

BY-LAWS

OF

TERRACE WOODS COMMUNITY ASSOCIATION, INC.

ARTICLE I

Name and Location

The name of the corporation is Terrace Woods Community Association, Inc., (hereinafter referred to as the "corporation"). The initial principal office of the corporation shall be located at 441 Sixth Street, Columbus, IN 47201.

ARTICLE II

Corporate Seal

The corporation shall have no seal.

ARTICLE III

Definitions

All of the terms and provisions as set forth in the DECLARATION OF COVENANTS OF TERRACE WOODS SUBDIVISION, dated August 27, 1997, executed by Cornerstone Development Company, LLC, as recorded in the office of the Recorder of Bartholomew County on August 27, 1997, as Instrument Number 97-10497, as the same may be amended from time to time, including the definitions of certain terms, are hereby incorporated in full by reference, and said Declaration, including any amendment thereof, is also referred to herein as "the Declaration."

ARTICLE IV

Meetings of Members

Section 1. Annual Meeting. The first annual meeting of the members shall be held within two (2) years from the date of incorporation of the corporation. Annual meetings of the members shall be held on the first Sunday in November each year at the hour of 2:00 p.m. provided, however, that the Board of Directors, also referred to in these By-Laws as the "Board," by resolution may fix a date for the annual meeting no more than thirty (30) days before or after said date. If the day for the annual meeting is a legal holiday or weekend, the annual meeting will be held at the same hour on the first day following which is not a legal holiday or weekend.

Section 2. Special Meetings. Special meetings of the members may be held and called at any time by the President or by the Board of Directors, or upon written demand of the members who are entitled to vote one-fifth of all of

the votes of the Class A memberships.

Section 3. Place of Meetings. Annual meetings and special meetings may be held at the principal office of the corporation, or at such other place as determined by the Board of Directors.

Section 4. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting at which changes in the Articles of Incorporation or By-Laws of the corporation are to be considered and fifteen (15) days before other meetings of members to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the corporation, or supplied by such member to the corporation for the purpose of notice. Such notice shall specify the place, date and time of the meeting, the purpose of the meeting, and a description of any matter or matters to be considered at the meeting that must be approved by the members under Indiana Code 23-17-13-2, Indiana Code 23-17-16-13, Indiana Code 23-17-17-5, Indiana Code 23-17-19-4, Indiana Code 23-17-20-2, or Indiana Code 23-17-22-2.

Section 5. Waiver of Notice.

- (a) A member may waive a notice of any meeting before or after the date and time stated in the notice. The waiver by the member entitled to the notice must be as follows:
 - (1) In writing.
 - (2) Signed by the member entitled to the notice.
 - (3) Delivered to the corporation for inclusion in the minutes or filing with the corporation's records.
- (b) A member's attendance at a meeting:
 - (1) Waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and
 - (2) Waives objection to consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the member objects to considering the matter when the matter is presented.

Section 6. Quorum. The presence at a meeting of members in person or by proxy entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Indiana Nonprofit Corporation Act, the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 7. Voting. The corporation shall have two (2) classes of voting

memberships:

- (a) Class A. Class A members are defined in the Articles of Incorporation, and Class A members shall be entitled to one (1) vote for each lot. If a Lot is owned by more than one (1) person, or owned by a corporation, or other entity, a certificate of appointment, designating the individual entitled to cast the vote for the Lot, shall be filed with the Secretary of the corporation. Such certificate shall be valid until revoked, or until superseded by a subsequent certificate, or until a change of ownership in the lot occurs. A certificate designating the person entitled to cast the vote of the Lot may be revoked by any owner of the Lot. The Secretary may waive the filing of the certificate where the lot is owned by a married couple and only the husband or wife votes. In no event shall more than one (1) vote be cast with respect to any one Lot.

- (b) Class B. The Class B member is defined in the Articles of Incorporation, and such member shall be entitled to six (6) votes for each Lot it owns. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:
 - (1) when title to all Lots in Terrace Woods have been conveyed by Cornerstone Development Company, LLC, or by its successors or assigns to persons or entities other than successors and assigns who are assigned all of Developer's rights under the Declaration, or
 - (2) when Cornerstone Development Company, LLC, or its successors or assigns who are assigned all of Developer's rights under the Declaration, requests the corporation to convert its Class B membership to Class A membership.

Section 8. Proxy Voting.

- (a) A member may vote the member's membership in person or by proxy.

