



BYLAWS

OF

FARMINGTON HILLS

HOMEOWNERS ASSOCIATION

Contents

1.	RECITALS	4
2.	INTRODUCTION AND PURPOSE	4
3.	DEFINITIONS.....	4
4.	MEETINGS OF MEMBERS	5
4.1.	Annual Meetings.....	5
4.2.	Budget Meetings.....	5
4.3.	Special Meetings.....	5
4.5.	Notice of Meetings.....	6
4.6.	Place of Meetings.....	6
4.7.	Proxies for Member Meetings.....	6
4.8.	Order of Business.....	6
4.9.	Waiver of Notice	7
4.10.	Voting Procedures.....	7
4.11.	Action Without Meeting.....	7
4.12.	Voting by Mail or Electronic Means.....	7
4.13.	Voting in Elections of Directors/Other Voting.....	7
5.	BOARD.....	8
5.1.	Number.....	8
5.2.	Qualification.....	8
5.3.	Term of Office for Directors.....	8
5.4.	Resignation of Directors.....	8
5.5.	Removal of Directors.....	9
5.6.	Vacancies.....	9
5.7.	Compensation.....	9
5.8.	MEETINGS OF DIRECTORS.....	9
5.8.1.	Regular Meetings.....	9
5.8.2.	Special Meetings.....	9
5.8.3.	Notice of Board Meetings.....	10
5.8.4.	Location of Meetings and Open Meetings.....	10
5.8.5.	Waiver of Notice.....	10
5.8.6.	Quorum.....	10

5.8.7.	Proxies for Board Meetings.....	10
5.8.8.	Consent to Corporate Action.	10
5.8.9.	Telephone Communication in Lieu of Attendance.	11
5.9.	POWERS AND DUTIES OF THE BOARD OF DIRECTORS.....	11
5.9.1.	Powers and Duties.	11
6.	No Waiver.	12
7.	COMMITTEES	13
8.	BOOKS AND RECORDS.....	13
8.1.	Records.	13
8.2.	Minutes and Presumptions Thereunder.....	13
8.3.	Examination.	14
9.	BYLAW AMENDMENTS.....	14
10.	INDEMNIFICATION	14
11.	Directors and Officers Insurance.	15
12.	MISCELLANEOUS.....	16
12.1.	Fiscal Year.....	16
12.2.	Notices.	16
12.3.	Conflicts.....	16
12.4.	Waiver.....	16
12.5.	Director Conflicts of Interest.....	16
12.5.1.	General Duty.	16
12.5.2.	Definition.	17
12.5.3.	Disclosure of Conflict.	17
12.5.4.	Code of Ethics.....	17
12.5.5.	Conflicting Interest Transaction.....	18

1. RECITALS

- 1.1. Farmington Hills Homeowners Association, a nonprofit corporation ("Association"), certifies that: The provisions set forth in these Bylaws are created per and comply with section III paragraph D of the Farmington Hills covenants.

2. INTRODUCTION AND PURPOSE

- 2.1. These Bylaws are adopted for the regulation and management of the affairs of the Association. The Association has been organized as an Indiana nonprofit corporation under Indiana law to act as the Association under the Protective Covenants of Farmington Hills. The purposes for which the Association is formed are to operate and govern the community known as Farmington Hills; to provide for the administration, maintenance, preservation and architectural review of the Lots and Common Areas within the Farmington Hills Community; and to promote the health, safety, welfare and recreation of the Owners within the Farmington Hills Community.

3. DEFINITIONS

The following terms shall have the meaning set forth below:

- 3.1. Assessment shall include all Common Expense Assessments, insurance Assessments, utility Assessments, and any other expense levied to Lots pursuant to the covenants, including interest, late fees, attorney fees, fines and costs.
- 3.2. Association shall mean and refer to the Farmington Hills Homeowners Association, its successors and assigns.
- 3.3. Board or Board of Directors or Executive Board shall mean the body designated in the Governing Documents to act on behalf of the Association.
- 3.4. Common Area shall mean all real property owned by the Association for the common use and enjoyment of the Owners, together with all improvements located thereon and all common property owned by the Association, but excluding the Lots, and shall include any Common Area located upon any real property which is annexed to the Property.
- 3.5. Common Expenses shall mean expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.
- 3.6. Community or Farmington Hills Community shall mean the Farmington Hills subdivision Community, as further defined by the recorded Plats and the Declaration.
- 3.7. Covenants of Farmington Hills, applicable to the Property recorded in the office of the Clerk and Recorder of Saint Joseph County, Indiana.
- 3.8. Governing Documents shall mean the Articles of Incorporation, the Bylaws, the covenants, the Map and Rules and Regulations of the Farmington Hills Association, as they may be amended.

