

**CODE OF BY-LAWS OF ROLLING RIDGE
HOMEOWNERS ASSOCIATION, INC.**

ARTICLE 1

Definitions

The definitions and terms as defined and used in the Articles of Incorporation shall have the same meaning in these By-Laws and reference is specifically made to Article 9 thereof containing definition of terms.

ARTICLE 2

Meetings of Members

Section 2.01. Place of Meetings. All meetings of the Members shall be held at such place in Clark County, Indiana as may be designated by the Board of Directors and specified in the respective notices or waivers of notice thereof.

Section 2.02. Annual Meeting. ~~An annual meeting of the Members shall be held between January 1 and March 1 of each year.~~ An annual meeting of the Members shall be held between March 1st and May 1st of each year.

Section 2.03. 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-tenth (1/10) of all of the Members.

Upon a 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 by giving notice in the manner hereinafter provided.

Business transacted at all special meetings shall be limited to the subjects stated in the call or waiver of notice, and matters germane thereto.

Section 2.04. 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 such meeting is called, shall be delivered or mailed 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 Association at least fifteen (15) days before the date of the meeting or, if notice is mailed by other than first class or registered mail, thirty (30) days before the date of the meeting. Notice of any meeting may be waived in writing filed with the Secretary by any 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 waiver of notice of that meeting.

Section 2.05. Voting Lists. After fixing a record date for a notice of a meeting, the Secretary shall prepare a complete list of Members entitled to notice of a meeting of Members, containing the address and number of votes each Member is entitled to cast at the meeting. The Secretary shall prepare on a current basis through the time of the membership meeting a list of Members, if any, who are entitled to vote at the meeting, but are not entitled to notice of the meeting. Such lists may be inspected by any Member, for any proper purpose, at any reasonable time.

Section 2.06. Quorum. At any meeting of the Members, twenty-five percent (25%) of the Members entitled to vote at such meeting, present in person or by proxy executed in writing, shall constitute a quorum for the transaction of business, except as otherwise provided by law or by the Declaration. In the absence of a quorum, the Members present in person or by proxy, by a majority vote and without notice, may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted for which

notice was originally given. The Members present at a duly organized meeting may continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 2.07. Voting Rights. The voting rights of the Members shall be as prescribed in the Articles. In any election of Directors, no Member shall have the right to multiply the number of votes to which such Member may be entitled by the number of Directors to be elected. A majority of the votes cast at a meeting of the Members, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter that may properly come before the meeting unless more than a majority of votes cast is required by law, the Declaration, the Articles, or these By-Laws.

Section 2.08. Multiple Owner. Where the Owner of a Lot constitutes more than one person, or is a partnership, there shall be only one voting representative entitled to cast the vote allocated to that Lot. Those persons constituting such Owner or the partners shall determine among themselves who shall be the voting representative for such Lot. In the event agreement is not reached the voted attributable to such Lot shall not be cast.

Section 2.09. Voting by Association or Trust. Where an Association or trust is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of the trust and the agent or other representative of the Association duly empowered by the board of directors of such Association shall cast the vote to which the Association is entitled.

Section 2.10. Proxies. A Member may vote either 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 Association prior to the commencement of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless a longer time is expressly provided in the proxy.

Section 2.11. Action Without a Meeting. Any action required by the Act to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if, prior to the action, a consent in writing setting forth the action so taken is signed by all of the Members entitled to vote with respect to the subject matter thereof, and such written consent is filed with the minutes of the proceedings of the Members. Such consent shall have the same effect as a unanimous vote of the Members.

Section 2.12. Meeting by Telephone, etc. Any or all of the Members may participate in a meeting by or through the use of any means of communication by which all Members participating may simultaneously hear each other during the meeting. Participation in a meeting using these means constitutes presence in person at the meeting.

ARTICLE 3

Board of Directors

Section 3.01. Functions. The business, property and affairs of the Association shall be managed and controlled by a Board of Directors as from time to time constituted (herein collectively called "Board" or "Directors" and individually called "Director").

Section 3.02. Eligibility. No person shall be a Director who is not a Member or a designee of Developer.

