

BY-LAWS
OF

QUAIL CROSSING COMMUNITY ASSOCIATION, INC.

ARTICLE I

Name and Principal Office

The name of the Corporation is *Quail Crossing Community Association, Inc.*, (hereinafter referred to as the "Association"). The principal office of the Association shall be located at 529 South State Road 261, Boonville, Indiana 47601, but meetings of the Members and Directors may be held at such places within the State of Indiana as may be designated by the Board of Directors.

ARTICLE II

Identification and Applicability

Section 2.01. Identification and Adoption. These By-Laws, adopted at the organizational meeting of the Initial Board of Directors of the Association after the filing of the Articles of Incorporation of the Association with the Secretary of State of the State of Indiana.

Section 2.02. Definitions. The *Articles of Incorporation* of the Association and the *Declaration of Conditions, Reservations, Restrictions and Protective Covenants Affecting Lots in Quail Crossing Golf Community* as recorded in the Office of the Recorder of Warrick County, Indiana as *Document No: 1996R-010124* shall apply to and govern the interpretation of these By-Laws. Except as otherwise provided under these By-Laws, definitions and terms as defined and used in the *Articles* and the *Covenants*, as amended, are incorporated herein and shall have the same meaning in these By-Laws. The provisions of these By-Laws shall apply to the subdivision and the administration and conduct of the affairs of the Association.

Section 2.03. Additional Definitions. In addition, the following terms are defined as hereinafter set forth:

2.03.01. "Annual Meeting" shall mean and refer to the Annual Meeting of members as provided for herein.

2.30.02. "Appointed Directors" shall mean and refer to those members of the Board of Directors appointed by the Developer as provided for in the Articles and herein.

2.03.03. "Architectural Review Committee" shall mean a committee consisting of three (3) members appointed from time

to time by Developer and shall hereinafter be referred to as "Committee". Initially, the Committee shall consist of Craig A. Kilmer, Bruce Kilmer and Craig Wood. The appointed Committee shall remain in existence until such time as its responsibilities are assumed by the Association under the terms of these By-Laws.

2.03.04. "Articles" shall mean and refer to the Articles of Incorporation of the Quail Crossing Community Association, Inc.

2.03.05. "Assessable Lot" shall mean and refer to any Lot of real property within the Subdivisions which are subject to assessments, as provided hereinafter; and "Assessment" shall mean all sums lawfully assessed against Owners or as declared or authorized by law or the Governing Documents.

2.03.06. "Association" shall mean Quail Crossing Community Association, Inc., its successors or assigns.

2.03.07. "By-Laws" shall mean and refer to the By-Laws of the Quail Crossing Community Association, Inc.

2.03.08. "Common Areas" shall mean and include the median, boulevards, lakes, out lots and the recreational facilities owned by or leased to the Association and used for the common use, benefit and enjoyment of the Lot Owners and Members of the association.

2.03.09. "Covenants" shall mean the Declaration of Conditions, Reservations, Restrictions and Protective Covenants Affecting Lots in Quail Crossing Golf Community as recorded in the Office of the Recorder of Warrick County, Indiana as Document No: 1996R-010124

2.03.10. "Developer" shall mean Quail Crossing Community, L.L.C., a Michigan Limited Liability Company, authorized to do business in the State of Indiana.

2.03.11. "Dwelling" shall mean a house designed for occupancy and use by a single family.

2.03.12. "Elected Directors" shall mean and refer to those members of the Board of Directors elected by the Members of the Association as provided for in the Articles and herein.

2.03.13 "Governing Documents" shall mean and refer to the Articles, the Covenants, these By-Laws, and any Book of Resolutions hereafter adopted or maintained containing the rules, regulations and policies of the Associations adopted by the Board of Directors, as the same now exist or may be hereafter amended from time to time.

2.03.14. "Lot" shall mean and include a platted lot within the Subdivision.

2.03.15 "Member" shall mean and refer to every person or entity who holds membership in the Association, which shall consist of all Owners and the Developer, whose rights and responsibilities are further defined herein.

2.03.16. "Membership Agreement" shall mean and refer to an agreement in the form attached as *Exhibit A* hereto or any other form specified by the Board.

2.03.17. "Owner" shall mean and refer to the record holder of the fee simple title to any lot, whether one or more persons or entitles, and the term shall not include those having such an interest merely as security for the performance of an obligation.

2.03.18. "President" shall mean and refer to the President of the Association as provided for herein.

2.03.19. "Quorum of Members" shall mean and refer to the representation in person or proxy of Members who hold *fifty (50%) percent* of the outstanding votes.

2.03.20. "Secretary" shall mean and refer to the Secretary of the Association as provided for herein.

