

**AMENDED AND RESTATED CODE OF BY-LAWS OF
STONEGATE COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

An Indiana Nonprofit Corporation

COMES NOW the Stonegate Community Property Owners Association, Inc. (hereinafter “Association”), by its Board of Directors, and states as follows:

WITNESSETH THAT:

The mixed use and residential community in Zionsville, Boone County, Indiana commonly known as Stonegate was established upon the recording of certain Plats with the Office of the Recorder for Boone County, Indiana; and

The Plats for Stonegate were originally subject to a certain “Declaration of Covenants, Conditions and Restrictions for the Stonegate Community”, which was filed on January 6, 2003, with the Boone County Recorder as Instrument No. 0300407 (the “Declaration”); and

The Declaration has been subsequently amended; and

The Association was incorporated pursuant to the Declaration as a nonprofit corporation pursuant to Articles of Incorporation filed with, and approved by, the Indiana Secretary of State on February 3, 2003; and

The Association’s Board of Directors (while under the developer’s control) originally adopted a Code of By-Laws for the Association and the homeowners within Stonegate; and

The By-Laws in Article X, Section 1, state that the By-Laws may be amended at a regular or special meeting of the members of the Association by a vote of a majority of a quorum of members present in person or by proxy; and

The Board of Directors desires to amend the By-Laws of the Association.

WHEREFORE, the following Amended and Restated Code of By-Laws for Stonegate Community Property Owners Association, Inc. is hereby approved and adopted by the Board of Directors of the Association after being approved by a majority of a quorum of the homeowner members present in person and by proxy at the annual meeting held on December 10, 2019, and are effective as of the date of adoption. The following By-Laws shall supersede and replace all former By-Laws of the Association.

**AMENDED AND RESTATED CODE OF BY-LAWS OF
STONEGATE COMMUNITY PROPERTY OWNERS ASSOCIATION, INC.**

An Indiana Nonprofit Corporation

ARTICLE 1

NAME

Section 1.1. Name. The name of this corporation is Stonegate Community Property Owners Association, Inc. (hereinafter referred to as “**Association**”).

ARTICLE 2

IDENTIFICATION, APPLICABILITY & MEMBERSHIP

Section 2.1. Identification and Adoption. The provisions of these By-Laws shall apply to the Stonegate community (sometimes referred to in these By-Laws as the “**Stonegate Community**”) and the administration and conduct of the affairs of the Association.

Section 2.2. Individual Application. Each of the Owners within the Stonegate Community shall automatically and mandatorily be Members in the Association and be entitled to all 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 Declaration of Covenants, Conditions & Restrictions for the Stonegate Community, said Declaration being filed on January 6, 2003, with the Boone County Recorder as Instrument No. 0300407 (hereafter, “**Declaration**”), together with all amendments or supplements thereto, the Articles of Incorporation, the rules and regulations of the Association and of the provisions hereof. All of the Owners, future Owners, tenants, future 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 Areas shall be subject to the rules, restrictions, terms, and conditions set forth in the Declaration, the Articles of Incorporation, these By-Laws, the Indiana Homeowners Association Act (the “**HOA Act**”) (but only to the extent that the provisions of the HOA Act are applicable to the Association since it was created prior to the enactment of the HOA Act), and the mandatory provisions of the Indiana Nonprofit Corporation Act of 1991 (the “**Nonprofit Act**”), all as the same may be amended from time to time, and to any rules and regulations adopted by the Board of Directors as herein provided. The Declaration is incorporated herein by reference. All the covenants, rights, restrictions, and liabilities contained in the Declaration shall apply to and govern the interpretation of the Articles of Incorporation and these By-Laws. The definitions and terms, as defined and used in the Declaration, shall have the same meaning in the Articles of Incorporation and these By-Laws, and reference is specifically made to Article I of the Declaration containing definitions for terms, unless otherwise indicated herein.

Section 2.3. Membership and Voting Rights. The Declaration sets forth terms, provisions and conditions governing and relating to membership in the Association, transfer of membership and

voting rights of classes of Members, all of which terms, provisions and conditions are incorporated herein by this reference.

ARTICLE 3

MEETINGS OF ASSOCIATION

Section 3.1. Purpose of Meetings. At least annually, and at such other times as may be necessary or appropriate, a meeting of the Members shall be held for the purpose of electing the Board of Directors, reviewing and approving the annual budget (if necessary pursuant to the Declaration), and for such other purposes as may be required by the Declaration, these By-Laws, the Articles, the HOA Act, or the Nonprofit Act.

Section 3.2. Annual Meeting. The annual meeting for the Members of the Association shall be held in the month of either November or December each year, with the specific date, time and place to be determined by the Board of Directors. At each annual meeting, the Members 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 3.3. Special Meetings. A special meeting of the Members of the Association may be called by the President, by resolution of the Board of Directors or upon a written petition of the Members of not less than ten percent (10%) of the total number of 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.

If the Board of Directors fails to send out a notice of the date, time, and place for a special meeting within thirty (30) days after the date the Board receives a valid written demand for the special meeting under this Section, a Member of the Association who signed the written demand may:

- (1) set the date, time, and place for the special meeting; and
- (2) send out the notice for the special meeting to the other Members.

Section 3.4. Notice and Place of Meetings. All meetings of the Members of the Association shall be held within the Stonegate Community or at any suitable place in Boone County, Indiana, as may be designated by the Board of Directors.

For the Annual Meeting, written notice stating the date, time, and place of the Annual Meeting shall be delivered or mailed by the Secretary of the Association to each Member entitled to vote not less than thirty (30) days prior to the date of the Annual Meeting. Along with the notice of the meeting, a proxy shall also be included.

