

BY-LAWS

of

SIERRA RIDGE HOMEOWNERS ASSOCIATION, INC.,
A Corporation Not-for-Profit under the
Laws of the State of Indiana

I.

IDENTITY

These are the By-Laws of Sierra Ridge Homeowners Association, Inc., a corporation not-for-profit under the laws of the State of Indiana, which are subject to the charter granted by the Secretary of the State and the Declaration/Restrictions affecting the land and all improvements thereon known as Sierra Ridge Subdivision. The Association has been organized for the purpose of administering common areas upon the following lands in Lake County, Indiana:

Sierra Ridge Subdivision

- (1) The office of the Association shall be 741 Village Parkway, Lowell, IN 46356. Indiana.
- (2) The fiscal year of the Association shall be the calendar year.
- (3) The seal of the corporation shall bear the name of the corporation and the words "CORPORATION NOT-FOR-PROFIT" and the year of incorporation.

II.

MEMBERS

Section 1. – Membership

Every person or entity who is the owner of a fee or equitable title in a lot or unit of the development shall be a member of the Association. For the purpose of determining membership, such ownership will be deemed to have vested upon delivery to the Association of a certified copy of a duly executed deed or other instrument establishing a change of record title to a lot or unit. The legal title retained by a vendor selling under contract shall not qualify the vendor for membership.

The control of the association, however, shall remain with the developer or his designated representatives until such time as the covenants mandate the HOA to be turned over to residents.

Exhibit "C"

Section 2. – Annual Meeting

The annual meeting of the members shall be held on the second Monday in the month of November in each year at 8:00 o'clock P.M., or at such other time on such other day within such month which

shall be fixed by the Board of Directors, for the purpose of electing directors and transacting any other business authorized to be transacted by the members.

Section 3. – Special Meetings

Special members' meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request from not less than ten percent (10%) of the members entitled to vote. The written request shall set forth the purpose(s) of the special meeting.

Section 4. – Place of the Meetings

The Board of Directors may designate any place within the State of Indiana, as a place of meetings for the annual meeting or any special meeting called by the Board of Directors. A waiver of notice signed by all members entitled to vote at the meeting may designate any place within the State of Indiana as the place for holding the meeting. If no designation is made, the place of meeting shall be the principal office of the corporation in the State of Indiana.

Section 5. – Notice of Meeting

Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed not less than ten(10) nor more than sixty (60) days prior to the day of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings.

Section 6. – Quorum

Fifty percent (50%) of members of the corporation entitled to vote represented in person or by proxy, shall constitute a quorum at a meeting of members.

Section 7. – Voting

There shall be one vote and one voting member for each lot or unit regardless of the number of persons who may have the ownership interest in a lot or unit or the manner in which title is held by them. The vote of the owners of a lot or unit owned by more than one person shall be cast by the person named in a certificate signed by all the owners of the lot or unit and filed with the Secretary of the Association. Such certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

Section 8. – Proxies

A vote may be cast in person or by proxy. Proxy shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting.

Section 9. – Informal Action by Members

Any action required or permitted to be taken at a meeting of the members may be taken without a meeting if a consent in a writing, setting forth the action so taken, shall be signed by all the members entitled to vote with respect to the subject matter thereof.

Section 10. – Order of Business

The order of business at annual members' meetings and, as far as practical, at all other members' meetings, shall be:

- (a) Election of chairman of the meeting;
- (b) Calling of the roll and certifying the proxies;
- (c) Proof of notice of meeting or waiver of notice;
- (d) Reading and disposal of any unapproved minutes;
- (e) Reports of officers;
- (f) Reports of committees;
- (g) Election of inspectors of election;
- (h) Election of directors;
- (i) Unfinished business;
- (j) New business;
- (k) Adjournment.

III.

BOARD OF DIRECTORS

Section 1. – Number and Term of Directors

The initial Board of Directors shall consist of one (1) director who shall serve for one (1) year. The Developer shall have the right to elect the director until one hundred percent (100%) of the lots or units shall be sold at such time the HOA is turned over to residents the Board shall increase to three (3) directors..