2.03.21. "Subdivision" shall mean Quail Crossing Golf Community Phase I and Quail Crossing Golf Community Phase IA, the plats of which are recorded in the Office of the Recorder of Warrick County, Indiana, as Documents #1996R-009986 and #1996R-009988, respectively.

2.03.22. "Structure" shall mean and include and all improvements of every kind and nature.

2.03.23. "Treasurer" shall mean and refer to the Treasurer of the Association as provided for herein.

2.03.24. "Vice President" shall mean and refer to the Vice President of the Association as provided for herein.

ARTICLE III

Liability and Indemnification

Section 3.01. Liability and Indemnification. Liability of the Board of Directors, Officers, Members, Architectural Review Committee, or any other Committee, and the Association:

3.01.01 *Officers, Member, Committees Liability and Indemnification.* The Officers, members of the Board of Directors, or Architectural Review Committee, or any other committee the Board or the Members may establish shall not be liable to the Association or to any Member for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct, gross negligence or bad faith. The Association shall indemnify, defend and hold harmless each of the Officers and Directors from and against all contractual liability to others arising out of contracts made by the officers of the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith and be contrary to applicable laws, the By-Laws, or other Governing Documents, except to the extent that such liability is satisfied by directors' and officers' liability insurance. Officers and members of the Board of Directors shall have no personal liability with respect to any contract approved by the Board of Directors on behalf of the Association. Every agreement made by the Officers, the Board of Directors or the managing agent, if any, on behalf of the Association shall, if obtainable, provide that the Officers, the members of the Board of Directors or the managing agent, as the case may be, are acting only as agent for the Association and shall have no personal liability thereunder. The Association shall indemnify and hold harmless each of the members of the Architectural Review Committee, and other committees established by the Board from and against all liability to others arising out of the exercise of their responsibilities unless their action shall have been taken in bad faith and contrary to the provisions of applicable law, these By-Laws or other Governing Documents.

3.01.02. *Association's Liability and Indemnification.* The Association shall not be liable for any failure of service to be obtained by the Association or paid for as a common expenses, or for injury or damage to person or property caused by the elements or by any Member, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common areas or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Areas. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or from any action taken by the Association to comply with the Governing Documents, any law, ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE IV

Meetings of Members

Section 4.01. Purpose of Meetings. At least annually, and at such other times as may be necessary, the meetings of the Owners shall be held for the purpose of electing the Board of Directors, approving the annual budget, providing for the collection of Common Expenses and for such other purposes as may be required or authorized by Statute, the Articles, the Covenants or these By-Laws.

Section 4.02. Annual Meetings. Annual Meeting of the Members shall be held on the first Monday of April each year at the hour of 7:00 p. m. provided, however, that the Board, by resolution, may fix a different hour or a different date for the Annual Meeting which is no more than thirty (30) days before or after said date. If the day for the Annual Meeting is a legal holiday or weekend, the Annual Meeting will be held at the same hour on the first day following which is not a legal holiday or weekend.

Section 4.03. Special Meetings. Special meetings of the Members may be called at any time by a resolution of the Board of Directors, or upon a written petition of the Members who are entitled to vote one-fifth (1/5) of all of the votes of the Class A and Class B memberships. The resolution or petition shall be presented to the President or the Secretary of the Association and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 4.04. Notice of Meetings. All meetings of the Members shall be at the principal office of the association or at such other places within the State of Indiana as may be designated by the Board of Directors. Written Notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary to each Member entitled to vote thereat not less than ten (10) days before such meeting. A notice shall be mailed or delivered to the Developer or to the Class A voting member designated on the Owner's Membership Agreement at the address last appearing on the books of the Association for the Developer and at the address of each lot for all other Class A members.

Section 4.05. Voting.

4.05.01 *Number of Votes.* All Lot Owners who are class A Members shall jointly and not severally be entitled to cast one (1) vote for each Lot they own on each matter coming before the meeting upon which a membership vote is taken. All Lot Owners who are class B Members shall jointly and not severally be entitled to cast two (2) votes for each Lot they

own on each matter coming before the meeting upon which a membership vote is taken.

4.05.02 *Voting by Multiple Owners.* When the Owner of a lot consists of more than one person (or is a partnership) there shall be only one voting Member entitled to cast the vote(s) allocated to such Lot. At the time of the acquisition of title to a Lot, the Owners shall execute and deliver to the Association's Secretary, a Membership Agreement which shall appoint the Voting representative for such Owners, and such appointment shall remain in effect until such multiple Owners or partnership shall execute a new Membership Agreement appointing another voting representative.