For all other membership meetings, written notice stating the date, time, and place of the meeting, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each Member not less than fourteen (14) days prior to the date of such meeting.

Any written notice delivered to the Members as part of a newsletter or other publication regularly sent to the Members constitutes a written notice. If at any meeting an amendment to the Declaration, the Articles of Incorporation, or these By-Laws is to be considered, the notice of such meeting shall describe the nature of such proposed amendment. All notices shall be mailed by first-class U.S. Mail, postage prepaid, or delivered to the Members at their respective addresses as the same shall appear upon the records of the Association. If an annual or special meeting of Members is adjourned to a different date, time or place, written notice is not required to be given of the new date, time or place so long as the new date, time and place is announced at the meeting pursuant to the Nonprofit Act before adjournment.

In lieu of written notices from the Association sent pursuant to the above paragraph, a Member may elect to receive notices from the Association by email. Any Member choosing email shall be deemed to have waived the right to receive notices from the Association by U.S. Mail or personal delivery. However, any such Member shall have the right at any time to withdraw his or her election to receive notice by email and shall thereafter be sent notices by the Association pursuant to the above paragraph. The Association will not share email addresses unless authorized by the email account owner.

In terms of who is entitled to notice of Association meeting, Members include "Class C" Members who are residents of the 14-lot Stonegate Proper subdivision as well as residents who are non-owner occupants/tenants of dwellings. Pursuant to the Declaration, Class C Members are not entitled to vote. Nevertheless, the Association shall send notice to those Class C Members who have provided their contact information to the Association. The Association has no affirmative duty to attempt to identify all non-owner occupants or tenants. There is no reasonable procedure by which the Association can identify all non-owner occupants or tenants. It shall be and is the responsibility of an Association Member to notify his/her/its tenant/occupant about that person's right to notification and that person's responsibility to provide contact information to the Association. In the alternative, the Owner may provide such information to the Association.

It is the primary responsibility of an Owner who is not occupying the Dwelling or Unit owned by such Owner to provide contact information to the Association. An Owner who does not provide contact information or does not keep such information current is not entitled to Notice and cannot contest the outcome of any matter subject to Membership vote for the purported reason that the Owner did not receive notice.

Section 3.5. Voting.

(a) Voting Rights Generally and Number of Votes. Each Member shall be entitled to cast the number of votes specified in the Declaration. In voting for Directors, each Member (or his or her representative) shall be entitled to cast such number of votes for each applicable 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 Member shall be allowed to accumulate his or her votes. To the extent provided in the Nonprofit Act, and except as otherwise provided in the Declaration, the Articles of Incorporation or these By-Laws, plurality voting shall be permitted such that at a meeting, if a quorum exists, action on a matter is approved if the votes cast in favor of the action exceed the votes opposing the action.

Only the Owners of Commercial Units are entitled to vote for the single Commercial Director in their respective Neighborhood (Stonegate Village Business District and Professional Business District). Likewise, only the Owners of Residential Units may vote for the five (5) Residential Directors.

The Owners of Commercial Units are entitled to one vote for every 750 finished square feet as shown upon the records of the Boone County Assessor's office.

The Owner of an Undeveloped Lot does not have voting rights. The Undeveloped Lots are not subject to the regular and full Annual Assessment or a regular and full Commercial Assessment. For the Owner of a Lot to have voting rights, a Lot must be improved by a Dwelling in the case of a Residential Lot; a Commercial Lot's voting power is determined by finished floor space per the terms of the Declaration. Notwithstanding anything contained herein, an Owner of a Lot who is subject to and pays an Annual Assessment pursuant to the Declaration (including an Undeveloped Lot) shall be entitled to at least one (1) vote.

(b) Multiple Owners. When more than one (1) person or entity constitutes the Owner of a particular Lot, all such persons or entities shall be Members of the Association, but all of such persons or entities shall have only one (1) vote for such Lot, which vote shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.

(c) Voting by Corporation or Trust. Where a corporation or trust is a Member 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. The secretary of such corporation or a trustee of such trust so entitled to vote shall deliver or cause to be delivered prior to the commencement of the meeting a certificate signed by such person to the Secretary of the Association stating who is authorized to vote on behalf of said corporation or trust.

(d) Proxy. A Member may vote either in person or by his or her duly authorized and designated attorney-in-fact who must also be a Member of the Association and who is in Good Standing. Where voting is by proxy, the Member shall duly designate his or her attorney-in-fact in writing, delivered to the Secretary of the Association prior to the commencement of the meeting. No such proxy shall remain valid for longer than one hundred eighty (180) days from the date it is signed. To be valid, a proxy must contain:

1. The name and address of the Member who is giving the proxy;
2. The name of the person being appointed as proxy;
3. The date on which the proxy is given;
4. The date of the meeting for which the proxy is given;

5. The signature of the Member who is giving the proxy; and
6. An affirmation under the penalties of perjury that the individual signing the proxy has the authority to grant the proxy to the individual named in the proxy to exercise it on the Member's behalf.

A proxy may be revoked in writing by the Member prior to it being exercised or by the Member's personal attendance at the meeting where the vote is to be taken.

(e) Quorum. Except where otherwise expressly provided in the Declaration, the HOA Act, or the Nonprofit Act, the presence of Members or their duly authorized representatives holding at least ten percent (10%) of the Class A or Class B Membership. The Members at a meeting at which a quorum is initially present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If a quorum is not present, the meeting may be adjourned to a date not more than sixty (60) days later without notice other than announcement at the meeting even though less than a quorum is present. As used elsewhere in these By-Laws, the term "**Majority of the Vote**" shall mean a majority of the votes of the Members present or represented at a meeting at which a quorum is present.

