

CODE OF BY-LAWS OF  
THE FAIRWAY KNOLL HOMEOWNERS ASSOCIATION, INC.,  
AN INDIANA NOT-FOR-PROFIT CORPORATION

ARTICLE I

Identification and Applicability

Section 1.01. Identification and Adoption. These By-Laws are adopted to govern the Fairway Knoll Homeowners Association, Inc. (the "Association") in the conduct of its activities and duties pursuant to the Articles of Incorporation of the Association ("Articles"), the Declaration of Covenants, Easements and Restrictions and the Supplemental Declaration of Covenants and Restrictions for Fairway Knoll as recorded on the 24th day of Jan, 1970, and on the 24th day of Jan, 1970, respectively, in the office of the Recorder of Monroe County, Indiana as Instrument Nos. 900812 and 900813, respectively (collectively, the "Declaration"). The Declaration is incorporated herein by reference and all of the covenants, conditions, rights, restrictions, and liabilities therein contained shall apply to and govern the interpretation of these By-Laws. The definitions and terms as defined and used in the Declaration shall have the same meanings in these By-Laws, and reference is hereby made to the definitions in Section 1 of the Declaration. The provisions of these By-Laws shall apply to the Property and to the administration and conduct of the affairs of the Association.

Section 1.02. Individual Application. All of the Owners, tenants, their guests and invitees, or any other person who might now or hereafter use or occupy a Lot or any part of the Common Property shall be subject to the rules, restrictions, terms and conditions set forth in the Declaration, these By-Laws, and the Act, as the same may be amended from time to time.

Section 1.03. Membership. The members of the Association shall be the Owners, and the terms "member" and "Owner," as used herein, in the Declaration, or in the Articles of Incorporation of the Association ("Articles"), shall be interchangeable. A member shall be deemed to be in good standing so long as he or she remains in compliance with the covenants and obligations of an Owner under the Declaration, or as otherwise determined by the Board of Directors. As provided by law, each member of the Association shall be entitled to a certificate signed by the President and attested by the Secretary certifying the membership held by him and such other information as may be required by law. The form of such certificate shall be prescribed by the Board of Directors. Such certificate shall not be transferable.

## ARTICLE II

### Meetings of Association

**Section 2.01. Purpose of Meetings.** At least annually and at such other times as may be necessary or appropriate, a meeting 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 by the Declaration, these By-Laws, or the Act.

**Section 2.02. Annual Meetings.** The first annual meeting shall not be held until the time of turnover of control of the Regime by Declarant or at such earlier time or times as may be determined by the Declarant. All subsequent annual meetings shall be held on any date selected by the Board of Directors which is within five (5) days of the anniversary of the first annual meeting. At each annual meeting, the Owners shall elect the Board of Directors of the Association in accordance with the provisions of these By-Laws and transact such other business as may properly come before the meeting.

**Section 2.03. Special Meetings.** A special meeting of the members of the Association may be called by a majority of the Board of Directors, the President, or upon a written petition of the Owners of not less than ten percent (10%) of the Lots. The resolution or petition shall be presented to the President or 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 2.04. Notice and Place of Meetings.** Written notice stating the date, time, and place of any meeting of the members, and, in the case of special meetings or when otherwise required by law, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each Owner and, if applicable, to any Mortgagee not less than ten (10) days prior to the date of such meeting. If at any meeting an amendment to the Declaration or these By-Laws is to be considered, the notice of such meeting shall describe the nature of such proposed amendment. The notice shall be mailed by first-class U. S. Mail, postage prepaid, or delivered to the Owners at their respective addresses as the same shall appear upon the records of the Association, and by first class U.S. Mail to the Mortgagees at their respective addresses as they shall appear on the records of the Association. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting. Furthermore, notice of any meeting may be waived by any Owner in writing filed with the Secretary of the Corporation.

