

**AMENDED AND RESTATED
CODE OF BY-LAWS**

OF

CHRISTMAS LAKE PROPERTIES ASSOCIATION, INC.

Revised as of April 10, 2003

ARTICLE I

Identification

Section 1.01. Name. The name of the corporation is Christmas Lake Properties Association, Inc. (“Association”).

Section 1.02. Registered Office and Registered Agent. The address of the Registered Office of the Association is 193 South L.J. Koch Blvd., P.O. Box 352, Santa Claus, Indiana 47579, and the Association’s Registered Agent at that office is the Property Manager.

Section 1.03. Fiscal Year. The fiscal year of the Association shall begin on the first day of January of each year and end on the last day of December next succeeding.

Section 1.04. Certain References.

(a) All references in these By-Laws to the Indiana Nonprofit Corporation Act of 1991, as amended (“Act”), and the Articles of Incorporation of the Association shall include the Act and the Articles of Incorporation, respectively, as now in effect or as may be amended hereafter from time to time.

(b) All references in these By-Laws to “Christmas Lake Village” shall mean all developments or subdivisions comprising the community of Christmas Lake Village, including both single family residential homes and condominium unit subdivisions.

(c) All references in these By-Laws to the “Covenants” shall mean the then current Covenants and Restrictions of record in the Recorder’s Office of Spencer County, Indiana for each subdivision in Christmas Lake Village; provided, however, the term “Covenants” shall include any and all of the covenants, rights, restrictions and liabilities contained in any amendments to the covenants, including any covenants adopted and recorded subsequent to the adoption of these By-Laws which binds all of the subdivisions of Christmas Lake Village under one set of covenants and restrictions.

ARTICLE II

Membership

Section 2.01. Definition. The Association shall have two (2) classes of Members. Provided all assessments have been paid, any person, partnership, corporation or other entity which is a record owner of a Lot within Christmas Lake Village shall be a voting Member of the Association ("Member"). Any person, partnership, corporation or other entity which is a contract purchaser of a Lot shall be a non-voting member of the Association.

Section 2.02. Rights, Preferences, Limitations and Restrictions. All Members shall have the same rights, privileges, duties, liabilities, limitations and restrictions. All Members and non-voting members shall abide by the Articles, the By-Laws, and the rules and regulations adopted by the Board of Directors, and all covenants, restrictions and other provisions contained in the Covenants.

Section 2.03. Membership Certificate. Each Member of the Association shall be entitled to a Membership Certificate signed by the President and attested by the Secretary stating that he is a Member of the Association and containing such other information as may be required by law. The form of Membership Certificate shall be prescribed by resolution of the Board of Directors. Membership Certificates shall not be transferable except as herein provided.

Section 2.04. Delinquent Membership. Membership shall be deemed delinquent when a Member ceases to pay required assessments as provided in the Covenants.

Section 2.05. Termination of Membership. Membership shall terminate when a Member ceases to be a record owner of a Lot within Christmas Lake Village, and such membership shall be automatically transferred to the new owner of any platted lot shown on the plat of any subdivision of Christmas Lake Village ("Lot").

ARTICLE III

Meetings of Association

Section 3.01. Purpose of Meetings. At least annually, and at such other times as may be necessary, meetings of the Association shall be held for the purpose of electing the Board of Directors and for such other purposes as may be required by the Articles or these By-Laws.

Section 3.02. Annual Meeting. The annual meeting of the Members of the Association shall be held on the second Sunday of June in each calendar year at 1:00 p.m. At the 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 3.03. Special Meetings. A special meeting of the Members of the Association may be called by either (i) the President (as defined in Section 5.07 hereof), (ii) a resolution of twenty-five percent (25%) of the Board of Directors, or (iii) upon a written petition of the Members who have not less than a majority of the available vote. 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 3.04. Delayed Annual Meeting. If for any reason the annual meeting of the Members shall not be held on the day hereinbefore designated, such meeting may be called and held as a special meeting and the same proceedings may be had at said special meeting as at an annual meeting, provided, however, notice of such meeting shall be the same as required for the annual meeting, namely, not less than a thirty (30) day notice.