(f) Suspension of Voting Rights. To be considered in "**Good Standing**", a Member cannot be more than six (6) months delinquent in any payment due to the Association (or for such shorter period of time as may be permitted under the HOA Act). If a Member is not in Good Standing, he or she shall not be eligible to vote, either in person or by proxy, or to be elected to, or to serve on, the Board of Directors. In addition, any Member who is not in Good Standing cannot serve as a proxy for another Member.

(g) Manner of Voting and Meeting Participation. Voting and meeting participation may be held or performed in any manner set forth in the Declaration or these By-Laws as well as any manner that is not prohibited by the Nonprofit Act or the HOA Act, or deemed acceptable by the Courts as a practical way to collect votes and allow Members to participate in Association actions. The Board of Directors shall have discretion to provide for such procedures and to set the terms of use.

Specifically, the Board of Directors shall have the power to authorize voting by the Members through a secure, internet-based online voting system ("electronic voting"). The Board of Directors can adopt rules and regulations concerning the use of acceptable, verifiable means of technology, including electronic means for Lot Owner notice, voting, signatures, consents and approvals. A verifiable electronic signature satisfies any requirements for signatures on documents. If a Member either does not have the capability or desire to conduct business electronically, the Association shall make reasonable accommodation, at its expense, for the person to conduct business without the use of electronic or other similar means.

Section 3.6. Conduct of Annual Meeting. The Chair of the annual meeting shall be the President of the Association. Business will be conducted in the following order:

(1) Call to Order & Establishment of a Quorum.

(2) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any regular or special meeting of the Members held subsequent thereto, unless such reading is waived by a Majority of the Vote as defined in Section 3.5(e) above.

(3) Reports of Officers.

(4) Reports of Committees.

(5) Treasurer's Report. The Treasurer shall report to the Members concerning the financial condition of the Association and answer relevant questions of the Members concerning the Common Expenses and financial report for the prior year and the proposed budget for the next year.

(6) Budget. The proposed budget for the following calendar year shall be presented to the Members.

(7) Election Committee. The Chairperson shall appoint an Election Committee consisting of at least two (2) Members of the Association. Such Committee shall determine eligibility of those voting, tally votes and certify the results to the Chairman.

(7) Election of Board of Directors. Nominations for the Board of Directors shall be made pursuant to Section 3.11 below. Voting for the Board of Directors will be by paper ballot. However, written balloting may be waived by a Majority of the Vote (as defined in Section 3.5(e) above) and voting may be conducted by a voice vote or show of hands in circumstances where the number of nominees does not exceed the number of Board positions (i.e. three nominations for three open positions). The ballot shall contain the name of each person nominated to serve as a Board member, including "write-in" candidates. Each Member may cast the total number of votes to which he or she is entitled for as many nominees as are to be elected; however, no Member shall be entitled to accumulate his or her votes. Those persons receiving the highest number of votes shall be elected.

(8) Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least ten (10) days prior to the date of the meeting; provided, however, that such written request may be waived at the meeting if agreed by a Majority of the Vote as defined in Section 3.5(e) above.

(9) Adjournment. Upon completion of all business before the Association, the President, upon the motion of any Member, may adjourn the meeting. Upon proper

Motion and approval of a Majority of the Vote, all annual and special meetings may be adjourned to a later date pursuant to the Nonprofit Act.

Section 3.7. Conduct of Special Meeting. The President of the Association shall act as Chair of any special meetings of the Association. The Chair shall call the meeting to order at the duly designated time and the only business to be considered at such meeting shall be in consideration of the matters for which such meeting was called, as set forth in the notice of such special meeting.

Section 3.8. Action by Written Ballots. In lieu of any annual or special meeting of the Members, written, "mail-in" ballots may be utilized in the manner prescribed in the Nonprofit Act or the HOA Act. To be valid, the Association must deliver a written ballot to every Member entitled to vote on the matter. The written ballot must set forth each proposed action and provide an opportunity for the Member to vote for or against each proposed action. Approval by written ballot is only valid if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authoring such action, and the number of approvals equals or exceeds the number of votes required to approve the matter at a meeting. A request for votes by written ballot must indicate the number of responses needed to meet the quorum requirements, state the percentage of approvals necessary to approve each matter, other than the election of directors, and specify the time by which a ballot must be received by the Association to be counted.

Section 3.9. Means of Communication. To avoid the costs of paper, postage and handling that would otherwise be incurred when distributing documents or information to Members by regular mail, and also to be more efficient in transmitting information that Members can receive even when out of town, the Association will, to the extent possible, make Association matters available online through the Association's website (if any) and/or via email or similar means, including but not limited to:

- (A) Notices of Annual or Special Meetings
- (B) Proxies and Ballots
- (C) Annual Budgets
- (D) Nominees for the Board of Directors for an upcoming election
- (E) List of current members of the Board of Directors
- (F) Recorded copy of the Declaration and all amendments thereto
- (G) These By-Laws and the Articles of Incorporation and all amendments thereto
- (H) Architectural or Design Guidelines, if any
- (I) Architectural Control Request for Change form
- (J) Rules and Regulations adopted by the Board of Directors
- (K) Name of, and contact information for, the Association's property management company, if any
- (L) Invoices, statements or coupon booklets for payment of Assessments
- (M) Voting through a secure website or equivalent
- (N) Payment of Assessments through a secure website or equivalent

For items listed above that the Association could email, the Member must waive the right to receive the same by regular mail and agree to receive the same by email in the manner described in Section 3.4 above.