- 3.9. Lot shall mean and refer to any of the Lots shown upon any recorded subdivision Map or Plat of the Property, together with all appurtenances thereto and improvements now or hereafter located thereon, with the exception of the Common Area.
- 3.10. Member shall mean any Homeowner in good standing.
- 3.11. Owner shall mean the owner of record title, whether one or more persons or entities to any Lot which is a part of the Property, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.
- 3.12. Property shall mean the property described in or which is subject to the covenants together with all easements, rights, and appurtenances thereto and the buildings and improvements erected or to be erected thereon.
- 3.13. Architectural Control Committee shall mean the Board of Directors.

4. MEETINGS OF MEMBERS

4.1. Annual Meetings.

4.1.1. An annual meeting of the Members shall be held during each of the Association's fiscal years, at such time of the year and date as determined by the Board. At these meetings, the Directors shall be elected by the Members, in accordance with the provisions of these Bylaws. The Members may transact other business as may properly come before them at these meetings. Failure to hold an annual meeting shall not be considered a forfeiture or dissolution of the Association.

4.2. Budget Meetings.

4.2.1. Meetings to consider proposed budgets shall be called in accordance with these Bylaws. The budget shall then be approved and adopted by the Board of Directors. The budget process to be followed is as follows:

- 4.2.1.1. Effective the first full fiscal year after these Bylaws are adopted and become effective, and for each year thereafter, the Board of Directors of the Association is to prepare and approve a proposed budget at least annually. Each such proposed budget is prepared and approved by the Board of Directors as a proposed budget.
- 4.2.1.2. In the event the proposed budget is rejected by a majority vote, the budget last ratified is continued until such time as a subsequent budget proposed by the Board of Directors is ratified.

4.3. Special Meetings.

4.4. Special meetings of the Association may be called by a majority of the members of the Board of Directors or upon receipt of a petition signed by Owners holding at least one-third

(1/3) of the votes in the Association. The form of notice, date, time and place of the meeting shall be determined by the Board. If a notice for a special meeting demanded pursuant to petition is not given by the Secretary within thirty (30) days after the date the written demand or demands are delivered to the Secretary, the person signing the demand or demands may set the time and place of the meeting and give notice, pursuant to the terms of these Bylaws. Any meeting called under this Section shall be conducted by the Board.

4.5. Notice of Meetings.

4.5.1. Written notice of each meeting of Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting. This notice will be provided by mailing a copy of the notice, which may be in the form of the Association newsletter or by personal delivery at least ten (10) days before but not more than fifty (50) days before the meeting. The notice shall specify the place, day, time, and purpose of the meeting. No matters shall be heard nor action adopted at a special meeting except as stated or allowed in the notice.

4.6. Place of Meetings.

4.6.1. Meetings of the Members shall be held in any location in the Saint Joseph County area, and may be adjourned to a suitable place convenient to the Members, as may be designated by the Board.

4.7. Proxies for Member Meetings.

4.7.1. The vote allocated to a Lot may be cast under a proxy duly executed by an Owner. All proxies shall be in writing and filed with the secretary or designee of the Association. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of the vote by the other Owners of the Lot through a duly executed proxy. In the event of disagreement between or among co-Owners and an attempt by two or more of them to cast such vote or votes, such vote or votes shall not be counted.

4.7.2. An Owner may revoke a proxy given under this section by written notice of revocation to the person presiding over a meeting of the Association.

4.7.3. A proxy is void if it is not dated. A proxy terminates 11 months after its date, unless it specifies a shorter term or a specific purpose, or upon sale of the Lot for which the proxy was issued.

4.8. Order of Business.

4.8.1. The Board may establish the order of business for all meetings of the Board or Members. Robert's Rules of order shall be used as guidelines for both member meetings and regular meetings of the Board. However, failure to strictly follow Robert's Rules of Order shall not invalidate any action taken at a meeting of the Board or Members.

