

**ARTICLES OF INCORPORATION
OF
KAHRE LAKE HOMEOWNERS' ASSOCIATION, INC.**

The undersigned, for the purpose of forming a Nonprofit Corporation under the Indiana Nonprofit Corporation Act of 1991, as amended ("Act"), adopt the following Articles of Incorporation:

ARTICLE ONE – NAME

The name of the Corporation is "Kahre Lake Homeowners' Association, Inc."

ARTICLE TWO – TYPE OF CORPORATION

The Corporation is a nonprofit Corporation and a mutual benefit Corporation. The Corporation is not formed for pecuniary profit. No part of the income or assets of the Corporation is distributable to or for the benefit of its members, directors or officers except to the extent permissible under law.

ARTICLE THREE – DURATION

The duration (term) of the Corporation is perpetual.

ARTICLE FOUR – PURPOSES

The Corporation is organized and shall be operated exclusively for the following purposes:

A. To enforce the Conditions, Reservations, Restrictions and Protective Covenants, of record as Document No. _____ in the Vanderburgh County Recorder's Office, as may be amended from time to time ("the Covenants"), which Covenants pertain to real estate located within Kahre Lake Subdivision, a plat of which is of record at Plat Book ____, Page ____, in the Vanderburgh County Recorder's Office, and Kahre Lake, Section 2, a plat of which is of record at Plat Book ____, Page ____, in the said recorder's office, ("the Subdivision"); to be the homeowners' association referred to in the Covenants; and to assess homeowners in accordance with the Covenants.

B. To maintain, repair, replace, administer, operate and preserve the recreational areas and common areas in the Subdivision, including any lakes and dams existing within the Subdivision.

C. To negotiate and reach agreement, as may be reasonably possible, with the owners of Ogelsby Subdivision or its homeowners' association for the maintenance, repair, replacement and preservation of the dam and that portion of the lake located within Oglesby Subdivision as contemplated in the Covenants.

D. To preserve, protect and enhance the residential character of the Subdivision.

E. To exercise all rights and powers conferred by the laws of the State of Indiana upon nonprofit Corporations, including but not limited to the power to acquire by bequest, devise, gift, purchase, lease or otherwise any property of any sort or nature without limitation as to its amount or value, and to hold, invest, reinvest, manage, use, apply, employ, sell, expend, disburse, lease, mortgage, convey, option, donate or otherwise dispose of such property and income, principal and proceeds of such property for any of the purposes set forth in these articles of incorporation.

E. To do such other things as are incidental to the purposes of the Corporation or necessary or desirable in order to accomplish them.

ARTICLE FIVE – LIMITATION

No part of the net earning of the Corporation shall inure to the benefit of or be distributable to its members, directors or officers, but the Corporation shall be authorized to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Four (“Purposes”).

ARTICLE SIX – MEMBERS

A. The Corporation is nonprofit and shall have no capital stock. Each owner of a lot or building site in the Subdivision shall automatically be a member of the Corporation. Such membership shall terminate upon the sale or other disposition by such member of his or her lot, at which time the new owner of such lot shall automatically become a member of the Corporation. Any person or entity which owns more than one (1) lot or building site shall have one (1) vote for each lot or building site owned; provided, however, if one (1) or more lots or part of one (1) or more lots in the Subdivision are combined for use as a single building site, the owner or owners of such building site shall be entitled to only one (1) vote with respect thereto regardless of the fact that such building site consists of one (1) or more lots or part of one (1) or more lots as originally platted. No person or entity other than an owner of a lot or building site in the Subdivision shall be a member of the Corporation; provided, however, each director on the board of directors of any Corporation which is the owner of a lot or building site in the Subdivision, including but not limited to the Developer, shall be a member of the Corporation, although said Corporation shall have only one (1) vote per lot or building site owned. If more than one person owns a lot or building site, each such person shall be considered a member of the Corporation, but all of whom together shall have only one (1) vote per lot or building site.

B. The members shall have the rights, preferences, limitations, and restrictions set forth in the Code of By-Laws and governing instruments of the Corporation.

ARTICLE SEVEN – REGISTERED OFFICE AND AGENT

The street address of the registered office of the Corporation is _____, and the name of its initial registered agent at that address is _____.