Section 3.03. Number. Prior to the Applicable Date, the number of Directors comprising the Board shall be three (3). Subsequent to the Applicable Date, the number of Directors comprising the Board shall be five (5), which number may from time to time be increased by resolution adopted by not less than a majority of the Board of Directors. In no event shall the number of Directors be less than three (3) nor more than seven (7) and 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 subsequent to the Applicable Date, the election of the additional Director or Directors shall be by a vote of the Members according to a procedure established by the Board by resolution.

Section 3.04. Appointment. Prior to the Applicable Date, Directors shall be appointed by Developer as provided in Section 5.03 of the Articles.

Section 3.05. Nomination. Subsequent to the Applicable Date, the Board of Directors shall be resolution establish such procedures as it deems appropriate governing the nomination of Members for election to the Board of Directors.

Section 3.06. Election. Subsequent to the Applicable Date, Directors shall be elected at the annual meeting provided in Article 2. The Board may, by resolution, establish such election procedures as it deems appropriate. Voting for the Board of Directors shall be by a showing of hands, roll call vote or secret written ballot. The ballot shall be prepared by the Elections Committee and shall contain the name of each Person nominated for election. Those Persons receiving the highest number of votes shall be elected.

Section 3.07. Term. Each Director, other than a Director appointed by Developer, shall serve for a term of one (1) year or until his successor is elected and qualified or until he has resigned or been removed. Incumbent Directors shall be eligible for re-election and the number of years a person may serve as a Director is not limited. A Director appointed by Developer, including the initial Directors identified in Section 5.02 of the Articles, shall serve until such Director dies, resigns or is removed by Developer.

Section 3.08. Resignation. Any Director may resign at any time by giving written notice of such resignation to the President or the Secretary of the Association. Such resignation shall take effect when the notice is effective unless the notice specifies a later effective date. The acceptance of a resignation shall not be necessary to make it effective.

Section 3.09. Removal. Subsequent to the Applicable Date, any Director may be removed, with or without cause, in accordance with the provisions of the Act. Prior to the Applicable Date, any Director may be removed by the Developer for any reason.

Section 3.10. Vacancies. Any vacancy occurring on the Board of Directors caused by death, resignation, removal or otherwise, shall (a) prior to the Applicable Date be filled by Developer and (b) subsequent to the Applicable Date be filled until the next annual meeting through a vote of a majority of the remaining members of the Board. If, subsequent to the Applicable Date, 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 elect a Person to fill such vacancy. A Director elected to fill a vacancy shall hold office until the expiration of the term of the Director causing the vacancy or until his successor has been elected and qualified.

Section 3.11. Meetings. The Board of Directors shall meet 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 which 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 3.12. The Board of Directors may provide by resolution the time and the place, either within or without the State of Indiana, for the holding of additional regular meetings of the Board without other notice than such resolution. 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 two (2) Directors, which request shall set forth the business to be conducted at such meeting. The Board of Directors shall meet every other month to conduct the business of said homeowners association.

Section 3.12. Notice of Meetings. Notice of all meetings of the Board of Directors, except as herein otherwise provided, shall be given by mailing, telephoning, telegraphing or delivering personally the same at least two (2) days before the meeting to the usual business or residence address of the Director as shown upon the records of the Association. Notice of any meeting of the Board may be waived in a document filed with the Secretary by any Director if the waiver sets forth in reasonable details 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, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any meeting of the Board may adjourn from time to time to reconvene at the same place or some other place. No notice need be given of any such adjourned meeting.

Section 3.13. 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 then occupying office, but in no event less than two (2) Directors, except that, subsequent to the Applicable Date, in filling vacancies a majority of the remaining Directors (but not less than two (2) Directors) shall constitute a quorum, shall be the act of the Board unless otherwise provided by the Act, the Declaration, the Articles, or these By-Laws. In the absence of a quorum, the Directors present may, by majority vote, adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting for which notice was originally given.

Section 3.14. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if the action is taken by all members of the Board of Directors or such committee. The action must be evidenced by at least one (1) written consent describing the action taken signed by each member of the Board of Directors or of such committee, and included in the minutes or filed with the corporate records reflecting the action taken.