Section 3.05. Notice and Place of Meetings. All meetings of the Members of the Association and the Board of Directors shall be held at any suitable place in Spencer County, Indiana, as may be designated by the Board of Directors; provided, however, no meeting shall be held at a location other than Santa Claus, Indiana, except pursuant to resolution adopted by the Board of Directors. Written notice stating the date, time and place of any meeting of the Members of the Association and the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary (as defined in Section 5.09 hereof) to each Member of record at such address as appears on the records of the Association within thirty (30) days of a meeting of the Members.

Section 3.06. Waiver of Notice. Notice of any meeting may be waived in writing by any Member if the waiver sets forth in reasonable detail the time and place of the meeting and the purposes thereof. Attendance at any meeting in person, or by proxy, shall constitute a waiver of notice of such meeting.

Section 3.07. Voting Rights. Provided that a Member is not deemed delinquent under Section 2.04 of these By-Laws, each Member shall be entitled to one (1) vote for each Lot owned by such Member in Christmas Lake Village.

Section 3.08. Multiple Owners. Provided all assessments due have been paid, every person, firm or corporation being a recorded owner of any lot in any subdivision of Christmas Lake Village shall be a voting member of the Association, entitled to one (1) vote for each lot owned. When more than one person owns an interest in any lot, all such persons shall be members and the vote for such lot 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.

Section 3.09. Voting by Trust, Corporation or Partnership. Where a trust, corporation or partnership is the record owner of Lot or is otherwise entitled to vote, the votes of each may be cast, respectively, by the trustee, an attorney-in-fact appointed by the trustee, any executive officer of the corporation, or any attorney-in-fact appointed by the Board of Directors of the

corporation, any general partner of the partnership, or an attorney-in-fact appointed by the partnership.

Section 3.10. Voting by Proxy. A Member may vote either in person or by his duly authorized and designated attorney-in-fact. Where voting is by proxy the Member shall duly designate his attorney-in-fact in writing and deliver it to the Secretary prior to commencement of the meeting, such ballot or proxy to be postmarked at least ten (10) calendar days prior to the meeting.

Section 3.11. Quorum. Except where otherwise expressly provided in the Articles or these By-Laws, at any meeting of the Members, representation of ten percent (10%) of the votes available in person or by proxy shall constitute a quorum.

Section 3.12. Conduct of Meeting. The Chairman of the meeting shall be the President of the Association. He shall call the meeting to order at the duly designated time and business will be conducted in the following order:

- (a) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meetings held subsequent thereto.
- (b) President's Report. The President shall report on the general state of the Association and Christmas Lake Village, including significant events occurring since the last annual meeting, and answer relevant questions concerning the state of the Association and Christmas Lake Development.
- (c) 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 expenses and financial report for the prior year and the proposed budget for the current year.
- (d) Election of Board of Directors. Nomination for the Board of Directors may be made by any Member. Such nomination shall be in writing and presented to a member of the nominating committee. Voting for the Board of Directors shall be by paper ballot. Ballots shall contain the name of each person nominated to serve as a Director. Each Member may cast the vote or votes to which he is entitled for as many nominees as are to be elected; provided, however, a Member shall not be entitled to cumulate his or her votes. Those persons receiving the highest number of votes shall be elected.
- (e) Other Business. Other business may be brought before the meeting only upon a written request of a Member submitted to the Secretary of the Association at least ten (10) days prior to the date of the meeting; provided, however, such written request may be waived by a majority vote of the Board of Directors at the meeting.

Section 3.13. Written Consent by Members. Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting if one (1) or more written consents describing the action taken are signed by eighty percent (80%) of the Members, and such written consent is filed with the minutes of proceedings or filed with the corporate records reflecting the action taken. Action under this Section 3.13 is effective when the last Member necessary to meet the eighty percent (80%) requirement signs the consent, unless the consent specifies a different or subsequent effective date.

ARTICLE IV

Board of Directors

Section 4.01. Election, Number and Term of Office. The business, property and affairs of the Association shall be managed by the Board of Directors, which shall be composed of nine (9) Members of the Association. Directors shall be elected at the annual meeting of Members or, if not so elected, at a special meeting of the Members called for the purpose of electing directors. Directors must satisfy the qualifications for directors set forth in these By-Laws. All directors elected by the Members, except in the case of earlier resignation, removal, disqualification or death, shall hold office for the term for which the Director is elected and until a successor is elected and qualified. Directors shall not be elected for more than two (2) consecutive three (3) year terms.