ARTICLE EIGHT – BOARD OF DIRECTORS

The management of the Corporation shall be vested in a board of directors. The number of directors constituting the board of directors is three (3). The number of directors may be increased or decreased in accordance with the bylaws, but shall never be less than three (3). Only Members of the Corporation may serve on the board of directors. The members shall elect the directors at the annual meeting of members. The bylaws may provide for ex officio and honorary directors, and their rights and privileges. The initial board of directors shall be: _____

ARTICLE NINE – PROVISIONS FOR REGULATION AND CONDUCT OF THE AFFAIRS OF THE CORPORATION

Other provisions, consistent with the laws of this State, for the regulation and conduct of the affairs of the Corporation, and creating, defining, limiting or regulating the powers of the Corporation, the directors or the members are as follows:

Section 9.1. Amendments to Articles. The Corporation reserve the right to alter, amend or repeal any provision contained in these Articles in any manner now or hereafter prescribed by the provisions of the Act, or any other pertinent enactment of the General Assembly of the State of Indiana, and all rights and powers conferred hereby on members, directors and officers of the Corporation are subject to such reserved right; provided, however, these Articles may not be altered, amended, or repealed, in whole or in part, without the affirmative vote of members possessing at least seventy-five percent (75%) of the votes entitled to be cast by all of the members of the Corporation.

Section 9.2. Dissolution. Upon the dissolution of the Corporation, the Corporations, assets shall be distributed pro rate to the members of the Corporation, based upon the number of votes held by the members.

Section 9.3. Amendments to By-Laws. The members shall be vested with the power to make, alter, amend or repeal the Code of By-Laws of the Corporation for the government and regulation of its affairs; provided, however, these By-Laws may not be altered, amended, or repealed, in whole or in part, without the affirmative vote of members possessing at least seventy-five percent (75%) of the votes entitled to be cast by all of the members of the Corporation.

Section 9.4. Meetings. Meetings of the members of the Corporation shall be held at such place within Vanderburgh County in the State of Indiana as may be specified in the respective notice or waivers of notice thereof. Meetings of the members may be held by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other. Participation by these means constitutes presence in person at such meeting.

ARTICLE TEN – INCORPORATOR

The name and address of the incorporator is as follows:

Christopher C. Wischer
Bamberger, Foreman, Oswald and Hahn, LLP
20 N.W. Fourth Street
P.O. Box 657
Evansville, IN 47704

IN WITNESS WHEREOF, the undersigned, being the sole incorporator designated in Article Ten, executes these Articles of Incorporation and certifies to the truth of the facts stated herein this _____ day of _____, 2007.

Christopher C. Wischer
Incorporator

This instrument prepared by Christopher C. Wischer, Attorney at Law, Bamberger, Foreman, Oswald and Hahn, LLP, P.O. Box 657, Evansville, Indiana 47704.

L:\LIB\DOCS\42156\REALEST\KT4249.DOC

**CODE OF BY-LAWS
OF
KAHRE LAKE HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE 1
IDENTIFICATION AND APPLICABILITY**

SECTION 1.1. IDENTIFICATION AND ADOPTION. These By-Laws are adopted by the Board of Directors of Kahre Lake Homeowners' Association, Inc. (hereinafter referred to as "Association"), a nonprofit corporation organized under the provisions of the Indiana Nonprofit Corporation Act of 1991, in conjunction with the Conditions, Reservations, Restrictions, and Protective Covenants pertaining to real estate located within Kahre Lake Subdivision, a plat of which is of record at Plat Book ____, Page ____, in the Vanderburgh County Recorder's Office, and Kahre Lake, Section 2, a plat of which is of record at Plat Book ____, Page ____, in the said recorder's office, ("the Subdivision"), which are of record as Document No. _____ in the Vanderburgh County Recorder's Office (hereinafter referred to, together with any modifications or amendments thereto, as the "Covenants"). The Covenants are incorporated herein by reference and all of the covenants, rights, restriction and liabilities therein contained shall apply to and govern the interpretation of these By-Laws. The definitions and terms as defined and used in the Covenants shall have the same meaning in these By-Laws and reference is specifically made that the provisions of these By-Laws shall apply to the Subdivision and the administration and conduct of the affairs of the Association.

SECTION 1.2. NAME. The name of the corporation is **Kahre Lake Homeowners' Association, Inc.** (the "Association").

SECTION 1.3. FISCAL YEAR. The fiscal year of the Association shall be fixed by resolution of the Board of Directors. In the absence of such resolution, the fiscal year shall end December 31 of each year.

SECTION 1.4. INDIVIDUAL APPLICATION. All of the owners and future owners of lots or building sites in the Subdivision shall be subject to the terms and provision of these By-Laws.

