

BY-LAWS  
OF  
STONE LAKE HOMEOWNERS' ASSOCIATION, INC.  
("Association")

ARTICLE I

OFFICES

Section 1.1 Registered Office. The registered office of the Association in the State of Indiana shall be \_\_\_\_\_, and the name of the resident agent in charge thereof is Richard C. Watson.

ARTICLE II

MEMBERS' MEETINGS

Section 2.1 Annual Meetings. The annual meeting of the members of the Association, commencing with the year 199\_\_\_\_, shall be held at the registered office of the Association, or as otherwise designated, at 7:00 p.m., on the day of \_\_\_\_\_ of each year (or if said day be a legal holiday, then on the next succeeding day not a legal holiday), for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting.

If the election of directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, the Board of Directors ("Board") shall cause the election to be held at a special meeting of the members as soon thereafter as possible. At such meeting, the members may elect the directors and transact other business with the same force and effect as at an annual meeting duly called and held.

Section 2.2 Special Meetings. Special meetings of the members shall be held at the registered office of the Association, or as otherwise designated, upon the call of the Board, or of the Chairman of the Board, or the President or any Vice-President, and shall be called by the President, or any Vice-President or the Secretary at the request in writing of at least 25% of the members, which request shall state the purpose or purposes of such meeting.

Section 2.3 Notice and Purpose of Meetings. Notice of the purpose or purposes and of the time and place of every meeting of the members shall, except as otherwise provided or dispensed with by law, be given by the Chairman of the Board, or the President, or any Vice-President or the Secretary, either personally or by mail not less than ten (10) days before the meeting, to each

member of record entitled to vote at such meeting. If ailed, such notice shall be directed to each member at his address as it appears on the membership book, unless he shall have filed with the Secretary a written request that notices intended for him be mailed to some other address, in which case it shall be mailed or transmitted to the address designated in such request. Except as otherwise expressly provided by statute, no notice of a meeting of members shall be required to be given to any member who shall attend such meeting in person or by proxy, or who shall waive such notice in writing either before or after such meeting. Except where otherwise required by law, notice of any adjourned meeting of the members shall not be required to be given.

Section 2.4 Quorum. Except as otherwise provided in the Articles of Incorporation, at all meetings of members the presence in person or by proxy of a majority of the members shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum at any meeting or any adjournment thereof, a majority of those present in person or by proxy, or any officer of the Association entitled to preside at such meeting, may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 2.5 Organization. At each meeting of members, the President or one of the Vice-Presidents in the order of seniority shall act as the chairman of the meeting and preside thereat; or in the absence of any of the foregoing, a chairman shall be elected by those present at the meeting, and the Secretary or, in his absence, an Assistant Secretary or such other person as the chairman of such meeting shall appoint for that purpose shall act as secretary of the meeting and keep the minutes thereof.

Section 2.6 Voting. Except as otherwise provided in these By-Laws or the Articles of Incorporation, at every meeting of the members, each member of the Association shall be entitled to one vote in person or by proxy for each lot owned by such member, regardless of multi-ownership for any one lot.

Section 2.7 Informal Action. Whenever the vote of members at a meeting thereof is required or permitted to be taken in connection with any action, the meeting and vote of members may be dispensed with, if all of the members who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such action being taken.

## ARTICLE III

### DIRECTORS

Section 3.1 Powers, Number, Qualification and Term. The property, affairs and business of the Association shall be managed by the Board, consisting of not less than five (5) nor more than fifteen (15) persons as may from time to time be determined by resolution adopted by the Board. The Directors shall hold staggered terms: one-third of the Directors shall serve for one year terms; one-third of the Directors shall serve for two-year terms; and one-third of the Directors shall serve for three-year terms. The first Board shall consist of six (6) persons: two of which shall serve a one-year term; two of which shall serve a two-year term; and two of which shall serve a three-year term. Except as hereinafter provided, directors whose terms are ending shall be replaced or re-elected at the next succeeding annual meeting of the members, and each such director shall hold office until the end of his term and until his successor shall be elected and shall qualify or until his death, or until he shall have resigned or have been removed in the manner hereinafter provided.

Section 3.2 Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting, without further notice, from time to time until a quorum shall have been obtained. Except as otherwise provided by the Articles of Incorporation, or these By-Laws, the act of a majority of the directors at a meeting at which a quorum is present shall be the act of the Board.

Section 3.3 Vacancies. Except as otherwise provided in the case of a vacancy or vacancies occurring by reason of removal by the members, vacancies in the Board, occurring for any reason whatsoever, may be filled by a majority of the directors then in office, though less than a quorum, and the director(s) so chosen shall hold office for the balance of the term for the director being replaced, or until their death, resignation or removal. When one or more directors shall resign from the Board effective at a future date, the remaining directors who have not resigned may fill such vacancy or vacancies or they may request the resigning directors to participate in filling such vacancy or vacancies, and in either case the vote thereon shall become effective on the future date aforesaid.

Section 3.4 Meetings. Meetings of the Board shall be held at such place, within or without the State of Indiana, as may from time to time be fixed by resolution of the Board or as may be specified in the notice or waiver of notice of the meeting.