4.05.03 *Voting by Corporation, Limited Liability Company or Trust.* Where a corporation limited liability company or trust is an Owner or is otherwise entitled to vote, the Voting Representative appointed in the current Membership Agreement by (1) the trustee in the case of a trust; (2) by the agent or other representative of the corporation duly empowered by the board of directors of such corporation; or (3) by the members or a managing member of a limited liability company shall cast the vote or votes to which such corporation, trust, or limited liability company is entitled.

4.05.04 *Proxies.* At all meetings of Members, each Member entitled to vote may vote in person or by proxy. All proxies shall be signed in writing and filed with the Secretary prior to the meeting

4.05.05 *Quorum.* The presence at a meeting of Members entitled to cast, or of proxies entitled to cast, one-half (1/2) of the votes of both classes of members shall constitute a quorum. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without Notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 4.06. Membership.

4.06.01 *Class A Membership.* Each of the Initial and appointed members of the Board of Directors of the Association shall be a Class A Member until the first elected board of directors shall take office. The initial members of the Board of Directors of the Association appointed by the Developer need not be Lot owners; however, their Class A membership shall terminate when the first elected board of directors takes office if they are not Lot Owners at such time.

Each and every person, group of persons or entity, (except a Class B Member), who is a record Owner of the fee interest in any subdivision Lot which is or becomes a part of Quail Crossing Golf Community, including all Phases thereof or of any subsequent additions thereto, shall be a Class A Member of the Association; except that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member.

Such membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessments. Class A Members shall vote in all elections and vote where otherwise permitted and shall be entitled to one vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote appurtenant to such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot or Living Unit shall not be cast.

4.06.02 *Class B Membership.* The Class B Membership shall consist of the Developer, Quail Crossing Community, LLC (or its successor developer in interest) who shall be entitled to two votes for each platted Lot it owns, including any additions to or subsequent Phases added to Quail Crossing Golf Community, by the developer or its successor developer.

The initial Board of Directors is appointed by the Developer as set out in these articles and they shall continue in office until the members shall elect the Board upon the date of the first annual meeting as set out in the By-Laws.

Conversion of Class B to Class A. After completion and final platting of all Lots in the entire residential development of Quail Crossing Golf Community, including all additional phases located within the Real Estate which the Developer presently owns or has the contractual right to purchase in Boon Township of Warrick County, Indiana, the Class B membership shall cease and shall be converted to Class A membership. Further, upon the happening of either of the following two events, whichever occurs earlier, Class B membership shall cease and shall be converted to Class A membership:

On December 31, 2000, in the event all additional phases of the Community have not been platted or if all the Lots have not been conveyed to Owners other than the Developer, or

When there are at least fifty (50) Class A voting members, other than the Developer, Developer may, by

written instrument, voluntarily surrender its Class B membership in exchange for Class A membership.

Section 4.07. Conduct of Annual Meeting.

4.07.01. *Annual Meeting.* The chairman of the Annual Meeting shall be the President of the Association. He shall call the Annual Meeting to Order at the duly designated time and business will be conducted in the following order:

Reading of Minutes. The Secretary shall read the minutes of the last Annual Meeting and the minutes of any special meetings held subsequent thereto.

Treasurer's Report. The Treasurer shall report to the Members concerning the financial condition of the Association and answer relevant questions of the Members concerning the common expenses, revenues, and financial report for the prior year and the proposed budget for the current year.

Budget. The proposed budget for the year shall be presented to the Owners for approval or amendment.

Elections. Election to the Board of Directors, and other elective positions shall be effected as provided herein and in accordance with the rules, policies and procedures of the By-Laws.

Other Business. Other business may be brought before the Annual Meeting if initiated by the Board or upon a written request submitted to the Secretary of the Association at least ten (10) days prior to the date of said Meeting; provided, however, that such written request may be waived at said Meeting if agreed by a majority of the eligible votes.

Adjournment.


4.07.02. *Special Meeting.* The President shall act as chairman of any special meetings of the Association if he is present. The chairman shall call the meeting to order at the duly designated time and the only business to be considered at such meeting shall be matters for which such meeting was called, as set forth in the notice of such special meeting.

Section 4.08. Membership Register. Only members or other voting representatives (or their proxies) of record on the date of any meeting shall be entitled vote at such meeting. The Board shall not be required to recognize any voting Member who has not executed and delivered a Membership Agreement on or before said date.

Section 4.09. Action Without Meeting. Any action which, under any provision of the Covenants, the Articles, these By-Law, or applicable laws, may be taken at a meeting of Members, may be taken without a meeting if authorized by a writing signed by Members entitled to execute more than one-half of the voting power of the Association and filed with the Secretary of the Association.