**ARTICLE 2
MEMBERSHIP REQUIREMENTS**

SECTION 2.1. MEMBERS. Membership in the Association shall be determined as set forth in the Articles of Incorporation.

SECTION 2.2. RIGHTS, PREFERENCES, LIMITATIONS, AND RESTRICTIONS OF CLASSES. Except as provided in the Covenants, the Articles of Incorporation or these By-Laws, all members of the Association shall have the same

rights, preferences, limitations, and restrictions in accordance with the By-Laws and governing instruments of the Association.

ARTICLE 3
MEETINGS OF THE MEMBERS

SECTION 3.1. ANNUAL MEETINGS. The annual meeting of the members shall be held on the third Wednesday of February of each calendar year, unless such is a holiday and the meeting shall then be postponed to the next day which is not a holiday. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-Laws. At the annual meeting the members shall:

- A. Elect the Board of Directors;
- B. Approve the annual budget; and
- C. Transact such other business as may properly come before the meeting.

SECTION 3.2. SPECIAL MEETINGS. Special meetings of the members of the Association may be called by or at the request of, the president, any two (2) Directors, or by a petition of members possessing not less than one-fourth (1/4) of the votes entitled to be cast by all of the members of the Association. Any such petition shall be presented to the president and secretary of the Association and shall state the purpose for which the meeting is to be called. Notice of such meeting shall be given according to the terms and conditions of Section 3.3 hereinbelow.

SECTION 3.3. NOTICE AND PLACE OF MEETING. All meetings of the members of the Association shall be held at a suitable place in Vanderburgh County, Indiana, as may be designated by the Board of Directors. Notice of the annual or any special meeting of the members of the Association shall be given at least then (10) days prior thereto by written notice to each member of the Association, which may be personally delivered or mailed at his or her address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, such notice shall be deemed to be delivered when actually received. Any member of the Association may waive notice of any meeting. The attendance of a member of the Association at any meeting will constitute a waiver of notice of such meeting, except where a member of the Association attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-Laws.

SECTION 3.4. QUORUM. At any meeting of the members of the Association, the presence of members possessing one-half of the votes entitled to be cast by all of the members shall constitute a quorum for the transaction of any business.

Unless otherwise required by law, by the Articles of Incorporation, or by these By-Laws, resolutions approved by members possessing a majority of the votes present at any meeting in which there is a quorum, either in person or by proxy, shall constitute the acts of the members.

SECTION 3.5. VOTING.

A. Number of Votes. As set forth in the Articles of Incorporation, and subject to the provisions thereof, members shall have one vote for each lot or building site owned by them in the Subdivision.

B. Multiple Owner. If a corporation or more than one person or other entity is the owner of a lot or building site in the Subdivision, there shall be only one (1) voting representative entitled to cast all of the vote allocable to that lot or building site. At the time of acquisition of title, the owner shall file with the Secretary a written proxy appointing one (1) person as the voting representative for such lot or building site which shall remain in effect until the appointment is revoked in writing by the corporation or by all of the owners, as the case may be, or until the voting representative becomes incompetent or dies or such appointment is otherwise rescinded by order of a court of competent jurisdiction. Such appointed voting representative may grant a proxy to another person to vote in said voting representative's place at a particular meeting or meetings pursuant to these By-Laws which will not constitute a permanent relinquishment of the voting representative's right to vote as a voting representative for the lot or building site.

C. Proxy. Members may vote in person or by proxy. The person appointed as proxy need not be a member of the Association. Designation by a member of a proxy to vote on the member's behalf shall be made in writing and delivered to the Secretary and shall be revocable at any time by actual notice to the Secretary by the member or members making such designation. Notice to the Association in writing or in open meeting of the revocation of the designation of a proxy shall not affect any vote previously taken or authorized.

D. Vote by Consent In Writing. Any action required or permitted to be taken at any meeting of the members of the Association, except the removal of a Director, may be taken without a meeting if prior to such action a written consent to such action is signed by all the members entitled to vote and such written consent is filed with the minutes of proceedings of the Association.

SECTION 3.6. CONDUCT OF MEETING. The chairman of the meeting shall be the president, or in the president's absence, the vice president, who shall call the meeting to order at the duly designated time and business shall be conducted in the following order:

A. Ascertainment of Quorum. For the purpose of determining whether or not a quorum is present, the Secretary shall call the roll of members or take such other action as may be required to establish that a quorum is present.

