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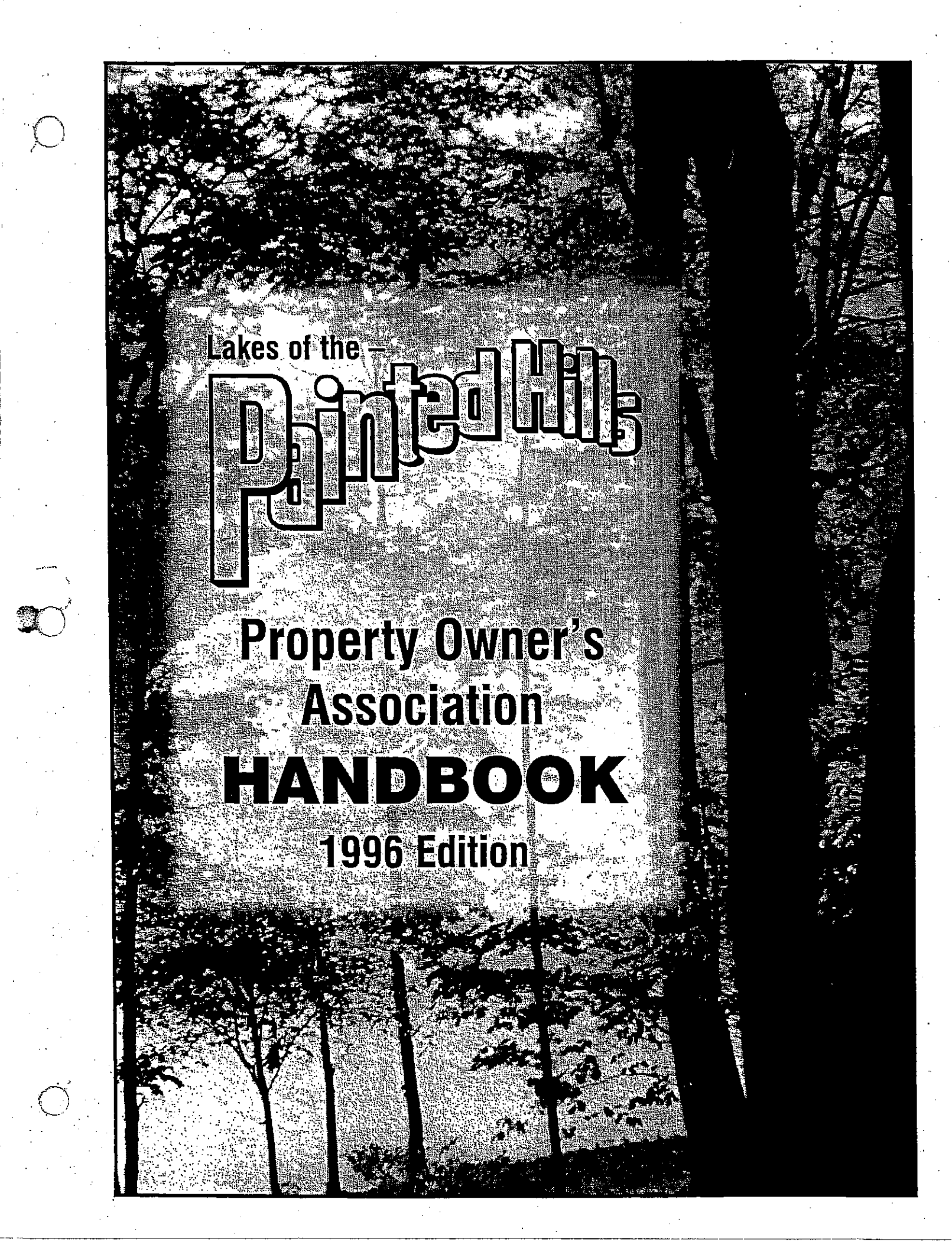
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The covenants provided may or may not include any amendments made due to governing agencies (ie: national, state, city, local and neighborhood agencies). Please contact the Recorder's office for the county where the property is located to receive updated information.

The information is deemed reliable, but not guaranteed.



Lakes of the

Painted Hills

Property Owner's
Association

HANDBOOK

1996 Edition

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FOREWORD

This handbook contains the rules and regulations, the by-laws, and also the property restrictions and covenants imposed on the use of residential lots. Painted Hills Association, Inc., is a non-profit Corporation whose members are composed of owners of lots in Painted Hills subdivision and was formed to promote the use and enjoyment of the facilities of the Subdivision and to control the activities and to provide a means for the promulgation and enforcement of rules and regulations for the use and enjoyment of the community facilities within the Painted Hills Subdivision.

Wherever the term "Subdivision" is used herein it shall be construed to mean "Painted Hills Subdivision" and wherever the term "Association" is used herein it shall be construed to mean "Painted Hills Association, Inc."; and wherever the term "Lake" or "Lakes" is used herein, it shall be construed to mean "any and all of the Lakes of the Painted Hills".

The Rules and Regulations, By-Laws and the Covenants and Restrictions shall apply to and govern the acts of all classes of members, their respective families, lessees and guests. Each member shall be responsible for the compliance with these Rules and Regulations, By-Laws and Covenants and Restrictions (as amended from time to time) by the members of his respective family, his lessees, guests and others to whom he is extending his association privileges, including the acts, conduct and financial obligations of such persons derived pursuant hereto.

The Covenants and Restrictions (Title III) are recorded in the Morgan County, Indiana Recorder's office in Book #310, page 103. Articles of Incorporation of Painted Hills Association, Inc. are also filed in Book #50, pages 185-190.

Please read and explain the material in this handbook to your family and your guests, and be certain that they all understand them. Then, enjoy your time at "Painted Hills".

NOTE: Building regulations and standards are published in a separate volume.

A DELINQUENT MEMBER is a member whose dues or any other unpaid charges are delinquent for periods greater than 30 days from date due.

A Delinquent Member is not entitled to vote at meetings and Association privileges suspended until charges are fully satisfied.

**TITLE I
RULES & REGULATIONS
PAINTED HILLS ASSOCIATION, INC.**

Section 1.

AUTHORITY OF BOARD OF DIRECTORS

Section 1.01 The Association's Board of Directors has adopted the Rules and Regulations pursuant to the authority vested in it by the Association's Articles of Incorporation and the Association's By-laws (Title II).