ARTICLE V

Board of Directors



Section 5.01. Management and Number. The affairs of the Association shall be managed by the Board of Directors of the Association. Prior to the *first annual meeting* of members in *April of 2000*, the Board shall consist of three (3) individuals appointed by the Developer. Beginning on the date of the first annual meeting, the Board shall consist of seven (7) individuals; three (3) shall be appointed by the Developer and four (4) shall be elected by the Members. On the date of the *second annual meeting* of the members in *April of 2001*, the three Appointed Director positions shall become Elected Directors and the Developer shall no longer appoint directors.

Section 5.02. Composition and Term.

5.02.01. *Appointed Directors.* Appointed Directors shall be appointed by the Developer and shall serve at the pleasure of the Developer. They need not be Lot Owners nor Members of the Association.

5.02.02. *Elected Directors.* Elected Directors shall be Members, who are elected at the Annual Meetings of the Members, from and by the Members. Elected Directors shall serve staggered two (2) year terms. *Four (4) directors* shall be elected in *even years beginning in 2000* and three (3) directors shall be elected in odd years beginning in 2001.

5.02.03. *Additional Qualifications of Directors.* Where a Lot Owner consists of more than one individual or is not a natural person, then one of the individuals constituting the multiple Owner, or a partner, an officer, member or trustee of such an Owner shall be considered to be an eligible "Member", able to serve on the Board, except that no single Lot may be represented on the Board by more than one individual at a time.

Section 5.03. Method of Election. The Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and these By-Laws. Those persons receiving the largest number of votes shall be elected.

Section 5.04. Removal of Elected Director. Any Elected Director may be removed from the Board, with or without cause, or subsequently recalled, by a majority vote of the Members at any special meeting of the Members duly called and constituted for that purpose.

Section 5.05. Vacancies. In the event of the death, resignation, or removal of an Elected Director, his successor shall be selected by the remaining Directors, and shall serve for the unexpired term of his predecessor.

Section 5.06. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5.07. Meetings of Directors.

5.07.01. *Regular Meetings.* Regular meetings of the Board of Directors shall be held as often as necessary to reasonably transact the business of the Association, but no less frequently than quarterly, without Notice, at such place, day and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

5.07.02. *Special Meetings.* Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days Notice to each Director.

5.07.03. *Quorum.* A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

5.07.04. *Conduct of Meetings.* The President shall preside over all meeting of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolution adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Covenants, these By-Laws, or applicable law.

5.07.05. *Executive Sessions.* All meetings of the Board shall be open to observers, although the President may call a Board into executive session on matters of personnel or for meetings regarding infractions of the *Governing Documents*. Any action taken by the Board in executive session shall be recorded in the minutes of the Board.

5.07.06. *Action Taken Without a Meeting.* The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors which shall be filed with the Minutes of the proceedings of the Board. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 5.09. Powers. The Board of Directors shall have all powers for the conduct of the affairs of the Association which are enabled by law, the Covenants and the Articles of Incorporation which are not specifically reserved to members or the Developer, including, but not limited to:

Section 5.10. Powers of the Board of Directors. The Board shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the power:

to employ a Managing Agent to assist the Board in Performing its duties;

to purchase for the benefit of the Owners such equipment, materials, labor and services as may be necessary in the judgment of the Board;

to employ legal counsel, architects, contractors, accountants and others as in the judgment of the Board may be necessary or desirable in connection with the business and affairs of the Association.

to employ, designate, discharge and remove such personnel as in the judgment of the Board may be necessary for the maintenance, upkeep repair and replacement of the Common Areas;

to include the costs of all of the above and foregoing as Common Expenses and to pay all such cost therefrom;

to open and maintain a bank account or accounts in the name of the Association; and

to adopt, revise, amend and alter from time to time rules and regulations with respect to use, occupancy, operation and enjoyment of the Subdivision and Common Areas.

Section 5.11. Limitations of Board Action. After the First Annual Meeting, the authority of the Board to enter into contracts shall be limited to contracts involving a total expenditure of less than \$10,000.00 without obtaining the prior approval of a Majority of the Owners, except that in the following cases such approval shall not be necessary:

contracts for replacing or restoring portions of the Common Areas damaged or destroyed by fire or other cause where the cost thereof is payable out of insurance proceeds actually received;

proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Owners at the annual meeting; and

expenditures necessary to deal with emergency conditions in which the Board reasonable believes there is insufficient time to call a meeting of the Owners.