- B. Minutes. The secretary shall read the minutes of the last meeting.
- C. Reports. The officers and committee shall make such reports as may be appropriate. If the meeting is the annual meeting, the proposed budget for the current calendar year shall be presented to the member's for approval or amendment.
- D. Nomination and Election of Board of Directors. If the meeting is an annual meeting, or a special meeting called to fill a vacancy on the Board of Directors, an election of directors shall be held. Nominations may be made by any member from the floor at the meeting or by a written nomination submitted by any member to the Board of Directors at least ten (10) days prior to the meeting. Voting for the Board of Directors shall be by paper ballot unless otherwise agreed to by a majority of the voting members present. The ballot shall contain the name of each person nominated to serve as a Director. Cumulative voting is prohibited. Those persons receiving the highest number of votes shall be elected.
- E. Other Business. Such other business, old or new, may then be brought before the meeting.
- F. Adjournment. Following the completion of the presentation of such other business as may come before the meeting the meeting, shall adjourn.

ARTICLE 4
BOARD OF DIRECTORS

SECTION 4.1. **GENERAL POWERS.** The business and property of the Association shall be managed and controlled by its Board of Directors.

SECTION 4.2. **NUMBER AND TERM.** The number of Directors shall be three (3). Each Director shall serve until the next annual meeting of the members, or until such time as his or her successor shall have been duly elected and qualified.

SECTION 4.3. **QUALIFICATIONS.** A member of the Board of Directors must be a member of the Association.

SECTION 4.4. **MEETINGS OF THE BOARD OF DIRECTORS.**

- A. Regular Meetings. A regular annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of the members of the Association for the transaction of such business as may properly come before the meeting, without notice other than these By-Laws. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings without notice other than such resolution.

- B. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or any two (2) Directors. The person or persons authorized to call special meetings of the Board may fix any place within Vanderburgh County, Indiana, as the place for holding any special meeting of the Board called by them.
- C. Notice. Notice of any special meeting of the Board of Directors shall be given at least two (2) days prior thereto by written notice to each Director, which may be personally delivered or mailed at the address as shown for each Director by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If written notice is delivered by any means other than United States mail, such notice shall be deemed to be delivered when actually received. Any Director may waive notice of any meeting. The attendance of a Director at any meeting will constitute a waiver of notice of such 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. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-Laws.
- D. Quorum. At any meeting of the Board of Directors, the presence of a majority of the then qualified and acting Directors shall constitute a quorum for the transaction of any business. The acts approved by a majority of the Directors present at any meeting in which there is a quorum, shall constitute the acts of the Association.
- E. Vote By Consent In Writing. 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 prior to such action a written consent to such action is signed by all Directors or members of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 4.5. DUTIES OF THE BOARD OF DIRECTORS. Except as otherwise provided by law, the Articles of Incorporation, or these By-Laws, all power and authority of the Association shall be exercised by the Board of Directors. The Board shall provide for the administration of the Association. These duties include but are not limited to:

- A. Maintain Common Areas. Maintain the recreational areas/common areas of the Subdivision.

- B. Oglesby Subdivision. Negotiate and reach agreement, as may be reasonably possible, with the owners of Ogelsby Subdivision or its homeowners' association for the maintenance, repair, replacement and preservation of the dam and that portion of the lake located within Oglesby Subdivision as contemplated in the Covenants
- C. Enforce Covenants. Enforce all Covenants and in this regard, take such action as may be necessary to (including without limiting the generality of this authority) cut grass or weeds, maintain a lot or building site and keep it clean, move illegal vehicles and signs, incur expenses in doing such and assess and collect such expenses against the lot or building site owner who violates the Covenants, with the amount of such expenses incurred becoming a lien on the lot or building site or said owner.
- D. Assessments. Establish, assess, levy and collect from each of the owners each owner's pro rata share of the common expenses and to bring any legal action against the owner personally obligated to pay the same.
- E. Insurance. Procure insurance.
- F. Annual Budget. Prepare the proposed annual budget.
- G. Records. Keep a book with a detailed account of the receipts and expenditures affecting the Association and its administration, which book and vouchers accrediting the entries made thereon shall be available for examination by all of the owners at convenient hours on working days that shall be set and announced for general knowledge and which books and records shall be kept in accordance with good accounting procedures and be audited at least once a year by an auditor outside of the Association.
- H. Accounting. Prepare and deliver annually to the owners full accounting of all receipts and expenses incurred in the prior year, which accounting shall be delivered to each owner simultaneously with delivery of the annual budget.
- I. Rules and Regulations. Interpret, apply and enforce all rules, regulations and covenants established by the Covenants or the Board.
- J. General Duty. Perform such other acts necessary in fulfilling such duties that the Association shall determine consistent with the Associations' powers under the Covenants, the Articles of Incorporation and these By-Laws.