Section 4.02. Qualifications of Directors. Directors shall, at the time of their election and during their entire term, (i) be a Member of the Association, (ii) not be deemed delinquent under Section 2.05 hereof, and (iii) be appointed to that position or chosen to serve in such capacity in the discretion of the respective Members individually.

Section 4.03. Vacancies. Any vacancy occurring on the Board of Directors caused by disqualification, removal, resignation, death or other incapacity shall be filled by a majority vote of the remaining directors, until the term of the vacating director expires. If the vote of the remaining directors shall result in a tie, such vacancy, at the discretion of the Board of Directors, may be filled by vote of the Members at a special meeting called for that purpose.

Section 4.04. Annual Meeting of Directors. The Board of Directors shall meet each year immediately after the annual meeting of the Members at the place where such meeting of the Members has been held for the purpose of organization, election of officers and consideration of any other business that may properly come before the meeting. No notice of any kind to either old or new directors for such annual meeting shall be necessary.

Section 4.05. Regular Meetings. Regular meetings of the Board of Directors, if any, shall be held at such times and places, either within or outside of Spencer County, Indiana, as may be fixed by the directors; provided, however, regular meetings of the Board of Directors shall be held at least once each month.

Section 4.06. Special Meetings. Special meetings of the Board of Directors may be called by the President or by at least two (2) of the directors then in office and may be held at such times and places, either within or outside of Spencer County, Indiana, as specified in any notice of such special meeting.

Section 4.07. Notice of Meetings. Regular meetings of the Board of Directors may be held upon notice as fixed by the directors. Notice of the date, time and place, either within or outside of Spencer County, Indiana, of a special meeting shall be served upon, telephoned, mailed, emailed, telegraphed, cabled, telecopied or sent by over-night courier to each director at his usual place of business or residence at least two (2) days prior to the time of the meeting. Directors, in lieu of any notice, may sign a written waiver of notice before the time of the meeting, at the meeting or after the meeting. Attendance by a director in person at any meeting, whether regular or special, shall constitute a waiver of notice.

Section 4.08. Conference Telephone Meetings. A member of the Board of Directors may participate or conduct in a meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the meeting may simultaneously hear each other, and participation by these means constitutes presence in person at the meeting.

Section 4.09. Quorum. A majority of the entire Board of Directors in office, from time to time, shall be necessary to constitute a quorum for the transaction of any business and the act of a majority of the directors present at the meeting, at which a quorum is present, shall be the act of the Board of Directors, unless the act of a greater number is required by the Act, by the Articles of Incorporation or by these By-Laws.

Section 4.10. Written Consent by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if one (1) or more written consents describing the action taken are signed by all members of the Board of Directors or such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different prior or subsequent effective date.

Section 4.11. Removal of Directors. Unless otherwise provided in the Articles of Incorporation, any or all directors may be removed at any time with cause, at a meeting called for that purpose, only by the affirmative vote of a majority of the actual number of directors in office from time to time, other than the director whose removal is at issue.

Section 4.12. Resignations. Any director may resign at any time by giving written notice to the Board of Directors or the President. Any such resignation shall take effect as provided in the Act or at any later time specified in the resignation, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.13. Committees. The Board of Directors may, by resolution adopted by a majority of the actual number of directors in office from time to time, designate from among its members an executive committee and one or more other committees, each of which may exercise authority to the extent provided in the resolution or in the Act, the Articles of Incorporation or these By-Laws.

Section 4.14. Special Committees. The Board of Directors shall appoint by resolution such special committees as shall be necessary from time to time for the purpose of conducting studies and reporting recommendations to the Board of Directors for its action. Such committees shall have included within its membership not less than five members and including two members of the Board of Directors. Committee meetings are not open to the public, but minutes of such meetings shall be maintained by the special committee. There shall be appointed the following special committees who shall serve at the pleasure of the Board of Directors.