Section 1.02 The Association's Board of Directors possesses and retains the right and authority to alter and amend these Rules and Regulations and to promulgate additional Rules and Regulations from time to time and to define and interpret any of the words or provisions herein contained.

Section 2

RIGHTS AND PRIVILEGES

Section 2.01 Membership rights and privileges of Painted Hills Association, Inc., are extended to members in good standing only and to be recognized as a member, the member must have a current membership card in his possession and dues paid to date. Rights and privileges are not transferrable.

Section 2.02 A member in good standing along with immediate family members (spouse and children), and any other family member residing with him/her, shall have use of the lakes and common facilities.

Section 2.03 A member in good standing may, under regulations in section 3, 4 and 11, extend certain privileges to his guests. Guests must comply with all rules and regulations.

Section 3

MEMBERSHIP AND DUES

Primary dues and assessments for membership and ownership of improved lots are in the sum of ~~\$350.00~~^{450.00} per year. Secondary dues and assessments for ownership of unimproved lots are in the sum of ~~\$262.50~~^{337.50} per year, or 75% of the primary dues. An improved lot is any lot upon which a building or structure exists. Regardless of the number of lots owned, each member will be assessed for only one membership dues. In the case of ownership of improved and unimproved lots, the assessment will be for an improved lot. Dues and assessments may be modified and/or amended from time to time and are payable annually on or before May 1. (See By-laws Section 2.02.6).

Section 3.01 No such charge shall ever be made against, or be payable by, the Association itself, or any Corporation that may be created to acquire title to, operate, the water and sewer utilities serving the subdivision, or any lake, dam, beach, lake access tract, marina, golf course, tennis courts, clubhouse, clubhouse grounds, or other like recreational facilities within the subdivision.

Section 3.02 If any Association charge, assessment or fine is not paid when due, it shall bear a penalty from the date of delinquency and the rate of 1-1/2% per month. The Association may publish the name of the delinquent member in a list of delinquent members, or by any other means of publication.

Section 3.03 The Association shall have the right to sue for any unpaid charges and may suspend the privileges of membership in the event of nonpayment of Association charges. In the event of delinquency in any charge, assessments or fine due the association, then such amount plus reasonable attorney fees, interest and any other costs of collection shall be the responsibility of the lot owner or owners.

Section 4

GENERAL RULES AND REGULATIONS

Section 4.01 The Association shall not be responsible for the loss of property, or for any other loss sustained by members or their guests, while on subdivision or Association premises.

Section 4.02 No member shall make any complaint to, or reprimand any employee of the Association. All complaints and suggestions must be made direct to one of the officers of the Association who in turn will refer them to the Board of Directors or the manager for action. Complaints will be given prompt attention. Constructive suggestions to improve the Association are requested.

Section 4.03 No owner of any lot or lots or property conterminous to, contiguous to or adjoining any lake shall have any riparian rights in any such lake unless he is a member of the Association and then shall have only such rights and privileges as are recorded members in good standing of the Association, except that owners of lots or property conterminous to, adjoining or contiguous to the lake may construct private boat docks subject to a plan of record approved by the Association, providing such owner is a member in good standing of said Association.

Section 4.04 No sign, advertisement, or exhibit is permitted on any lot, park, or roadway without the express permission of the Board of Directors, except, for the sale of unimproved lot purposes, a sign with lot no. and telephone no. not exceeding 12" x 12" in size is permitted. The sign should not interfere with mowing. Ordinary realtor signs are permitted on improved lots; signs indicating direction to sale properties are permitted for limited use.

Section 4.05 Members shall promptly advise the Association of any changes of address, or phone number so that the records of the Association may always be kept current.

Section 4.06 Members shall keep their Association membership cards available and shall also prominently display appropriate Association stickers, tags, and markers on their respective vehicles when applicable. Auto windshield sticker shall be placed on the back of the inside rear view mirror.

Section 4.07 Members are required to submit plans to and apply for approval of the Architectural Committee before commencing construction of any building or structure on their respective lots. Such applications should be made sufficiently in advance to permit adequate time for review by that committee.

Section 4.08 Participation by members, their families and guests in tennis, swimming and diving in the pool or beach areas, handball, volleyball, archery and other sports not specifically mentioned herein shall be subject to such additional rules and regulations as may from time to time be promulgated and posted in those areas where the respective facilities are located.

Section 4.09 The owner of an unoccupied lot shall at all time keep and maintain such lot, and the improvements (if any) thereon, in such a manner as to prevent its becoming unsightly and, to this end, shall cut all unsightly growth on such lot and shall prevent the accumulation of rubbish and debris thereon. Failure to so maintain a member's premises in a tidy manner may result in maintenance thereof by the Association for which a reasonable charge may be levied against the member and the property. Any such charge shall be due no later than 30 days after the owner is notified of such charge, and in the event of non-payment, interest and costs of collection shall attach to said charge.

Section 4.10 Members shall install and utilize only such individual sewage disposal systems as are approved by Morgan County Board of Health and the Association prior to installation. The system must be maintained in top condition and any malfunctions corrected immediately. Under the direction of the Association, periodic inspections may be made of each homeowner's disposal system by qualified personnel. Any unsanitary conditions or malfunctions will be reported to the homeowner, and he must take immediate action to correct the condition. A plan of corrective action must be submitted to the association within 30 days by the property owner; failure to do so will be cause for penalties.