Section 3.15. Meeting by Telephone, etc. Any or all of the members of the Board or of any committee designated by the Board may participate in a meeting by or through the use of any means of communication by which all persons participating may simultaneously hear each other during the meeting. Participation in a meeting using these means constitutes presence in person at the meeting.

Section 3.16. 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 Association. Other committees not having and exercising the authority of the Board in the management of the Association 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. Subsequent to the Applicable Date, the Board shall annually establish an Elections Committee which shall be responsible for the conduct of the election of the Board of Directors pursuant to Sections 3.05 and 3.06.

Section 3.17. Powers. All of the corporate powers, except as otherwise provided herein or 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) Subject to the rights of Developer and the Members set forth in the Declaration, the power to adopt, publish, and enforce rules and regulations governing the use of the Common Areas;
- (b) The power to 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 Association granted, imposed, authorized or permitted by the Declaration or any Supplemental 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, subject to the rights of the Developer and the Members set forth in the Declaration, 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, 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 Association.

Section 3.18. Duties. It shall be the duty of the Board of Directors to:

- (a) Upon receipt of title to the Common Areas, cause the Common Areas to be maintained in good, clean, attractive and sanitary condition, order and repair;
- (b) Upon receipt of title to the Common Areas, adopt and publish rules and regulations, including fees, if any, governing the use of the Common Areas, and the personal conduct of the Members, their tenants and guests;
- (c) Cause to be kept a complete record of all its corporate affairs, making such records available for inspection by any Member or his authorized agent, and present an annual report thereof to the Members;
- (d) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- (e) 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;
- (f) Designate depositories for the funds of the Association, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate;
- (g) Approve the annual budget;
- (h) Fix annual Assessments at amounts sufficient to meet the obligations imposed by the Declaration;
- (i) Annually set the date(s) Assessments are due and decide what, if any, interest rate is to be applied to Assessments which remain unpaid thirty (30) days after they become due;
- (j) 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;
- (k) 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 at law to be brought against the Owner personally obligated to pay the same;
- (l) Procure and maintain adequate insurance to protect the Association, its employees and its personal and real properties;
- (m) Enter into mortgage agreements and obtain capital debt financing subject to the provisions of the Declaration;
- (n) Appoint such committees as are prescribed in Section 3.16 (including architectural control);
- (o) To regulate the external design, appearance, location and maintenance of the Subdivision and of improvements thereon and to regulate such uses of property, all as provided in the Declaration;
- (p) Faithfully observe and perform each duty imposed on the Association by the terms of the Declaration and exercise such discretion granted to the Board thereunder in the best interests of the Members; and
- (q) Exercise their powers and duties in good faith, with a view to the interests of the Association.

Section 3.19. Non-Liability of Directors. No Director shall be liable to any Person for any error or mistake of judgment exercised in carrying out his duties and responsibilities as a Director, unless (a) the Director has breached or failed to perform the duties of his office in compliance with the Act and (b) the breach or failure to perform constitutes willful misconduct or recklessness. The Members shall indemnify and hold harmless each of the Directors from and against any and all liability to any Person arising out of contracts made by the Board on behalf of the Association, unless any such contract shall have been made in bad faith or is contrary to the provisions of the Act, the Articles or these By-Laws. 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 owned by him and the denominator of which is the total number of Lots in the Tract.

Section 3.20. Indemnity of Officers and Directors. To the extent not inconsistent with the laws of the State of Indiana, every Person (and the heirs, assigns and legal representatives of such Person) who is or was a Director or an officer of the Association shall be indemnified by the Association as provided in the Act. To the extent the assets of the Association are insufficient to satisfy its indemnification obligations hereunder, the Board of Directors may levy a special Assessment in the manner specified in the Declaration to obtain such funds as may be required to satisfy such obligation.

Section 3.21. Transactions 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 the 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 or any committee thereof which authorizes, approves or ratifies the contract or transaction, or because his or their votes are counted for such purpose if:

- (a) The fact of the relationship or interest is disclosed or known to the Board or committee, and the Board or committee authorizes, approves, or ratifies such contract or transaction by a vote or consent sufficient for the purpose without counting the vote or consents of the interested Director(s); or
- (b) The fact of the relationship or interest is disclosed or known to the Members, and they authorize, approve or ratify the contract or transaction by a vote or written consent; or
- (c) The contract or transaction is fair and reasonable to the Association.

