

**CODE OF BY-LAWS
OF
ARBOR GROVE HOMEOWNERS ASSOCIATION,
INC.**

ARTICLE 1: IDENTIFICATION

Section 1.01. Name. The name of the Corporation is Arbor Grove Homeowners Association, Inc.

Section 1.02. Principal Office and Resident Agent. The location of the principal office of the Corporation and the designation of its resident agent shall be as specified in the Articles of Incorporation, such location or such designation or both shall be changed in accordance with the requirements of the Act, in which case the notice of the change that is required by the Act (and the more or most recent of such notices, if two or more shall have been filed) shall be conclusive as to the matters covered by such notice.

Section 1.03. Definitions. The definitions and terms as defined and used in the Declaration of Covenants, Easements, Conditions and Restrictions for Arbor Grove Homeowners Association, Inc. shall have the same meaning in these By-Laws and reference is specifically made to Article 1 thereof containing definitions of terms.

ARTICLE 2: MEMBERSHIP

Section 2.01. Qualification. The qualifications for membership in the Corporation shall be those prescribed in the Articles and the Declarations of Covenants, Easements, Conditions and Restrictions for Arbor Grove Homeowners Association, Inc. (hereinafter sometimes referred to as the "Declaration"). Section 2.02. Privileges of Members. The Members (and any person who both belongs to the family of a Member and has the same residence as the Member to which family he belongs) and any person who is a guest of a Member shall have the privilege of using the Common Areas in accordance with the Declaration, the Articles, the By-Laws, and such rules and regulations for the use of the Common Area as may be adopted from time to time by the Board of Directors.

ARTICLE 3: MEETINGS OF MEMBERS

Section 3.01. Place of Meetings. All meetings of the Members shall be held at such place in Hamilton County, Indiana as may be designated by the Board of Directors and specified in the respective notices or waivers of notice thereof.

Section 3.02. Annual Meetings. An annual meeting of the Members shall be held at 7:30 p.m. on the second Monday in January of each calendar year, or such other date that the Board of Directors may designate upon giving proper notice in accordance with the provisions set forth below.

Section 3.03. Special Meetings. Special meetings of the Members may be called by the President, by a majority of the Board of Directors, or by written petition signed by not less than one-sixth (1/6) of all the Members. Upon request in writing delivered to the President or the Secretary by a Person or Persons entitled to call a special meeting, it shall be the duty of the President or the Secretary to give notice to the Members of such meeting, and, if such request is refused, the Person or Persons making such request may call a meeting giving notice in the manner hereinafter provided. Business transacted at all special meetings shall be limited to subjects in the call or waiver of notice, and matters germane thereto.

Section 3.04. Notice of Meetings. A written or printed notice stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered by the Secretary or by the officer or Person calling the meeting to each Member at such address as appears on the records of the Corporation not more than thirty (30) nor less than ten (10) days before the date of any regular meeting and not more than thirty (30) nor less than five (5) days before the date of any special meeting. Notice of any meeting may be waived in writing filed with the Secretary by a Member if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place of the meeting. Attendance at any meeting shall constitute a waiver of notice of that meeting.

Section 3.05. Voting Lists. At least ten (10) days before each regular meeting of Members and at least five (5) days before any special meeting of Members, the Secretary shall make a complete list of Members entitled to vote at the meeting, which list may be inspected by any Member, for any proper purpose, at any reasonable time.

Section 3.06. Quorum. At any meeting of the Members, Members constituting ten percent (10%) plus one of the votes of the Association present in person or by proxy executed in writing, shall constitute a quorum for the transaction of business, except as otherwise provided by law.

Section 3.07. Voting Rights. The voting rights of the Members shall be as prescribed in the Articles of Declaration.

Section 3.08. Method Of Voting. A vote attributable to a Lot shall be cast as follows:

(a) Single Owner or Occupant. Where an individual is the sole Owner of a Lot or the sole Occupant of a residence the vote attributable to that Lot or residence shall be cast by such individual.

(b) Multiple Owners or Occupants. When a Lot is owned by two or more individuals, whether as joint tenants, tenants in common, or tenants by the entireties, or by a partnership, or when a residence is occupied by more than two individuals as joint lessees, there shall be only one voting representative entitled to cast the vote attributable to such Lot or residence. The partners or those individuals owning the Lot or those individuals occupying the residence shall determine among themselves who shall cast such vote. In the event agreement is not reached, the vote attributable to such Lot or residence shall not be cast.