SECTION 4.6. POWERS OF THE BOARD OF DIRECTORS. The Board of Directors shall have such powers as are reasonably necessary to accomplish the performance of their duties. These powers, in addition to any powers prescribed by law,

the Covenants, or the Articles of Incorporation, include, but are not limited to, the power to:

- A. Purchasing. Purchase for the benefit of the members of the Association such equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors for the maintenance, repair and replacement of the recreational areas and common areas of the Subdivision;
- B. Employment. Employ legal counsel, accountants or other professionals as in the judgment of the Board of Directors may be necessary or desirable in connection with the performance of the business and affairs of the Association.
- C. Bank Accounts. Open and maintain a bank account or accounts in the name of the Association;
- D. Rules and Regulations. Adopt, revise, amend and alter from time to time reasonable rules and regulations with respect to the use, occupancy, operation and enjoyment of the recreational areas and common areas;
- E. Exercise Powers Generally. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws or the Covenants and authorize and direct any officer or officers of the Association to execute and deliver for and on behalf of the Association such documents and instruments as may be necessary or required in the exercise of said powers, duties and authority.
- F. Common Expenses. Pay all common expenses and include the cost of all the above and foregoing as common expenses; and
- G. Declare Vacancies. **DECLARE THE OFFICE OF AN OFFICER OR A MEMBER OF THE BOARD OF DIRECTORS TO BE VACANT IN THE EVENT SUCH OFFICER OR MEMBER SHALL BE ABSENT FOR THREE (3) CONSECUTIVE REGULAR MEETINGS OF THE BOARD OF DIRECTORS.**

SECTION 4.7. LIMITATIONS ON BOARD ACTION.

Notwithstanding the foregoing the authority of the Board of Directors to enter into contracts or to make expenditures shall be limited to expenditures, or contracts involving total expenditures, of less than Two Thousand Five Hundred Dollars (\$2,500.00) without the prior approval of members possessing a majority of the votes present at a meeting of the members at which a quorum exists, except:

SK

- A. Proposed contracts and/or expenditures set forth in the annual budget as approved by the members of the Association at the annual meeting ; and
- B. Contracts for repairs, replacement or maintenance where delay of such repair, replacement or maintenance increases substantially the cost or expense of the same and/or would subject the lots in the Subdivision and improvements thereon or the persons therein to substantial risk or injury or damage.

SECTION 4.8. RESIGNATION/REMOVAL. Any Director may resign at any time by giving written notice of such resignation to the Board of Directors. Any Director may be removed, with or without cause, upon majority vote of members at a meeting called for such action.

SECTION 4.9. VACANCIES. Any vacancy occurring in the Board of Directors by reason of death, removal, resignation, or otherwise, shall be filled by vote of the members at a special meeting called by the president, or acting president, for that purpose. Each Director so elected shall serve in the capacity of a Director until the next annual meeting of the members, or until such time as a successor is duly elected and qualified.

SECTION 4.10. COMPENSATION. Directors, as such, shall not receive any compensation for their services. Directors may receive reimbursement for all expenses reasonably incurred by them in the performance of their services as Directors and as members of any committee appointed by the Board. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

THE OFFICERS OF THE ASSOCIATION

SECTION 5.1. OFFICERS. The officers of the Association shall consist of a president, a vice president, a secretary and a treasurer. The Board of Directors, by resolution, may create and define the duties of other offices in the Association.

SECTION 5.2. ELECTION AND TERM OF OFFICE. The officers of the Association shall be elected annually by the Board of Directors of the Association at the initial meeting of each new Board of Directors. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold his or her respective office until the next annual meeting of the Board of Directors or until such time as a successor has been duly elected and qualified.

SECTION 5.3. THE PRESIDENT. The President shall be elected from among the Directors and shall be the chief executive officer. The President shall preside at all meetings of the Board of Directors and at all meetings of the Association and be subject to directions of the Board of Directors. The President shall have general executive supervision over the business and affairs of the Association and shall have an d

discharge all the general powers and duties usually vested in the office of a president or chief executive officer of an association authorized under the laws of the State of Indiana. The President may execute all authorized deeds, contracts and other obligation of the Association and shall have such authority and shall perform such other duties as may be determined by the Board of Directors or otherwise provided for in the Covenants, the Articles of Incorporation, or in these By-Laws.

