

**CODE OF BY-LAWS
OF
GRAYFOX HOMEOWNERS ASSOCIATION, INC.**

ARTICLE 1

Definitions

The definitions and terms used in these By-Laws shall have the meaning ascribed to them in the Grayfox Covenants.

ARTICLE 2

Meetings of Members

Section 2.01. Place of Meetings

All meetings of the Members shall be held at such place in Allen County, Indiana as may be designated by the Board of Directors and specified in the respective notices or waivers of notice thereof.

Section 2.02. Annual Meeting

An annual meeting of the Members shall be held between May 1 and December 31 of each year.

Section 2.03. Special Meetings

Special meetings of the Members may be called by the President, by a majority of the Board of Directors, or by written petition signed by not less than 25 percent (25%) of all of the Members.

Upon a request in writing delivered to the President or the Secretary by a Person or Persons entitled to call a special meeting, it shall be the duty of the President or the Secretary to give notice to the Members of such meeting, and, if such request is refused, the Person or Persons making such request may call a meeting by giving notice in the manner hereinafter provided.

Business transacted at all special meetings shall be limited to the subjects stated in the call or waiver of notice, and matters germane thereto.

Section 2.04. Notice of Meetings

A written or printed notice stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which such meeting is called, shall be delivered or mailed by the Secretary or by the officer or Person calling the meeting to each Member at such address as appears on the records of the Corporation at least ten (10) days before the date of the

meeting. Notice of any meeting may be waived in writing filed with the Secretary by any Member if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place of the meeting. Attendance at any meeting shall constitute a waiver of notice of that meeting.

Section 2.05. Voting Lists.

After fixing a record date for notice of a meeting, the Secretary shall prepare a complete list of Members entitled to notice of a meeting of Members.

Section 2.06. Quorum.

At any meeting of the Members fifty percent (50%) of the Members entitled to vote at such meeting, present in person or by proxy executed in writing, shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, the Members present in person or by proxy, by a majority vote and without notice, may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business maybe transacted for which notice was originally given. The Members present at a duly organized meeting may continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 2.07. Voting Rights.

Each Member shall have one vote per Lot owned. In any election of Directors, each Member shall have a number of votes equal to the number of Directors to be elected, provided, however, no Member may cast more than one vote for each Director to be elected. A majority of the votes cast at a meeting of the Members, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter that may properly come before the meeting unless more than a majority of votes cast is required by law, the Declaration, the Articles or these By-Laws.

Section 2.08. Multiple Owner.

Where the Owner of a Lot constitutes more than one person, or is a partnership, there shall be only one voting representative entitled to cast the vote allocated to that Lot. Those persons constituting such Owner or the partners shall determine among themselves who shall be the voting representative for such Lot. In the event agreement is not reached the vote attributable to such Lot shall not be cast.

Section 2.09. Proxies.

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 designate his attorney-in-fact in writing, delivered to

an officer of the Corporation prior to the commencement of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless a longer time is expressly provided in the proxy.

Section 2.10. Action Without a Meeting.

Any action required by the Act to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if, prior to the action, a consent in writing setting forth the action so taken is signed by all of the Members entitled to vote with respect to the subject matter thereof, and such written consent is filed with the minutes of the proceedings of the Members. Such consent shall have the same effect as a unanimous vote of the Members.

Section 2.11. Meeting by Telephone. etc.

Any or all of the Members may participate in a meeting by or through the use of any means of communication by which all Members participating may simultaneously hear each other during the meeting. Participation in a meeting using these means constitutes presence in person at the meeting.

ARTICLE 3

Board of Directors

Section 3.01. Functions.

The business, property and affairs of the Corporation shall be managed and controlled by a Board of Directors as from time to time constituted (herein collectively called “Board” or “Directors” and individually called “Director”).

Section 3.02. Eligibility.

No person shall be a Director who is not a Member.

Section 3.03. Number.

The number of Directors comprising the Board shall not be less than three (3) nor more than nine (9) and no reduction in the number of Directors shall have the effect of removing a Director from office prior to the expiration of his term. The number may be increased beyond nine (9) by a majority vote of the then serving Directors, but may not be decreased below three (3). In the event the number of Directors is increased, the election of the additional Director or Directors shall be by a vote of the Members according to a procedure established by the Board by resolution.

Section 3.04. Nomination.

The Board of Directors shall establish such procedures as it deems appropriate governing the nomination of Members for election to the Board of Directors.