### **Section 2.05. Voting.**

- (a) **Number of Votes.** To avoid fractional votes and to facilitate the orderly conduct of the meeting, each Owner shall be entitled to cast one (1) vote on each matter coming before the meeting. The total number of votes for or against any matter shall then be divided by the total number of Lots in Fairway Knoll to determine the respective proportions of Owners supporting or opposing such matter, or by the number of Lots the Owners of which are present or represented at such meeting, to determine the respective proportions of Owners present or represented at such meeting supporting or opposing such matter. In voting for directors, each Owner (or his

representative) shall be entitled to cast one (1) vote for each directorship being filled at that meeting, and the candidate(s) receiving the highest number of votes shall fill the available directorship(s); provided, that no Owner shall be allowed to accumulate his votes.

- (b) Multiple Ownership. When the Owner of a Lot is comprised of more than one person or entity, or is a partnership ("Group"), there shall be only one voting representative entitled to cast the Vote allocable to that Lot. At the time of acquisition of title to a Lot by a Group, the Group shall file with the Secretary of the Association an irrevocable proxy appointing one of the Group as the voting representative for such Lot, which shall remain in effect until (i) such appointed representative relinquishes such appointment in writing, becomes incompetent or dies, (ii) such appointment is otherwise rescinded by order of a court of competent jurisdiction, or (iii) title to such Lot is transferred so that it is no longer held by such Group. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.05, which shall constitute relinquishment of his right to act as voting representative for the Lot at such meeting or meetings.
- (c) Contiguous Lots Having One Owner. When one (1) person owns two (2) contiguous Lots used for one (1) single dwelling, the Owner shall be entitled to cast one (1) Vote with respect to those two (2) contiguous Lots, so long as the Lots remain improved with one (1) single dwelling.
- (d) Voting by Corporation or Trust. When a corporation or trust is an Owner or is otherwise entitled to vote, the trustees may cast the Vote on behalf of the trust, and the agent or other representative of the corporation duly empowered by the board of directors of such corporation shall cast the Vote to which the corporation is entitled.
- (e) Proxy. An Owner may vote either in person or by his duly authorized and designated attorney-in-fact. When voting is by proxy, the owner shall duly designate his attorney-in-fact in writing, delivered to an officer of the Association prior to the commencement of the meeting.
- (f) Quorum. Except where otherwise expressly provided in the Declaration, these By-Laws, the Articles or the Act, the presence of Owners or their duly authorized representatives holding in excess of fifty percent (50%) of the total Vote shall constitute a quorum at all meetings. The term "majority of Co-Owners," as used in these By-Laws, shall mean, unless otherwise expressly indicated, more than fifty percent (50%) of the total Vote as determined by the applicable provisions set forth in the Declaration, and the term "majority of the vote" shall mean more than fifty percent (50%) of the total Vote present or represented at such meeting.
- (g) Conduct of Meeting. Meetings of Owners, including the order of business, shall be conducted in accordance with Roberts Rules of Order, Revised, except insofar as the Articles, these By-Laws, or any rule adopted by the Board of Directors or Owners may otherwise provide. The Owners present at such meeting may, by unanimous consent, waive the requirements of this



Section 2.05(f), but such waiver shall not preclude any Owner from invoking the requirements of this Section 2.05(f) at any subsequent meeting.

Section 2.06. Control During Development. Notwithstanding any other provision of the Declaration, the Act, the Articles or these By-Laws, from and after the date of the Declaration until the date when Declarant turns over control of the Association to the Owners, as determined by Declarant within the limitations set forth in the Declaration, the Association shall be governed by the initial Board of Directors appointed by Declarant. Said initial Board of Directors shall exclusively hold all rights and powers which a Board of Directors of the Association would have under the Declaration, the Act, the Articles or these By-Laws, except as specifically limited in this Section 2.06. Said initial Board of Directors may appoint from time to time from among the Owners committees to advise and assist it in the performance of its functions. The rights and powers of said initial Board of Directors shall be limited as follows:

- (a) The power of assessment shall be limited in that the total monthly assessments in any month against any Lot during the first year after the date of the Declaration shall not exceed Fifteen Dollars (\$15.00), and said amount shall not be increased in any subsequent year prior to turnover by more than twelve percent (12.0%) over the assessment in the preceding year.
- (b) Said initial Board of Directors shall have no power to reallocate the voting power among the Owners in any manner contrary to the Declaration.
- (c) Said initial Board of Directors shall not take any action requiring the vote or consent of any Mortgagee unless the vote or consent of such Mortgagee is obtained.