- (a) Committee on Rules and Regulation. Such Committee shall study and recommend to the Board of Directors for its adoption annually, prior to the annual meeting of the Association, a set of rules and regulations, including amendments thereto, for the use and enjoyment of the common properties of Christmas Lake Village, including a schedule of uniform charges for Members and their guests for the development, use and maintenance of recreational facilities and services as are now or may hereafter be constructed or developed for the enjoyment of the Members and their guests.
- (b) Budget and Assessment Committee. Such Committee shall study and recommend to the Board of Directors annually, the extent of the expenditures necessary for the ensuing year to maintain the common properties, including the lakes and lake areas. Also, to recommend any additional improvements to be made or constructed and the cost thereof, in order that the Board of Directors may be guided in establishing the amount of membership assessments necessary to accomplish the purposes of the Association.
- (c) General Advisory Committee. Such Committee shall be composed of one Lot owner from each residential subdivision who shall observe, investigate and make written recommendations prior to the Board of Directors' regularly scheduled meetings relative to any special problem areas arising in any of the various subdivisions of Christmas Lake Village which, in the Committee's belief, require Board of Directors action or study.
- (d) Nominating and Election Supervisory Committee. Such Committee shall solicit and receive nominations, prepare and mail ballots, post notice of the date, time, place and names of nominees at least fifty (50) days prior to the election. Any Member in good standing who shall have obtained the signatures of fifteen (15) Members in good standing, excluding spouses, shall be entitled to have his or her name listed on the ballot, provided his or her name is submitted to the Committee

forty-five (45) days prior to the election. No nominations will be accepted at any time within forty-four (44) calendar days prior to the annual meeting.

- (e) Additions or Revisions to By-Law Committee. The By-Law Committee will meet and make the necessary additions or revisions. Any change in the By-laws requires approval by a majority of the votes cast by a quorum (as defined in Section 3.11 herein) at an annual or special meeting called for the stated purpose of changing the By-Laws. Proxies mailed in advance of such meeting shall show the existing By-Laws proposed to be changed, the proposed change in said By-Laws, with provision for approval or disapproval.
- (f) Other Committees. Such other committees as shall from time to time be deemed necessary by the Board of Directors, including, without limitation, an Architectural Review Board as set forth in the Covenants.
- (g) Executive Committee. The Executive Committee shall be constituted of the entire Board of Directors and shall be used for discussion purposes only, including, without limitation, discussion of employees, salaries, works in progress and legal advice. While the Executive Committee may discuss any and all matters affecting the Association, no action may be taken at such meeting other than making recommendations for the Board of Directors to consider at a regular scheduled meeting or properly noticed special meeting.

Section 4.15. Duties of the Board of Directors. The business and affairs of the Association shall be managed by the Board of Directors. The Board of Directors shall provide for the administration and enforcement of the standards, covenants and restrictions contained in the Covenants, and for the ownership, operation, maintenance, repair and replacement of the roads, drainage ditches, utility strips and other facilities within Christmas Lake Village, and for the collection and disbursement of the expenses therefor. These duties include, but are not limited to:

- (a) Fulfilling the obligations to be carried out by the Association under the Covenants;
- (b) Providing for the protection, surveillance and maintenance of the roads, drainage ditches, utility strips and other facilities within Christmas Lake Village;
- (c) Assessing and collecting from the Members any assessments specified in the Covenants;
- (d) Preparing an annual budget; and
- (e) Keeping a current, accurate and detailed record of receipts and expenditures affecting the property owned by the Association specifying and itemizing the expenses:

all records and vouchers shall be available for examination by a Member at any time during normal business hours at the principle office of the Association.

Section 4.16. Powers of the Board of Directors. The Board of Directors shall have such powers as are reasonable and necessary to accomplish the performance of its duties. These powers include, but are not limited to, the power:

- (a) To employ a managing agent to assist the Board of Directors in performing its duties;
- (b) 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 such insurance as in the opinion of the Board of Directors is necessary;
- (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 expenses of the Association;
- (f) To open and maintain a bank account or accounts in the name of the Association;
- (g) To adopt, revise, amend and alter from time to time reasonable rules and regulations with respect to use, operation and enjoyment of the roads, drainage ditches, utility strips and other facilities within Christmas Lake Village;
- (h) To constitute, appoint and establish such committees as the Board of Directors deems necessary to aid it in operating and managing the Association, including without limitation, an architectural review board or similar body.

Section 4.17. Compensation. No director shall receive any compensation for his services as such except to such extent as may be expressly authorized by a majority vote of the Members and in such amount as may be fair and reasonable compensation for services performed.