Section 3.10. Failure to Reach Quorum. As is set forth in the HOA Act and Nonprofit Act, the failure to achieve a quorum at a meeting does not exempt any Member from, or create an affirmative defense for, any Member with respect to: (1) the Member's obligations under the Declaration, the Articles of Incorporation or these By-Laws, or (2) the Member's obligations to otherwise abide by the provisions of the Declaration, the Articles of Incorporation and these By-Laws, including but not limited to the payment of assessments. If a valid election cannot be held due to a failure to reach quorum at the annual meeting, the Directors then in office shall continue to serve as Directors until such time as (1) they resign from office, or (2) their replacements are duly elected and qualified. Alternatively, if a quorum is not present at an annual meeting, or if a sufficient number of candidates cannot be found to fill all open Board vacancies at the annual meeting, then the remaining members of the Board of Directors may fill any directorship positions open for election at the annual meeting in the same fashion as they would fill a vacancy under the terms of these By-Laws.

Section 3.11. Nominations and the Nominating Committee. Nominations for election to the Board of Directors shall be made by a Nominating Committee from those Members eligible to serve. The Nominating Committee shall consist of a Chairperson who must be a member of the Board of Directors, and two (2) or more Members, all appointed by the Board of Directors. The Nominating Committee shall bring the name or names of those candidates recommended to the Board before the names will be placed in nomination. The candidates will have the opportunity to appear before the Board. The Nominating Committee is encouraged, but not required, to nominate one candidate for each Board vacancy. The Committee may place more than one name in nomination for each vacancy. Vacancies will be advertised to the Membership by October 1 of each year and Members with interest will be encouraged to express their interest to the Nominating Committee. At the Annual Meeting, the Chairperson shall move into nomination those candidates nominated by the Nominating Committee. Also, the Chairperson shall also place into nomination any Member who notified the Board of his/her desire to seek election to the Board. Nominations will also be accepted from the floor, regardless of how many Members have been nominated by the Nominating Committee, and those nominated from the floor shall be "write-in" candidates.

Section 3.12. No Right to Inspect Written Ballots. In the case of a written ballot, no Member is entitled to inspect the ballots in any fashion that would allow the Member to determine how other Members cast their votes. This does not apply to the Election Committee and it does not apply to the Board should the Board be required to resolve any irregularities or suggested irregularities in the election.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1. Composition of the Board of Directors. 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 Board of Directors shall be composed of seven (7) Owners. To be eligible to be elected, they must be in Good Standing. Of those seven (7) Directors, 5 (5) must be the Owners of Residential Units, one (1) must be the Owner of a Commercial Unit in the Professional Business District and one (1) must be the Owner of a Commercial Unit in the Stonegate Village Business District. If there are no interested Owners from either the Professional Business District or the Stonegate Village Business District, these empty seats will be appointed for a one-year term by the

newly elected Board, utilizing Residential Owners as required to maintain a seven (7) member Board. The following year, the previously unfilled seat will come open again for occupancy by a Commercial Owner from that respective neighborhood.

Section 4.2. Additional Qualifications. Where a Member consists of more than one person or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner, or a partner or an officer or trustee shall be eligible to serve on the Board of Directors, except that no single Lot may be represented on the Board of Directors by more than one person at a time.

As a sign of commitment to the Stonegate Community, each Director must also participate on at least one committee during the course of their term on the Board. These committees may be permanent or temporary as needed to address the specific and immediate needs of Stonegate. Failure to do so shall render such Director as no longer eligible to continue to serve on the Board.

In addition, and in a display of honesty and integrity to the members of the community, all persons elected to serve as Director must execute, or sign, the Statement of Conduct adopted by the Board of Directors and attached to these By-Laws and marked as "Addendum 1", to govern the conduct and activities of Board members; and any person elected to serve on the Board of Directors who refuses to sign the Statement of Conduct shall not be eligible to serve as Director.

Section 4.3. Term of Office and Vacancy. Members of the Board of Directors shall be elected at each annual meeting of the Association. Each Director shall serve a term of two (2) years commencing at the conclusion of the December Board Meeting, with new members being present for and participating in that meeting. The terms shall be staggered such that no more than 4 members roll off in any given year. A vacancy shall immediately occur on the Board if a Village/Professional District Director no longer owns a Commercial Unit, or a Residential Board member no longer owns a Dwelling Unit or otherwise qualifies as a Class A or Class B Member. Any vacancy occurring in the Board caused by a death, resignation, or otherwise (other than a vacancy created by removal) shall be filled for the balance of the term of such Director through a vote of a majority of the remaining Directors. Despite the expiration of a Director's term, the Director continues to serve until a successor is appointed or elected and qualified. If through non-conforming circumstances, more than 4 new directors were to complete their maximum term in any given calendar year, the remaining directors may vote to extend one members term by an additional year to improve continuity of the Board.

A Director may only serve three (3) consecutive full terms. (In other words, six (6) years). After that, to be eligible to be elected to the Board again, such person must be off the Board at least one (1) year.

Section 4.4. Removal of Directors. A Director or Directors may be removed by the Members with or without cause if the number of votes cast to remove would be enough to elect the Director(s) at a meeting to elect Directors. A Director or Directors may be so removed by the Members only at a meeting called for the purpose of removing the Director(s). The meeting notice must state that the purpose of the meeting is for voting upon the removal of the Director(s). In such case, his or their successor(s) shall be elected at the same meeting from eligible Members nominated at the meeting to serve for the remainder of the term(s) of the removed Director(s).