(c) Voting by Corporation or Trust. Where a corporation or trust is the owner of a Lot, the trustee may cast the vote attributable to such Lot on behalf of the trust and the agent or other representatives of the corporation duly empowered by the board of directors of such corporation shall cast the vote to which the corporation is entitled.

Section 3.09. Proxies. A Member may vote in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy, the Member shall designate his attorney-in-fact in writing, delivered to an officer of the Corporation prior to the commencement of the meeting.

ARTICLE 4: BOARD OF DIRECTORS

Section 4.01 Functions. The business, property and affairs of the Corporation shall be managed and controlled by a Board of Directors as from time to time constituted (herein collectively call the "Board" or "Directors" and individually called "Director").

Section 4.02 Eligibility. Until the Turnover Date, the Directors may include any individual

duly appointed by the Developer. After the Turnover Date, no person shall be a Director who is not a Member.

Section 4.03 Number. Except and unless otherwise provided in the Declaration, the number of Directors comprising the Board shall be three (3) which number may from time to time be increased to a number of no more than six (6) by resolution adopted by not less than a majority of the Board of Directors. No reduction in the number of Directors shall have the effect of removing a Director from office prior to the expiration of his term. In the event the number of Directors is increased as provided herein, the election of the additional Director or Directors shall be by a vote of the Members entitled to elect such additional Director or Directors according to a procedure established by the Board by resolution which is consistent with the requirements of Section 4.06.

Section 4.04 Nomination. Candidates for election to the Board of Directors shall file a signed petition of candidacy with the Election Committee at least three (3) weeks prior to the annual meeting. The Election Committee shall provide all Members the names of all bona fide candidates not less than ten (10) days before the annual meeting.

Section 4.05 Election. Directors shall be elected at the annual meeting provided in Article 3. The Board may, by resolution, establish such election procedures therefore, including certification requirements, as it deems appropriate. Voting for the Board of Directors shall be by secret written ballot. The ballot shall be prepared by the Election Committee and shall contain the name of each person nominated for election. Those persons receiving the highest number of votes shall be elected.

Section 4.06 Term. Except and unless otherwise provided in the Declaration, each Director shall serve for a term of two (2) years or until his successor is elected and qualified. Directors shall be limited to four (4) consecutive terms.

Section 4.07 Resignation. Any Director may resign at any time by giving written notice of such resignation to the President or the Secretary of the Board. Such resignation shall be made in writing and shall take effect at the time specified therein, and, if no time is specified, at the time of its acceptance by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 4.08 Removal. Any Director may be removed with or without cause by vote of a majority of the Members who are eligible to elect the Director at a special meeting of such Members duly called and constituted.

Section 4.09 Vacancies. Any vacancy occurring on the Board of Directors caused by death, resignation or otherwise, shall be filled by a Member, who will act as an interim Director, at the next meeting by way of a vote of a majority of the remaining members of the Board. If a majority of the remaining members of the Board cannot agree on a person to fill any such vacancy, a special meeting of the Members shall be called to select a person to fill such a vacancy.

Section 4.10 Meetings. The Board of Directors shall meet in each year immediately after the annual meeting of the Members, at the place where such meeting of the Members has been held, for the purpose of organization, election of officers, and consideration of any other business that may properly be brought before the meeting. No notice shall be necessary for the holding of this annual meeting. If such meeting is not held as above provided, the election of officers may be held at any subsequent meeting of the Board specifically called in the manner provided in Section 4.12. Special meetings of the Board may be called by the President and shall be called by order thereof upon the written request of not less than one-third (1/3) of the membership of the Board, which request shall set forth the business to be conducted at such meeting.

Section 4.11 Initial Meetings. The first order of business at the initial meeting of the initial Board of Directors shall be the adoption of these By-Laws and the certification thereof by the

Secretary of the Board.