Section 4.18. Bond. The Board of Directors may require the Treasurer, and such other officers as the Board of Directors deems necessary, to give bond 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 deemed appropriate by the Board of Directors at the Association's expense.

Section 4.19. Executive Meetings. The Executive Committee of the Board of Directors described in Section 4.14 (i) herein may be called by the President or by at least two of the Directors then in office and may be held at such times and places within Spencer County, Indiana, as specified in any notice of such Executive Meeting. Executive Meetings shall be closed meetings, but minutes shall be kept. Contrary to a special meeting described in Section 4.06, binding action may not be taken by the Board of Directors at an Executive Meeting.

ARTICLE V

Officers

Section 5.01. Principal Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board of Directors, such other subordinate officers as may be appointed in accordance with the provisions of these By-Laws. The same individual may simultaneously hold more than one office at any time, and a single individual may hold all of the offices at any time.

Section 5.02. Election and Term of Office. The principal officers of the Association shall be chosen annually by the Board of Directors. Each such officer shall hold office until his successor shall have been duly elected and qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 5.03. Removal. Any principal officer may be removed with cause at any time by resolution adopted at any meeting of the Board of Directors by a majority of the actual number of directors elected and qualified from time to time.

Section 5.04. Subordinate Officers. In addition to the principal officers enumerated in Section 1 of this Article V, the Association may have one or more Assistant Treasurers, one or more Assistant Secretaries and such other officers, agents and employees as the Board of Directors may deem necessary or appropriate, each of whom shall hold office for such period, may be removed with or without cause, have such authority and perform such duties as the President or the Board of Directors may from time to time determine. The Board of Directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

Section 5.05. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or the President. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.06. Vacancies. Any vacancy in any office for any cause may be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for election or appointment to such office for such term.

Section 5.07. President. The President shall be the Chief Executive Officer of the Association and, as such, shall have general responsibility and supervision for the overall affairs of the Association, subject to the control of the Board of Directors. In general, he shall perform all duties and have all the powers incident to the office of Chief Executive Officer and all such other duties and powers as, from time to time, may be assigned to him by the Board of Directors. Subject to the control and direction of the Board of Directors, the President may enter into any contract or execute and deliver any document, instrument or writing in the name and on behalf of the Association. The President shall preside at all meetings of the Board of Directors, Members and shall be an *ex officio* member of all standing committees.

Section 5.08. Vice Presidents. The Association may have one or more Vice Presidents. The Vice President shall perform such duties and have such other powers as the President or the Board of Directors may from time to time assign to him, including the exercise of the President's powers during the absence or disability of the President.

Section 5.09. Secretary. The Secretary shall prepare and keep or cause to be kept in the books provided for that purpose the minutes of the meetings of the members and of the Board of Directors shall (i) duly give and serve all notices required to be given in accordance with the provisions of these By-Laws and by the Act; (ii) be custodian of the records of the Association, (iii) attest, if required, to any contract, document or instrument or authenticate any record on behalf of the Association and (iv) perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned to him or her by the Board of Directors.

Section 5.10. Treasurer. Subject to the control and direction of the Board of Directors, the Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association and shall deposit all such funds in the name of Association in such banks or other depositories as shall be selected by the Board of Directors. He shall upon request exhibit at all reasonable times his books of accounts and records to any of the directors of the Association during business hours at the office of the Association where such books and records shall be kept, render upon request by the Board of Directors a statement of the condition of the finances of the Association at any meeting of the Board of Directors or at the annual meeting of the Members receive, and give receipt for, monies due and payable to the Association from any source whatsoever and perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board of Directors. The Treasurer shall give such bond, if any, for the faithful discharge of his duties that the Board of Directors may require.

Section 5.11. Delegation of Authority. In the case of the absence of any officer of the Association, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties of such officer to any other officer or to any Director, for the time being, provided a majority of the entire Board of Directors concurs therein.

ARTICLE VI

Indemnification

Section 6.01. Definitions. For purposes of this Article, the following terms shall have the following meanings:

(a) “Liabilities” and “Expenses” shall mean monetary obligations incurred by or on behalf of a director or officer in connection with the investigation, defense or appeal of a Proceeding (as hereinafter defined) or in satisfying a claim thereunder and shall include, but shall not be limited to, attorneys’ fees and disbursements, amounts of judgments, fines or penalties and amounts paid in settlement by or on behalf of a director or officer.