Section 4.11

LAKE WATER LEVELS

- A. When water is not passing over the Holiday Lake headway, and the difference between the lakes exceed 8 inches, pumping shall occur until the lake levels of Lake Holiday and Lake Nebo are equal and shall be repeated when the differential again reaches 8 inches. The lake level to be used as a standard in determining when the difference shall exceed 8 inches shall be defined by the Engineer Design Reports (top of the concrete headwall on Holiday Lake at 700.0 feet NGVD and bottom of headway notch at Nebo Lake at 749.67 feet NGVD.)
- B. In the event that water is passing out of the Holiday Lake spillway, the pump shall be turned on transferring water from Holiday Lake to Nebo Lake until the level of Lake Nebo has reached the level of 749.67 feet NGVD. Thereafter, the pump shall be restarted at any time that Lake Nebo shall be 2 inches or more below 749.67 feet NGVD.
- C. The pumping policy incorporated in Paragraph A and B shall be in effect from March 1 to November 30 of each calendar year.
- D. The pumping policy incorporated in Paragraphs A through C may be changed only at a special meeting called for the express purposes of changing said policy. The methodology of calling said special meetings shall be as follows:
 - A) A special meeting may be called by either
 - 1.) the President and two members of the Board of Directors; or
 - 2.) a petition signed by 10% of the lot owners entitled to vote at said special meeting.
 - B) Notice shall be sent to all members of Painted Hills Association in written or printed form at least fifteen (15) days prior to the date of said hearing. Said notice shall issue from the Association when ever properly requested by meeting the requirements set forth in Paragraph D (A).
- E. In order to allow Natural causes to raise the lake level up to 751.0 feet, the Association shall not take any action to remove the stop logs from the spillway with the ultimate purpose to allow natural causes to raise the lake level up to 751.0 feet.
- F. The Association shall maintain and adequately repair and service the pumping facilities and spillways to insure the agreed upon lake levels. In the event that the Association shall wish to deviate from this paragraph only, said deviation shall only occur upon prior Court approval, or upon an emergency as defined in Paragraph G below, or upon approval of all parties to this

Section 6.06 Motors shall be muffled at all times.

Section 6.07 All motor boats, sailboats and pontoon boats shall be equipped with a bright white light aft, visible in all directions. All motor boats equipped with a motor of 15 HP or more shall be equipped with a combination light forward which is lower than the white light aft. The forward light shows green to starboard and red to port and shall be visible for one mile or more. This light is affixed or attached so as to throw light from dead ahead to two points abaft the beam either side.

Section 6.08 All sailboats, canoes, and all boats not specifically mentioned above shall be equipped with a hand portable lantern flashlight, not affixed or attached to any part of the boat, and capable of throwing a white light visible for a distance of two miles or more. It shall be the duty of the operator of any such boat to display the light in sufficient time to avoid collision with any other boat.

Section 6.09 Above-mentioned lights must be in operation during the period between sunset and sunrise and must be kept in good repair.

Section 6.10 It shall be unlawful for any person under the age of sixteen (16) years of age to operate a watercraft with a horsepower rating in excess of twenty-five (25) horsepower except when accompanied by a person of age eighteen (18) or older.

Section 6.11 No person shall operate any boat with reckless or heedless disregard of the rights, safety and property of other persons. The security officer will retain the right to remove boats and their operators from the lake as he deems necessary. Proper action will be taken against said persons by the Board of Directors or law enforcement officers.

Section 6.12 No person shall operate any motorboat towing any water ski, water sled, aquaplane or similar object, or any person thereon, unless said motorboat is occupied by at least one other person who is giving his entire attention to the operation of towed objects. Any motorboat towing skiers or other objects shall do so in a counter-clockwise direction around the lake.

Section 6.13 All motorized water craft shall travel in a counter-clockwise direction on Lake Holiday and shall operate at idle speed during the period one-half hour before sunset until 9:00 a.m. All motor boats on Lake Nebo will operate at idle speed at all times.

Section 6.14 When two boats are approaching each other "head and head", or nearly so, each boat shall bear to the right and pass the other on its left side;

When two boats are approaching each other obliquely or at right angles, the boat on the right shall have the right-of-way;

A boat may overtake and pass another boat on either side if the same can be done with safety and within assured clear distance ahead, but the boat overtaken shall have the right-of-way;
A boat leaving a dock, pier or warf or the shore shall have the right-of-way over all boats approaching the same;

The right-of-way of boats shall be in the following order: kayaks, canoes, rowboats, sailboats, motorboats.

Section 6.15 No person shall operate any motorboat within 100 feet of shore or within marked areas at more than idle speed (no wake).

Section 6.16 No person shall operate any boat at a rate of speed greater than is reasonable and prudent, having due regard for the conditions and hazards, actual and potential, then existing, including weather and density of traffic, or other reasons. The security officer will have the right to enforce speed limits.

Section 6.17 **PERSONAL WATERCRAFT**

Personal watercraft are defined as Class A vessels under 16 feet in length, propelled by a jet-pump (driven by an in-board motor) and designed to be operated by a person standing, kneeling or sitting on the craft, rather than sitting or standing inside the craft. Examples are: Jetski, Seadoo, Waverunner and Wetjet.

- A. Personal watercraft shall not be operated on Lake Nebo. Only those bought and stickered before August 21, 1993 will be permitted to operate on Lake Holiday by the owner of record on August 21, 1993 until they are no longer safe or operable. They cannot be replaced, nor sold or transferred to another member of Painted Hills.
- B. Operators must be at least 16 years of age and have a valid drivers license.
- C. Operators must observe all other boating rules as specified in this Section 6.

Section 6.18 **ACCIDENTS**

Duties of the operator of any boat involved in any accident or collision resulting in injury or death to any person or damage to any boat or other property shall be:

- A. Stop such boat immediately and as close as possible to the scene of such accident;
- B. Return to the scene of such accident and remain there until he has complied with the requirements of this section;
- C. Give his name and address, a full identification of the boat operated by him and the name and address of the owner;
- D. Render reasonable assistance to any person injured;
- E. Report accident to the Painted Hills security officer and complete the necessary written report and mail to: The Department of Natural Resources, Law Enforcement Division, Room 606, State Office Building, Indianapolis, Indiana 46204, within twenty-four (24) hours.

Section 6.19 **GENERAL RULES**

- A. It is unlawful to operate a watercraft while under the influence of alcohol or dangerous drugs.
- B. It is unlawful to throw any refuse into the lake or onto the shore.
- C. The maximum length of boats (watercraft) is twenty-eight (28) feet for pontoons and twenty-two (22) feet for other boats.

Section 6.20 The dock at the Clubhouse is constructed for the convenience of all property owners in good standing. No boat shall be secured to the Clubhouse docks for a period longer than that of the member's utilization of the Clubhouse and/or swimming pool facilities.

Section 6.21 No boats shall be left or tied to the dams.

Section 6.22 No attached boats shall be left in the lake or at the marinas docks from November 1 thru March 31. Storage of boats/trailers at the marina or on other Association property is not permitted from May 1 to October 1.

Section 6.23 Overnight boat camping is prohibited.

Section 7

SWIMMING

Swimming in the lake more than 50 feet from the shoreline is prohibited at all times, except when swimming within 10 feet of a boat.