Section 3.05. Election.

Directors shall be elected at the annual meeting provided in Article 2. The Board may establish such election procedures as it deems appropriate. Voting for the Board of Directors shall be by secret written ballot if requested by any Nominee or Member. Those Persons receiving the highest number of votes shall be elected.

Section 3.06. Term.

Each Director shall serve for a term of one (1) year or until his successor is elected and qualified or until he has resigned or been removed. Incumbent Directors shall be eligible for re-election, and the number of years a person may serve as a Director is not limited.

Section 3.07. Resignation.

Any Director may resign at any time by giving written notice of such resignation to the President or the Secretary of the Corporation. Such resignation shall take effect when the notice is effective unless the notice specifies a later effective date. The acceptance of a resignation shall not be necessary to make it effective. Failure to attend three (3) successive meetings of the Board of Directors shall be considered notice of resignation unless such Director advises the President of a contrary intent within thirty (30) days of the third missed meeting.

Section 3.08. Vacancies.

Any vacancy occurring on the Board of Directors caused by death, resignation, removal or otherwise, may be filled until the next annual meeting through a vote of a majority of the remaining members of the Board. If a majority of the remaining members of the Board cannot agree on a Person to fill any such vacancy, a special meeting of the Members may be called to elect a Person to fill such vacancy. A Director elected to fill a vacancy shall hold office until the expiration of the term of the Director causing the vacancy or until his successor has been elected and qualified.

Section 3.09. Meetings.

The Board of Directors shall meet at least 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 which may properly be brought before the meeting. No notice shall be necessary for the holding of this annual meeting. If

such meeting is not held as above provided, the election of officers may be held at any subsequent meeting of the Board specifically called in the manner provided below. The Board of Directors may provide for the time and the place for the holding of additional regular meetings of the Board. A written or printed notice stating the place, day and hour of a regular scheduled Board of Directors meeting, shall be delivered or mailed by the Secretary or by the officer or Person calling the meeting to each Member at such address as appears on the records of the Corporation at least ten (10) days before the date of the regular scheduled Board of Directors meeting. Special meetings of the Board may be called by the President and shall be called by order thereof upon the written request of not less than two (2) Directors, which request shall set forth the business to be conducted at such meeting.

Section 3.10. Notice of Meetings.

Notice of all meetings of the Board of Directors, except as herein otherwise provided, shall be given by mailing, telephoning, telegraphing or delivering personally the same at least two (2) days before the meeting to the usual business or residence address of the Director as shown upon the records of the Corporation. Notice of any meeting of the Board may be waived in a document filed with the Secretary by any Director if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place of the meeting. Attendance at any meeting of the Board shall constitute a waiver of notice of that meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any meeting of the Board may adjourn from time to time to reconvene at the same place or some other place. No notice need be given of any such adjourned meeting.

Section 3.11. Quorum.

A quorum of the Board of Directors at any annual or special meeting of the Board shall be a majority of the duly qualified members of the Board then occupying office, but in no event less than two (2) Directors. The act of a majority of the Directors present at a meeting, who constitute a quorum, shall be the act of the Board unless otherwise provided by the Act, the Declaration, the Articles, or these By-Laws. In the absence of a quorum, the Directors present may, by majority vote, adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting for which notice was originally given.

Section 3.12. Action Without a Meeting.

Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if the action is taken by all members of the Board of Directors or such committee. The action must be evidenced by at least one (1) written consent describing the action taken signed by each member of the Board of Directors or of such committee, and included in the minutes or filed with the corporate records reflecting the action taken.

Section 3.13. Meeting by Telephone, etc.

Any or all of the members of the Board or of any committee designated by the Board may participate in a meeting by or through the use of any means of communication by which all persons participating may simultaneously hear each other during the meeting. Participation in a meeting using these means constitutes presence in person at the meeting.

Section 3.14. Committees.

The Board of Directors, by resolution adopted by a majority of the Board, may designate one or more committees, each of which shall consist of one (1) or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board in the management of the Corporation. Other committees not having and exercising the authority of the Board in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law.

Section 3.15. Powers.