4.9. Waiver of Notice.

4.9.1. Any Member may, at any time, waive notice of any meeting of the Members in writing, and the waiver shall be deemed equivalent to the receipt of notice. Attendance at the meeting shall constitute a waiver of notice unless attendance is for the express purpose of objecting to the sufficiency of the notice, in which case, such objection must be raised before the business of which proper notice was not given is put to a vote.

4.10. Voting Procedures.

4.10.1. Voting may be by voice, by show of hands, by consent, by mail, by electronic means, by proxy, by written ballot, or as otherwise determined by the Board of Directors prior to the meeting or by a majority of the Members present at a meeting.

4.11. Action Without Meeting.

4.11.1. Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting, if written consent setting forth the action so taken, shall be signed, physically or electronically, by a majority of the directors.

4.12. Voting by Mail or Electronic Means.

4.12.1. In case of a vote by mail or electronic means in lieu of a meeting, the secretary shall mail or deliver written notice to all Members at each Member's address as it appears in the records of the Association given for notice purposes. The notice shall include:

- 4.12.1.1. a proposed written resolution setting forth a description of the proposed action,
- 4.12.1.2. a statement that Members are entitled to vote for or against such proposal,
- 4.12.1.3. a date at least 10 days after the date such notice shall have been given on or before which all votes must be received at the office of the Association at the address designated in the notice, and
- 4.12.1.4. the number of votes needed to carry the vote. Voting by mail or electronic means shall be acceptable in all instances in requiring the vote of Members at a meeting.

4.13. Voting in Elections of Directors/Other Voting.

4.13.1. In an election of directors, the Members receiving the largest number of votes shall be elected. On all other items, the vote of more than 50% of Members represented at a meeting at which at least a quorum is present shall constitute a majority and shall be

binding upon all Members for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws, the Articles of Incorporation, as amended, or by law.

5. BOARD

5.1. Number.

5.1.1. The affairs of the Association shall be governed by a Board of Directors which shall consist of five (5) members, elected or appointed as provided below (the "Board"). In the case where through removal or resignation, the total number of Board members is less than five (5), the Board will be considered properly constituted until such vacancies are filled. The Officers of the Association shall be a President, Vice-President, Secretary and a Treasurer and such other Officers as the Board may from time to time create by resolution who shall all be members of the Board of Directors.

5.2. Qualification.

5.2.1. Only Owners, eligible to vote, current in the payment of Assessments, and otherwise in good standing, may be elected to, or appointed to fill a vacancy on the Board.

5.2.2. If any Lot is owned by a partnership, corporation or trust, any officer, partner or employee of that entity shall be eligible to serve as a director and shall be deemed to be a Member for the purposes of these Bylaws.

5.2.3. Any director who is more than 30 days delinquent in payment of any Assessment shall not be qualified to serve on the Board.

5.2.4. Any director who has unexcused absences from three consecutive Board meetings shall not be qualified to serve on the Board.

5.2.5. Any director who is in violation of any provision of the Governing Documents of the Association for more than 30 days shall not be qualified to serve on the Board.

5.2.6. Any director who maintains an adversarial proceeding of any type against the Association shall not be qualified to serve on the Board.

5.2.7. If a director is not qualified to serve on the Board, the director's position shall be deemed vacant.

5.3. Term of Office for Directors.

5.3.1. The term of office of Directors shall be Two (2) years or until a successor is elected. The terms of the Directors shall be staggered. The terms of at least one-third (1/3) of the Directors shall expire annually.

5.4. Resignation of Directors.

5.4.1. Any Director may resign at any time by giving written notice to the Board of Directors stating the effective date of the resignation. Acceptance of a resignation shall not be necessary to make the resignation effective.

5.5. Removal of Directors.

5.5.1. One or more Directors or the entire Board of Directors may be removed at a Special Meeting of Members called pursuant to these Bylaws, with or without cause, by a vote of a majority of the Members. Notice of a Special Meeting of the Members to remove Directors shall set forth that the meeting is being conducted for that purpose and shall be provided to every Member of the Association, including the Directors sought to be removed, as provided in these Bylaws. Directors sought to be removed shall have the right to be present at this meeting and shall be given the opportunity to speak to the Members prior to a vote to remove being taken.