Persons must change clothing within doors. Dressing in cars or upon open subdivision property is prohibited.

Swimming and diving in the pool and at beach areas shall be subject to special rules and regulations promulgated from time to time and posted in those respective areas.

Section 7.01

POOL

Members in good standing and their immediate family (as defined in Sec. 2.02) are eligible to use the pool at the clubhouse. Each person using the pool must display identification while in the pool area. Each member in good standing may purchase guest passes at the clubhouse. Pool rules are established by the Pool Committee each year and will be appropriately publicized to the membership as well as displayed at the pool area. Members and guests are responsible to know and abide by the pool rules.

Section 7.02

LIFEGUARD ON DUTY

- A. Shall be in full charge of all persons using the pool and in the pool area, and has the authority to enforce ALL rules of safety and sanitation.
- B. Has the authority to eject anyone from the pool or pool area who is violating safety, sanitation rules, who is disorderly, or who will not obey the lifeguard. Such incidents will be reported to the Pool Chairman. Pool privileges may be suspended by the Pool Committee.
- C. Can call rest periods at their discretion, especially during days of extreme temperatures.

Section 7.03

POOL RULES

Rules are designed for the health and safety of patrons and facility staff. These rules and regulations are based on the Indiana State Board of Health and American Red Cross rules.

- A. Swimming is allowed only when a lifeguard is on duty. Tuesdays thru Sundays, 12 noon - 8 p.m. weather permitting.
- B. Horseplay; such as running or any activity that could be harmful to other swimmers is not allowed.
- C. Fighting, vandalism, profanity, improper behavior, and intoxication is not allowed.
- D. No food or drink, other than water is allowed outside the concession area. Inside the concession area, patrons are responsible for disposal of all waste material immediately after consumption.
- E. Persons having open sores or cuts shall be warned that those are likely to become infected and advised not to use the pool.
- F. Children under 10 years of age must be accompanied and supervised at the pool by a person who is responsible to the parent of the under aged child. That is any child who is not at least 10 years old the day he comes to the pool, and the person accompanying the child **must be within the fenced pool enclosure.**
- G. Non-inflatable small toys will be allowed in the pool or pool area only at the discretion of the lifeguard.
- H. Non-inflatable small, soft balls will be allowed in the pool or pool area only at the discretion of the lifeguard.

- I. Only U.S. coast guard approved personal flotation devices, (type I, II, & III) can be worn by children in the pool. No inflatable personal flotation devices of any kind will be allowed.
- J. Persons who wish to enter deep water may be required to demonstrate their swimming ability. Non-swimmers, "wall-walking", (traveling from shallow water to deep water by holding onto the wall), is not allowed.
- K. Proper swim apparel is required of all bathers.
- L. Obey the Lifeguards at all times.
- M. No talking to Lifeguards when on duty.

Section 7.04

DIVING RULES

- A. Only one person on the diving board at a time.
- B. Dive only to the front of the board, and only when area is clear.
- C. Look before diving or jumping to make sure no one is in the diving area.
- D. Swim to the closest ladder or wall immediately after entering the water.
- E. Do not gather at the ladder.
- F. Do not sit or hang on the lifeline.

Section 8

FISHING

Section 8.01 Guests are permitted to fish only in the presence of members.

Section 8.02 Screening and fish traps are prohibited. No fisherman shall use more than two lines at one time, nor more than two hooks on each line. Jug fishing and trot lines are prohibited.

Section 8.03 Leftover minnows, bait cans and bottles shall not be thrown into lake or left in the shoreline or docks. No rough fish minnows, such as goldfish, carp, buffalo, etc., shall be allowed to be used as bait.

Section 8.04 Fishing is prohibited from dams, beach area, marinas and boat ramps. Fishing is permitted from the dock at the clubhouse.

Section 8.05 Bag limits and size:
Bluegill -- None
Crappie, Reader, Rock Bass -- 25 daily (total)
Large Mouth and Yellow Bass -- 6 daily (total)
Large Mouth Bass size limit -- 14 inches (minimum)

Section 9

HUNTING

Hunting or shooting within the confines of the Subdivision is prohibited, except in such areas and under such conditions and regulations as may be designated and established from time to time by the Association's Board of Directors.

Section 10

ACCESS AREAS

Section 10.01 The access areas around the lakes are to remain the property of the Association at all times. These access areas are for the benefit of all members of the association who need to use them for access to the lakes. In no way can any one member or group convert all or part of the access areas to private use. No buildings and no storage facilities can be erected by any one member or group of individuals. It is requested and suggested that individuals and groups having lots adjoining or near access areas keep these access areas neat, presentable, and accessible, but they are not permitted to do anything which would be detrimental to the land, ground or trees.

Section 10.02 Docking facilities in access areas for boats may be built and maintained by individuals or groups who actually use these areas; but such docks are under the jurisdiction of the Lakes Committee and specifications of the docks shall conform to the same general specifications of docks set forth by the Architectural Committee. All docks constructed on access areas become the property of the Association.

Section 10.03 No storage of boats or trailers will be permitted on access areas.

Section 11

GUEST PRIVILEGES

The Association extends a cordial welcome to guests of its members within the limits of such restrictions as are consistent with the best interest of the entire membership of the Association. Members of the Association will be required to observe the following regulations relating to guest privileges:

Section 11.01 The number of guests which a member may have for the purpose of swimming and/or fishing in any lake in the proximity of his own lot is not limited. However, no guest shall be permitted to ride in, or pilot, or water-ski behind, or fish from a boat unless in the presence of a member. The requirement of "presence of a member" is fulfilled if the member is generally participating in the activities in which the guest(s) is engaged and when the member is within the range of reasonable communications with the guest.