- (b) A member may appoint a proxy to vote or otherwise act for the member by signing an appointment form:
 - (1) Personally; or
 - (2) By an attorney-in-fact.

- (c) An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months unless a shorter or longer period is expressly provided in the appointment form.

- (d) An appointment of a proxy is revocable by the member.

- (e) The death or incapacity of the member appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes

before the proxy exercises the proxy's authority under the appointment.

- (f) Subject to Indiana Code 23-17-11-9 and to any express limitation on the proxy's authority appearing on the face of the appointment form, a corporation may accept the proxy's vote or other action as that of the member making the appointment.

Section 9. Voting by Corporation or Trust. Where a corporation or trust is an owner or is otherwise entitled to vote, the trustee may cast the vote or votes on behalf of the trust and the agent or other representative of the corporation duly empowered by the Board of Directors of such corporation shall cast the vote or votes to which the corporation is entitled.

Section 10. Record Date and Closing Membership Register. The Board may fix a time, in the future, not exceeding seventy (70) days preceding the date of any annual or special meeting of the members, as a record date for the determination of the members entitled to notice of and to vote at any such meeting, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer or any membership on the books of the corporation after any record date so fixed. For the purpose of determining such record date, the Board may close the books of the corporation against transfer of membership during the whole, or any part, of any such period.

Section 11. Voting List.

- (a) After fixing a record date for a notice of a meeting, the Secretary shall prepare a list of names of the corporation's members who are entitled to notice of a members' meeting. The list must show the address and number of votes each member is entitled to vote at the meeting. The corporation shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting, but not entitled to notice of the meeting. This list shall be prepared on the same basis and be part of the list of members.
- (b) The list of members must be available for inspection by a member for the purpose of communication with other members concerning the meeting, beginning five (5) business days before the date of the meeting for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. Subject to Indiana Code 23_17_27_2(c) and Indiana Code 23_17_27_5:
 - (1) A member;
 - (2) A member's agent; or
 - (3) An attorney authorized in writing;

may, on written demand, inspect and copy the list, during regular business hours and at the member's expense, during the period the list is available for inspection.

- (c) The corporation shall make the list of members available at the meeting, and a member, the member's agent, or an attorney authorized in writing may inspect the list at any time during the meeting or an adjournment.
- (d) Refusal or failure to prepare or make available the list of members does not affect the validity of an action taken at the meeting.
- (e) The use and distribution of information acquired from inspection or copying the list of members under the rights granted by this section are subject to Indiana Code 23_17_27_2(c) and Indiana Code 23_17_27_5.

Section 12. Method of Voting. The Board shall adopt by resolution the method of voting at meetings of members to allow voting consistent with the provisions contained herein and in the Declaration.

Section 13. Conduct of Annual Meeting. The chairman of the annual meeting and any special meeting shall be the President of the corporation. He shall call the annual meeting to order at the duly designated time and business at the annual meeting will be conducted in the following order:

- (a) Reading of Minutes. The Secretary shall read the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto.
- (b) Report of Corporation's Activities. The President and/or his designees shall report on the activities of the corporation.
- (c) Treasurer's Report. The Treasurer shall report to the members concerning the financial condition of the corporation and answer relevant questions of the members concerning the common expenses, revenues, and financial report for the prior year and the proposed budget for the current year.
- (d) Elections. Elections to the Board of Directors, and other elective provisions shall be affected as provided herein and in accordance with the rules, policies and procedures of the Elections Committee.
- (e) Other Business. Other business may be brought before the annual meeting if initiated by the Board or upon a written request submitted to the Secretary of the corporation at least forty-five (45) days prior to the date of said meeting; provided, that these matters are raised consistent with the notice requirements of these By-Laws and of Indiana Code 23-17-10-5 and Indiana Code 23-17-11-4(b).
- (f) Adjournment.

Section 14. Action Without Meeting--Approval by Written Ballot.

- (a) An action that may be taken at an annual, regular, or special meeting of members may be taken without a meeting if the corporation delivers a written ballot to every member entitled to vote on the matter.

- (b) A written ballot must do the following:
 - (1) Set forth each proposed action.
 - (2) Provide an opportunity to vote for or against each proposed action.
- (c) Approval by written ballot under this section is valid only when the following occur:
 - (1) The number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action.
 - (2) The number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
- (d) A solicitation for votes by written ballot must do the following:
 - (1) Indicate the number of responses needed to meet the quorum requirements.
 - (2) State the percentage of approvals necessary to approve each matter other than the election of directors.
 - (3) Specify the time by which a ballot must be received by the corporation to be counted.
- (e) Except as otherwise provided in Articles of Incorporation or By-Laws, a written ballot may not be revoked.