All of the corporate powers, except as otherwise provided herein or by law, shall be vested in and shall be exercised by the Board of Directors. Said powers shall include, but not be limited to:

- (a) The power to adopt, publish, and enforce rates and regulations governing the use of the Community Areas;
- (b) The power to lease or purchase for the benefit of the Members such property, equipment, materials, labor and services as may be necessary in the judgment of the Board;
- (c) The power to exercise the powers and perform the duties of the Corporation granted, imposed, authorized or permitted by the Declaration or any Supplemental Declaration, the

exercise of which is not reserved or committed to the membership by the Articles or By-Laws;

- (d) The power to make and collect Assessments and charges, establish and collect membership dues, and levy and collect fines for the violation of rates and regulations governing the use of the Community Areas; and
- (e) The power to employ legal counsel, architects, contractors, accountants, consultants, managers, independent contractors and others as in the judgment of the Board of Directors may be necessary or desirable in connection with the maintenance, repair, replacement, restoration, and operation of the Community Area and the business and affairs of the Corporation. Expenditures for the exercise of said powers shall not exceed amounts contained in the approved annual budget or approved assessments. In emergency situations, the Board may authorize expenditures commensurate with said powers to a maximum 25% over run of the total budget with a two-thirds Board approval.

Section 3.16. Duties.

It shall be the duty of the Board of Directors to:

- (a) cause the Common Area to be maintained in good, clean, attractive and sanitary condition, order and repair;
- (b) adopt and publish rules and regulations, including fees, if any, governing the use of the Community Area, and the personal conduct of the Members, their tenants and guests;
- (c) cause to be kept a complete record of all its corporate affairs, making such records available for inspection by any Member or his authorized agent, and present an annual report thereof to the Members;
- (d) supervise all officers, agents and employees of the Corporation and see that their duties are properly performed;
- (e) issue upon demand by any Member a certificate setting forth whether or not any Assessment has been paid and giving evidence thereof for which a reasonable charge may be made;

- (f) designate depositories for the funds of the Corporation, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Corporation, and cause such persons to be bonded, as it may deem appropriate;
- (g) approve the annual budget;
- (h) fix annual General Assessments at amounts sufficient to meet the obligations imposed by the Declaration;
- (i) annually set the date(s) Assessments are due and decide whether interest is to be applied to Assessments which remain unpaid thirty (30) days after they become due;
- (j) send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the Assessment or first installment thereof;
- (k) determine whether the lien against any property for which Assessments are not paid within sixty (60) days after due date should be foreclosed or an action at law to be brought against the Owner personally obligated to pay the same;
- (l) procure and maintain adequate insurance to protect the Corporation, its employees and its personal and real properties;
- (m) enter into mortgage agreements and obtain capital debt financing subject to the provisions of the Declaration;
- (n) appoint such committees as are prescribed in Section 3.14;
- (o) faithfully observe and perform each duty imposed on the Corporation by the terms of the Declaration and exercise such discretion granted to the Board thereunder in the best interests of the Members; and
- (p) exercise their powers and duties in good faith, with a view to the interests of the Corporation.

Section 3.17. Non-Liability of Directors.

No Director shall be liable to any Person for any error or mistake of judgment exercised in carrying out his duties and responsibilities as a Director, unless (a) the Director has breached or failed to

perform the duties of his office in compliance with the Act and (b) the breach or failure to perform constitutes willful misconduct or recklessness. The Members shall indemnify and hold harmless each of the Directors against any and all liability to any Person arising out of contracts made by the Board on behalf of the Corporation, unless any such contract shall have been made in bad faith or is contrary to the provisions of the Act, the Articles or these By-Laws. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Members and as their agent. The liability of any Member arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Directors shall be limited to such percentage of the total liability or obligation thereunder as is equal to a fraction, the numerator of which is the number of Lots owned by him and the denominator of which is the total number of Lots in the Tract.

Section 3.18. Indemnity of Officers and Directors.

To the extent not inconsistent with the laws of the State of Indiana, every Person (and the heirs, assigns and legal representatives of such Person) who is or was a Director or an officer of the Corporation shall be indemnified by the Corporation as provided in the Act. To the extent the assets of the Corporation are insufficient to satisfy its indemnification obligations hereunder, the Board of Directors may levy a Special Assessment in the manner specified in the Declaration to obtain such funds as may be required to satisfy such obligation.

Section 3.19. Transactions Involving Affiliates.

No contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any Person in which one or more of the Directors are directors, officers, partners, or employees or are pecuniarily or otherwise interested, shall be void or voidable because such Director or Directors are present at the meeting of the Board or any committee thereof which authorizes, approves or ratifies the contract or transaction, or because his or their votes are counted for such purpose if:

- (a) the fact of the relationship or interest is disclosed or known to the Board or committee, and the Board or committee authorizes, approves, or ratifies such contract or transaction by a vote or consent sufficient for the purpose without counting the vote or consents of the interested Director(s); or
- (b) the fact of the relationship or interest is disclosed or known to the Members, and they authorize, approve or ratify the contract or transaction by a vote or written consent; or
- (c) the contract or transaction is fair and reasonable to the Corporation.

Affiliated or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board or committee thereof which authorizes, approves or ratifies any contract or transaction.

Section 3.20. Insurance.

The Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all of the structures located in the Commons Area, whether owned or leased by the Corporation, against loss or damage by fire or other hazards commonly insured against in similar properties in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard, and shall also obtain a broad form public liability policy covering all damage or injury caused by the negligence of the Corporation or any of its agents. Premiums for all such insurance shall be included in the General Assessment.

Section 3.21. Insured Loss, Damage or Destruction.

In the event of loss, damage or destruction by fire or other peril, the Board of Directors shall (unless otherwise agreed by two-thirds (2/3) of the Directors then serving), upon receipt of the insurance proceeds, contract to rebuild or repair damaged or destroyed portions of the insured property to its condition before such damage. Excess insurance proceeds, if any, shall become a part of the Corporation's reserve for replacements.

Section 3.22. Compensation.

No Director shall receive any compensation for any service he may render to the Corporation. He may, however, be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE 4

The Officers of the Corporation

Section 4.01. Officers and Agents.

The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may, by resolution, designate from time to time. Any two or more offices may be held by the same person. The Board of Directors may, by resolution, create, appoint and define the duties and fix the compensation of such officers and/or agents as, in its discretion, is deemed necessary, convenient or expedient for carrying out the

purposes for which the Corporation is formed; but such officers and agents shall be compensated only for actual services performed on behalf of the Corporation.

Section 4.02. Election, Term of Office and Qualifications.

The officers shall be chosen annually by the Board of Directors. Each officer shall hold office (unless he resigns, is removed or dies) until the next annual meeting of the Board of Directors or until his successor is chosen and qualified.

Section 4.03. Vacancies.

In the event an office of the Corporation becomes vacant by death, resignation, retirement, disqualification or any other cause, the Board of Directors shall elect a person to fill such vacancy, and the person so elected shall hold office and serve (unless he resigns, is removed or dies) until the next annual meeting of the Board or until the election and qualification of his successor.

Section 4.04. President.

The President, who shall be chosen from among the membership of the Board of Directors, shall preside at all meetings of the Board, if present; shall appoint the chairman and members of all standing and temporary committees, subject to the review of the Board of Directors; shall be the executive officer of the Corporation; shall have and exercise general charge and supervision of the affairs of the Corporation; and shall do and perform such other duties as these By-Laws provide or as may be assigned to him by the Board of Directors.

Section 4.05. Vice President.

Any Vice President may perform all duties incumbent upon the President during the absence or disability of the President and shall perform other duties as these By-Laws may require or as may be assigned to him by the President or the Board of Directors.

Section 4.06. Secretary.

The Secretary shall have the custody and care of the corporate records and the minute book of the Corporation. He shall attend all of the meetings of the Board of Directors and the Members, and shall keep, or cause to be kept in a book provided for the purpose, a true and complete record of the proceedings of such meetings, and shall perform a like duty for all standing committees of the Board of Directors when required. He shall attend to the giving and serving of all notices of the Corporation, shall file and take care of all papers and documents belonging to the Corporation, shall authenticate records of the Corporation, as necessary, and shall perform such other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors or the President.

Section 4.07. Treasurer.

The Treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Corporation. He shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come into the possession of the Corporation. He shall immediately deposit all funds of the Corporation coming into his hands in some reliable bank or other depository to be designated by the Board of Directors, and shall keep such bank account in the name of the Corporation. He shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Corporation and shall perform such other duties as may be required by these By-Laws or as may be prescribed by the Board of Directors or the President.

Section 4.08. Assistant Officers.

The Board of Directors may from time to time designate assistant officers who shall exercise and perform such powers and duties as the officers whom they are elected to assist shall specify and delegate to them, and such other powers and duties as may be prescribed by the Code of By-Laws, the Board of Directors or the President.

Section 4.09. Removal.