(b) “Other Enterprise” shall mean any corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, whether for profit or not, for which a director or officer is or was serving, at the request of the Association, as a director, officer, partner, trustee, employee or agent.

(c) “Proceeding” shall mean any claim, action, suit or proceeding (whether brought by or in the right of the Association or Other Enterprise or otherwise), civil, criminal, administrative or investigative, whether formal or informal, and whether actual or threatened or in connection with an appeal relating thereto, in which a director or officer may become involved, as a party or otherwise, (i) by reason of his being or having been a director or officer of the Association (and, if applicable, an officer, employee or agent of the Association) or a director, officer, partner, trustee, employee or agent of an Other Enterprise or arising out of his status as such, or (ii) by reason of any past or future action taken or not taken by a director or officer in any such capacity, whether or not he continues to be such at the time he incurs Liabilities and Expenses under the Proceeding.

(d) “Standard of Conduct” shall mean that a director or officer, based on facts then known to the director or officer, discharged the duties as a director or officer, including duties as a member of a committee, in good faith in what he reasonably believed to be in or not opposed to the best interests of the Association or Other Enterprise, as the case may be, and, in addition, in any criminal Proceeding had no reasonable cause to believe that his conduct was unlawful. The termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction or upon a plea of guilty, shall not create a presumption that the director or officer did not meet the Standard of Conduct. The termination of any Proceeding by a consent decree or upon a plea of nolo contendere, or its equivalent, shall create the presumption that the director or officer met the Standard of Conduct.

Section 6.02. Indemnification. If a director or officer is made a party to or threatened to be made a party to any Proceeding, the Association shall indemnify the director or officer against

Liabilities and Expenses incurred by him in connection with such Proceeding in the following circumstances:

(a) If a director or officer has been wholly successful on the merits or otherwise with respect to any such Proceeding, he shall be entitled to indemnification for Liabilities and Expenses as a matter of right. If a Proceeding is terminated against the director or officer by consent decree or upon a plea of nolo contendere, or its equivalent, the director or officer shall not be deemed to have been “wholly successful” with respect to such Proceeding;

(b) In all other situations, a director or officer shall be entitled to indemnification for Liabilities and Expenses as a matter of right unless (i) the director or officer has breached or failed to perform his duties as a director or officer in compliance with the Standard of Conduct and (ii) with respect to any action or failure to act by the director or officer which is at issue in such Proceeding, such action or failure to act constituted willful misconduct or recklessness. To be entitled to indemnification pursuant to this Section 6.02(b), the director or officer must notify the Association of the commencement of the Proceeding in accordance with Section 6.05 and request indemnification. A review of the request for indemnification and the facts and circumstances underlying the Proceeding shall be made in accordance with one of the procedures described below; and the director or officer shall be entitled to indemnification as a matter of right unless, in accordance with such procedure, it is determined beyond a reasonable doubt that (i) the director or officer breached or failed to perform the duties of the office in compliance with the Standard of Conduct, and (ii) the breach or failure to perform constituted willful misconduct or recklessness. Any one of the following procedures may be used to make the review and determination of a director’s or officer’s request for indemnification under this Section 6.02(b):

(i) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to, or who have been wholly successful with respect to, such Proceeding;

(ii) if a quorum cannot be obtained under (i) above, by a majority vote of a committee duly designated by the Board of Directors (in the designation of which, directors who are parties to such Proceeding may participate), consisting solely of two or more directors who are not parties to, or who have been wholly successful with respect to, such Proceeding;

(iii) by independent legal counsel selected by a majority vote of the full Board of Directors (in which selection, directors who are parties to such Proceeding may participate);

(iv) by a committee consisting of three (3) or more disinterested persons selected by a majority vote of the full Board of Directors (in which selection, directors who are parties to such Proceeding may participate).

Any determination made in accordance with the above procedures shall be binding on the Association and the director or officer; or

(c) If several claims, issues or matters of action are involved, a director or officer may be entitled to indemnification as to some matters even though he is not entitled to indemnification as to other matters; or

(d) The indemnification herein provided shall be applicable to Proceedings made or commenced after the adoption of this Article, whether arising from acts or omissions to act which occurred before or after the adoption of this Article.