Section 2. – Election of Directors

Election of directors shall be conducted in the following manner:

- (a) Director shall be elected by a simple majority of votes. These elections shall be held at the annual meeting of the members of the Association.
- (b) Vacancies in the Board of Directors may be filled until the date of the next annual meeting by the remaining directors.

(c) Anything herein contained to the contrary notwithstanding, the Developer shall have the right to elect a majority of the Directors until one hundred percent (100%) of the lots or units shall be sold.

Section 3. – Organizational Meeting

An organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary providing a quorum shall be present.

Section 4. – Regular Meetings

Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting unless such notice is waived.

Section 5. – Special Meetings

Special meetings of the Board of Directors may be called by the President and must be called by the Secretary at the written request of one-tenth of the votes of the Board. Not less than three (3) days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

Section 6. – Waiver of Notice

Any director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

Section 7. – Quorum

A quorum at directors' meetings shall consist of the directors entitled to cast a majority of the votes of the entire Board. The actions of the Board approved by a majority of votes present at the meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Declaration/Restrictions. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At an adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

Section 8. – Action Without a Meeting

Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the actions so taken, shall be signed by all the directors.

Section 9. – Compensation

Directors' fees, if any, shall be determined by the members.

**Section 10. – Presiding Officer of Directors’ Meetings
Shall Be the President**

The presiding officer at the Directors’ meetings shall be the President. In the absence of the presiding officer, the Vice-President shall preside.

IV.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All the powers and duties of the Association shall be exercised by the Board of Directors including those existing under the common law and statutes, the Articles of Incorporation of the Association, and the Declaration/Restrictions. Such powers and duties of the directors shall be exercised according to the provisions of the Declaration/Restrictions which governs the use of the land, and shall include but shall not be limited to the following:

- (1) To make and collect assessments against members to defray the cost of the common areas;
- (2) To use the proceeds of assessments in the exercise of its powers and duties;
- (3) The maintenance, repair, replacement and operation of the common areas;
- (4) Reconstruction of improvements after casualty and further improvement of the property;
- (5) To make and amend regulations respecting the use of the common area;
- (6) To enforce by equitable or legal means the provisions of the subdivision restrictions and/or Declaration, the Articles of Incorporation, the By-Laws of the Association and the regulations for the use of the common area; except that any lien which arises out of such proceeding shall be subordinate to the lien of the first mortgage;
- (7) To contract for management of the common area and to delegate to such contractor all powers and duties of the Association, except such as are specifically required by the Declaration/Restrictions to have the approval of the Board of Directors or the membership of the Association;
- (8) To pay taxes or assessments which are liens against any part of the common area and to assess the same against the owner of the lot subject to the liens;
- (9) To carry insurance for the protection of lot owners and the Association against casualty and liabilities, and to make and collect assessments against the members and pay these costs;
- (10) To pay the cost of all power, water, sewer, and other utility services rendered to the common area;

- (11) To employ personnel for reasonable compensation to perform the services required for proper administration for the purposes of the Association.

V.

OFFICERS

Section 1. – Number

The executive officers of the corporation shall be a president, who shall be a director, a vice-president, who shall be a director, a treasurer, a secretary and an assistant secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by the Board of Directors at any meeting. Any two or more offices may be held by the same person, except the offices of president and secretary and president and assistant secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

During such time as the developer controls the Home Owners Association there shall be only one officer and that shall be the office of the President who shall perform all of the duties necessary for the Home owners Association.

Section 2. – President

The President shall be the chief executive officer of the Association. He shall have all the powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

Section 3. – Vice-President

The Vice-President shall in the absence or disability of the President exercise the powers and performs the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other powers and perform such other duties as shall be prescribed by the directors.