Any officer of the Corporation may be removed from office, with or without cause, by the affirmative vote of two-thirds (2/3) of all the Directors at any regular or special meeting of the Board of Directors called for the purpose. Any officer whose removal is proposed shall be entitled to at least ten (10) days' notice in writing by mail of the meeting of the Board of Directors at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Board of Directors at such meeting.

Section 4.10. Resignation.

Any officer or member of a committee may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, and, if no time be specified, at the time of its receipt by the President or Secretary of the Corporation. The acceptance of a resignation shall not be necessary to make it effective.

ARTICLE 5

Architectural Control Committee

Section 5.01. Composition.

The Architectural Control Committee shall be comprised of at least three (3) but not more than five (5) Members (at least one of which must be a Director) elected by the Board of Directors by a vote of a majority of the Directors then serving.

Section 5.02. Term.

The members of the Architectural Control Committee shall serve for a term of one (1) year. Members shall be eligible for reappointment.

Section 5.03. Removal; Vacancies.

The Board of Directors may remove a member of the Architectural Control Committee at any time, with or without cause, by a vote of two-thirds of the Directors then serving. In the event of a vacancy on the Architectural Review Board, the Board of Directors shall, by a vote of a majority of the Directors then serving, elect a successor to serve the unexpired term.

Section 5.04 Organization.

The Architectural Control Committee shall elect from among its membership a chairman, secretary and such other officers as it deems appropriate.

Section 5.05. Quorum.

A quorum for action by the Architectural Control Committee shall be a majority of its members, but in no event less than two (2) members.

Section 5.06. Duties.

It shall be the duty of the Architectural Control Committee to regulate the external design, appearance, location and maintenance of the Tract and of improvements thereon and to regulate such uses of property, all as provided in the Declaration.

Section 5.07. Procedures.

The Architectural Control Committee shall formulate general guidelines, procedures and regulations and submit them for approval to the Board of Directors .

ARTICLE 6

Loans to Officers and Directors

The Corporation shall not lend money to or guarantee the obligations of any officer or Director of the Corporation.

ARTICLE 7

Corporate Books

The Corporation shall maintain all records required by the Act and shall permit the Members to inspect and copy such records to the extent and on the conditions specified in the Act.

ARTICLE 8

Financial Affairs

Section 8.01. Contracts.

The Board of Directors may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to a specific instance; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit or render it liable pecuniarily for any purpose or to any amount.

Section 8.02. Checks. Etc.

All checks, drafts, notes, and other evidence of indebtedness in excess of One Thousand Dollars (\$1,000.00), shall, unless otherwise directed by the Board of Directors or required by law, be signed by any two of the following officers, who are different persons: President, a Vice President, Secretary or Treasurer. Any such obligation equal to or less than One Thousand Dollars (\$1,000.00) may be signed by any one (1) of such preceding officers. The Board of Directors may, however, designate officers or employees of the Corporation, other than those named above, who may, in the name of the Corporation, execute drafts, checks and orders for the payment of money on its behalf.

Section 8.03. Investments.

The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors.

Section 8.04. Reserve for Replacements.

The Board of Directors shall establish and maintain a reserve fund for replacements by the allocation and payment to such reserve fund of an amount determined annually by the Board to be sufficient to meet the cost of periodic maintenance repairs, renewal and replacement of the Property. In determining the amount, the Board shall take into consideration the expected useful life of the Property, projected increases in the cost of materials and labor, and interest to be earned by such fund. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board, be invested in obligations of or fully guaranteed as to principal by, the United States of America.

Section 8.05. Fiscal Year.

The fiscal year of the Corporation shall be commence on January 1 in each year.

Section 8.06. Assessment Year.

The assessment year of the Corporation shall be the same as the fiscal year established in Section 8.05

Section 8.07. Auditing.

If requested by any Member, the books and accounts of the Corporation shall at the close of each fiscal year be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. A copy of such report shall be distributed to each Member who requests a copy thereof. The expenses incident to such audit shall be paid by such Member, provided, however, that such Member shall be reimbursed if such audit discloses any financial improprieties about which such Member previously alerted the Board.

ARTICLE 9

Amendments

The power to make, alter, amend or repeal these By-Laws is vested in the Board of Directors, which power shall be exercised by affirmative vote of a two-thirds (2/3) majority of the Directors present

at any meeting of the Board. Any proposed amendment shall be included in the notice of such meeting.