Section 15. Action Without Meeting--Approval by Written Consent.

- (a) Action required or permitted by this article to be approved by the members may be taken without a meeting of members if the action is approved by members holding at least eighty percent (80%) of the votes entitled to be cast on the action. The action must be evidenced by at least one (1) written consent describing the action taken that meets the following conditions:

- (1) Is signed by the members representing at least eighty percent (80%) of the votes entitled to be cast on the action.
- (2) Is delivered to the corporation for inclusion in the minutes or filing with the corporation's records.

Requests for written consents must be delivered to all members.

- (b) If not otherwise determined under Indiana Code 23_17_10_3 or Indiana Code 23-17-10-7, the record date for determining members entitled to take action without a meeting is the date the first member signs the consent under subsection (a).
- (c) A consent signed under this section:
 - (1) Has the effect of a meeting; and
 - (2) May be described as such in any document.
- (d) Action taken under this section is effective when the last member necessary to meet the eighty percent (80%) requirement signs the consent unless a prior or subsequent effective date is specified in the consent.

ARTICLE V

Board of Directors

Section 1. Number of Directors. The initial Board of Directors is composed of two (2) members. Cornerstone Development Company, LLC, and its successors and assigns, ("Developer") shall have the right and shall be entitled to appoint the Board of Directors of the corporation who shall be "Appointed Directors" pursuant to these By-Laws, until the cessation of its Class B membership as provided in the Declaration, and this right may not be amended, rescinded, revoked, modified, or altered without the express written consent of Cornerstone Development Company, LLC, or of its successors or assigns.

Section 2. Composition and Term.

Appointed Directors. Appointed Directors shall be appointed by the Developer and shall serve at the pleasure of the Developer. In the event of death, resignation, or removal of an appointed Director, his successor shall be appointed by the Developer. They need not be members of the corporation.

Elected Directors. Elected Directors shall be members of the corporation, who are elected at the annual meetings of the members, from and by the Class A and B members. Elected Directors shall serve staggered three (3) year terms.

Section 3. Method of Nomination. Candidates for elected directorships are required to file with the Elections Committee a petition of candidacy signed by at least two (2) members at least forty-five (45) days prior to the annual meeting. The Elections Committee shall provide all members with a

ballot containing the names of all bona fide candidates with the notice of the annual meeting. Nominations for individuals for election to the Board of Directors shall be made by the Elections Committee, which shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall only be made from among members of the corporation and may include persons who have not filed a petition for candidacy with the Elections Committee.

Section 4. Method of Election. Election shall be by voting machine or computer or by written ballot at the annual meeting or delivered to the chairman of the Elections Committee or his designees prior to the start of the annual meeting. The members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and Articles of Incorporation. Cumulative voting is not permitted. Those persons receiving the largest number of votes shall be elected.

Section 5. Resignation and Removal. The unexcused absence of an elected Director from three (3) consecutive regular meetings of the Board shall be deemed a resignation. Any elected Director may be removed from the Board, with or without cause, by vote of a majority of the Directors then in office.

Section 6. Vacancies. In the event of the death, resignation, or removal of an elected Director, his successor shall be appointed by the remaining elected Directors, or by the Directors as a whole if there are no remaining elected Directors, and shall serve for the unexpired term of his predecessor.

Section 7. Meetings of Directors.

Regular Meetings. Regular meetings of the Board of Directors shall be held as often as necessary to reasonably transact the business of the corporation, but no less frequently than quarterly, without notice, at such place, day and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Special Meetings. Special meetings of the Board of Directors shall be held when called by the President, or by any two (2) Directors, after not less than three (3) days notice to each Director of the date, time, and place of the meeting. A Director may waive a notice of any special meeting by written waiver signed by the Director and filed with the minutes or the corporate records. A Director's attendance at or participation in a meeting waives any required notice to the Director of the meeting unless the Director at the beginning of the meeting or promptly upon the Director's arrival objects to holding the meeting or transacting business at the meeting and does not vote for or assent to action taken at the meeting.

Section 8. Action Without Meeting.