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.

Section 3.22. Insurance. The Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all of the structures located in the Common Areas, if any, whether owned or leased by the Association, against loss or damage by fire or other hazards commonly insured against in similar properties in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard, and shall also obtain a broad form public liability policy covering all damage or injury caused by the negligence of the Association 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. Premiums for all such insurance shall be included in the Assessment.

Section 3.23. Insured Loss, Damage or Destruction. In the event of loss, damage or destruction by fire or other peril, the Board of Directors shall (unless otherwise agreed by two-thirds (2/3) of the Directors then serving), upon receipt of the insurance proceeds, contract to rebuild or repair damaged or destroyed portions of the insured property to its condition before 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 are insured by a federal governmental agency, with the provision 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 may 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 previously existed, the Board of Directors may levy 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 Association's reserve for replacements.

Section 3.24. Uninsured Loss, Damage or Destruction. In the event of loss, damage or destruction to the Property caused by perils not covered by standard insurance described in Section 2.04(d) of the Articles, the Board of Directors may levy a Special Assessment in the manner specified in the Declaration to make up any deficiency created by such uninsured loss.

Section 3.25. Compensation. No Director shall receive any compensation for any service he may render to the Association. He and/or the Developer may, however, be reimbursed for his actual expenses incurred in the performance of his or Developer's duties.

ARTICLE 4

The Officers of the Association

Section 4.01. Officers and Agents. The officers of the Association 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. 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 Association is formed; but such officers and agents shall be compensated only for actual services performed on behalf of the Association.

Section 4.02. Election, Term of Office and Qualifications. The officers shall be chosen annually by the Board of Directors. Each officer shall hold office (unless he resigns, is removed or dies) until the next annual meeting of the Board of Directors or until his successor is chosen and qualified.

Section 4.03. Vacancies. In the event an office of the Association 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 (unless he resigns, is removed or dies) until the next annual meeting of the Board or until the election and qualification of his successor.

Section 4.04. 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 chairman and members of all standing and temporary committees, subject to the review of the Board of Directors; shall be the executive officer of the Association; shall have and exercise general charge and supervision of the affairs of the Association; 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 4.05. Vice President. Any Vice President may perform all duties incumbent upon the President during the absence or disability of the President and shall perform other duties as these By-Laws may require or as may be assigned to him by the President or the Board of Directors.

Section 4.06. Secretary. The Secretary shall have the custody and care of the corporate records and the minute book of the Association. He shall attend all of the meetings of the Board of Directors and the Members, 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 Association, shall file and take care of all papers and documents belonging to the Association, shall authenticate records of the Association, as necessary, and shall perform such other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors or the President.

Section 4.07. Treasurer. The Treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Association. 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 Association. He shall immediately deposit all funds of the Association coming into his hands in some reliable bank or other depository to be designated by the Board of Directors, and shall keep such bank account in the name of the Association. He shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Association and shall perform such other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors or the President.

Section 4.08. Assistant Officers. The Board of Directors may from time to time designate assistant officers who shall exercise and perform such powers and duties as the officers whom they are elected to assist shall specify and delegate to them, and such other powers and duties as may be prescribed by the Code of By-Laws, the Board of Directors or the President.

Section 4.09. Removal. Any officer of the Association may be removed from office, with or without cause, 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. 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 4.10. 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 Association. The acceptance of a resignation shall not be necessary to make it effective.

ARTICLE 5

Assessments

Section 5.01. Assessment.

(i) Purpose of Assessment. The Assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners of Lots and for the improvement, maintenance, repair, replacement and operation of the Common Areas.

(ii) Basis for Assessment.

- (1) Lots Generally. Each Lot owned by a Person other than Developer shall be assessed at a uniform rate without regard to whether a Dwelling, Building Accessory and/or Outbuilding (as defined in the Articles or the Declaration) has been constructed upon the Lot.
- (2) Lots Owned by Developer. No Lot owned by Developer shall be assessed by the Association.