Declarant shall have the right to waive, on behalf of the Association, the annual meetings and annual accountings provided for in this Article II and in the Declaration, so long as Declarant retains control of the Association. At the time of turnover of control by Declarant, the first annual meeting of the Association will be called, at which time the rights and powers of the initial Board of Directors shall terminate and the Association shall thereafter be governed in accordance with the provisions of the Declaration, the Act, the Articles and these By-Laws other than this Section 2.06.

### ARTICLE III

#### Board of Directors

Section 3.01. The affairs of the Association shall be governed and managed by the Board of Directors (herein sometimes collectively called "Board" and individually called "Directors"). The initial Board of Directors shall be composed of three (3) persons appointed by Declarant. After the expiration of the term of the initial Board of Directors as provided in Section 2.06 hereinabove, the constituency of such Board may be increased to, but shall not exceed, nine (9). The number of Directors shall be increased in accordance with this Section 3.01 only if the increase is properly brought before the Association at an annual meeting or special meeting called for such purpose and approved by a majority of the vote. No person shall be eligible to serve as a Director unless he is an Owner or the agent of an Owner who is not an individual, or is an attorney, agent, or employee of Declarant. Except temporarily due to the resignation, removal, death, or

incapacity of a Director, there shall be an odd number of Directors elected to serve on the Board at all times.

Section 3.02. Additional Qualifications. When an Owner is comprised of a Group, as defined in Section 2.05(b), or is a corporation, trust or other legal entity, then the person entitled to cast the Vote as the voting representative of such Owner shall be eligible to serve on the Board of Directors.

Section 3.03. Term of Office and Vacancy. The Board of Directors shall be elected at each annual meeting of the Association subject to the limitations set forth in Section 2.06 above. Any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the Owners if a Director is removed in accordance with Section 3.04 of this Article III.

Section 3.04. Removal of Directors. After the tenure of the initial Board of Directors has expired, a Director or Directors may be removed with or without cause by a majority of the Vote at a special meeting of the Owners duly called and constituted. In such case, his successor shall be elected at the same meeting from eligible Owners nominated at the meeting. A Director selected shall serve until the next annual meeting of the Owners or until his successor is duly elected and qualified.

Section 3.05. Duties of the Board of Directors. The Board of Directors shall perform or cause to be performed, when and to the extent deemed necessary or appropriate in the Board's business judgment, the following:

- (a) Repair and replacement of the Common Property;
- (b) Landscaping maintenance of the Common Property;
- (c) Assessment and collection from the Owners of each Owner's share of the Common Expenses;
- (d) Preparation of the proposed annual budget, a copy of which will be mailed or delivered to each Owner at the same time as the notice of annual meeting is mailed or delivered;
- (e) Preparing and delivering annually to the Owners a full accounting of all receipts and expenses incurred during each year, which accounting shall be delivered to each Owner simultaneously with delivery of the annual budget;
- (f) Keeping a current, accurate, and detailed record of receipts and expenditures affecting the Common Property specifying and itemizing the Common Expenses (all records and vouchers shall be available for examination by an Owner at any time during normal business hours); and
- (g) Procuring and maintaining in force all insurance coverage required by the Declaration to be maintained for Fairway Knoll as required by the Declaration.