~~**Section 11.02** There shall not be more than one guest boat per member per day. Members must obtain a one-day permit for their guest boat from the office. AA~~

~~No guest shall be permitted to launch or operate a boat which is not owned by a member. Guests may not launch their own boats on any lake. The only exceptions to this rule shall be:~~

- ~~A. In the presence of a member, guests may launch a boat for the purpose of demonstrating said boat for a possible sale to the present member.~~
- ~~B. If the member does not own a boat, or is not using his boat, then the guest may launch his boat, but it may be launched and operated only in the presence of the member.~~
- ~~C. No persons or members of their immediate families who own property within the Subdivision shall be allowed to engage in any facility privilege unless they are a member in good standing of said Association, nor shall they qualify as guests of members under any circumstances, unless said persons have an application for membership properly filed with the club.~~
- ~~D. The Board of Directors may, from time to time, make such rules as they deem necessary regarding the admission of guests to the club, lake and facilities, and may, at their discretion, make further restrictions on the above-specified privileges regarding guests.~~

Section 12

ENFORCEMENT

The Association may have staff to police the subdivision area, including water use and vehicular traffic. Failure to comply with the rules and regulations of the Association may result in fines, membership suspension, and/or legal action.

The following procedures will be followed in cases of rule violations by property owners, associate members, families, or guests:

- A. Notice will be given to the property owner by security or directors.
- B. Hearing will be held at the next regular board meeting.
- C. Fines will be levied and/or privileges removed for periods to be determined by the Board of Directors.
- D. Matters concerning violation of county, state or federal law will be prosecuted by normal procedures for such violations.

Section 13

PROHIBITED ACTIVITIES

Section 13.01 No noxious or offensive activities are permitted in the Subdivision, nor shall anything be done in the Subdivision that shall be or become an unreasonable annoyance or nuisance.

- A. Profanity is not permitted on the lakes, beach, clubhouse or any lot that is audible to others.
- B. Beach parties should be conducted with consideration for the neighborhood and at a reasonable noise level. No outside amplified music shall be permitted Sunday through Thursday or after 12:00 midnight. Arrangements for beach parties must be made at the office.
- C. The security officer or the security committee chairman shall have the authority to determine what noise level or what activities are reasonable or unreasonable at parties or other events.

Section 13.02

PETS

The Association does adopt all County and State laws and regulations regarding pets, and such may be enforced by the Association or by any duly sworn law enforcement officer. If any pet bites, it will be considered a criminal and civil offense subject to penalty. This rule is supported by Indiana State House Enrollment Act #1078 of July 1994.

Kennels or other facilities for breeding of pets are not permitted. Only the usual household pets shall be kept on a lot in the Subdivision.

Pets shall be properly inoculated and licensed and kept on a leash when not on owners property. After one written warning by the Security Officer or the Security Chairman, there may be a fine determined by the Board of Directors for continued violation. Further violation may result in the pet being picked up and turned over to Morgan County Dog Warden and the owner subject to penalty.

Excessively barking dogs and odors from pets are considered a general neighborhood nuisance and are not to be tolerated. Dog complaints are to be reported at the next Board of Directors meeting and made a matter of record including name of the dog owner and the individual making the complaint.

Section 13.03

TRASH DISPOSAL

Indoor or outdoor burning of garbage, trash, and other like household refuse is not permitted. The outdoor burning of leaves or brush is permitted with these precautions:

- A. Clear the area across the fire base either 5' or 3 times the fire base.
- B. Top of flames not over 6'.
- C. Fire must be attended. Extinguish before leaving.
- D. Keep running water or 5 gallons available.
- E. Do not burn when too windy or too dry.
- F. No leaf burning after 6 p.m. because of air pollution considerations.
- G. Remember, you are liable for damage caused by spread of your fire.

Section 13.04 All outdoor clothes poles, clothes lines and similar equipment shall be placed or screened by shrubbery as not being visible from any street.

Section 13.05 Every one of the Restrictions is hereby declared to be independent of, and severable from, the rest of the Restrictions and of and from every other one of the Restrictions and of and from every combination of the Restrictions. Therefore, if any of the Restrictions shall be held to be valid or to be inforceable or to lack the quality of running with the land, that holding shall be without effect upon the validity, inforceability, or "running" quality of any other one of the Restrictions.

Section 14

SALE OF LOTS

Whenever the owner of any unimproved lot decides to sell that lot he/she shall notify all abutting lot owners of his/her intention. Abutting lot owners shall have the opportunity to meet or exceed any bona fide offer.

**TITLE II
BY-LAWS
PAINTED HILLS ASSOCIATION, INC.**

ARTICLE I

IDENTIFICATION

Section 1.01

NAME

The name of the Corporation is "Painted Hills Association, Inc." (hereinafter referred to as "the Corporation").

Section 1.02

TYPE OF CORPORATION

The Corporation is a Not-For-Profit Corporation existing by virtue of the Articles of Incorporation filed pursuant to the general statutes governing such Corporations in the State of Indiana.

Section 1.03

OBJECTS

The objects of this Corporation shall be to protect and promote the best interests of the property owners of property within said subdivision and their respective families and guests; to promote and strive for improvements and betterment of all facilities and services within the area of said subdivision; to promote and encourage a better community and civic spirit and to foster goodwill and friendship between and among all the residents and property owners of said subdivision and their respective families and guests, to co-operate with state, county, town and government officials and other civic and public organizations for the general welfare of the entire community surrounding said subdivisions; and also to otherwise fulfill the purposes for which this Corporation was incorporated which are set out in the Articles of Incorporation of this Corporation.

Section 1.04

AREA

The principal area to be covered and encompassed by the activities of this Corporation shall include all areas now or hereafter encompassed by said subdivision, including all recreation facilities and community areas in connection therewith and such other areas as may be set aside for use of the property owners of said subdivision and their respective families and guests.

Section 1.05

PRINCIPAL OFFICE AND RESIDENT AGENT

The post office address of the principal office of the Corporation is *199 Painted Hills* P.O. Box 1433, Martinsville, Indiana, 46151; the name of the Resident Agent for service of process is the President of the Association.

Section 1.06

SEAL

The seal of the Corporation shall be circular in form and mounted upon a metal die suitable for impressing the same on paper. The design of the seal shall be two consecutive circles. Within the circles shall appear the words "PAINTED HILLS ASSOCIATION, INC." In the center of the seal shall appear the words "Corporate - SEAL - Indiana."

Section 1.07

FISCAL YEAR

The fiscal year of the Corporation shall begin at the beginning of the first day of May in each year and end at the close of the last day of April next succeeding.

ARTICLE II

MEMBERSHIP

Section 2.01

CLASSES OF MEMBERS

There shall be three classes of members of this Corporation: Active, Associate and Honorary.