In addition, a Director may also be removed “for cause” by a two-thirds (2/3) vote of the remaining Directors. For purposes of this provision, an act that constitutes “for cause” includes, but is not limited to: (a) failing to attend three (3) or more consecutive Board meetings; (b) becoming ineligible to serve on the Board pursuant to any terms set forth in the Declaration, Articles or these By-Laws; (c) acts of fraud, theft, deception, or criminal behavior; (d) breach or disclosure of confidential Board information or discussions to a person not on the Board; (e) failure to conform or follow the Director’s Statement of Conduct; (f) or any other actions not authorized by the Board which hinder or bypass the authority of the Board to act as a whole. Determination of whether “for cause” has been sufficiently established to justify removal of a Director is left to the sole discretion of the remaining Directors.

Section 4.5. 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) Protection, repair and replacement of the Common Areas, unless the same are otherwise the responsibility or duty of the Owners; provided, however, that this duty shall not include or be deemed or interpreted as a requirement that the Association, the Board or any Managing Agent must provide any on-site or roving guards, security service or security system for protection or surveillance, and the same need not be furnished;
- (b) Procuring of utilities, removal of garbage and waste if not provided by the municipality, and snow removal from the private streets;
- (c) Landscaping, painting, decorating, and furnishing of the Common Areas;
- (d) Assessment and collection from the Members of the Members’ pro-rata share of the Common Expenses;
- (e) Preparation of the proposed annual budget, a copy of which will be mailed or delivered to each Member at the same time the notice of annual meeting is mailed or delivered;
- (f) Preparing and delivering annually to the Members a full accounting of all receipts and expenses incurred during each year, which shall be available at no cost to any Member upon request;
- (g) Keeping a current, accurate, and detailed record of receipts and expenditures affecting the Common Areas, specifying and itemizing the Common Expenses; all records and vouchers shall be available for examination by a Member at any time during normal business hours;
- (h) Procuring and maintaining in force all insurance coverage required by the Declaration;

(i) Performing such other duties as may be reasonably inferred from the provisions of the Declaration.

Section 4.6. 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 its duties. These powers include, but are not limited to, the power:

(a) To employ a reputable and recognized professional managing agent or real estate management company (either being hereinafter referred to as “Managing Agent”) to assist the Board in performing its duties; provided, however, any management agreement shall be terminable for cause upon thirty (30) days written notice and terminable without cause upon sixty (60) days written notice, and any such agreement may not exceed three (3) years, renewable by agreement of the parties for successive one (1) year periods;

(b) To enter into contracts on behalf of the Association, subject to the limitations and requirements contained within the HOA Act, to purchase for the benefit of the Members such equipment, materials, labor, and services as may be necessary in the judgment of the Board of Directors;

(c) To procure for the benefit of the Members fire and extended coverage insurance covering the buildings and improvements on the Lots and the Common Areas to the full insurable value thereof, to procure public liability and property damage insurance and worker’s compensation insurance, if necessary, and to procure all such other insurance as is required or permitted under the Declaration, for the benefit of the Members and the Association;

(d) To employ legal counsel, architects, engineers, 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 employ, designate, discharge and remove such personnel as in the judgment of the Board of Directors may be necessary for the maintenance, upkeep, repair and replacement of the Common Areas;

(f) To include the costs of all of the above and foregoing as Common Expenses of the Association and to pay all of such costs therefrom;

(g) To open and maintain a bank account or accounts in the name of the Association and to designate the signatories thereto;

(h) To adopt, revise, amend, and alter from time to time reasonable rules and regulations with respect to use, occupancy, operation, and enjoyment of the subdivision, including the Lots and the Common Areas, provided that the Board shall give advance written notice to the Members of such rules and any revision, amendment, or alteration thereof. All such rules and regulations shall be binding and enforceable upon each and every Lot and Member, including all occupants, guests and invitees of any Lot or

Member, in the subdivision. Enforcement of such rules, regulations, policies and guidelines shall be subject to the remedies set forth in the Declaration.

Section 4.7. Compensation. None of the Directors shall receive compensation for any service rendered to the Association as a Director. However, the Directors may each be reimbursed for actual expenses incurred in the performance of his or her duties if approved by the Board. No Director or Officer can receive any compensation for his or her services in a capacity other than as a Director unless it is expressly authorized by (1) a majority of the remaining Directors and (2) a Majority of the Vote by the Members as defined in Section 3.5(e) hereof. The Managing Agent shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 4.8. Meetings and Notice. 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. No written or verbal notice need be given to Directors for regularly scheduled Board meetings of which the Directors are already aware. For all other Board meetings, the Secretary shall give notice of such 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. Special meetings of the Board may be called by the President or any two (2) members of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary, who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Board members. 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. To the extent provided in the Nonprofit Act, a Director may conduct or participate in a regular or special meeting of the Board of Directors through the use of conference telephone or any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is considered to be present in person at the meeting.

In lieu of written notices from the Secretary sent pursuant to the above paragraph, a Director may elect to receive notices of Board meetings by email. Any Director choosing email shall be deemed to have waived the right to receive notices from the Association by U.S. Mail or personal delivery. However, any such Director shall have the right at any time to withdraw his or her election to receive notice by email, and shall thereafter be sent notices by the Secretary pursuant to the above paragraph.