Section 4.12 Notice of Meetings. Notice of all meetings of the Board of Directors, except as herein otherwise provided, shall be given by mailing the same at least three (3) days or by telephoning the same at least twelve (12) hours before the meeting to the usual business or residence address of the Director as shown upon the records of the Corporation. Notice of any meeting of the Board may be waived in writing filed with the Secretary by any Director if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place of the meeting. Attendance at any meeting of the Board shall constitute a waiver of notice of that meeting unless that Director's attendance is made for the purpose of objecting to the calling of the meeting for the reason of improper notice.

Section 4.13 Quorum. A quorum of the Board of Directors at any annual or special meeting of the Board shall be a majority of the duly qualified members of the Board occupying office, except for the initial Board of Directors a quorum for which will require 100% attendance.

Section 4.14 Committees.

(a) **Election Committee.** The Board of Directors, by vote of a majority of Directors then serving, shall appoint an Election Committee no later than two (2) months prior to the date of the annual meeting. The Election Committee shall consist of a chairman and at least four (4) Members none of whom shall be candidates for office. It shall be the duty of the Election Committee to provide supervision of the nomination and election of Directors in accordance with the provisions of the Articles and these By-Laws and with procedures adopted by the Board of Directors. Record of same shall be maintained and kept by the chairman of the Elections Committee.

(b) **Other Committees.** The Board of Directors by resolution adopted by a majority of the Board, may designate one or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board in the management of the Corporation. Other committees not having and exercising the authority of the Board in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law.

Section 4.15 Powers. All the corporate powers except as otherwise provided herein by law, shall be vested in and shall be exercised by the Board of Directors. Said powers shall include, but not be limited to:

(a) The power to adopt, publish, and enforce rules and regulations governing the use of the Lots and Common Areas;

(b) The power to contact, lease or purchase for the benefit of the Members such property, equipment, materials, labor and services as may be necessary in the judgment of the Board;

(c) The power to exercise the powers and perform the duties of the Corporation granted, imposed, authorized or permitted by the Declaration and any Supplementary Declaration, the exercise of which is not reserved or committed to the membership by the Articles or By-Laws;

(d) The power to make and collect Assessments and charges, establish and collect membership dues, and levy and collect fines for the violation of rules and regulations governing the use of the Common areas; and

(e) The power to employ legal counsel, architects, engineers, contractors, accountants, consultants, managers, independent contractors and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the maintenance, repair, replacement, restoration, and operation of the Common Areas and the business and affairs of

the Corporation.

Section 4.16 Duties. It shall be the duty of the Board of Directors to:

(a) Cause the Common Areas to be maintained in good, clean, attractive and sanitary condition, order and repair;

(b) Adopt and publish rules and regulations, including fees, if any, governing the use of the Common Areas and facilities located thereon, and the personal conduct of the Members, members of their families, and their guests;

(c) Suspend the right of any Owner to use the Common Areas during any period during which such Owner shall be in default for more than thirty (30) days after notice in the payment of any Assessment. Such rights of the Members may also be suspended during any period during which such Owner shall be in violation, for more than forty-five (45) days after notice, of any provisions of the Declaration or any rules and regulations;

(d) Cause to be kept a complete record of all its corporate affairs, including rules and regulations, if any, make such records available for inspection, by any Member or his authorized agent, and present an annual report thereof to the Members;

(e) Supervise all officers, agents and employees of the Corporation and see that their duties are properly performed;

(f) Issue upon demand by any Member a certificate setting forth whether or not any Assessment has been paid and giving evidence thereof for which a reasonable charge may be made;

(g) Designate depositories for the Corporation funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Corporation, and cause such persons to be bonded, as it may deem appropriate;

(h) Hold a public hearing on the proposed annual budget and approve the annual budget by a two-thirds (2/3) vote of the Directors;

(i) By a two-thirds (2/3) vote of the Directors, fix annual General and Special Assessments at an amount sufficient to meet the obligations imposed by the Declaration and all Supplementary Declarations;

(j) Annually set the date(s) Assessments are due and decided what, if any, interest rate is to be applied to Assessments which remain unpaid thirty (30) days after they become due;

(k) Send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the Assessment or first installment thereof;

(l) Cause the lien against any property for which Assessments are not paid within thirty (30) days after due date to be foreclosed or cause an action of law to be brought against the Owner personally obligated to pay same;

(m) Procure and maintain adequate insurance to protect the Corporation, its employees and its personal and real properties;

(n) Enter into mortgage agreements and obtain capital debt financing subject to the provisions of the Declaration;

(o) Appoint such committees as are prescribed in Section 4.14; and

(p) Exercise their powers and duties in good faith, with a view to the interests of the Corporation and to this end adopt appropriate guidelines for action on matters where a

potential conflict of interest may exist.