Section 2.02

ACTIVE MEMBERSHIP

2.02.1

Eligibility One of the adult owners of each lot or lots in the Painted Hills

Subdivision shall be eligible for an active membership in the Corporation. For purpose of this paragraph and paragraph 2.03.1, "Owner" shall mean a holder of fee simple title or a life estate or a purchaser under a recorded land contract, and "Adult" shall mean a person of lawful age to transfer real estate. If there are more than one adult owners of any lot, eligibility for the active membership with respect to that lot, unless the adult owners otherwise agree in writing, shall be determined as follows: An owner in fee simple absolute or a life tenant shall be eligible as against a contract purchaser; in the case of joint ownership, the owner with the largest percentage interest shall be eligible owner; in the case of equal joint owners, the owner with earliest interest or whose names appear first on a joint deed shall be the eligible owner; if the owner be a Corporation or other Association, the adult officer, shareholder or member designated by the Board of Directors or other governing body shall be the person eligible for the active membership.

2.02.2

Membership The owner of any platted lot in the subdivision shall be a member of the Association by reason of said ownership and as such subject to Rules and Regulations, By-laws and Covenants and Restrictions of the Association and subdivision.

2.02.3

Good Standing An active member is in good standing when his or her current dues are paid and he or she has not been suspended or his or her membership terminated and all annual charges paid.

2.02.4

Voting An active member in good standing shall be entitled at all meetings of members to cast one vote in person or by proxy for each active membership standing in his name on the records of the Corporation. "Active" member shall be further defined as one who votes at the meeting either in person or by proxy.

2.02.5

Privileges Active members in good standing shall be entitled to all the rights and privileges of a voting member of this Corporation under the Articles of Incorporation and laws of the State of Indiana pertaining to this Corporation.

2.02.6

Dues Primary active membership dues shall be \$350.00 per year per active member owning an improved lot or lots. Secondary active membership shall be \$262.50 (or 75% of the primary dues) per year per active member owning an unimproved lot or lots. Dues, may hereafter be modified or amended, and are payable in advance on or before May 1 of each year. An improved lot is any lot upon which a building or structure exists. In the case of ownership of improved and unimproved lots, the dues will be assessed for an improved lot. Regardless of the number of lots owned, each member will be assessed for only one membership.

Section 2.03

ASSOCIATE MEMBERSHIP

2.03.1 **Eligibility** Any tenant leasing or renting a residence in Painted Hills Subdivision shall be eligible for an associate membership in the Association upon proper application and payment of annual dues for such membership. Permanent residents of the household of said member in good standing are eligible for associate membership and not required to pay dues. Associate members of the Association, at the time of Amendment of this Rule, may maintain such membership status so long as they pay the annual dues assessed; in the event that any such member fails to promptly pay the dues assessment, they may only thereafter maintain such associate membership by means of qualifying under this section.

2.03.2 **Application** A person eligible for an associate membership shall make such application and furnish such information as may be required by the Board of Directors.

2.03.3 **Good Standing** An associate member is in good standing when his or her dues are paid, if liable therefor, he or she has not been suspended or his or her membership not terminated, if his or her membership eligibility is derived from the membership status of another that person is member in good standing, and the active membership with respect to the lot from which the associate members eligibility is derived has not been terminated.

2.03.4 **Privileges** Associate members shall be entitled to the same use of the facilities of the Corporation as an active member, but shall not have any voting rights or privileges.

2.03.5 **Dues** Associate membership dues shall be in an amount equal to one-half of the dues in effect for the primary active membership, payable on or before May 1 of each year.

Section 2.04

HONORARY MEMBERS

Adult persons who are of good moral character and who have taken exceptional interest in or performed valuable and beneficial services for the benefit of said association, its members or for the benefit of said subdivision may be eligible to become an "honorary member" upon recommendation of the membership committee and approval and acceptance by the Board of Directors, even though such person may or may not be the owner of any lots in said subdivision. Honorary Membership shall be renewed annually in accordance with the regulations established from time to time by the Board of Directors. The dues for "honorary members" shall be those fixed by the Board of Directors and in no event shall be less than Five Dollars (\$5) per year no more than Fifty Dollars (\$50) per year, all payable in advance on the 1st day of May of each year.

Section 2.05

TERMINATION AND SUSPENSION OF MEMBERSHIP

2.05.1 The membership of any Active Member and any and all Associate Members affiliated with that Active member shall terminate if the Active Member shall cease to own one or more "lots" in said subdivision or should fail to pay all dues, assessments and annual charges, and perform all obligations lawfully imposed upon him by this Corporation or by the covenants, conditions, restrictions or obligations of said subdivision.

2.05.2 Although this Association shall have a lien upon the lots in the subdivision to assure payment of the annual charges, nevertheless during any interim in which said annual dues are not paid by said member, that member shall be suspended until payment thereof is received by the Corporation.

2.05.3 Any member may be suspended at the discretion of the Board of Directors should said member violate or fail to comply with the rules and regulations promulgated by said Corporation from time to time. Such suspension may be of such duration and may be restricted to such activities as may be determined by the Board of Directors at its discretion. Suspension shall not relieve the member of payment of dues or of otherwise complying with the rules and regulation of said corporation.

2.05.4 The membership of any member may be terminated by and at the discretion of the Board of Directors for repeated violations resulting in two or more suspensions. Termination of membership may be restrictive or in total, dependent upon the circumstances then existing and after an opportunity to be heard before the Board of Directors is afforded said member.

Section 2.06

MEMBERSHIP CREDENTIALS

Membership cards or certificates disclosing the year and class of membership in a form approved by the Board of Directors as complying with the laws of the domain and the rules and regulations of this Corporation shall be distributed to the respective members in good standing annually within reasonable time after the payment of that member's dues.

Section 2.07

MEMBERSHIP RESTRICTIONS

Members of the Corporation shall have only such rights, privileges and liabilities as are granted by, and shall be subject to all limitation and restrictions of, the Indiana Not-For-Profit Corporation Act, the Articles of Incorporation, this Code of By-laws and all lawfully adopted resolutions, rules and regulations of the Board of Directors.

ARTICLE III

MEETINGS OF THE MEMBERS

Section 3.01

PLACE OF MEETINGS

All meetings of the member of the Corporation shall be held within the Painted Hills Subdivision or at such other place within the State of Indiana as may be specified in the respective notices or waivers of notices of such meetings.