5.5.2. In the event of removal of one or more Directors, a successor shall be elected by the Members at the meeting to serve for the unexpired term of his or her predecessor.

5.6. Vacancies.

5.6.1. Vacancies on the Board caused by any reason (other than removal) may be filled by appointment by a majority vote of the remaining Board at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. Each person so appointed shall be a Director who shall serve for the remainder of the unexpired term.

5.7. Compensation.

5.7.1. No Director shall receive compensation for any service they may render as a Director to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of Association duties.

5.8. MEETINGS OF DIRECTORS

5.8.1. Regular Meetings.

5.8.1.1. Regular meetings of the Board of Directors shall be held at such times, place and hour as may be fixed by the Board. The Board may set a schedule of regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

5.8.2. Special Meetings.

5.8.2.1. Special meetings of the Board of Directors shall be held when called by any two (2) Directors, after not less than three days' notice to each Director. If a notice for a special meeting demanded pursuant to this Section is not given by the Board within thirty (30) days after the date the written demand or demands are delivered to the

Board, the Directors signing the demand or demands may set the time and place of the meeting and give notice, pursuant to the terms of Section 6.3 of these Bylaws.

5.8.3. Notice of Board Meetings.

- 5.8.3.1. Except as provided above, written notice of each meeting of the Board shall be given by the Secretary to each Board member entitled to vote. The notice shall specify the place, day and time, and, in the case of a special meeting, the purpose of the meeting.

5.8.4. Location of Meetings and Open Meetings.

- 5.8.4.1. All meetings of the Board of Directors shall be open to attendance by Members. All meetings of the Board of Directors shall be held in the Community, by conference call, electronic means or in the Saint Joseph County area, unless all Directors consent in writing to another location.

5.8.5. Waiver of Notice.

- 5.8.5.1. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice.

5.8.6. Quorum.

- 5.8.6.1. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business, unless there are fewer than three (3) Directors, in which case all Directors must be present to constitute a quorum. The votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board unless there are fewer than three (3) Directors, in which case, unanimity of the Directors is required to constitute a decision of the Board. If at any meeting there shall be less than a quorum present, a majority of those present may adjourn the meeting.

5.8.7. Proxies for Board Meetings.

- 5.8.7.1. For the purposes of determining a quorum with respect to a particular issue and for the purposes of casting a vote for or against that issue, a Director may execute, in writing, a proxy to be held by another Director. The proxy shall specify a yes, no, or abstain vote on each particular issue for which the proxy was executed. Proxies which do not specify a yes, no, or abstain vote shall not be counted for the purpose of having a quorum present nor as a vote on the particular issue before the Board.

5.8.8. Consent to Corporate Action.

- 5.8.8.1. The Directors shall have the right to take any action in the absence of a meeting, which they could otherwise have taken at a meeting, by: (a) Obtaining the

unanimous verbal vote of all Directors which vote shall be noted in the minutes of the next meeting of the Board and ratified at that time; (b) Obtaining the written vote of all of the Directors, with at least a majority of the Directors approving the action, provided that those Directors who vote “no” or abstain from voting have waived notice of a meeting in writing. The Secretary shall file the written votes with the minutes of the meetings of the Board of Directors; (c) Any action taken under subsections (a) and (b) shall have the same effect as though taken at a meeting of the Directors.

5.8.9. Telephone Communication in Lieu of Attendance.

5.8.9.1. A Director may attend a meeting of the Board by using an electronic or telephonic communication method whereby the Director may be heard by the other Members and may hear the deliberations of the other Members on any matter properly brought before the Board. The Director's vote shall be counted and the presence noted as if that Director were present in person.

5.9. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

5.9.1. Powers and Duties.

5.9.1.1. The Board may act in all instances on behalf of the Association, except as provided in the covenants and these Bylaws. The Board shall have, subject to the limitations contained in the covenants, the powers and duties necessary for the administration of the affairs of the Association and of the Community, and for the operation and maintenance of the Community, including the following powers and duties:

- 5.9.1.1.1. Exercise any other powers conferred by the Governing Documents;
- 5.9.1.1.2. Adopt and amend Rules and Regulations, including penalties for infraction thereof;
- 5.9.1.1.3. Adopt and amend budgets subject to any requirements of the covenants and the Bylaws;
- 5.9.1.1.4. To keep and maintain full and accurate books and records showing all of the receipts, expenses, or disbursements of the Association;
- 5.9.1.1.5. Collect Assessments as provided by the Governing Documents;
- 5.9.1.1.6. Employ a managing agent, independent contractors or employees as it deems necessary, and prescribe their duties;
- 5.9.1.1.7. Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Governing Documents, and, in the Association's name, on behalf of the Association or two or more Owners, on matters affecting the Community;
- 5.9.1.1.8. Make contracts, administer financial accounts and incur liabilities in the name of the Association;

- 5.9.1.1.9. Acquire, hold, encumber and convey, in the Association's name and in the ordinary course of business, any right, title or interest to real estate or personal property, pursuant to the consent requirements set forth in the Governing Documents, if any;
- 5.9.1.1.10. Provide for the indemnification of the Association's Directors and any person serving without compensation at the request of the Association, and maintain association professional liability insurance;
- 5.9.1.1.11. Supervise all persons acting on behalf of and/or at the discretion of the Association;
- 5.9.1.1.12. Procure and maintain liability and hazard insurance as set forth in the Governing Documents.
- 5.9.1.1.13. Cause all persons having fiscal responsibilities for the assets of the Association to be insured and/or bonded, as it may deem appropriate;
- 5.9.1.1.14. Exercise for the Association all powers, duties, rights and obligations in or delegated to the Association and not reserved to the membership by other provisions of the Governing Documents. The Board may elect other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.
- 5.9.1.1.15. The Secretary shall record the votes and maintain the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and perform such other duties incident to the office of Secretary or as required by the Board.
- 5.9.1.1.16. The Treasurer shall be responsible for the receipt, deposit and disbursement of Association funds and securities and for maintenance of full and accurate financial records; shall prepare an annual budget and a statement of income and expenditures to be presented to the membership, and deliver a copy of each to the Members. The Treasurer shall perform all duties incident to the office of Treasurer and such other duties as may be assigned by the Board of Directors.
- 5.9.1.1.17. The duties of any Officer may be delegated to the managing agent or another Board member; provided the Officer shall not be relieved of any responsibility.

6. No Waiver.

- 6.1. The omission or failure of the Association or Owner to enforce the covenants, conditions, easements, uses, limitations, obligations, or other provisions of the Governing Documents shall

not constitute or be deemed a waiver, modification, or release thereof, and the Board or the managing agent shall have the right to enforce the same at any time.

7. COMMITTEES

7.1. Designated Committees.

7.1.1. The Board may appoint such committees as deemed appropriate in carrying out its purposes. Committees shall have authority to act only to the extent designated in the Governing Documents or delegated by the Board.

8. BOOKS AND RECORDS

8.1. Records.

8.1.1. The Association or its managing agent, if any, shall keep the following records:

- 8.1.1.1. An account for each Lot, which shall designate the name and address of each Owner, the amount of each Assessment, the dates on which each Assessment comes due, any other fees payable by the Owner, the amounts paid on the account and the balance due;
- 8.1.1.2. An account for each Owner showing any other fees payable by the Owner;
- 8.1.1.3. The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- 8.1.1.4. The current operating budget;
- 8.1.1.5. A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- 8.1.1.6. A record of insurance coverage provided for the benefit of Owners and the Association;
- 8.1.1.7. Tax returns for state and federal income taxation;
- 8.1.1.8. Minutes of meetings of the Owners, Directors, committees and waivers of notice, if any;
- 8.1.1.9. Copies of at least the three most recent years' correspondence between the Association and Owners; and
- 8.1.1.10. Copies of the most current versions of the Governing Documents, along with their exhibits and schedules.

8.2. Minutes and Presumptions Thereunder.

8.2.1. Minutes or any similar record of the meetings of Members, or of the Board of Directors, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

8.3. Examination.

8.3.1. The books, records and papers of the Association shall at all times, after reasonable notice, be subject to inspection and copying by any Member, at their expense, for any proper purpose, except documents determined by the Board to be confidential pursuant to a written policy or applicable law. The Board of Directors or the managing agent shall determine reasonable fees for copying.