Section 5.12. Duties. The Board shall provide for the administration the Association, the maintenance, repair, upkeep, landscaping of the Common Areas, and for the collection and disbursement of Common Expenses. The Board may, on behalf of the Association, employ a Managing Agent upon such terms as the Board shall find, in its discretion, reasonable. Without limiting the generality of its powers, the Board may:

Exercise its powers in accordance with the Governing Documents.

Cause to be prepared an annual budget and statement of its financial receipts, expenditures, and condition and to present a statement thereof to the Members, at the Annual Meeting of the Members, or at any special meeting when such statements is requested in writing by more than fifty (50%) percent of the votes of Members who are entitled to vote;

Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

As more fully provided herein to:

- a. assess and collect from the Owners the Annual Assessment or any Special Assessment levied against each Lot;
- b. keep current and accurate record of receipts and expenditures affecting the Subdivision, specifying and itemizing the Common Expenses;
- c. take prompt action to collect by legal means and by any remedy allowed or not prohibited by the Governing Documents any past due assessments or other charges against any Lot.
- d. procure and maintain for the benefit of the Owners and the Association and the Board any insurance coverage required by the Governing Documents or deemed necessary or expedient by the Board, if obtainable. The Board of Directors, on behalf of the Members, shall also, if obtainable, purchase through the Association a master liability policy in appropriate amounts which may be revised from time to time by a decision of the Board of Directors, which policy shall cover the Association, the Directors, officers, and committee members, the managing agent, if any, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to the Association and the Subdivisions, if any. Such other policies or bonding as may be required or desired in the interest of the Members and the Association, including without limitation, workmen's compensation insurance, liability insurance or motor vehicles owned by the Association, and specialized policies covering lands and improvements on which the Association has or shares ownership or other rights, and officers' and director' liability policies;
- e. procure services to be used by the residents as the need may from time to time arise, including snow removal from common areas;
- f. landscape, paint, decorate, furnish, maintain and repair Common Areas; and
- g. make available to Owners current copies of the Covenants, Articles, By-Laws and rules and regulations governing Quail Crossing Community Association and any other books, records and financial statements of the Association. The Board shall also make available (for inspection during normal business hours or under other reasonable circumstances) to prospective purchasers of Lots current copies of the Governing Documents and the

most recent financial statement.

Section 5.13. Transaction Involving Affiliates. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any Person (including Developer or any member of Developer) 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 that authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose if:

the contract or transaction is between the Association and Developer or any affiliate of Developer entered into prior to the Applicable Date; or

the fact of the affiliation or interest is disclosed or known to the Board or a majority thereof or 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

the fact of the affiliation or interest is disclosed or known to the Owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purposed; or

the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Affiliated or interested Directors may be counted in determining the presence of the quorum of any meeting of the Board thereof that authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if they were not so affiliated or note so interested.

ARTICLE VI

Officers and Their Duties

Section 6.01. Enumeration of Officers. The officers of the Association shall be a President, Vice President and Treasurer, who shall at all times be members of the Board of Directors, and a Secretary who may be a Director, and such other officers as the Board from time to time by resolution create.

Section 6.02. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each Annual Meeting of the Members.

Section 6.03. Term. The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 6.04. Special Appointment. The Board may elect such other officers as the affairs of the Association require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 6.05. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written Notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of 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 6.06. Vacancies. A vacancy in any office may be filled by appointment of the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaced.

Section 6.07. Multiple Offices. The offices of Secretary and Treasurer, President and Treasurer, or Vice President and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

Section 6.08. Duties. The duties of the Officers are as follows:

6.08.01. *President*. The President shall preside at all meetings of the Members and of the Board of Directors; shall see that orders and resolution of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall cosign all checks and promissory notes.

6.08.02. *Vice President*. The Vice President shall act in the place and stead of the President in the event of his absence or inability to act, and shall exercise and discharge other such duties as may be required of him by the Board.

6.08.03. *Secretary*. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Member; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

6.08.04. *Treasurer*. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and

shall disburse such funds as directed by resolution of the Board of Directors; shall cosign all checks and promissory notes of the Association; keep proper books of accounts; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular Annual Meeting, and deliver a copy of each to the Members.

ARTICLE VII

Committees

Section 7.01 Architectural Review Committee.

7.01.01 *Composition and Term.* The Architectural Review Committee shall be comprised of three or more Members.

7.01.02. *Method of Selection.* The Developer shall initially appoint three persons to serve as the Architectural Review Committee. Initially, the Committee shall consist of Craig A. Kilmer, Bruce Kilmer and Craig Wood. The appointed Committee shall remain in existence until such time as *one hundred per cent (100%)* of the Lots platted in the total development of Quail Crossing Golf Community have been sold and conveyed by the Developer, then at such time the responsibilities of the Architectural Review Committee shall be assumed by the Association. Thereafter the Board of Directors annually shall appoint no less than three persons to serve as the Architectural Review Committee.