Section 4.17 Non-Liability of Directors. The Directors shall not be liable to the Members 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 Members shall indemnify and hold harmless each of the Directors against any and all liability to any Person arising out of contracts made by the Board on behalf of the Corporation unless any such contract shall have been made in bad faith or is contrary to the provisions of the Articles, By-Laws, or the Act. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Members and as their agent. The liability of any Member arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Directors shall be limited to such percentage of the total liability or obligation thereunder as is equal to a fraction, the numerator of which is the number of Lots in the subdivision affected thereby. Every contract made by the Board or any management agent on behalf of the Corporation, shall provide that the Board of Directors is acting as agent for the Members and shall have no personal liability thereunder, except in their capacity as Members and then only to the extent of their fractional interest described above.

Section 4.18 Additional Indemnity of Directors. The Members shall indemnify any Person, his heirs, assigned, and legal representatives, made a part to any action, suit or proceeding by reason of the fact that he is or was a Director, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any appeal therein, except as otherwise specifically provided herein in relation to matters as to which item shall be adjudged in such action, suit or proceeding that such Director is liable for gross negligence or misconduct in the performance of his duties. The Members shall also reimburse to any such Director the reasonable costs of settlement of or judgment rendered in any action, suit or proceeding, if such Director was not guilty of gross negligence or 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 negligence or 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 on behalf of the Corporation, or by any officer or employee thereof, or by any accountant, attorney or other Person employed by the Corporation to render advice or service unless such Director had 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 4.19 Transactions Involving Affiliates. No contract or other transactions between the Corporation and one or more of its Directors, or between the Corporation and any Persons in which one or more of the Directors are directors, officers, partners, or employees or are pecuniarily or otherwise interested, shall be void or voidable because such Director or Directors are present at the meeting of the Board or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose if:

(a) The fact of the affiliation or interest is disclosed or known to the Board or a majority thereof and noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the affiliation or interest is disclosed or known to the Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved or executed.

Affiliated or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board or committee thereof which authorizes, approves or ratifies any

contract or transaction, and may vote as if they were not so affiliated or not so interested.

Section 4.20 Insurance. The Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all the structures located in the Common Area, if any, whether owned or leased by the Corporation, against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement costs or any repair or reconstruction work in the event of damage or destruction from any hazard, and shall also obtain a broad form public liability policy covering the Common Areas and all damage or injury caused by the negligence of the Corporation or any of its agents. All such insurance policies shall contain a provision that all Members shall, in appropriate circumstances, be able to recover damages as claimants under such insurance. The insurance may include coverage against vandalism. Premiums for all such insurance shall be included in the General Assessment. In the event of damage or destruction by fire or other casualty to any structure covered by insurance written in the name of the Corporation, the Board of Directors shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damage. All such insurance proceeds (if the amount of such proceeds exceeds \$5,000.00) shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a federal governmental agency with the proviso agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors, or by their duly authorized agent. In such event, the Board of Directors shall advertise for sealed bids with any licensed contractors, and then may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed structure or structures. In the event that the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Board of Directors may level a Special Assessment in the manner specified in the Declaration to make up any deficiency. Excess insurance proceeds, if any, shall become a part of the Corporation's reserve for replacements.

Section 4.21 Compensation. No Director shall receive any compensation for any service he may render to the Corporation unless and as provided in Section 5.01 herein. He may, however, be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE 5: THE OFFICERS OF THE CORPORATION

Section 5.01 Officers and Agents. The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may, by resolution, designate from time to time. Any two or more offices may be held by the same person, except that the duties of the President and the Secretary shall not be performed by the same person. The Board of Directors may, by resolution, create, appoint and define the duties and fix the compensation of such officers and/or agents as, in its discretion, is deemed necessary, convenient or expedient for carrying out the purposes for which the Corporation is formed; provided, however, that officers and agents shall be compensated only for actual services performed on behalf of the Corporation.