9. BYLAW AMENDMENTS

9.1. These Bylaws may be amended by:

9.1.1. a vote of a majority of the Members eligible to vote, at a meeting of the Members, called for that purpose, provided that notice has been sent to all Members pursuant to these Bylaws, and such notice sets forth that the meeting is being conducted for the purpose of amendment; or

9.1.2. a resolution adopted by the affirmative vote of at least eighty percent (80%) of the Directors in office at any regular or special meeting of the Board if at least ten (10) days' prior written notice is given to all Directors of intention to alter, amend or repeal the Bylaws or adopt new Bylaws at such meeting.

10. INDEMNIFICATION

10.1. Obligation to Indemnify.

10.1.1. The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative; by reason of the fact that the person is or was a director, officer or committee member of the Association; provided the person is or was serving at the request of the Association in such capacity; and provided that the person:

10.1.1.1. acted in good faith, and;

10.1.1.2. in a manner that the person reasonably believed to be in the best interests of the Association, and;

10.1.1.3. with respect to any claimed criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful.

10.1.2. Notwithstanding anything above, unless a court of competent jurisdiction determines that, in view of all circumstances of the case, the person is fairly and reasonably entitled to expenses, no indemnification shall be made:

- 10.1.2.1. In connection with a proceeding by or in the right of the Association, where the person has been adjudged to be liable to the Association; or
- 10.1.2.2. In connection with any other proceeding charging that the person received an improper personal benefit, whether or not involving action in an official capacity, the person has been adjudged liable on the basis the person received an improper personal benefit.
- 10.1.3. To the extent that the person has been wholly successful on the merits in defense of any action, suit or proceeding as described above, the person shall be indemnified against actual and reasonable expenses (including expert witness fees, attorney fees and costs) incurred in connection with the action, suit or proceeding.
- 10.2. Determination Required.
 - 10.2.1. The Board of Directors shall determine whether the person requesting indemnification has met the applicable standard of conduct set forth above. The determination shall be made by the Board of Directors by a majority vote of a quorum consisting of those members of the Board of Directors who were not parties to the action suit or proceeding.
 - 10.2.2. If a quorum cannot be obtained as contemplated above or if a quorum has been obtained and the Board so directs, a determination may be made, at the discretion of the Board, by:
 - 10.2.2.1. independent legal counsel selected by a majority of the full Board; or
 - 10.2.2.2. by the voting members, but voting members who are also at the same time seeking indemnification may not vote on the determination.
- 10.3. Payment in Advance of Final Disposition.
 - 10.3.1. The Association shall pay for or reimburse the reasonable expenses as described above in advance of final disposition of the action, suit or proceeding if the person requesting indemnification provides the Board of Directors with:
 - 10.3.1.1. (a) A written affirmation of that person's good faith belief that he or she has met the standard of conduct described above and;
 - 10.3.1.2. (b) A written statement that the person shall repay the advance if it is ultimately determined that he or she did not meet the standard of conduct described above.
- 10.4. No Limitation of Rights.
 - 10.4.1. The indemnification provided in this Article shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Members or disinterested members of the Board of Directors, or otherwise, nor by any rights which are granted pursuant to the covenants as those statutes may be amended from time to time.

11. Directors and Officers Insurance.

- 11.1. The Association shall purchase and maintain insurance on behalf of any person who is or was a member of the Board of Directors, the manager, committee members, or anyone acting at the direction of the Board, covering defense and liability expenses arising out of any action,

suit or proceeding asserted against the person by virtue of the person's actions on behalf of the Association or at the direction of the Board, whether or not the Association would have the power to indemnify the person against liability under provisions of this Article.

12. MISCELLANEOUS

12.1. Fiscal Year.

12.1.1. The Board has the right to establish and, from time to time, change the fiscal year of the Association.

12.2. Notices.

12.2.1. All notices to the Association or the Board shall be delivered to the office of the managing agent, or, if there is no managing agent, to the office of the Association, or to such other address as the Board may designate by written notice to all Owners. Except as otherwise provided, all notices to any Owner shall be mailed to the Owner's address as it appears in the records of the Association. All notices shall be deemed to have been given when mailed or transmitted, except notices of changes of address, which shall be deemed to have been given when received.

12.3. Conflicts.

12.3.1. In the case of any conflicts between the covenants and these Bylaws or the Articles of Incorporation, the terms of the covenants shall control. In the case of any conflicts between the Articles of Incorporation and these Bylaws, the terms of the Articles of Incorporation shall control.