7.01.03. *Vacancies.* Appointments to fill vacancies in unexpired terms shall be made in the same manner as the original appointment.

7.01.04. *Officers.* At the first meeting of the Committee following each Annual Meeting of Members, the Committee shall elect from among themselves a chairman and a secretary who shall perform the usual duties of their respective offices.

7.01.05. *Duties.* The Architectural Review Committee shall regulate the external design, appearance, and location of the Dwellings and other Structures and improvements thereon in such a manner so as to preserve and enhance the values and to maintain a harmonious relationship among structures and the natural vegetation and topography. In furtherance thereof, the Committee shall:

Review and approve, modify, and disapprove, within forty-five (45) days, all written applications of Owners and of the Association for improvements or additions to Lots. If such approval or disapproval is not timely delivered,

approval of the Committee shall be assumed. The approval or failure to act of the Committee shall not prevent subsequent enforcement of the By-Laws and Covenants based on a violation thereof.

No Dwelling or Structure shall be erected upon any Lot nor any exterior alteration be made on any existing Dwelling or Structure until an architectural plan and drawing showing all rooms, dimensions, exterior elevations, and the total square footage of the Dwelling or Structure, together with a site plan drawn by a registered engineer, architect or landscape architect showing all property lines, the location of the proposed Dwelling or Structure, the direction of surface drainage from the Lot, the location of any fences or walls or any other proposed improvements with all dimensions including all setback dimensions and driveways for any Dwelling or Structure to be constructed or excavation therefor shall be submitted for approval to the Architectural Review Committee and its approval received. Said committee shall promulgate further and additional Building and Site Requirements which shall be furnished to prospective purchasers of Lots prior to the consummation of sale of any such Lot.

The Architectural Review Committee, at its discretion, shall have full authority to approve or disapprove the plans and drawings and site plans based on their compliance with the By-Laws and Covenants and based upon information elicited pursuant to the Building and Site Plan Requirements so promulgated by it. Fees for additional reviews beyond the original Dwelling or Structure and site plans may be charged. If any plan or drawing is disapproved, said disapproval shall be evidenced by a writing signed by the members of the Architectural Review Committee set to the applicant specifying the reason(s) for disapproval. No Dwelling, Structure, improvements or alteration shall be started until approval of the Architectural Review Committee is obtained.

Periodically inspect the Dwellings and Structures for compliance with design standards and approve plans for alteration.

Develop design standards subject to the confirmation of and adoption by the Board of Directors to be entered in the Book of Resolutions.

Adopt procedures for the exercise of its duties and, through the Board enter them in the Book of Resolutions.

Maintain complete and accurate records of all actions taken.

7.01.06. *Meetings.*

Regular Meetings. The Architectural Review Committee shall meet as often as their responsibilities require. The date, time and place of regular meetings shall be determined by the Architectural Review Committee.

Special Meetings. The President of the Association or the chairman of the Architectural Review Committee may call into session special meetings of the Architectural Review Committee upon reasonable Notice.

Quorum. The quorum required at meetings for the Architectural Review Committee to carry out its business shall be simple majority of the respective Committee.

Action taken without a Meeting. The Architectural Review Committee shall have the right to take any action in the absence of a meeting which it could take at a meeting by obtaining the written approval of all the members thereof, which shall be filed with the minutes of the proceedings of the Committee. Any action so approved shall have the same effect as though taken at a meeting of the committee.

Open Meeting. All meetings of the Architectural Review Committee shall be open to Members, Directors, Officers, First Mortgagees, the Developer and others having an interest in the Association.

Section 7.02. Other Committees. The Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE VIII

Books and Records

Section 8.01 Books and Records. The Books, record and papers of the Association shall at all time, during reasonable business hours, be subject to the inspection by any Member or First Mortgagee. The Covenants, Articles of Incorporation, By-Laws and Book of Resolutions of the Association shall be available for inspection by any Member or First mortgagee at the principal office of the Association, where copies may be purchased at a reasonable cost.