- (a) Action required or permitted to be taken at a meeting of a Board of Directors may be taken without a meeting if the action is taken by all members of the Board of Directors. The action must be evidenced by at least one (1) written consent:

- (1) Describing the action taken;

- (2) Signed by each Director; and
 - (3) Included in the minutes or filed with the Corporate Records reflecting the action taken.
- (b) Action taken under this section is effective when the last Director signs the consent, unless the consent specifies a prior or subsequent effective date.
- (c) A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

Section 9. Quorum.

- (a) A quorum of a Board of Directors consists of a majority of the Directors in office immediately before a meeting begins.
- (b) If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present when the act is taken is the act of the Board of Directors unless the Indiana Nonprofit Corporation Act, the Declaration, Articles of Incorporation, or By-Laws require the vote of a greater number of Directors.

Section 10. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors. The Secretary shall keep minutes of the meeting recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The President may elect to use the then current edition of Robert's Rules of Order to govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these By-Laws, or applicable law.

Section 11. Executive Sessions. All meetings of the Board shall be open to observers, although the President may call a Board into executive session on matters of personnel or for hearings on infractions of rules and regulations. Any action taken by the Board in executive session shall be recorded in the minutes of the Board.

Section 12. Powers. The Board of Directors shall have all powers for the conduct of the affairs of the corporation which are enabled by law, the Declaration, and the Articles of Incorporation which are not specifically reserved to members or the Developer.

Section 13. Duties. Without limiting the generality of its powers, the Board shall provide for the following:

- (a) Perform all of the duties of the Board of Directors in accordance with the Declaration;
- (b) Cause to be prepared an annual budget and statement of the corporation's financial receipts, expenditures, and condition and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by more than fifty percent (50%) of the votes of the Class A members who are entitled to vote;

- (c) Supervise all officers, agents and employees of the corporation, and to see that their duties are properly performed.

ARTICLE VI

Officers and Their Duties

Section 1. Enumeration of Officers. The officers of the corporation shall be a President, Vice President, and Treasurer, who shall at all times be members of the Board of Directors, and a Secretary who may be a Director, and such other officers as the Board from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers shall be elected annually by the Board and each shall hold office for one (1) year and until his successor is elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the corporation 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.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the office he replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer, President and Treasurer, or Vice President and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officer are as follows:

President. The President shall preside at all meetings of the members and of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all contracts, leases, notes, mortgages, deeds, and other written instruments for and on behalf of the corporation.

Vice President. The Vice President shall act in the place and stead of the President in the event of his absence or inability to act, and shall exercise and discharge other such duties as may be required of him by the Board of Directors.

Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the corporation together with their addresses, and shall perform such other duties as required by the Board.

Treasurer. The Treasurer and/or such other person(s) as may be authorized by the Board of Directors shall receive and deposit in appropriate bank accounts all monies of the corporation and shall disburse such funds as directed by resolution of the Board of Directors; however, a resolution of the Board shall not be necessary for payment of the legal debts of the Corporation or for disbursements made in the ordinary course of business conducted within the limits of a budget approved by the Board. The Treasurer and/or such other person(s) as may be authorized by the Board of Directors shall sign all checks and promissory notes for and on behalf of the corporation; keep proper books of account; cause an annual audit of the corporation books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Board of Directors to be considered by it when making assessments as provided in the Declaration.

ARTICLE VII

Committees

Section 1. Elections Committee.

Selection and Composition. The Board shall appoint an Elections Committee no later than two (2) months prior to the annual meeting. The Committee shall be composed of a chairman and at least two (2) other members, all of whom shall be members of the corporation, and who may be Directors.

Purpose and Function. The Elections Committee shall be responsible for the orderly supervision and administration of Board elections in accordance with these By-Laws and procedures as may be adopted by the Board.

Section 2. Design Review Committee.

- (a) Creation. The Board of Directors shall appoint the members of the Design Review Committee.
- (b) Purpose, Function, and Duties. The Design Review Committee shall have all of the powers, functions, responsibilities and duties as set forth in the Declaration.
- (c) Composition and Term. The Design Review Committee shall be composed of no less than two (2) and no more than five (5) members. Members shall serve staggered three (3) year terms, as determined by the Board of Directors. Members of the Design Review Committee may be members of the Board of Directors.
- (d) Method of Selection. The Board of Directors shall appoint committee members as needed to bring committee membership to at least two (2) persons.