Section 4.9. Open Board Meetings. As and to the extent required by the HOA Act or any other applicable law, meetings of the Board of Directors shall be open to attendance by the Members of the Association. The Board may meet in private “executive sessions” to discuss owner delinquencies, contract negotiations (i.e. bids), pending and current litigation with legal counsel, and legally confidential employment matters. The Board may adopt rules, regulations and procedures regarding administration of such meetings, including regulation of matters such as Member participation, time limits for speaking, scheduling, agendas, and other administrative issues consistent with Indiana law, the Declaration and these By-Laws. It is recognized and understood that there may, from time to time, be disagreements with regard to certain issues. Notwithstanding such disagreements, Members agree to conduct themselves at meetings in an appropriate, reasonable and adult-like fashion, and to abide by all rules and regulations governing administration of meetings as adopted by the Board. In the event that a Member is repeatedly disruptive despite multiple warnings, makes threats of physical harm, commits an illegal or violent act, or otherwise acts in a threatening, violent, hostile, or unduly aggressive fashion, said Member may be immediately removed from the meeting. In the event that the

same Member repeatedly acts in a hostile, threatening or violent manner at meetings, or is removed from two (2) consecutive meetings, said Member may have his or her rights to attend Board and membership meetings temporarily suspended at the discretion of the Board. The duration of such suspension shall be determined by the Board, factoring in the egregiousness of the Member's conduct and the potential threat to the health, safety and welfare of other Members. The Board, at the discretion of the President or at the request of another member, may enter into a closed session of the Board. The purpose of this session would be strictly for discussing matters of a confidential and/or legal nature that may not yet be ready for dissemination to the Members at large. During this special closed session, only Board Members will be present, unless any Board Member has a conflict of interest relevant to the material being discussed, with official minutes being taken, but these minutes do not have to be disseminated and/or made public at that time.

Section 4.10. Waiver of Notice. Before or after 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 all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 4.11. Quorum. At all meetings of the Board, unless the Nonprofit Act, the HOA Act, or these By-Laws provide otherwise, a majority of the Directors shall constitute a quorum for the transaction of business and the votes of the majority of the Directors present at a meeting at which a quorum is present shall be the decision of the Board.

Section 4.12. Bond. The Board of Directors may require the Managing Agent, Treasurer and such other officers as the Board deems necessary to provide surety bonds, indemnifying the Association against larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, and other acts of fraud or dishonesty, in such sums and with such sureties as may be approved by the Board of Directors and any such bond shall specifically include protection for any insurance proceeds received for any reason by the Board. The expense of any such bond shall be a Common Expense.

Section 4.13. Informal Action by Directors. 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 written consent is filed with the minutes of proceedings of the Board or committee. In lieu of written action, the Board may use email communication as a means to establish consent for and to take informal action, with the results to be ratified at the next meeting of the Board or Committee, with such results recorded in the minutes for that meeting.

Section 4.14. Standards of Conduct and Liability of Directors and Officers. The standard and duty of conduct for and the standard or requirements for liability of the Directors and Officers of the Association shall be as set forth in the Nonprofit Act and the HOA Act.

ARTICLE 5

OFFICERS

Section 5.1. Officers of the Corporation. 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 5.2. 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. Each officer shall hold office for one (1) year or until his successor shall have been duly elected and qualified, unless earlier removed by the Board of Directors. Upon recommendation of a majority of all members of the Board or upon an affirmative vote of a Majority of the Vote (as defined in Section 3.5(e) hereof), any officer may be removed either with or without cause and his or her successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose. A Director removed from a particular office shall continue to serve on the Board of Directors and may be reappointed to a different office or may serve on the Board without an officer designation.

Section 5.3. The President. The President shall be elected from among the Directors and shall be the chief executive officer of the Association. The President 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 a nonprofit corporation organized under the laws of Indiana, including, but not limited to, the power to appoint committees from among the Members as he or she may deem necessary to assist in the affairs of the Association and to perform such other duties as the Board may from time to time prescribe.

Section 5.4. 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 or her by the Board or by the President.

Section 5.5. The Secretary. The Secretary shall be elected from among the Members 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 authenticate the Association's records, 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. 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 5.6. The Treasurer. The Board shall elect from among the Members 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. The Treasurer 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 or she shall immediately deposit all funds of the Association coming into his or her 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. The Treasurer may permit the Managing Agent, if any, to handle and account for monies and other assets of the Association to the extent appropriate as part of its duties.

Section 5.7. Assistant Officers. The Board of Directors may from time to time designate and elect from among the Members an Assistant Secretary and Assistant Treasurer, who shall have such powers and duties as the Officers whom they are elected to assist and shall delegate to them such other powers and duties as these By-Laws or the Board of Directors may prescribe.

ARTICLE 6

INDEMNIFICATION

Section 6.1. Indemnification of Directors and Officers. To the extent not inconsistent with the laws of the State of Indiana, every person (and the heirs and personal representatives of such person) who is or was a director or officer of the Association shall be indemnified by the Association to the same and fullest extent that directors of nonprofit corporations are indemnified under the Nonprofit Act.

ARTICLE 7

RECORDS OF THE ASSOCIATION

Section 7.1. In General. Current copies of the Declaration, the Articles, the By-Laws, rules and regulations, financial documents and other corporate documents concerning the Stonegate Community or the Association and its operation required to be kept and made available for inspection shall be available for inspection by any member or other properly designated party at the principal office of the Association during reasonable business hours or under other reasonable circumstances, where copies of the same may be purchased at reasonable cost. The Association shall keep detailed books of account showing all expenditures and receipt of administration which shall specify the maintenance and repair expenses of the Common Areas, all easements, and any other expenses incurred by or on behalf of the Association and the members.

The accounts, books, records, financial statements, and other papers of the Association shall be open for inspection by any member upon written request submitted to the Board at least five (5) days in advance of the proposed inspection date, and said inspection is to be made during reasonable business hours or under other reasonable circumstances. Any holder, insurer, or guarantor of a first mortgage on a Lot shall be entitled upon written request to receive a financial statement for the immediately preceding fiscal year.