Section 8.02. Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Association, the Board shall cause to be prepared a proposed annual budget for the current

fiscal year estimating the total amount of the Common Expenses for the current fiscal year and shall furnish a copy of such proposed budget to each Owner at or prior to the time the notice of such annual meeting is mailed or delivered to such Owners. The annual budget shall be submitted to the Owners at the annual meeting of the Association for adoption and, if so adopted, shall be the basis of the Regular Assessments for the current fiscal year. At the annual meeting of the Owners, the budget may be approved in whole or in part or may be amended in whole or in part by a Majority Vote; provided, however, that in no event shall the annual meeting of the Owners be adjourned until an annual budget is approved and adopted at such meeting, either the proposed annual budget or the proposed annual budget as amended. The annual budget, the Regular Assessments and all sums assessed by the Association shall be established by using generally accepted accounting principles applied on a consistent basis. The annual budget and Regular Assessments may include the amounts required for funding the reserve accounts. The failure or delay of the Board to prepare a proposed annual budget and to furnish a copy thereof to the Owners shall not constitute a waiver or release in any manner of the obligations of the Owners to pay the Common Expenses as herein provided, whenever determined. Whenever, whether before or after the annual meeting of the Association, there is no annual budget approved by the Owners as herein provided for such current fiscal year, the Owners shall continue to pay Regular Assessments based upon the last approved budget, or at the option of the Board, based upon one hundred ten percent (110%) of such last approved budget, as a temporary budget.

Section 8.03. Regular Assessments. The annual budget as adopted by the Owners shall, based on the estimated cash required for the Common Expenses in the current fiscal year and required amounts as set forth in said budget, contain a proposes assessments against each Lot. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessments against his respective Lot. In the event the Regular Assessment for a particular fiscal year is initially based upon a temporary budget, such Regular Assessment shall be revised, within fifteen (15) days following adoption of the final annual budget by the Owners to reflect the Assessment against each Lot based upon such annual budget as finally adopted by the Owners. The aggregate amount of the Regular Assessments shall be equal to the total amount of expenses provided and included in the final annual budget, including reserve funds as hereinabove provided. The Regular Assessment against each Lot shall be paid in advance in one annual installment, unless the otherwise directed by the Board of Directors.

If the Regular Assessment based upon the final annual budget adopted by the Owners exceeds the amount of the Regular Assessment based upon the temporary budget, that portion of such excess shall be paid at the time specified by the Board.

If the Regular Assessment based upon the temporary budget exceeds the Regular Assessment based upon the final budget adopted by the Owners, such excess shall be credited against the next annual or special assessment.

The Regular Assessments shall be payable in advance and shall commence at the time of closing and delivery of deed and shall be prorated for. In computing the payment the amount of the Regular assessment shall be calculated by apportioning the payment based upon a thirty (30) day month until the due date for payment of the next Regular Assessment occurs.

The Regular Assessment for the current fiscal year of the Association shall become a lien on each separate Lot as of the first day of each fiscal year of the Association, even though the final determination of the amount of such Regular Assessment may not have been made by that date. The fact that an Owner has paid his Regular Assessment for the current fiscal year in whole or in part based upon a temporary budget and thereafter, before the annual budget and Regular Assessment are finally determined, approved and adjusted as herein provided, and sells, conveys or transfer his Lot or any interest therein, shall not relieve or release such Owner or his successor as Owners of such Lot from payment of the Regular Assessment for such Lot as finally determined, and such Owner and his successor as Owners of such Lot shall be jointly and severally liable for the Regular Assessment as finally determined. Any statement of unpaid assessment furnished by the Association prior to the final determination and adoption of the annual budget and Regular Assessment for the year in which such statement is made shall state that the matters set forth therein are subject to adjustment upon determination and adoption of the final budget and Regular Assessment for such year, and all parties to whom any such statement may be delivered or who may rely thereon shall be bound by such final determinations. Regular Assessments shall be due and payable automatically on the due dates established, without any notice from the Board or the Association, and neither the Board nor the Association shall be responsible to Owners for the same.

Section 8.04. Special Assessments. From time to time Common Expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time and without the approval of the Owners, unless otherwise approved in these By-Laws, the Covenants or the Act, the Board of Directors shall have the full right, power and authority to make special assessment which, upon resolution of the Board, shall become a lien on each Lot. Without limiting the generality of the foregoing provisions, Special Assessments may be made by the Board of Directors from time to time to pay for capital expenditures or to pay for the cost of any repair or reconstruction of damage caused by fire or other cause or disaster to the extent insurance proceeds are insufficient therefor under the circumstances described herein or in the Covenants.