12.4. Waiver.

12.4.1. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

12.5. Director Conflicts of Interest

12.5.1. General Duty.

12.5.1.1. The Board of Directors shall use its best efforts at all times to make decisions that are consistent with high principles, and to protect and enhance the value of properties of the members and Association. All Directors shall exercise their power and duties in good faith and in the best interest of, and with utmost loyalty to the Association. All Directors shall comply with all lawful provisions of the Declaration of Covenants, Conditions, and Restrictions and the Association's Articles, Bylaws, and Rules and Regulations.

12.5.2. Definition.

- 12.5.2.1. (i) "Conflicting interest transaction" means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a director, or between the Association and an entity in which a Director of the Association is a director or officers or has a financial interest;
- 12.5.2.2. (ii) "Director" means a member of the Association's Board of Directors;
- 12.5.2.3. (iii) "Party related to a Director" means a spouse or descendant of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a director or officer or has a financial interest.

12.5.3. Disclosure of Conflict.

- 12.5.3.1. Any conflict of interest on the part of any Director shall be verbally disclosed to the other Directors in open session at the first open meeting of the Board of Directors at which the interested Director is present prior to any discussion or vote on the matter. The interested Director shall not be present during or participate in the discussion or vote on the matter. The minutes of the meeting shall reflect the disclosure made, the abstention from voting, the composition of the quorum and record who voted for and against.

12.5.4. Code of Ethics.

- 12.5.4.1. In addition to the above, each Director and the Board as a whole shall adhere to the following Code of Ethics:
 - 12.5.4.1.1. No Director shall use his/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.
 - 12.5.4.1.2. No contributions will be made to any political parties or political candidates by the Association.
 - 12.5.4.1.3. No Director shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the Association.
 - 12.5.4.1.4. No Director shall accept a gift or favor made with intent of influencing decision or action on any official matter.
 - 12.5.4.1.5. No Director shall receive any compensation from the Association.
 - 12.5.4.1.6. No loans shall be made by the Association to its Directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of the loan until it is repaid.
 - 12.5.4.1.7. No Director shall willingly misrepresent facts to the members of the community for the sole purpose of advancing a personal cause or influencing the community to place pressure on the Board to advance a personal cause.

- 12.5.4.1.8. No Director shall interfere with a contractor engaged by the Association while a contract is in progress. All communications with Association contractors shall go through the Board or be in accordance with policy.
- 12.5.4.1.9. No Director shall harass, threaten, or attempt through any means to control or instill fear in any Member, Director or Agent of the Association.
- 12.5.4.1.10. No promise of anything not approved by the Board as a whole can be made by any Director to any subcontractor, supplier, or contractor during negotiations.
- 12.5.4.1.11. Any Director convicted of a felony shall voluntarily resign from his/her position.
- 12.5.4.1.12. No Director shall knowingly misrepresent any facts to anyone involved in anything with the community which would benefit himself/herself in any way.
- 12.5.4.1.13. Language and decorum at Board meetings will be kept professional. Personal attacks against Owners, Residents, managers, service providers and Directors are prohibited and are not consistent with the best interest of the community.

12.5.5. Conflicting Interest Transaction.

12.5.5.1.1. No conflicting interest transaction shall be voidable by an Owner or on behalf of the Association if:

12.5.5.1.1.1. The facts about the conflicting interest transaction are disclosed to the Board, and a majority of the disinterested Directors, even if less than a quorum, in good faith approves the conflicting interest transaction;

12.5.5.1.1.2. The facts about the conflicting interest transaction are disclosed or the Owners entitled to vote on the matter, and the conflicting interest transaction is authorized in good faith by a vote of the Owners entitled to vote on the matter; or

12.5.5.1.1.3. The conflicting interest transaction is fair to the Association.

By signature below, the Board of Directors certifies these Amended and Restated Bylaws were adopted by a resolution adopted by the affirmative vote of at least eighty percent (80%) of the Directors in office at any regular or special meeting of the Board upon at least ten (10) days prior written notice to all Directors or that these Bylaws received the approval in writing by a majority of a quorum of the Members eligible to vote, at a meeting of the Members, called for that purpose, upon notice to all Members that such meeting was being conducted for the purpose of amendment.