Section 5.02 Election. Term of Office and Qualifications The candidates for the office position vacant by virtue of a term which shall then be expiring shall be chosen annually by the Election Committee. Each officer shall hold office until the next annual meeting of the Board of Directors held at the time his term shall then be expiring or until his successor is chosen and qualified.

Section 5.03 Vacancies. In the event an office of the Corporation becomes vacant by death, resignation, retirement, disqualification or any other cause, the Board of Directors shall elect a person to fill such vacancy, and the person so elected shall hold office and serve until the term of the position held expires or until the election and qualification of his successor.

Section 5.04 President. The President, who shall be chosen from among the membership of the Board of Directors, shall preside at all meetings of the Board, if present; shall appoint the

chairmen and members of all standing and temporary committees, except the Elections Committee, subject to the review of the Board of Directors; shall be the executive officer of the Corporation; shall have and exercise general charge and supervision of the affairs of the Corporation; and shall do and perform such other duties as these By-Laws provide or as may be assigned to him by the Board of Directors.

Section 5.05 Vice President. And Vice President may perform all duties incumbent upon the President during the absence or disability of the President and shall perform such other duties as these By-Laws may require or as may be assigned to him by the President or the Board of Directors.

Section 5.06 Secretary. The Secretary shall have the custody and care of the corporate records and the minute book of the Corporation. He shall attend all the meetings of the Board of Directors and Members of the Corporation, and shall keep, or cause to be kept in a book provided for the purpose, a true and complete record of the proceedings of such meetings, and shall perform a like duty for all standing committees of the Board of Directors when required. He shall attend to the giving and serving of all notices of the Corporation, shall file and take care of all papers and documents belonging to the Corporation, and shall perform other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors.

Section 5.07 Treasurer. The Treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Corporation. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into the possession of the Corporation. He shall immediately deposit all funds of the Corporation coming into his hands in a national bank or other depository to be designated by the Board of Directors, and shall keep such bank account in the name of the Corporation. He shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Corporation and shall perform such other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors.

Section 5.08 Removal. Any officer of the Corporation may be removed from office by the affirmative vote of two-thirds (2/3) of all the Directors at any regular or special meeting of the Board of Directors called for the purpose for nonfeasance, malfeasance, or misfeasance, for conduct detrimental to the interests of the Corporation, for lack of sympathy with its objects, or for refusal to render reasonable assistance in carrying out its purposes. Any officer whose removal is proposed shall be entitled to at least ten (10) days notice in writing by mail of the meeting of the Board of Directors at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Board of Directors at such meeting.

Section 5.09 Resignation. Any officer or member of a committee may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and, if no time be specified, at the time of its receipt by the President or Secretary of the Corporation. The acceptance of a resignation shall not be necessary to make it effective.

ARTICLE 6: DESIGN REVIEW BOARD

Section 6.01 Composition. Except as provided in Article VII of the Declaration, the Design Review Board shall be comprised of three (3) Members elected by the Board of Directors by a vote of a majority of the Directors then serving. No more than one-third (1/3) of the Design Review Board shall simultaneously serve as a member of the Board of Directors.

Section 6.02 Organization. The Design Review Board shall elect from among its membership a chairman, secretary and such other officers as it deems appropriate.

Section 6.03 Quorum. A quorum for action by the Design Review Board shall be a majority

of its members, but in no event less than two (2) members.

Section 6.04 Duties. It shall be the duty of the Design Review Board to regulate the external design, appearance, location and maintenance of the Arbor Grove Subdivision and of improvements thereon and to regulate such uses of property, all as provided in the Declaration.

Section 6.05 Procedures. In order to protect consistency, the Design Review Board may formulate general guidelines, procedures and regulations and submit them for approval to the Board of Directors. Such guidelines, procedures and regulations shall be considered adopted policy of the Board of Directors unless rejected by a two-thirds (2/3) vote of the Board of Directors within thirty (30) days of the date of submission. The adopted guidelines, procedures and regulations shall be incorporated in the rules and regulations, if any, and the Design Review Board shall act in accordance therewith.