Section 3.02

ANNUAL MEETINGS

The annual meeting of the members for the election for the Board of Directors of the Corporation and for the transaction of such other business as may properly come before the meeting shall be held at the place designated as provided in section 3.01 in the fall of each year. If for any reason the annual meeting of the members shall not be held at the time and place herein provided the same may be held at any time thereafter, or the business of such meeting may be transacted at any special meeting called for that purpose.

Section 3.03

SPECIAL MEETINGS

Special meetings of the members may be called by the President and two members of the Board of Directors, or by written petition signed by not less than one-tenth (1/10) of the total number of members entitled to vote at such meeting.

Section 3.04

NOTICE OF THE MEETING

A written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered and mailed by the secretary or the officers or persons calling the meeting, to each voting member of the Association at least fifteen (15) days before the day of the meeting.

Section 3.05

VOTING AT MEETING

3.05.1 **Voting Rights** Except as otherwise provided by law or by the provisions of the Articles of Incorporation, every active member in good standing of the Corporation shall have the right at all meetings of the members of the Corporation to one vote for each active membership standing in his name on the books of the Corporation, provided all dues with respect to that membership were paid on or before the record date.

3.05.2 **Proxies** An active member may vote, either in person or by proxy executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless a longer time is expressly provided therein.

3.05.3 **Quorum** Unless otherwise provided by the Articles of Incorporation, at any meeting of members, a majority of the active memberships entitled to be voted, represented in person or by proxy, shall constitute a quorum.

3.05.4 **Record Date** The Board of Directors may fix in advance a date as the record date for the purpose of determining the active memberships entitled to be voted at any meeting of the members or any adjournment therefor, such date not to be more than fifteen (15) days prior to the date of such meeting. In the absence of a date fixed by the Board of Directors, the record date shall be the third business day prior to such meeting.

Section 3.06

ORGANIZATION

The president of the corporation, or in his absence, the vice president of the corporation, shall call meetings; and the secretary of the corporation shall act as either the presiding officer or the secretary, the members may elect any member to act as presiding officer or secretary of the meeting respectively while such absence continues.

Section 3.07

PARLIAMENTARY AUTHORITY

The conduct of business at all meetings of the members shall be conducted in accordance with Robert's Rules of Order, most recently revised, except where these By-laws, the Articles of Incorporation or statutes of Indiana or the United States require otherwise.

ARTICLE IV

THE BOARD OF DIRECTORS

Section 4.01

NUMBER AND ELECTION

The Board of Directors shall consist of nine (9) directors. At the 1973 annual meeting of the members, nine (9) directors shall be elected; three (3) for terms of one year, three (3) for terms of two years and three (3) for terms of three years. Thereafter, at each annual meeting of the members, three (3) directors shall be elected for three year terms to fill the vacancies of those expiring plus additional directors to fill the unexpired terms of any vacancies existing on the Board of Directors at the time of such meeting. A list of candidates doubling the number of vacancies to be filled shall be presented for election when such number of candidates can be found. All directors shall be active members in good standing of the corporation. No decrease in the number of directors at any time provided for by the Code-of By-laws shall become effective prior to the date of the first annual meeting for the election of directors as held after the date on which the provision of the Code of By-laws is adopted.

Section 4.02

CORPORATE POWER

The corporate power of this corporation shall be vested in the Board of Directors who shall have the management and control of the business of the corporation, shall employ such agents and servants as they deem advisable, and fix the rate of compensation of all their agents and employees and officers.

Section 4.03

ANNUAL MEETING

The board of Directors shall meet each year following the annual meeting of members, for the purpose of organization, election of officers and the consideration of any other business that may be brought before the meeting.

Section 4.04

MEETINGS

Meetings of the Board of Directors may be held upon the call of the president, or any three or more members of the Board of Directors, at any place within or without the State of Indiana, upon forty-eight (48) hours notice of the time, place and general purpose of the meeting given to each director either personally, by mailing or by telegram. At any meeting at which all directors are present, notice of the time, place and purpose thereof shall be deemed waived. Notice may likewise be waived by absent directors by written instrument or by telegram.

Section 4.05

QUORUM

At any meeting of the Board of Directors, the presence of a majority of the members of the Board of Directors then qualified and acting shall constitute a quorum for the transaction of any business except the filling of vacancies on the Board of Directors.

Section 4.06

PRESIDING OFFICER

The president of the corporation or in his absence the vice president shall call meetings of the Board of Directors to order and shall act as chairman of such meetings. The secretary of the corporation shall act as secretary of the Board of Directors, but in the absence of the secretary, the presiding officer may appoint any director to act as secretary of the meeting.

Section 4.07

COMPENSATION OF DIRECTORS

Directors as such shall not receive any stated salary for their services, but by resolution of the board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the board; provided, that nothing herein contained shall be constructed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of committees established by the board may be allowed like compensation for attending committee meetings.

Section 4.08

RESIGNATION

A director may resign at any time by filing his resignation with the secretary.

Section 4.09

REMOVAL

Any director may be removed for or without cause at any special meeting of the members called for that purpose by a vote of a majority of the members present and entitled to vote for the election of such directors, if notice of the intention to act upon such matters shall have been given in the call of such meeting. If the notice calling such meeting shall so provide, the vacancy caused by the removal may be filled at such meeting by a vote of the majority of the members present and entitled to vote in the election of directors.

Section 4.10

VACANCIES

In the case of any vacancies in the Board of Directors through death, resignation, removal or any other incapacity, the remaining directors by the affirmative vote of a majority thereof may elect a successor to fill such vacancy until the next annual meeting and until his successor is elected and qualified. Any vacancy occurring in the Board of Directors caused by an increase in the number of directors at any time provided for by the Code of By-laws shall be filled by a vote of the members at the next regular meeting and may be filled at any special meeting called for such purpose.

ARTICLE V

OFFICERS

Section 5.01

The officers of the corporation shall consist of a president, a vice president, a secretary and treasurer. The President and Vice President shall be directors. All officers of the corporation except the assistant secretary and assistant treasurer shall be active members in good standing of the corporation. The Board of Directors by resolution may create and define the duties of the other officers and committees of the corporation and may elect or appoint persons to fill such positions.

Section 5.02

VACANCIES

Whenever any vacancy shall occur in any office, by death, resignation, increase in the number of officers in the corporation or otherwise, the same shall be filled by the Board of Directors and the officers so elected shall hold office until their successor is chosen and qualified.