(3) Change in Basis. The basis for assessment may be changed upon recommendation of the Board of Directors if such change is approved by (i) two-thirds (2/3) of the Members.

(iii) Method of Assessment. Except as provided by the Declaration, by a vote of a majority of the Directors, the Board of Directors shall, on the basis specified in subparagraph (ii), fix the Assessment for each assessment year of the Association at an amount sufficient to meet the obligations imposed by the Declaration or these By-Laws upon the Association. The Declaration establishes the date(s) the Assessment shall become due, and the manner in which it shall be paid.

(iv) Allocation of Assessment. The cost of maintaining, operating, restoring or replacing the Common Areas has been allocated in this Declaration among Owners of Lots on the basis of the location of the lands and improvements constituting the Common Areas and the intended use thereof. In determining the Assessment, costs and expenses which in accordance with the provisions of the Declaration and these By-Laws are to be borne by all Owners shall first be allocated to all Owners. Costs and expenses which in accordance with the provisions of the Declaration are to be borne by the Owners of certain Lots shall then be allocated to the Owners of such Lots. The provisions of subparagraph (ii) for uniform assessment shall not be deemed to require that all assessments against vacant Lots or Lots improved with comparable types of Residences be equal, but only that each Lot be assessed uniformly with respect to comparable Lots subject to assessment for similar costs and expenses.

(e) Special Assessment. In addition to such other Special Assessments as may be authorized herein, the Association may levy in any fiscal year a Special Assessment applicable to that year and not more than the next four (4) succeeding fiscal years for the purpose of defraying, in whole or in part, the cost of any construction, repair, or replacement of a capital improvement upon the Common Areas, including fixtures and personal property relating thereto, provided that any such Assessment shall have the assent of the Developer and a majority of the votes of the Members whose Lots are subject to assessment with respect to the capital improvement who are voting in person or by proxy at a meeting of the Members duly called for this purpose.

(f) Effect of Nonpayment of Assessments; Remedies of the Association. In the event any Member fails to pay any Assessment within thirty (30) days after the due date, the Association may take all actions to collect said Assessments as may be authorized by the Declaration.

(g) Certificates. The Association shall, upon demand by any Member, at any time, furnish a certificate in writing signed by an officer of the Association that the Assessments on a Lot have been paid or that certain Assessments remain unpaid, as the case may be.

(h) Annual Budget. By a majority vote of the Directors, the Board of Directors shall adopt an annual budget for the subsequent fiscal year, which shall provide for allocation of expenses in such a manner that the obligations imposed by the Declaration and these By-Laws will be met.

ARTICLE 6

Loans to Officers and Directors

The Association shall not lend money to or guarantee the obligations of any officer or Director of the Association.

ARTICLE 7

Corporate Books

The Association shall maintain all records required by the Act and shall permit the Members to inspect and copy such records to the extent and on the conditions specified in the Act.

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 Association, and such authority may be general or confined to a specific instance; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association 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 orders for the payment of money and other evidence of indebtedness in excess of One Thousand Dollars (\$1,000.00), 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, Vice President, Secretary or Treasurer. Any such obligation equal to or less than One Thousand Dollars (\$1,000.00) may be signed by any one (1) of such preceding officers. The Board of Directors may, however, designate officers or employees of the Association, other than those named above, who may, in the name of the Association, execute drafts, checks and orders for the payment of money on its behalf.

Section 8.03. Investments. The Association 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 Replacements. 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 Property. In determining the amount, the Board shall take into consideration the expected useful life of the Property, projected increases in the cost of materials and labor, interest to be earned by such fund and the advice of the Developer, 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.

Section 8.05. Fiscal Year. The fiscal year of the Association shall commence on January 1 in each year.

Section 8.06. Assessment Year. The assessment year of the Association shall commence on January 1 in each year.

Section 8.07. Auditing. If requested by any Member or the holder of a first mortgage on any Lot, the books and accounts of the Association shall at the close of each fiscal year be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. A copy of such report shall be distributed to each Member or mortgagee who requests a copy thereof.