ARTICLE 7: CORPORATE BOOKS

Except as otherwise provided by the laws of the State of Indiana, by the Declaration, Articles, or these By-Laws, the books and records of the Corporation may be kept at such place or places, within or without the State of Indiana, as the Board of Directors may from time to time by resolution determine, but all of such books and records shall be open for inspection to any Member at any reasonable time for purposes reasonably related to his interest as a Member.

ARTICLE 8: FINANCIAL AFFAIRS

Section 8.01 Contracts. The Board of Directors may authorize any officer or agent 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 a specific instance; and unless authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit or render it liable pecuniarily for any purpose or to any amount.

Section 8.02 Checks, Etc. All checks, drafts, notes, bonds, bills of exchange, and order for the payment of money, shall, unless otherwise directed by the Board of Directors or required by law, be signed by any two of the following officers, who are different persons: President, a Vice President, Secretary or Treasurer. The Board of Directors, however, may designate officers or employees of the Corporation, other than those named above, who may, in the name of the Corporation, execute drafts, checks and orders for the payment of money on its behalf.

Section 8.03 Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors.

Section 8.04 Reserve for Replacement. The Board of Directors shall establish and maintain a reserve fund for replacements by the allocation and payment to such reserve fund of an amount determined annually by the Board to be sufficient to meet the cost of periodic maintenance, repairs, renewal and replacement of the buildings and improvements located on the Common Areas and of equipment and Property, including but not limited to maintenance and repair of buildings, if any, and resurfacing of streets. In determining the amount, the Board shall take into consideration the expected useful life of such improvements, projected increases in the cost of materials and labor, interest to be earned by such fund and the advice of the managing agent or any consultants the Board may employ. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board, be invested

in obligations of or fully guaranteed as to principal by, the United States of America. The reserve for replacements may be expended only for the purposes of effecting the maintenance, repair, renewal or replacement of the buildings and improvements located upon the Common Areas and the equipment. The Board shall annually review the adequacy of the Replacement Reserve Fund.

Section 8.05 General Operating Reserve The Board of Directors shall establish and maintain a reserve fund for general operating expenses of a non-recurring nature by the allocation and payment to such reserve fund not less frequently than annually of an amount described as follows:

(i) 3% of the amount of the General Assessment until the reserve fund is equal to 30% of the amount of the General Assessment;

(ii) thereafter, 2% of the amount of the General Assessment until the reserve fund is equal to 50% of the amount of the General Assessment, when payments to the reserve shall terminate.

Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board, be invested in obligations of or fully guaranteed as to principal by the United States of America. The general operating reserve may be expended for operating contingencies of a non-recurring nature or for capital improvement or capital replacement or repair purposes, provided that a method for replenishment of the fund is simultaneously adopted by the Board.

Section 8.06 Fiscal Year. The fiscal year of the Corporation shall be determined by the Board or its appointed agent.

Section 8.07 Assessment Year. The assessment year of the Corporation shall be determined by the Board.

Section 8.08 Auditing. At the close of each fiscal year, the books and accounts of the Corporation shall be subjected to a 'Financial Compilation' by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted accounting standards. A copy of such report shall be made available to a Member at the request of such Member.

Section 8.09 Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at a rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees incurred by such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for assessments provided for herein.

ARTICLE 9: AMENDMENTS

The power to make, alter, amend or repeal the By-Laws is vested in the Board of Directors, which power shall be exercised by the affirmative vote of a two-thirds (2/3) majority of the Directors present at any meeting of the Board; provided, however, that any such changes have been posted for the review and comment of the Members for a period of not less than thirty (30) days prior to such meeting.

These By-Laws have been duly adopted as of this 26th day of October, 2000, by vote of the initial Board of Directors.

Bruce T. Sklare, President

Attest:

Bruce M. Bittner, Secretary

STATE OF INDIANA)
) SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said County and State, personally appeared Bruce T. Sklare, President and Bruce M. Bittner, Secretary, of the Arbor Grove Homeowner's Association, Inc., who acknowledged the execution of the foregoing Code of By-Laws, and who, having been duly sworn, stated that any representations therein contained are true.

WITNESS my hand and Notarial Seal this 30th day of October, 2000.

My Commission Expires:
County, Indiana
April 11, 2007

NOTARY PUBLIC, A resident of Hamilton
Printed: Rebecca M. Simpson