The Association reserves the right to require any member desiring to inspect the books, records, financial statements, and other papers of the Association to comply with the requirements set forth under the Nonprofit Act and the HOA Act, and any amendments or re-codification subsequently adopted thereto.

The Association reserves the right to deny any request by a member for inspection of the Association's roster of members, including mailing addresses of members, which the Board of Directors determines: (a) was not made in good faith or for a proper purpose; (b) the member fails to describe with reasonable particularity the purpose of the inspection; (c) the purpose is not directly related to the operation of the Association; or (d) was made to solicit money or property, or for a commercial purpose, or for marketing or advertising purposes.

ARTICLE 8

MISCELLANEOUS

Section 8.1. Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 8.2. Personal Interests. No Member of the Association shall have or receive any earnings from the Association; provided, however, that a Member who is an officer, director, employee, or agent of the Association may be reimbursed for expenses incurred on the Association's behalf.

Section 8.3. Contracts, Checks, Notes, Etc. All contracts and agreements entered into by the Association shall be signed by the President, unless otherwise directed by the Board of Directors. All checks and orders for the payment of money shall be signed by the Treasurer, unless otherwise directed by the Board of Directors. The Board, at its first meeting of the year, may grant authority to the Management Company, allowing them to enter into contracts and agreements and sign checks on behalf of the Association, with any limits and stipulations stated and approved by the Board and as noted in the minutes taken at the meeting.

Section 8.4. Committees. The Board of Directors shall appoint the committees provided for in the Declaration. In addition, the Board of Directors may appoint various other committees to carry out the purposes of the Association. Members of such committees may, but need not, be members of the Board of Directors. Committee members may be removed at any time and for any reason. The terms of the Committee members will be determined by the Board. In the absence of any specifically set term, a Committee member's term will be indefinite.

ARTICLE 9

GRIEVANCE RESOLUTION PROCEDURES

Section 9.1. Grievance Resolution Procedures. Effective July 1, 2015, Indiana enacted a statute that requires many disputes involving an Indiana homeowners association to be addressed through a grievance resolution procedure before a lawsuit can be filed in court. Currently, that statute is found in the HOA Act at Indiana Code 32-25.5-5. To comply with the spirit and intent of that statute, all Members of the Association, the Board of Directors, the Officers of the Association, and committee members agree to encourage the amicable resolution of disputes involving the Stonegate Community and to avoid the emotional and financial costs of litigation if at all possible. They all are deemed to covenant and agree that the statutorily mandated grievance resolution procedures shall apply to any claim covered by the Indiana statute, subject to the claims that the statute lists as being exempt from those required procedures. (For example, one of the exempt claims is a claim by the Association for unpaid Assessments and any action by the Association to collect Assessments.)

ARTICLE 10

AMENDMENT TO BY-LAWS

Section 10.1. Amendment. These By-Laws may be amended by a Majority of the Vote as defined in Section 3.5(e) hereof in a duly constituted meeting called for such purpose, except as prohibited by any provision of the Declaration, the Nonprofit Act, the HOA Act, or these By-Laws, as the same may be amended from time to time.

This instrument prepared by:
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ADDENDUM #1
To the By-Laws of
Stonegate Community Property Owners Association, Inc.

Board Member Statement of Conduct

Congratulations on your election or appointment to the Board of Directors for the Stonegate Community Property Owners Association, Inc. The purpose of this letter is to acquaint you with the standard of conduct that is expected of community association Board members in Indiana. The law imposes certain legal obligations on all Board members. Failure to fulfill these obligations could lead to a lawsuit against the Association, the Board, and even you personally. Chief among these obligations is what's called a "fiduciary duty" to the Association and its members. This means that you must perform your duties as a Board member in good faith and with the degree of care that an ordinarily prudent person would use under similar circumstances, being at all times loyal to the Association and its best interests. But in practice it gets a little more complicated than that. While it's impossible to review every possible situation you might face, here are some guidelines to follow. As a Board member, you must:

1. Act in the Association's best interests at all times. Your decisions must be based on what's best for the Association as a whole. Making decisions or taking actions that put the interests of yourself, your family, your friends, or your supporters above those of the Association or its members as a whole is a breach of your fiduciary duty to the Association.

2. Act with care, including seeking advice from experts when appropriate. When making decisions or taking actions, you must exercise the degree of care that an ordinarily prudent person would under the circumstances. Among other things, this means that if, for example, the Board must decide an issue that no one on the Board is an expert on, the Board should consult an expert. This doesn't mean you should feel paralyzed to make a decision, but it does mean that you should exercise care in making certain decisions regarding issues for which the average person would find it helpful or necessary to seek some input or advice from an expert or advisor before making a final decision, such as legal, accounting, construction or particular maintenance (such as fertilization chemicals) issues or matters.

3. Act within the scope of your authority. Your authority is defined in the Association's governing documents and by applicable Indiana and local law. It's important that you become familiar with the provisions of the Declaration, By-Laws and other governing documents of the community; and that you understand the scope of your authority in those documents and not exceed it. If a Board action violates the duly adopted By-Laws, Declaration, or other governing documents, or state or local laws, the Board may have breached its fiduciary duty and the action may have to be invalidated. Examples of this would be failing to comply with procedural requirements for community meetings and elections, or failing to enforce or comply with the restrictions or requirements in the Declaration. Therefore, it is very important that Board members always act to make reasonable decisions that are consistent with Indiana and local laws, the Declaration, the By-Laws, and the other governing documents of the community. Likewise, Board members should not act unilaterally or contrary to Board decisions, such as signing contracts, approving architectural requests, or making other promises or agreements with vendors or other Members without Board approval.