Section 3.06. Powers of the Board of Directors. The Board of Directors shall have such powers as are reasonably necessary or appropriate to accomplish the performance of their duties. These powers include, but are not limited to, the power:

- (a) To employ a professional managing agent or real estate management company (either being hereinafter referred to as "Managing Agent") to assist the Board in performing its duties;
- (b) To purchase for the benefit of the Owners such equipment, materials, labor, and services as may be necessary in the judgment of the Board of Directors;
- (c) To procure all such insurance as is required or permitted under the Declaration, for the benefit of the Owners and the Association;
- (d) To employ legal counsel, architects, contractors, accountants, and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the business and affairs of the Association;
- (e) To include the costs of all of the above and foregoing as Common Expenses and to pay all of such costs therefrom;
- (f) To open and maintain a bank account or accounts in the name of the Association; and
- (g) Subject to the provisions of the Declaration, to adopt, revise, amend, and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation, and enjoyment of the Common Property; provided that the Board shall give written notice to the Owners of such rules and any revision, amendment, or alteration thereof.

Section 3.07. Limitations on Board Action. After the tenure of the initial Board of Directors, the authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than Five Thousand Dollars (\$5,000.00), unless the prior approval of a majority of Owners present or represented at any meeting is obtained, except in the following cases:

- (a) Supervision and management of the replacement or restoration of any portion of the Common Property damaged or destroyed by fire or other casualty, where the cost thereof is payable out of insurance proceeds actually received; and,
- (b) Proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Owners at the annual meeting.

Section 3.08. Compensation. No Director shall receive any compensation for his services as such except to such extent as may be expressly authorized by a majority of the Vote of the Owners.

Section 3.09. Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors. The Secretary shall give notice of regular meetings of the Board to each Director



personally or by United States mail at least five (5) days prior to the date of such meetings. At any time after the tenure of the initial Board of Directors has expired, a special meeting of the Board may be called by the President or any two members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary, who shall personally, by mail, by telegram or by telephone, and at least three (3) days prior to the date of such special meeting, but immediately upon receipt of notice from person(s) calling the meeting, give notice to the Directors. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Such meeting shall be held at such place as shall be designated in the notice.

Section 3.10. Waiver of Notice. Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The presence of any Director at a meeting shall, as to such Director, constitute a waiver of notice of the time, place, and purpose thereof. If a majority of Directors is present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 3.11. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if prior to such action a written consent to such action is signed by all members of the Board and such consent is filed with the minutes of proceedings of the Board of Directors.

Section 3.12. Committees. The President or the Board of Directors may from time to time create and appoint standing and special committees from among the Owners to undertake studies, make recommendations, carry on functions for the purpose of efficiently accomplishing the purposes of the Association and perform such other duties as the Board may from time to time prescribe.

#### ARTICLE IV

##### Officers

Section 4.01. Officers of the Association. The principal officers of the Association shall be the President, Vice-President, Secretary and Treasurer, all of whom shall be elected by the Board. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. Any two or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person.

Section 4.02. Election of Officers. The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each election thereof. Officers may serve unlimited consecutive terms. Upon recommendation of a majority of all members of the Board and upon an affirmative Vote of a majority of all Owners, any officer may be removed either with or without cause and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.03. Vacancies. Whenever any vacancies shall occur in any of the offices of the Association for any reason, the same may be filled by the Board of Directors at any meeting thereof, and any officer so elected shall hold office until the expiration of

the term of the officer causing the vacancy and until a successor shall be duly elected and qualified.

Section 4.04. Compensation. No officer shall receive any compensation for his services as such, except as may be fixed by action of the Board of Directors, duly recorded.

Section 4.05. The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Association. After the tenure of the initial Board of Directors, he shall preside at all meetings of the Association and of the Board, shall have and discharge all the general powers and duties usually vested in the office of the president or chief executive officer of an association or a stock corporation organized under the laws of Indiana.

Section 4.06. The Vice-President. The Vice-President shall be elected from among the Directors and shall perform all duties incumbent upon the President during the absence or disability of the President. The Vice-President shall also perform such other duties as these By-Laws may prescribe or as shall, from time to time, be imposed upon him by the Board or by the President.

Section 4.07. The Secretary. The Secretary shall be elected from among the Owners or Directors. The Secretary shall attend all meetings of the Association and of the Board and shall keep or cause to be kept a true and complete record of proceedings of such meetings, shall perform all other duties incident to the office of the Secretary, and such other duties as from time to time may be prescribed by the Board. If required, the Secretary shall attest the execution by the Association of deeds, leases, agreements and other official documents. The Secretary shall specifically see that all notices of the Association or the Board are duly given, mailed or delivered, in accordance with the provisions of these By-Laws.