Section 4. – Secretary

The Secretary shall: (a) keep the minutes of the proceedings of the members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such members; (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 5. – Treasurer

The Treasurer shall: (a) have charge and custody of and be responsible for all funds of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source

whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these By-Laws; (c) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 6. – Compensation

Compensation of all officers and employees of the Association shall be fixed by the directors. This provision shall not preclude the Board of Directors from employing a director as employee of the association nor preclude the contracting with a director for the management of the common area.

VI.

FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the subdivision restrictions and/or Declaration and Articles of Incorporation shall be supplemented by the following provisions:

Section 1. – Assessment Roll

The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each of the lots or units. Such an account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the date and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments.

Section 2. – Budget

A. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including but not limited to the following items:

- (1) Income Expense Budget.
 - (i) Maintenance and operation of common areas and exterior maintenance of lots;
 - (ii) Utility services;
 - (iii) Casualty insurance;
 - (iv) Liability insurance;
 - (v) Administration;
 - (vi) Taxes.
- (2) Proposed Assessments Against Each Member:

- (i) Alteration and improvement account;
- (ii) Reconstruction and repair account;
- (iii) Emergency account.

B. Copies of the proposed budget and proposed budget and proposed assessment shall be transmitted to each member on or before December 1st of the year for which the budget is made. The budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned.

Section 3. – Deposits

All funds of the Association otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select. Withdrawal of monies from such account shall be only by check signed by such persons as are authorized by the directors.

Section 4. – Audit

An audit of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the report shall be furnished to each member not later than April 1st of the year following the year for which report is made.

Section 5. – Bond

Fidelity bond shall be required by the Board of Directors from all officers and employees of the Association and from any contractor handling a responsibility for Association funds. The amount of such bonds shall be determined by the Directors but shall be at least the amount of the total annual assessment against members for account expenses. The premiums on such bond shall be paid by the Association.

VII.

MEMBERSHIP CERTIFICATES AND TRANSFER

Section 1. – Membership Certificates

Certificates representing membership in the Association shall be such form as shall be determined by the Board of Directors. Such certificate shall be signed by the President or Vice-President and by the Secretary or an assistant secretary and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon the certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or registrar other than the corporation or one of its employees. Each certificate shall be consecutively numbered or otherwise identified.

Section 2. – Transfer

When a member ceases to be the owner of a lot or unit, such person's membership shall cease, but such person shall remain liable to the corporation for all dues and charges incurred prior to the giving of written notice to the corporation that the person is no longer an owner.

VIII.

PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with Articles of Incorporation and By-Laws of the corporation or with the statute of the State of Indiana, or the Declaration.

IX.

AMENDMENTS

Amendments to the By-Laws shall be proposed and adopted in the following manner:

Section 1. – Notice

Notice of the subject matter of the proposed minutes shall be included in the notice of any meeting which a proposed amendment is considered.

Section 2. – Approval

The resolution adopting a proposed amendment must receive approval of two-thirds of the votes of the entire membership of the Board of Directors and seventy-five percent (75%) of the votes of the entire membership of the Association. Directors and members not present at the meeting considering the amendment may express their approval in writing.

Section 3. – Initiation

The amendment may be proposed by either the Board of Directors or by the membership of the Association, and after being proposed and approved by one of such bodies, it must be approved by the other.

Section 4. – Effective Date

The amendment when adopted shall become effective only after being recorded in the public records of Lake County, Indiana.

Section 5. – Consistency

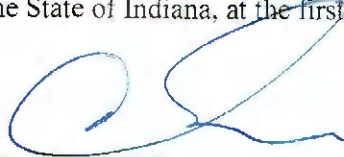
These By-Laws shall be amended, if necessary, so as to make the same consistent with the provisions of the Declaration.

X.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration/Restrictions, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

The foregoing were adopted as the By-Laws of Sierra Ridge Homeowners Association, Inc., a corporation not-for-profit under the laws of the State of Indiana, at the first meeting of the Board of Directors.



President

APPROVED:



DIVI DEVELOPMENT INC
BY RICHARD ZONICA
AUTHORIZED SIGNATORY