Section 6.03. Prepaid Liabilities and Expenses. The Liabilities and Expenses which are incurred or are payable by a director or officer in connection with any Proceeding shall be paid by the Association in advance, with the understanding and agreement between such director or officer and the Association, that, in the event it shall ultimately be determined as provided herein that the director or officer was not entitled to be indemnified, or was not entitled to be fully indemnified, the director or officer shall repay to the Association such amount, or the appropriate portion thereof, so paid or advanced.

Section 6.04. Exceptions to Indemnification. Notwithstanding any other provisions of this Article to the contrary, the Association shall not indemnify a director or officer:

(a) for any Liabilities and Expenses for which payment is actually made to or on behalf of a director or officer under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance; or

(b) for any Liabilities or Expenses incurred in a suit or claim against the director or officer arising out of or based upon actions attributable to the director or officer in which the director or officer gained any personal profit or advantage to which he was not legally entitled.

Section 6.05. Notification and Defense of Proceeding. Promptly after receipt by a director or officer of notice of the commencement of any Proceeding, the director or officer will, if a request for indemnification in respect thereof is to be made against the Association under this Article, notify the Association of the commencement thereof; provided, however, the failure to notify the Association will not relieve it from any obligation which it may have to the director or officer under this Article or otherwise. With respect to any such Proceeding as to which the director or officer notifies the Association of the commencement thereof:

(a) the Association will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, to the extent that it may so desire, the Association, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the director or

officer. After notice from the Association to the director or officer of its election to assume the defense of the director or officer in the Proceeding, the Association will not be liable to the director or officer under this Article for any legal or other Expenses subsequently incurred by the director or officer in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The director or officer shall have the right to employ counsel in such Proceeding, but the Expenses of such counsel incurred after notice from the Association of its assumption of the defense thereof shall be at the expense of the director or officer unless:

(i) the employment of counsel by the director or officer has been authorized by the Association;

(ii) the director or officer shall have reasonably concluded that there may be a conflict of interest between the Association and the director or officer in the conduct of the defense of such Proceeding; or

(iii) the Association shall not in fact have employed counsel to assume the defense of such Proceeding;

in each of which cases the Expenses of counsel employed by the director or officer shall be paid by the Association. The Association shall not be entitled to assume the defense of any Proceeding brought by or in the right of the Association or as to which the director or officer shall have made the conclusion provided for in (ii) above; and

(c) The Association shall not be liable to indemnify a director or officer under this Article for any amounts paid in settlement of any Proceeding without the Association's prior written consent. The Association shall not settle any action or claim in any manner which would impose any penalty or limitation on a director or officer without the director or officer's prior written consent. Neither the Association nor a director or officer will unreasonably withhold its or his consent to any proposed settlement.

Section 6.06. Other Rights and Remedies. The rights of indemnification provided under this Article are not exhaustive and shall be in addition to any rights to which a director or officer may otherwise be entitled by contract or as a matter of law. Irrespective of the provisions of this Article, the Association may, at any time and from time to time, indemnify directors, officers, employees and other persons to the full extent permitted by the provisions of the Act, or any successor law, as then in effect, whether with regard to past or future matters.

Section 6.07. Continuation of Indemnity. All obligations of the Association under this Article shall survive the termination of a director's or officer's service in any capacity covered by this Article.

Section 6.08. Insurance. The Association may purchase and maintain insurance on behalf of any director, officer or other person or any person who is or was serving at the request of the Association as a director, officer, partner, trustee or agent of an Other Enterprise against any liability asserted against such person and incurred by such person in any capacity or arising out of his status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of applicable statutes, this Article or otherwise.

Section 6.09. Benefit. The provisions of this Article shall inure to the benefit of each director or officer and his respective heirs, personal representatives and assigns and the Association, its successors and assigns.

Section 6.10. Severability. In case any one or more of the provisions contained in this Article shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Article, but this Article shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

ARTICLE VII

Dues and Assessments

Section 7.01. Dues and Assessments.