Section 4.08. The Treasurer. The Board shall elect from among the Owners or Directors a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association and such other duties incident to the office of Treasurer. He shall be legal custodian of all monies, notes, securities, and other valuables which may from time to time come into 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 and shall keep such bank account in the name and for the exclusive benefit of the Association.

Section 4.09. Assistant Officers. The Board of Directors may from time to time designate and elect from among the Owners an Assistant Secretary and Assistant Treasurer, who shall have such powers and duties as the officers whom they are elected to assist shall delegate to them and such other powers and duties as these By-Laws or the Board of Directors may prescribe.



## ARTICLE V

### Additional Rights and Duties of Board

**Section 5.01. Right of Board to Adopt Rules and Regulations.** Subject to the provisions of the Declaration, the Board may promulgate such reasonable rules and regulations regarding the operation of the Common Property as the Board may deem desirable, including but not limited to the use of the Common Property. Such rules as are adopted may be repealed or amended by a vote of a majority of the Board. The Board shall cause copies of all such rules and regulations, including any amendments or repeals thereof, to be delivered or mailed promptly to all Owners at least fifteen (15) days prior to the effective date thereof. Any rule or regulation promulgated by the Board shall be properly and consistently enforced by the Board.

## ARTICLE VI

### Procedures for Assessments

**Section 6.01. Obligations of Owners.** Each of the Owners within Fairway Knoll shall automatically and mandatorily be members in the Association and be entitled to all of the privileges and subject to all of the obligations thereof. All Owners, by their acceptance of their respective Deeds to their Lots, covenant and agree to be bound by the conditions, restrictions, and obligations contained in the Articles of Incorporation, Declaration and Regulations of the Association and of the provisions hereof.

**Section 6.02. Annual Accounting.** Annually, after the close of each calendar year and prior to the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared and furnished to each Owner a financial statement by an independent Certified Public Accountant, which statement shall show all receipts and expenses received, incurred, and paid by the Association during the preceding calendar year.

**Section 6.03. Proposed Annual Budget.** Annually, on or before the date for notice of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the Common Expenses for the ensuing year, and furnish a copy of such proposed budget to each Owner prior to the annual meeting. The proposed 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 for the Regular Assessments (hereinafter defined) for the ensuing calendar year. At the annual meeting of the Owners, the proposed annual budget may be approved in whole or in part, or may be amended in whole or in part, by a majority of the vote present or represented at the meeting (provided a quorum is present); provided, however, that in no event shall the annual meeting of the Owners be adjourned until an annual budget is approved at such meeting.

**Section 6.04. Annual Assessments.** The annual budget as adopted shall, based on the estimated cash requirements for the Common Expenses in the ensuing year as set forth in said budget, contain a proposed assessment against each Lot based on the total amount of said budget divided by the total number of Lots owned (excluding Lots owned by Declarant or by Builders) (herein called the "Annual Assessment"). The Annual Assessment against each Lot shall be paid in full on the 15th day of the first month of

the fiscal year of the Association; provided, however, that the Board of Directors may from time to time by resolution authorize the payment of such Assessments in monthly, quarterly, or semi-annual installments. Payment of the Annual Assessment shall be made to the Board of Directors or the Managing Agent, as directed by the Board of Directors. The Annual Assessment for each year shall become a lien on each separate Lot as of the date of the adoption of the annual budget. The amount payable for the initial Annual Assessment is fixed at One Hundred Eighty Dollars (\$180.00) per Lot. Each year thereafter, such Annual Assessment may not be increased by more than twelve percent (12%) over the Annual Assessment of the prior year. During the period of control of the Association by Declarant, Owner shall pay such Annual Assessments as established by the Board in accordance with the provisions hereof and of the Declaration. The Declarant shall pay no assessments whatsoever except as specifically required in the Declaration but shall be responsible for any deficits in the Common Expenses to the extent permitted or required by the Declaration during the period in which it controls the association.