- (e) Vacancies. Appointments to fill vacancies in unexpired terms shall be made in the same manner as the original appointment.
- (f) Officers. At the first meeting of the Committee following each annual meeting of members, the Committee shall elect from among themselves a Chairman, a Vice Chairman, and a Secretary who shall perform the usual duties of their respective offices. One (1) person may hold more than one (1) office.
- (g) Meetings.
 - (1) Meetings. The Design Review Committee shall meet as often as their responsibilities require. The date, time, and place of meetings shall be determined by the Chairman of the Design Review Committee or by a majority of the Committee members.
 - (2) Quorum. The quorum required at meetings for the Design Review Committee to carry out its business shall be a simple majority.
 - (3) Action taken without a Meeting. The Design Review Committee shall have the right to take any action in the absence of a meeting which it could take at a meeting by obtaining the written approval of all the members thereof, which shall be filed with the minutes of the proceedings of the Committee. Any action so approved shall have the same effect as though taken at a meeting of the committee or subcommittees.
 - (4) Open Meetings. All meetings of the Design Review Committee shall be open to members, Directors, Officers, first mortgagees, the Developer and others having an interest in the subject matter of the meeting.

Section 3. Other Committees. The Board shall appoint other committees as deemed appropriate in carrying out its purposes as provided by Indiana Code 23-17-15-6.

ARTICLE VIII

Record and Report Requirements

Section 1. Record and Report Requirements.

- (a) The corporation shall keep as permanent records a record of the following:
 - (1) Minutes of meetings of the corporation's members and Board of Directors.
 - (2) A record of actions taken by the members or Directors without a meeting.
 - (3) A record of actions taken by committees of the Board of Directors as authorized under Indiana Code 23-17-15-6(d).

- (b) The corporation shall maintain appropriate accounting records.
- (c) The corporation or the corporation's agent shall maintain a record of the corporation's members in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by class, showing the number of votes each member is entitled to cast.
- (d) The corporation shall maintain the corporation's records in written form or in another form capable of conversion into written form within a reasonable time.
- (e) The corporation shall keep a copy of the following records at the corporation's principal office:
 - (1) The corporation's Articles of Incorporation or restated Articles of Incorporation and all amendments to the Articles of Incorporation currently in effect.
 - (2) The corporation's By-Laws or restated By-Laws and all amendments to the By-Laws currently in effect.
 - (3) Resolutions adopted by the corporation's Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or a class or category of members.
 - (4) The minutes of all meetings of members and records of all actions approved by the members for the past three (3) years.
 - (5) Written communications to members generally within the past three (3) years, including the financial statements furnished for the past three (3) years under Indiana Code 23-17-27-6.
 - (6) A list of the names and businesses or home addresses of the corporation's current directors and officers.
 - (7) The corporation's most recent annual report delivered to the Secretary of State under Indiana Code 23-17-27-8.

Section 2. Right of Member to Inspect and Copy Records.

- (a) Subject to Indiana Code 23_17_27_3(c), a member is entitled to inspect and copy, at a reasonable time and location specified by the corporation, the records of the corporation described in Indiana Code 23_17-27-1(e) if the member gives the corporation written notice or a written demand at least five (5) business days before the date on which the member desires to inspect and copy.
- (b) A member may inspect and copy, at a reasonable time and reasonable location specified by the corporation, the following records of the corporation if the member meets the requirements of subsection (c) and gives the corporation written notice at least five (5) business days before the date on which the member desires to inspect and copy:

- (1) Excerpts from records required to be maintained under Indiana Code 23-17-27-1(a), to the extent not subject to inspection under subsection (a).
 - (2) Accounting records of the corporation.
 - (3) Subject to Indiana Code 23-17-27-5, the membership list.
- (c) A member may inspect and copy the records identified in subsection (b) only if the following conditions exist:
- (1) The member's demand is made in good faith and for a proper purpose.
 - (2) The member describes with reasonable particularity the purpose and the records the member desires to inspect.
 - (3) The records are directly connected with the purpose.
- (d) This section does not affect the following:
- (1) The rights of a member to inspect records under Indiana Code 23-17-11-1 or, if the member is in litigation with the corporation, to the same extent as any other litigant.
 - (2) The power of a court, independently of this Article, to compel the production of corporate records for examination.

Section 3. Inspection and Copying by Member's Agent or Attorney.