SECTION 5.4. **THE VICE PRESIDENT.** The vice president shall perform all duties incumbent upon the president during the absence or disability of the president and perform such other duties as these By-Laws may require or the Board of Directors may prescribe.

SECTION 5.5. **THE SECRETARY.** The secretary shall have the custody and care of the records, minutes and books of the Association. The secretary shall attend all meetings of the Board of Directors; 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 appointed by the Board of Directors when required. The secretary shall attend to the giving and serving all notices of the Association; shall file and take charge of all papers and documents belonging to the Association; and shall perform such other duties as these By-Laws may require or the Board of Directors may prescribe.

SECTION 5.6. **THE TREASURER.** The treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Association; 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 Association; shall immediately deposit all funds of the Association coming into the treasurer's 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 Association; shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Association; and shall perform such other duties as these By-Laws may require or the Board of Directors may prescribe.

SECTION 5.7. **DELEGATION OF AUTHORITY.** In 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 of the Association to any other officer of the Association, or to any Director, for the time being, provided a majority of the entire Board of Directors concurs therein.

SECTION 5.8. **OTHER OFFICERS.** The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period and have such authority and perform such duties as the Board of Directors may from time to time determine.

SECTION 5.9. **COMMITTEES.** The Board of Directors shall appoint such committees as is deemed appropriate in carrying in carrying out its purpose.

ARTICLE 6
BOOKS AND RECORDS

SECTION 6.1. **IN GENERAL.** The Association shall keep correct and complete books and records of account shall keep minutes of the proceedings of its Board of Directors and committees having and exercising any of the authority of the Board of Directors. All books and records of the Association may be inspected by any Director, or any Director's agent or attorney, for any proper purpose at any reasonable time.

ARTICLE 7
CONTRACTS, CHECKS, AND DEPOSITS

SECTION 7.1. **CONTRACTS.** The Board of Directors may authorize any officer or agent of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or may be confined to specific instances.

SECTION 7.2. **CHECKS, DRAFTS OR ORDERS.** All checks, drafts, notes, bonds, and orders for the payment of money, shall, unless otherwise directed by the Board of Directors or unless otherwise required by law, be signed by any two of the following officers who are different persons: president, vice president, treasurer or secretary. The Board of Directors may, however, authorize any one of such officers to sign checks, drafts, notes, bonds, and orders for the payment of money singly and without necessity of countersignature, and may designate employees of the Association, other than those names above, who may execute drafts, checks, notes, bonds, and orders for the payment of money in the name of the Association in its behalf.

SECTION 7.3. **DEPOSITS.** All funds of the Association 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.

ARTICLE 8
INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 8.1. **NON-LIABILITY AND INDEMNITY.** The Directors and officers shall not be liable to the Association or any member thereof for any error or mistake of judgment in exercising and carrying out said duties and responsibilities as Directors or officers, except for said Directors' or officers' own individual willful misconduct, bad faith or gross negligence. The Association shall indemnify any person made a party to any action, suit or proceeding by reason of the fact that he or she, his or her testator or intestate, is or was a Director or officer of the Association, against any and all liability or loss related to said action, suit, or proceeding, including but not limited to reasonable attorney's fees and other expenses actually and reasonably incurred in connection with the defense of such action, suit or proceeding, or in connection with any

appeal therein, except in relation to a matter as to which it shall be adjudged in such action, suit or proceeding that the actions of such officer or Director constituted gross negligence, bad faith, or willful misconduct in the performance of his or her duties. The Association may also reimburse to any such person the reasonable costs of settlement of any such action, suit or proceeding, if it shall be found by a majority of a committee composed of the Directors not involved in the matter in controversy (whether or not a quorum) that it is in the interest of the Association that such settlement be made and that the conduct of such person did not constitute gross negligence, bad faith, or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such person may be entitled apart from the provisions of these By-Laws.

ARTICLE 9
ASSESSMENTS

June 30

SECTION 9.1. PROPOSED ANNUAL BUDGET. On or before the first day of February prior to the annual meeting of the members of the Association, The Board of Directors shall cause to be prepared a proposed annual budget for the ensuing twelve (12) months from ~~March 1~~ to February 28, estimating the total amount of expenses to be incurred and assessments to be levied during said period and shall on or before the fifteenth day of February, notify each member of the Association in writing as to the amount of such estimate, with reasonable itemization thereof. The proposed annual budget shall be presented to the members of the Association at the annual meeting of the members of the Association for approval and amendment. At the annual meeting of the members of the Association, the annual budget may be approved in whole or in part or may be amended in whole or in part by a majority of the votes represented at the meeting in person or by proxy. In no event shall the annual meeting be adjourned until the annual budget is approved at such meeting, either as proposed or amended. The adopted annual budget shall be the basis for the Regular Assessments, as hereinafter defined in Section 9.2, for the twelve month (12) period from March 1 to February 28.