4. Act in good faith. Board members' motives at all times must be to further the legitimate best interests of the Association. If Board members make decisions based on favoritism, discrimination, or malice - or make arbitrary decisions -they are breaching their fiduciary duty. This doesn't mean that the Board can't create a rule that affects some members differently from the way it affects others, such as a clean-up-after-your-pets rule or a parking rule. It just means that the decision to create the rule must be based on Board members' honest judgment of what is best for the Association as a whole. This same guideline applies to enforcement of the covenants as well, meaning a Board member should not seek to enforce the restrictions of the community selectively or in a personal or self-serving fashion.

5. Act professionally. Being a member of the Board requires you to behave and express yourself in a professional and businesslike manner. Remember that you are a representative of the owners, and your behavior is a reflection on everyone you represent. Obviously, inappropriate language and personal attacks against other Board members, owners, managers, guests, vendors or contractors are not consistent with the best interests of the Association. Also, Board members should attend meetings regularly. You were chosen to sit on the Board because of your experience, education and talents, and not attending meetings prevents the Board from using your valuable input to make decisions. Additionally, if a Board member has any perceived, potential or actual conflict of interest regarding any aspect of the business operations of the Association, this information must be disclosed to the Board immediately. An example of this would be a situation where a Board member, or a relative or close friend, is directly involved with any vendor being used by the Association, such as the lawn maintenance company. This conflict of interest disclosure is required under the law, and failure to make a proper disclosure could open the Board member up to personal liability surrounding the conflict.

The great thing about serving on a Board is that each member is asked to bring his or her experience, knowledge and talents to the table and use them collectively for the benefit of the entire community. This doesn't mean every member needs to agree or have the same opinion of how the Association should handle a particular matter, but it does mean that each member should respect other points of view, seek to understand those differences, and ultimately follow the decision of the entire Board, even if that decision is not in agreement with the individual Director's views.

6. Act to preserve confidentiality. Remember, each Board member may be entrusted with information that is private or personal in nature and should not be passed along to others who are not on the Board. (That includes spouses, family members, and others in the Board member's household.) Board members should always maintain the confidentiality of all legal, contractual, personnel, vendor and management matters involving the Association. Board members should also maintain the confidentiality of the personal lives of other Board members, Association members, residents and management staff. Failing to keep confidential information private creates an enormous amount of potential liability for the Association, the members, and each individual Board member. This doesn't mean that the Board should not discuss any Association matters with the residents, because you obviously need to let the members know what the Board is doing on their behalf. However, a safe approach to take on this issue is to not discuss specifics of confidential matters, but merely update the members in general terms. An example would be to tell members that there is a pending lawsuit involving an issue, and that the Association's legal counsel is providing guidance to the Board as it makes decisions during the litigation process, but not to disclose the terms of specific settlement offers or arguments being made by either side in the issue.

7. Act as a Steward for the Community. Board members have been elected to lead the community through the Association. You have been entrusted to manage and make decisions that will impact the entire neighborhood. As a representative of the people, you should hold yourself up as an example to the other residents of the community by complying and following the provisions of the governing documents for the community. Board members should also not defame, slander, harass, threaten, or otherwise attempt to intimidate or ridicule any other Board member, Association member, resident, or management staff member. Any action by a Board member that fails to fall within this good steward guideline is acting outside the scope of the Board member's authority, and as such, may be opening himself or herself up to potential individual liability or removal from the Board.

8. Avoid the following six common mistakes. You'll have to use your best judgment in determining what your fiduciary duty requires of you in any specific situation. But there are common mistakes that you should avoid:

- Don't take personal advantage of business opportunities that should benefit the entire community.
- Don't do business with the Association unless you disclose that fact to the other Board members and get the appropriate approval to do so.
- Don't give preferential treatment to friends and supporters, or expect it for yourself from others.
- Don't accept gifts from vendors or others doing business- or seeking to do business -with the Association.
- Don't make decisions on behalf of the Association based solely upon your personal goals or views but make them based upon the desire of the residents and the benefit to the Stonegate Community as a whole. Dictators seldom have loyal and happy followers.
- Don't reveal confidential information.

The Board has decided to adopt this statement of conduct to serve as a source of guidance for all Board members and to be a reminder to each member of his or her responsibilities as a Board member and a representative of the Members in the Stonegate Community. Each Board member should always keep in mind that he or she has been entrusted to act as a representative of the community by their neighbors. Therefore, every member of the Board is asked to sign this statement of conduct as your affirmation that you have read, understand and agree to follow these simple rules of conduct and ethical behavior. Your refusal to adopt and follow these simple rules of conduct shall act as a disqualification to serve on the Board of Directors.

You have undertaken an important job in our community, and we appreciate your service!

Thank you.

Board Member's Agreement to Abide by the Statement of Conduct

I hereby state that I have read this Statement of Conduct and understand these rules and what is expected of me as a Board member of the Association. I also state by my signature below that I agree to follow these rules of conduct, and that I understand my failure to abide by these rules of conduct may result in my removal from the Board of Directors of the Stonegate Community Property Owners Association, Inc.

Date: _____

Signature of Director

Printed Name of Director

[All Directors serving on the Association's Board of Directors must sign a Statement of Conduct, which shall be maintained in the Association's records. This Statement of Conduct shall remain valid and in effect through the end of the Director's current term. If the Director is re-elected for a new term upon the expiration of his/her current term, then a new Statement of Conduct shall be signed by the Director for their new term of office.]