8.05. Reserve for Replacements. The Board of Directors shall cause to be established and maintained a reserve fund for replacements by the allocation and payment to such reserve fund not less often than annually of an amount determined by the Board to be sufficient to meet the costs of periodic maintenance, repair, renewal and replacement of the Common Areas, including, but not limited to, painting the exterior of buildings, repairing or replacing recreational facilities, and resurfacing, repairing or replacing parking areas, roofs and other facilities and appurtenances and set forth herein. In determining the amount, the Board shall take into consideration the expected useful life of such Common Areas, projected increases in the cost of materials and labor, interest to be earned by such funds, and the advise of Developer, the Managing Agent and consultants the Board may employ. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in an interest bearing account with a bank or savings and loan association authorized to conduct business in Warrick County, Indiana. The reserve for replacements may be expended only for the purpose of effecting the periodic maintenance, repair, renewal or replacement of the Common Areas and equipment of the Property. The Board shall annually review the adequacy of the reserve fund. The proportionate interest of any Owner in any reserve for replacements shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 8.06. General Operating Reserve. The Board of Directors may establish and maintain a reserve fund for general operating expenses of a non-recurring nature by the allocation and payment of such reserve fund not less frequently than annually of such amount as the Board in its discretion determines to be reasonable under the circumstances. Such fund shall be conclusively deemed to be a Common Expense. Such fund shall be deposited in an interest bearing account with a bank or savings and loan association authorized to conduct business in Warrick County, Indiana. The general operating reserve may be expanded only for operating contingencies of a non-recurring nature. The proportionate interest of any Owner in any reserve fund for general operating expenses shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 8.07. Failure of Owner to Pay Assessments. No Owner may exempt himself from paying Assessments, or from contributing toward the expenses of administration and of maintenance and repair of the Common Areas and, of the Buildings, and toward any other expenses lawfully agreed upon, by waiver of the use or enjoyment of the Common Areas or by abandonment of the Lot belonging to him. Each Owner shall be personally liable for the payment of his

Assessments. Where the Owner constitutes more than one person, the liability of such person shall be joint and several. If any Owner shall fail, refuse or neglect to make any payment of any Assessment when due, a lien for such Assessment on the Owner's Lot may be filed and foreclosed by the Board for and on behalf of the Association as provided by law; provided, however, any lien for delinquent Assessments or other charges that the Association has on a Lot will be subordinate to a first mortgage on the Lot if the mortgage was recorded before the delinquent Assessment was due. Upon the failure of an Owner to make timely payments of any Assessment when due, the Board may in its discretion accelerate the entire balance of the unpaid Assessments for the remainder of the current fiscal year and declare the same immediately due and payable, notwithstanding any other provisions hereof to the contrary. The Board may, as it option, bring a suit to recover a money judgment for any unpaid Assessment without foreclosing or waiving the lien securing the same. In any action to recover an Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorney's fees from the Lot Owner.

Section 8.08. Initial Budgets and Assessments. Notwithstanding anything to the contrary contained herein, in the Covenants, the State Statute or otherwise, until the first Annual Meeting of Members, the annual budget and all Assessments shall be established by the Initial Board without meetings of or concurrence of the Owners.

ARTICLE IX

Restrictions, Rules and Regulations, and Enforcement

Section 9.01. Restrictions on Use. All Owners and Lots in the Subdivision are subject to the restrictions on the use and enjoyment as more particularly set out in the *Declaration of Condition, Reservations, Restrictions and Protective Covenants Affecting Lots in Quail Crossing Golf Community* as recorded in the Office of the Recorder of Warrick County, Indiana, as Document #1996R-010124, as hereafter amended.

Section 9.02. Right of Board to Adopt Rules and Regulations. The Board may promulgate such rules and regulations regarding the operation of the Subdivision, including but not limited to the use of the Common Areas, as it may deem necessary from time to time and such rules as are adopted may be amended by a vote of a majority of the Board. The Board shall cause copies of such rules and regulations and all amendments thereto to be delivered or mailed promptly to all Owners.

Section 9.03. Enforcement. The Developer, Lot Owners, the Association and any of its members shall have the right of

enforcement of all Subdivision Covenants and all restrictions and regulations adopted pursuant to this Article IX. Any costs including reasonable attorney fees may be recovered from any Owner for violation thereof, however, any reservation of right to the use of summary abatement or similar means to enforce restrictions against a Lot or its use shall require that judicial proceedings be instituted before any structure can be altered or demolished.

ARTICLE X

Fiscal Year

This fiscal year of the Association shall be established by the Board of Directors and entered into the Book of Resolutions.

ARTICLE XI

Membership Certificates

In accordance with the laws of the State of Indiana concerning non-profit corporations, the Board shall issue to each Member of the Association appropriate membership certificate(s) evidencing the membership(s) of the Association to which such member is entitled.

ARTICLE XII

Conflict

In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Covenants and these By-Laws, the Covenants shall control.

ARTICLE XIII

Amendment

These By-Laws may be amended by the Board of Directors at any special or regular meeting of the Board.

As adopted by the Board of Directors of the Quail Crossing Community Association, Inc, at the Board's initial meeting of October 27, 1996.