SECTION 9.2. REGULAR ASSESSMENT. The annual budget, as adopted, based upon the cash requirements for expenses in the ensuing calendar year as set forth in the budget, including any sinking fund requirements, shall contain a proposed assessment against each owner of a lot or building site in the Subdivision other than a lot or building site owned by the Association, which shall be equally divided among all lots or building sites other than those owned by the Association. In no event shall the Association be obligated to pay any charges or assessments for lots or building sites it owns in the Subdivision. Within two (2) days following the adoption of the annual budget, each member of the Association shall be given a written notice of his assessment ("Regular Assessment"). The Regular Assessment shall be paid in full prior to the tenth day of March, for the year assessed. Payments of said Regular Assessment shall be made to the Board of Directors, or such other representative of the Board of Directors as it may direct. The Regular Assessment for the year shall become a lien on each separate lot or building site as of the date the same becomes due.

On or before the date of each annual meeting, the Board shall supply to all members of the Association an itemized accounting of the expenses for the preceding twelve (12) months' period actually incurred and paid, together with a tabulation of the assessments collected, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited to the budget for the ensuing calendar year and the Regular Assessment shall be adjusted accordingly. Any shortage shall be added to the Regular Assessment for the ensuing calendar year.

SECTION 9.3. SPECIAL ASSESSMENTS. If the Regular Assessments are inadequate for any reason, including nonpayment of any member's Regular Assessment, the Board shall prepare an estimate of the actual cash requirements then necessary, or necessary for the balance of the year, and shall notify each member of the Association in writing as to the amount of such estimate, with reasonable itemization thereof. The estimate shall be presented to the members of the Association at a special meeting of the members of the Association, called for the purpose of considering a further assessment ("**Special Assessment**") based upon the estimate of actual cash requirements. At the special meeting of the members of the Association, the Special Assessment may be approved in whole or in part or may be amended in whole or in part or may be rejected in whole or in part by a majority of the votes represented at the meeting in person or by proxy. Any Special Assessment so approved, shall be assessed against each owner of a lot or building site in the Subdivision other than a lot or building site owned by the Association, which shall be equally divided among all lots or building sites other than those owned by the Association. In no event shall the Association be obligated to pay any charges or assessments for lots or building sites it owns in the Subdivision. The Special Assessment shall be paid in full within fifteen (15) days after the approval of such Special Assessment, or as otherwise provided in the resolution approving said Special Assessment. Payments of said Special Assessment shall be made to the Board of Directors, or such other representative of the Board of Directors as it may direct. The Special Assessment shall become a lien on each separate lot or building site as of the date the same becomes due.

SECTION 9.4. REPLACEMENT RESERVE FUND. The Board of Directors shall establish and maintain a replacement reserve fund for capital expenditures, which fund shall be used for such purposes and shall not be used for usual and ordinary maintenance expenses of the recreational areas and common areas. Said fund shall be maintained in a separate interest bearing account with a bank or savings and loan association authorized to conduct business in Vanderburgh or Warrick County, Indiana.

SECTION 9.5. INTERIM ASSESSMENTS. In the event additional lots or building sites are added to the Subdivision, or in the event a lot or building site in the Subdivision is purchased from the Association, after the Regular Assessment for the year has been assessed, then the owner of the lot or building site purchased from the Association, or the owner (unless the owner is the Association) of the new lot or building site in the Subdivision, as the case may be, shall pay an interim assessment which will be

a pro rata portion of the Regular Assessment for a lot or building site in the portion of the Regular Assessment for a lot or building site in the Subdivision for that calendar year, based upon the number of days during the year that the new lot or building site is included in the Subdivision, or based upon the number of days during the year that the lot or building site is owned after the purchase from the Association, as the case may be, with said lot or building site responsible for a full share of any Special Assessment or Regular Assessment thereafter approved at any subsequent meeting of the members, unless owned by the Association.

SECTION 9.6. FAILURE TO PREPARE ANNUAL BUDGET. The failure or delay of the Board to prepare or serve the annual budget on the owners, or the failure of the Association to adopt said annual budget, shall not constitute a waiver or release in any manner of any owner's obligation to pay the Regular Assessment as hereinabove provided, whenever the same shall be determined, and in the absence of any annual budget, the owners shall continue to pay the Regular Assessment in effect for the prior calendar year, until the Regular Assessment shall have been determined and delivered to the owners.