Regular meetings of the Board shall be held at such times as may from time to time be fixed by resolution of the Board, and special meetings may be held at any time upon the call of the Chairman of the Board, or the President or any Vice-President, or the Secretary or any two directors by written notice duly delivered, sent or mailed to each director not less than two (2) days before such meeting. The organizational meeting of the Board may be held without notice immediately after the annual meeting of the members. Notice need not be given of regular meetings of the Board. Meetings may be held at any time without notice if all the directors are present, or if at any time before or after the meeting those not present waive notice of the meeting in writing.

Section 3.5 Removal of Directors. At any special meeting of the members, duly called as provided in these By-Laws, any director or directors may by the affirmative vote of a majority of the members entitled to vote for the election of directors be removed from office, either with or without cause, and his or their successor or successors may be elected at such meeting; or the remaining directors may, to the extent vacancies are not filled by such election, fill any vacancy or vacancies created by such removal.

Section 3.6 Informal Action. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all of the directors shall consent in writing to such action and such written consent is filed with the minutes of the proceeding of the Board.

#### ARTICLE IV

##### COMMITTEES

Section 4.1 Executive Committee. The Board, by resolution passed by a majority of the whole Board, may designate two or more of their number to constitute an Executive Committee. If provision be made for an Executive Committee, the members thereof shall be elected by the Board to serve during the pleasure of the Board. Unless one of the members shall have been designated as chairman by the Board, the Executive Committee shall elect a chairman from its own number who shall preside at all meetings of the Executive Committee at which he is present. Except as otherwise herein provided, or by resolution of the Board, the Executive Committee shall, during the intervals between the meetings of the Board, possess and may exercise all of the powers of the Board in the management of the business and affairs of the Association. The Executive Committee shall keep full and fair records and account of its proceedings and transactions. All actions by the Executive Committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to revision and alteration by the Board, provided that no rights

of third persons shall be affected by any such revision or alteration. Vacancies in the Executive Committee shall be filled by the Board, but during the temporary absence of a member of the Executive Committee, the remaining members of the Executive Committee may appoint a member of the Board to act in the place of such absent member.

Section 4.2 Meetings of Executive Committee. Subject to the provisions of these By-Laws, the Executive Committee shall fix its own rules of procedure and shall meet as provided by such rules or by resolution of the Board, and it shall also meet at the call of the Chairman of the Board, the President, the Chairman of the Executive Committee, or of the Secretary of the Association or of any two members of the Committee.

Unless otherwise provided by such rules or by such resolution, the provisions of Article III relating to the notice of meetings of the Board shall also apply to meetings of the Executive Committee. A majority of the Executive Committee shall be necessary to constitute a quorum.

Section 4.3 Other Committees. The Board may by resolution passed by a majority of the whole Board provide for such other standing or special committees as it deems desirable and discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be assigned to it by the Board. If provision be made for any such committee, the members thereof shall be appointed by the Board and shall serve during the pleasure of the Board. Vacancies in such committees shall be filled by the Board.

## ARTICLE V

### OFFICERS

Section 5.1 Number; Election; Term of Office. The officers of the Association shall be: a Chairman of the Board, a President, a Vice-President, a Secretary and a Treasurer, who shall all be elected for one year by the directors at their first meeting after the annual meeting of members and shall hold office until their successors are elected and qualify. The Board may also appoint additional Assistant Secretaries and Assistant Treasurers. The President may not be a member of the Board. One person may not hold two or more offices.

Section 5.2 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the directors, shall have general supervision of the affairs of the Board, and shall perform all such other duties as are incident to his office or are properly required of him by the Board.

Section 5.3 President. The President shall preside at all meetings of members at which he shall be present, shall have general supervision of the affairs of the Association, shall sign all certificates, contracts, and other instruments of the Association, as authorized by the Board, shall make reports to the Board and members, and shall perform all such other duties as are incident to his office or are properly required of him by the Board. The President may attend any meeting of the directors, but shall have no right to vote on any matter being considered by the directors.

Section 5.4 Vice-President. The Vice-President shall preside at all meetings of members at which the President is not present, shall assist the President in the general supervision of the affairs of the Association, shall make reports to the President, Board and members, and shall perform all such other duties as are incident to his office or are properly required of him by the Board or the President.

Section 5.5 Secretary. The Secretary shall keep the minutes of meetings of the members, of the Board, and of the Executive Committee in minute books provided for that purpose and shall act as secretary of all meetings of the members, of the Board, and of any committee thereof at which he shall be present. He shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law. In general, he shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board.

Section 5.6 Treasurer. The Treasurer shall have charge of and be responsible for all funds of the Association and shall keep full and accurate accounts of receipts and disbursements in books of the Association and shall deposit and cause to be deposited in the name of the Association all monies or other property in such banks, trust companies or other depositories as shall from time to time be selected by the Board. He shall disburse the funds of the Association as he may be ordered by the Board, taking proper receipts for such disbursements. He shall, whenever requested, refer to the Board an account of the financial condition of the Association. In general, he shall perform all duties incident to the office of Treasurer and such other duties as may be assigned to him by the Board.

