alterations Without Approval. The Architectural Control Committee and/or the Board of Directors shall have the right and authority to require the removal of any improvement which has been made without receiving the approval of the Committee, including injunctive relief, and recovery of damages, reasonable attorney fees, and costs.

SECTION 8.8 Miscellaneous Provisions.

- a. The Committee's approval of, or failure to object to, a requested improvement for one Lot shall not prevent it from objecting to a similar improvement for another Lot in the Subdivision, if it deems, in its sole discretion, that the requested improvement would be detrimental to the Subdivision or the other Lot Owners.
- b. The members of the Committee will not be entitled to any compensation for services performed on behalf of the Committee.
- c. A decision of the Architectural Review Committee may be appealed to the Board of Directors by the Applicant or by an adjoining Lot Owner, which may reverse or modify such decision by a two-thirds (2/3) vote of the Directors then serving.
- d. The Architectural Review Committee may establish committees consisting of two (2) or more of its members, which committees shall exercise such powers of the Committee as may be delegated to them.
- e. The Association may not waive or abandon these procedures for regulating and enforcing architectural design and environmental control without the prior written approval of all Owners.

**ARTICLE IX
Amendment Of By-Laws**

SECTION 9.1 General Amendments. The power to make, alter, amend, add to and repeal the by-laws of the Corporation is vested in the Board of Directors of the Corporation, which powers shall be exercised in accordance with the requirements of the Declaration; provided, however, that written notice of any such amendment must be given to all lot owners at least thirty days prior to the adoption of such amendment.

**ARTICLE X
Miscellaneous Provisions**

SECTION 10.1 Interpretation of Conflicting Provisions. In the event of conflicting provisions of the various documents, the following order of priority shall apply for resolving the conflict:

- a. Subdivision plats
- b. The Declaration
- c. Articles of Incorporation
- d. These By-Laws
- e. Architectural Control Guidelines
- f. Rules established by the Board

SECTION 10.2 Fiscal Year. The fiscal year of the Corporation shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December in each year.

SECTION 10.3 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and Committees. All books and records of the Corporation may be inspected by any Board Member, their agent or attorney for any proper purpose at any reasonable time.

SECTION 10.4 Effective Date. These By-Laws were approved at a duly convened meeting of the Board of Directors of the Spring Knoll Property Owners Association, Inc. on November 13 2001, and they are effective as of said date.

Secretary of the Corporation

APPROVED:

President of the Corporation