- (a) Annual Accounting. Annually after the close of each fiscal year, the Board of Directors shall cause to be prepared and made available to each Member a financial statement showing receipts and expenditures incurred and paid during the preceding fiscal year.
- (b) Annual Budget. Annually, the Board of Directors shall cause to be prepared a budget for the ensuing fiscal year, estimating the total amount of the expenses for the ensuing year. Payment of such assessment by a Member shall be paid in accordance with the method of payment determined by the Board of Directors as necessary to satisfy the financial requirements and obligations of the Association. Payment of such assessment shall be made to the Board of Directors, or as otherwise directed by the Board of Directors.
- (c) Annual Adjustment of Assessment Amounts. In the event that the Association's annual expenditures exceed its receipts during any fiscal year, the Board of Directors shall have the authority to eliminate such deficit by levying any additional assessment provided for in the Covenants and in compliance with the Act. At the close of each fiscal year, the Board of Directors shall make a determination and shall notify each Member as to the existence of any budget deficit or surplus.

- (d) Special Assessments. From time to time expenses of an unusual or extraordinary nature or not otherwise anticipated may be deemed necessary by the Board of Directors. In such event, the Board of Directors shall be authorized to adopt a resolution at any open meeting to make such expenditures and shall have the full right, power and authority to make any special assessment provided for in the Covenants and in compliance with the Act.
- (e) Failure of Owner to Pay Assessments. Each Member shall be liable for the payment of all regular and special assessments made against such Member. Where the Member constitutes more than one person, the liability of such persons shall be joint and several. If any Member shall fail, refuse or neglect to make any payment of any regular or special assessment when due, such Member shall not be entitled to vote at any annual or special meeting of the Members until such time as said delinquency is cured, and such regular or special assessment shall bear interest from the date due at a rate no greater than the current statutory maximum. If the Member fails to pay any assessment when due, the Board of Directors may at its option use whatever legal means is available to collect such assessment and the Board of Directors for and on behalf of the Association shall be entitled to recover costs and expenses of such action incurred, including, but not limited to, reasonable attorney's fees from such Member failing to pay. Upon failure of a Member to pay any regular or special assessment when due, the amount thereof shall become a lien upon such Member's fee simple ownership, and may be enforced by the Board of Directors, with interest and costs, including attorneys' fees, in the same manner as a mortgage, provided that any such lien shall be subordinate to any bona fide first mortgage on the Lot to an unrelated third party. Such lien shall come into being only after the Board of Directors has recorded an affidavit with the Recorder of Spencer County, Indiana, setting out the name of the Member, the amount due, the date of non-payment, and the fact that the Member's assessment has been paid by the Association. Such lien shall run in favor of the Association, and shall encumber the defaulting Member's fee simple interest in the Lot.

ARTICLE VIII

Contracts, Checks, Notes, Etc.

Section 8.01. All contracts and agreements entered into by the Association, and all checks, drafts, and bills of exchange, and orders for the payment of money, shall, in the conduct of the ordinary course of business of the Association, unless otherwise directed by the Board of Directors or unless otherwise required by law, be signed by the President, or in his absence, the Secretary. Any one of the documents heretofore mentioned in this Section for use outside the ordinary course of the business of the Association, or any notes or bonds of the Association shall be executed by and require the signature of both the President and Secretary. Any certifications regarding the general affairs of the Association shall be signed by the President or the Secretary.

ARTICLE IX

Power of Board to Borrow Money

The Board of Directors shall have full power and authority to borrow money whenever in the discretion of the Board the exercise of said power is required in the general interests of the Association, and in such case the Board of Directors may authorize the proper officers of this Association to make, execute and deliver in the name and behalf of the Association such notes, bonds, and other evidence of indebtedness as said Board shall deem proper, and said Board shall have full power to mortgage the property of the Association or any part thereof, as security for such indebtedness, and no action on the part of the membership of the Association shall be requisite to the validity of any such note, bond, evidence of indebtedness or mortgage.

The total indebtedness of the Association shall not be permitted to exceed a dollar amount that is greater than 20% of the total collections from annual assessments last assessed against the Lot owners in Christmas Lake Village, unless first authorized by a majority vote for the Association members present at an Annual Meeting or Special Meeting called specifically for the purpose of obtaining such borrowing authorization.

ARTICLE X

An annual audit or review should be made by a qualified and respected accounting firm at the end of each fiscal year and results made available at the annual meeting.