SECTION 9.7. REMEDIES FOR FAILURE TO PAY ASSESSMENTS. If any owner is in default in the payment of any of the assessments provided for in this Article 9, or in the payment of any amounts required to be paid pursuant to Section 4.5.C. of these By-Laws, the Board of Directors may bring suit for and on behalf of the Association to enforce collection thereof and/or to foreclose the lien therefore, and there shall be added to the amount due, an administrative late fee which shall be assessed thirty (30) days after the due date, and interest on the amount due at a rate of one and one-half percent (1½%) per month from the date due, together with costs of collection including but not limited to reasonable attorneys' fees. The plaintiff in any such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Board of Directors acting on behalf of the Association shall have the power to bid in the interest so foreclosed at the foreclosure sale in the name of the Association and shall be able to acquire, hold, lease, mortgage and convey the same.

SECTION 9.8. FURNISHING STATEMENTS OF ASSESSMENTS. Upon the request of any member with respect to a lot or building site owned by said member, the Secretary shall provide to the member or any, prospective grantee, title insurance company or mortgagee, with ten (10) days of the request a statement of the amount of current and delinquent assessments against said lot or building site.

ARTICLE 10 **INSURANCE**

SECTION 10.1. PUBLIC LIABILITY AND DIRECTOR AND OFFICE INSURANCE. The Board of Directors is authorized to obtain comprehensive general public liability insurance and directors and officers insurance under such limits as the Board of Directors deems appropriate, provided that the annual budget provides for such insurance. Such insurance may cover and inure to the benefit of the Association, the

Board of Directors, all persons acting as agents or employees of the Association or Board of Directors, and the members of the Association.

SECTION 10.2. PREMIUMS. The premiums for such insurance shall be paid by the Association as common expense.

ARTICLE 11 **WAIVER OF NOTICE**

SECTION 11.1. IN GENERAL. Whenever any notice is required to be given under the provisions of any law or under the provisions of any law or under the provision of the Articles of Incorporation or the By-Laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 12 **MAINTENANCE AND REPAIRS**

SECTION 12.1. LOT OWNER'S RESPONSIBILITY. As set forth in the Covenants, each owner shall be fully responsible for the care and maintenance of said owner's lot and all improvements thereon.

SECTION 12.2. DIRECTOR'S RIGHT TO ENTER. The Board of Directors or its agents may enter upon any lot (but not in any dwelling located upon said lot) when necessary in connection with the installation, maintenance, repair or use of any of the utilities dedicated on the recorded plat of the Subdivision, or when necessary to enforce the Covenants or exercise the rights and powers granted in the Covenants, the Articles of Incorporation, or these By-Laws.

ARTICLE 13 **AMENDMENTS**

SECTION 13.1. IN GENERAL. The power to make, alter, amend or repeal this Code of By-Laws is vested with the members by a vote of not less than sixty (60%) of the total voting power of the members of the Association, but such action shall be taken only at the annual meeting or a meeting of the members specifically called for such purpose.

ARTICLE 14 **GENERAL PROVISIONS**

SECTION 14.1. NOTICES TO THE BOARD OF DIRECTORS. Notices required to be given to the Board of Directors or to the Association may be delivered to any member of the Board of Directors or any officer either personally or by mail addressed to such member or officer at said member or officer's residence.

SECTION 14.2. NONWAIVER OF COVENANTS. No covenants,

restrictions, conditions, obligations or provisions contained in the Covenants, the Articles of Incorporation, or these By-Laws failure to enforce the same irrespective of the number of violations or breaches which may occur.

SECTION 14.3. AGREEMENTS BINDING. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Covenants and these By-Laws shall be deemed to be binding upon all members and said members successors and assigns.

SECTION 14.4. SEVERABILITY. The invalidity of any covenant, restriction, condition, limitation or any other provisions of these By-Laws or any part of the same shall not impair or affect in any manner the validity, enforceability or effect of the remainder of these By-Laws or the Covenants.

I, _____, the Acting Secretary of Kahre Lake Homeowners' Association, Inc., an Indiana nonprofit corporation, do hereby certify that the foregoing Code of By-Laws was duly adopted by a unanimous vote of the Board of Directors at a meeting duly held on the _____ day of _____, 2007.

Signature

Printed

Title

L:\LIB\DOCS\42156\REALEST\KT4251.DOC