Section 6.05. Special Assessments. In addition to the Assessments authorized above, the Association may levy such special Assessments as may be necessary for the purpose of defraying, in whole or in part: (1) the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto, and (2) the expense of any other contingencies or events not provided for in the annual budget or the reserves and working capital of the Association; provided that no Special Assessments shall be levied without the assent of two-thirds (2/3) of the Owners at a meeting duly called for this purpose. Each Owner shall pay to the Association a Special Assessment based on the total sum approved to meet the costs and expenses as heretofore provided divided by the total number of Lots owned (excluding Lots owned by Declarant or by Builders). The Association may, in connection with the levy of any special Assessment, specify that the same shall be payable in installments and specify the due dates thereof.

Section 6.06. Rule on Contiguous Lots Having One (1) Owner. Where one (1) Owner owns two (2) contiguous Lots used for one (1) single dwelling, he shall be deemed to own one (1) single Lot for the purpose of determining his share of the annual Assessment and any special Assessments levied by the Association, so long as the Lots remain improved with one (1) single dwelling.

Section 6.07. Adjustments. In the event that the approved budget and Annual Assessments plus the reserves and working capital of the Association prove insufficient to meet the Association's actual expenses in any year, such deficiencies may be corrected through one or more special Assessments. In the event the approved and Annual Assessments exceed actual expenses in any year, such surplus shall be retained and used to offset expenses in the next year(s) or returned to the Owners in proportion to their Percentage Interests, as the Board of Directors shall elect.

Section 6.08. Temporary Budget and Assessments. If for any reason an annual budget and the Annual Assessments for any year have not been determined as of the beginning of such year, the budget and Assessments in effect during the preceding year shall continue in effect until such time as the annual budget and Annual Assessments are determined in accordance with the Declaration and these By-Laws; provided, however, that said preceding budget and Assessments may be increased by up to twelve percent (12%) as the Board of Directors may deem necessary in said temporary budget and Assessments.

Section 6.09. Reserve and Working Capital Funds. The Declarant shall not establish any reserve funds during the period it controls the Association. After the turnover of control by Declarant, the Association shall be obligated to establish a reserve fund for the repair and replacement of those Common Areas that must be replaced periodically, based upon good faith estimates of the useful lives and replacement costs of such Common Areas made or obtained by the Association. If the Board determines that a reserve fund is desirable, such reserve fund shall be funded through the payments by the Owners of Common Expenses and not by an extraordinary or special assessment. Extraordinary expenditures not originally included in the annual estimate that become necessary during the year shall be charged first against the reserve fund so established before any special Assessment is made or levied therefor. In addition to the reserve fund, a working capital fund shall be established and maintained by the Association. At the closing of the initial sale of each Lot to an Owner, the purchaser of such Lot shall deposit with the Association an amount equal to one installment of the Annual Assessment for Common Expenses for such Lot, which amount shall be retained by the Association as working capital. Thereafter, each Owner shall continue to maintain on deposit with the Association an amount at least equal to one installment of the Annual Assessment for Common Expenses for his Lot for the current calendar year. Amounts paid or deposited into the working capital fund shall not relieve an Owner from this responsibility for the Annual Assessments due in accordance with this Article VI. All amounts held by the Association pursuant to this Section 6.08 shall be maintained in a federally insured, interest-bearing account in a bank or savings and loan association doing business in Monroe County, Indiana, and all interest thereon shall be added to and deemed a part of such fund. Notwithstanding anything contained herein to the contrary, the Declarant shall not be required to maintain on deposit with the Association the contribution to the working capital fund described in this Section 6.08.

Section 6.10. Status of Funds Collected by Association. All funds collected pursuant to this Article VI shall be held and expended by the Association solely for the purposes designated herein, and, except for any special Assessments that may be levied hereunder against less than all of the Owners, and except for such adjustments as may be required to reflect delinquent or prepaid assessments, shall be deemed to be held for the use, benefit, and account of all of the Owners for the payment of Common Expenses.