- (a) A member's agent or attorney, if authorized in writing, has the same inspection and copying rights as the member the agent or attorney represents.
- (b) The right to copy records under Indiana Code 23-17-27-2 of this chapter includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means.
- (c) The Board of Directors of the corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the member. The charge may not exceed the reasonable estimated cost of production or reproduction of the records.
- (d) The corporation may comply with a member's demand to inspect the record of members under Indiana Code 23_17_27-2(b)(3) by providing the member with a list of the corporation's members that was compiled not earlier than the date of the member's demand.

Section 4. Restrictions on Sale or Use of Membership List. Without the consent of a Board of Directors, all or part of a membership list may not be obtained or used by a person for a purpose unrelated to a member's interest as a member. Without the consent of the Board of Directors, all or part of a membership list may not be:

- (a) Used to solicit money or property unless the money or property will be used solely to solicit the votes of the members in an election to be held by the corporation;
- (b) Used for a commercial purpose; or
- (c) Sold to or purchased by a person.

Section 5. Annual Financial Statement.

- (a) The corporation upon written demand from a member shall furnish the member the corporation's latest annual financial statements that include a balance sheet as of the end of the fiscal year and statement of operations for that year. If financial statements are prepared for the corporation on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis.
- (b) If annual financial statements are reported upon by a certified public accountant, the accountant's report must accompany the statements. If annual financial statements are not reported upon by a certified public accountant, the statements must be accompanied by the statement of the Treasurer that does the following:
 - (1) States the Treasurer's or other person's reasonable belief as to whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describes the basis of preparation.
 - (2) Describes any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

Section 6. Indemnifications or Advances to Directors. If the corporation indemnifies or advances expenses to a Director under Indiana Code 23-17-16-1 through Indiana Code 23-17-16-11 in connection with a proceeding by or in the right of the corporation, the corporation shall report the indemnification or advance in writing to the members with or before the notice of the next meeting of members.

ARTICLE IX
Liability and Indemnification

Section 1. Elections:

- (a) The officers, members of the Board of Directors, members of the Design Review Committee, and other committees the Board may establish shall not be liable to the corporation or any member for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The corporation shall indemnify and hold harmless each of such persons from and against all contractual liability to others arising out of contracts made by such person on behalf of the corporation unless

any such contract shall have been made in bad faith or contrary to applicable laws, the Declaration, Articles of Incorporation, or By-Laws, except to the extent that such liability is satisfied by liability insurance. Officers, members of the Board of Directors, and committee members shall have no personal liability with respect to any contract approved by the Board of Directors on behalf of the corporation. The corporation shall indemnify and hold harmless each of the members of the Design Review Committee and other committees established by the Board of Directors from and against all liability to others arising out of the exercise of their responsibilities, unless their action shall have been taken in bad faith or contrary to the provisions of applicable law, the Declaration, Articles of Incorporation, or these By-Laws.

- (b) Officers, members of the Board of Directors, members of the Design Review Committee, and other committees the Board of Directors may establish shall be entitled to the benefits of Indemnity as set forth in applicable provisions of the Indiana Nonprofit Corporation Act of 1991.
- (c) The corporation shall not be liable for any failure of services to be obtained by the corporation or paid for as a common expense, or for injury or damage to person or property caused by the elements or by any member, or any other person, or resulting from electricity, water, snow, or ice which may leak or flow from or over any portion of the Common Areas or from any pipe, drain, conduit, appliance or equipment. The corporation shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Areas. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or from any action taken by the corporation to comply with the Declaration, Articles of Incorporation, By-Laws, or any law, ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE X

Fiscal Year

Section 1. The fiscal year of the corporation shall be January 1 through December 31 of each year, unless otherwise established by the Board of Directors.

ARTICLE XI

Interpretation and Definitions

Section 1. In the event of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control. In the event of any conflict between the By-Laws of the corporation and the Declaration, the Declaration shall control. In the event of any conflict between the Articles

of Incorporation of the corporation and the By-Laws of the corporation, the Articles shall control.

Section 2. As used in these By-Laws, terms or words shall have the same meaning as set forth in the Declaration or any amendment thereof.

ARTICLE XII

Amendment

So long as Developer's rights as Developer exist under the Declaration, these By-Laws may be amended by consent of the Developer at any special or regular meeting of the Board, except that no amendment may be adopted that is inconsistent with the Declaration, as the same may be properly amended, or that is inconsistent with the Articles of Incorporation, as the same may be properly amended.

Adopted by the Board of Directors of the Terrace Woods Community Association, Inc., at their initial meeting on August 28, 1997.

_____, Secretary