Section 5.7 Removal. Any officer may be removed by the Board at any time, with or without cause, at a meeting of the Board called for that purpose.

Section 5.8 Vacancies. Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting.

Section 5. 9 Other Officers and Agents. The Board may appoint such other officers and agents as it shall deem necessary or expedient who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall from time to time be determined by the Board.

## ARTICLE VI

### INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 6.1 General. Every person (and the heirs and legal representatives of such person) who is or was a director, officer, or employee of the Association, may in accordance with Section 6.2 of this Article VI be indemnified by the Association against any and all liability and reasonable expense that may be incurred by him in connection with or resulting from any claim, action, suit, or other proceeding, civil, criminal, administrative, or investigative, including any appeal relating thereto, in which he may become involved, as a party or otherwise, by reason of his being or having been a director, officer or employee of the Association, or by reason of any action taken or not taken in his capacity as such director, officer, or employee, whether or not he continues to be such at the time such liability or expense is incurred, provided: (a) in the case of a claim, action, suit or other proceeding brought by or in the right of the Association to procure a judgment in its favor, that such person has not been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association; and (b) in the case of a claim, action, suit, or other proceeding not covered by clause (a), such person acted in good faith for a purpose which he reasonably believed to be in the best interest of the Association and, in addition, in any criminal action or proceeding had no reasonable cause to believe that his conduct was unlawful. Indemnification pursuant to this Article, however, shall (i) not include any amount payable by such person to the Association in satisfaction of any judgment or settlement and (ii) be reduced by the amount of any other indemnification or reimbursement of such person in respect of the liability and expense with respect to which indemnification is claimed. As used in this Article, the terms "liability" and "expense" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines or penalties against and amounts paid in settlement by such person. The termination of any claim, action, suit, or other proceeding by judgment, order, settlement (whether with or without Court approval), or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that such person did not meet the standards of conduct set forth in this paragraph.

Section 6.2 Determination of Entitlement to Indemnification. Every person (and the heirs and legal representatives of such person) referred to in Section 6.1 of this Article who has been wholly successful, on the merits, with respect to any claim, action, suit, or other proceeding of the character described in said Section 6.1 shall be entitled to indemnification as provided in said Section 6.1 as of right. Except as provided in the preceding sentence, any indemnification under said Section 6.1 shall be made at the discretion of the Association, but only if either: (a) the Board, acting by a quorum consisting of directors who are not parties to (or who have been wholly successful with respect to) such claim, action, suit or other proceeding, shall find that such person has met the standards of conduct set forth in said Section 6.1; or (b) independent legal counsel (who may be regular counsel of the Association) shall deliver to the Association their written advice that, in their opinion, such person has met such standards.

Section 6.3 Advancement of Expenses. Expenses incurred with respect to any claim, action, suit, or other proceeding of the character described in Section 6.1 of this Article may be advanced by the Association prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount unless it shall ultimately be determined that he is entitled to indemnification under this Article.

Section 6.4 Insurance. The Board may, as it deems advisable to do so, authorize procurement at the expense of the Association of policies of insurance to insure against liability of any officer, director or employee to the extent such liability is subject to being indemnified by the Association or to insure against the liability of the Association to make indemnity or both.

Section 6.5 Rights Not Exclusive. The rights of indemnification provided in this Article shall be in addition to any rights to which any person (or the heirs or legal representatives of such person) referred to in Section 6.1 of this Article may otherwise be entitled by contract or as a matter of law and shall be available whether or not the claim asserted against such person is based on matters which antedate the adoption of this Article.

## ARTICLE VII

### NOTICES

Section 7.1 When Notice Unlawful. Whenever any notice is required to be given by the Articles of Incorporation or these By-laws to any person and communication with such person is then



made unlawful by any statute or by any rule, regulation, order or proclamation issued thereunder, the giving of such notice to such person shall not be required, and the Association shall be under no duty to apply for a license or permit for the giving of any such notice.

Section 7.2 Notices; When Given. Any notice required to be given to any member, director, officer or member of a committee under any of the provisions of the Articles of Incorporation, these By-Laws or otherwise, shall be deemed to have been duly given when it is deposited in any post office or any post box maintained by the government of the United States of America.

## ARTICLE VIII

### AMENDMENTS

The By-Laws of the Association shall be subject to alteration, amendment or repeal, and new By-Laws not inconsistent with any provision of the Articles of Incorporation or statute may be axe, either by the affirmative vote of a majority of the members of the Association present in person or by proxy at any annual or special meeting of the members entitled to vote thereat, a quorum being present, or by the affirmative vote of a majority of the Board, given at any regular or special meeting of the Board, provided that notice of the proposed new By-law or of the alteration, amendment or repeal of an existing By-law shall have been included in the notice of such meeting of the Board or the members, as the case may be. By-Laws made, altered, or amended by the Board may be altered, amended or repealed by the members at any annual or special meeting thereof.