## ARTICLE VII

### Notices and Mortgagees

Section 7.01. Notice to Association. Any Owner who places a first mortgage lien upon his Lot or the Mortgagee thereof shall notify the Secretary of the Association and provide the name and address of the Mortgagee. A record of such Mortgagee and name required to be given to the Mortgagee pursuant to the terms of the Declaration or these By-Laws shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record in the time provided. Unless notification of any such mortgages and the name and address of the Mortgagee are furnished to the Secretary, either by Owner or by the Mortgagee, no notice to any Mortgagee as may be otherwise required by the Declaration or these By-Laws shall be required, and no Mortgagee shall be entitled to vote on any matter on which he otherwise may be entitled to vote by virtue of the Declaration or By-Laws or proxy granted to such Mortgagee in connection with the mortgage.



Section 7.02. Notice of Assessments. Upon ten (10) days' written notice to the Association and the payment of a reasonable fee, the Association shall deliver to any Owner, Mortgagee, prospective Mortgagee, title insurance company, purchaser or other prospective transferee of a Lot, a written statement setting forth the amount of all unpaid assessments, if any, with respect to the subject Lot, together with the amount of the current assessments for Common Expenses and the date(s) such assessments become due and payable. Any such written statement shall be binding upon the Association in favor of any person relying thereon in good faith.

Section 7.03. Financial Statements. The Association, upon the request of any Mortgagee, shall provide to said Mortgagee the most recent financial statement prepared on behalf of the Association pursuant to Section 6.01 above.

Section 7.04. Notices to Mortgagees. The Association shall promptly provide to any Mortgagee, of whom the Association has been provided notice under Section 7.01 above, notice of any of the following:

- (a) Any condemnation or casualty loss that affects either a material portion of the Common Property or the building(s) or improvements on any Lot securing its mortgage;
- (b) Any delinquency in the payment of Annual or Special Assessments owed by the Owner of any Lot on which said holder, insurer, or guarantor holds a mortgage, if said delinquency continues for more than sixty (60) days;
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action that requires the consent of a specified percentage of Mortgagees.

Section 7.05. Availability of Information. The Association shall keep and shall make available to prospective purchasers of Lots, upon request at reasonable business hours, copies of the Declaration, By-Laws, current rules and regulations, if any, and the most recent financial statement of the Association.

## ARTICLE VIII

### Miscellaneous

Section 8.01. Corporate Seal. The Association shall have no seal.

Section 8.02. Execution of Contracts and Other Documents. Unless otherwise ordered by the Board of Directors, all written contracts and other documents entered into by the Association shall be executed on behalf of the Association by the President, and, if required, attested by the Secretary.

Section 8.03. Fiscal Year. The fiscal year of the Association shall begin on January 1 of each year and end on the immediately following December 31.


ARTICLE IX

Amendment to By-Laws

These By-Laws may be amended by Declarant in the same manner and to the same extent as the Declaration; in addition, these By-Laws may be amended by a majority of the Vote of the Owners in a duly constituted meeting called for such purpose, except that the right of amendment is exclusively reserved to the initial Board of Directors during the period set out in Section 2.06 above, and subject to any provision of the Declaration, the Act, the Articles, these By-Laws or law, as the same may be amended from time to time.

CERTIFICATION

The undersigned, being first duly sworn, hereby certifies that the within and foregoing Code of By-Laws of Fairway Knoll Homeowners Association, Inc., is true and correct.

  
Max R. Kendall, Incorporator

STATE OF INDIANA       )  
                                  ) SS:  
COUNTY OF MARION     )

Subscribed and sworn to before me, a Notary Public, in and for said County and State this 30<sup>th</sup> day of March, 1993

Signature: Kimberly D. Henry  
Printed: Kimberly D. Henry  
NOTARY PUBLIC

My Commission Expires:

2/19/95

Resident of Marion County

Prepared by Jeffrey D. Linton, ICE MILLER DONADIO & RYAN, One American Square, Box 82001, Indianapolis, Indiana 46282.