Section 5.03

PRESIDENT

The President shall preside at all meetings of Members and Directors, discharge all the duties which devolve upon and presiding officer, and perform such other duties as this Code of By-laws provides or the Board of Directors may prescribe. The President shall have full authority to execute proxies in behalf of the Corporation, to vote stock owned by it in any other corporation, and to execute, with Secretary, powers of attorney appointing other corporations, partnerships, or individuals the agent of the Corporation, all subject to the laws of the State of Indiana, the Articles of Incorporation and this Code of By-laws.

Section 5.04

THE VICE PRESIDENT

The vice president shall perform the duties incumbent upon the president, in the event of the absence or disability of the president and shall perform all his duties while so acting.

Section 5.05

THE SECRETARY

The secretary shall have care and custody of the corporation seal, records, minutes and membership records of the corporation and shall attend all meetings of the members and of the Board of Directors, and shall keep or cause to be kept in a book provided for such purposes a true and complete record of proceedings of such meetings and shall perform a like duty for all standing committees appointed by the Board of Directors when required. He shall attend to the giving and service of all notices of the corporation and shall file and take charge of all papers and documents belonging to the corporation and shall perform such other duties as the Code of By-laws may require or the Board of Directors may prescribe.

Section 5.06

ASSISTANT SECRETARY

The assistant secretary shall assist the secretary in the performance of his duties when requested by him to do so.

Section 5.07

TREASURER

The treasurer shall keep a correct and complete record 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 members or Board of Directors or whenever required a statement of the financial condition of the corporation and shall perform such duties as this Code of By-laws may require a statement of the financial conditions of the corporation and shall perform such other duties as this Code of By-laws may require or the Board of Directors may prescribe. The treasurer may be required to furnish a bond in such amount as shall be deemed sufficient by the Board of Directors.

Section 5.08

ASSISTANT TREASURER

The assistant treasurer shall perform all the duties of the treasurer when the treasurer is absent or unable to act or when designated to do so by the Board of Directors or the President of the Corporation.

Section 5.09

DELEGATION OF AUTHORITY

In the case of the absence of any officer of the corporation, or for any reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties of such officers to any other officer or to any director for the time being provided the majority of the entire Board of Directors concur therein.

Section 5.10

EXECUTION OF DOCUMENTS

All contracts, leases, notes, commercial papers and other instrument in writing and legal documents shall be signed by the president or vice president together with the secretary or assistant secretary. All bonds, deeds, mortgages shall be signed by the president and the treasurer and attested by the secretary or assistant secretary.

Section 5.11

LOAN TO OFFICERS

No loan of property or any advancement on account of service to be preformed in the future shall be made to any officer or director of the corporation.

ARTICLE VI

EXECUTIVE COMMITTEE

Section 6.01

The President may appoint, with the approval of the Board of Directors, an executive committee, a majority of which shall also be members of the Board of Directors. Such executive committee shall have authority to fulfill the duties of the Board of Directors between Board of Directors' meetings and perform such other functions, tasks and duties as may be designated by the Board of Directors. Likewise, its duties and authority may be restricted at the designation of the Board of Directors.

ARTICLE VII

STANDING COMMITTEES

There shall be standing committees designated as follows: "Architectural Committee", "Roads and Grounds Committee", "Lakes Committee", "Health and Sanitation Committee" and "Security Committee."

7.01.1 Architectural Committee The architectural committee shall be composed of not less than 3 members and not more than 7 members and shall have responsibility of reviewing, recommending and studying, approving and disapproving improvement plans in accordance with the appropriate subdivision restrictions and standards adopted by said committee and the Board of Directors as may be submitted to them by any member desiring to construct or improve his lot. Any decision of the committee may be appealed to the Board of Directors by any member aggrieved by such decision. The Committee shall also perform such duties as may be from time to time directed by the President or the Board of Directors.

7.01.2 Roads and Grounds Committee This committee shall be composed of not less than 3 nor more than 7 members and shall be responsible for periodically reviewing the roads and grounds maintenance policies and procedures recreation and safety standards and practices, and the use to misuse of the roads and grounds within the subdivision and shall make recommendations to the Board of Directors as it deems proper. Association grounds include, but are not limited to, the campground, tennis courts, playground, and other recreational facilities within the subdivision. This committee shall perform other such functions as may from time to time be directed by the President or Board of Directors.

7.01.3 Lakes Committee This committee shall be composed of not less than 3 members nor more than 7 members and shall be responsible for periodically reviewing the lakes maintenance policies and procedures, recreation, and safety standards and practices, and the use or misuse of the lakes facilities in the subdivision. It shall make recommendations to the Board of Directors as it deems proper. This committee shall perform other such functions as may from time to time be directed by the President or Board of Directors.

7.01.4 Health and Sanitation Committee The health and sanitation committee shall be composed of not less than 3 members nor more than 7 members and shall periodically review the health and sanitation standards of the various recreational areas, commercial areas and the residential areas of the subdivision and make such studies and recommendations that may from time to time be justified to the Board of Directors. The committee shall perform such other functions as may be designated by the President or the Board of Directors from time to time.

7.01.5 Security Committee The security committee shall be composed of not less than 3 members nor more than 7 members and shall have the responsibility of responding to complaints or notification of rule violations. The committee in conjunction with a designated security officer shall investigate criminal acts of violence, robbery and invasions of private and association properties; it will work with local law enforcement personnel to apprehend and bring conviction those individuals lawfully determined to be guilty. The committee will perform other functions as may be designated by the President or Board of Directors from time-to-time.

Section 7.02

SPECIAL COMMITTEES

Special committees may be appointed from time to time to perform such functions as may be set out and designated by the President of the Board of Directors.

Section 7.03

APPOINTMENT OF COMMITTEES

All committees shall be appointed by the President, with the approval of a majority of the Board of Directors, or by two-thirds of the Board of Directors in absence of the President or in the event the President is unable or unwilling to act. Likewise, special committees and the duties and scope of standing and special committees may be created and established in the same manner.

ARTICLE VIII

RULES AND REGULATIONS

Section 8.01 The Board of Directors shall promulgate such rules and regulations as it deems desirable for governing the use of the facilities of said subdivision and the conduct of the members of this Corporation, their families, guests and visitors. Such rules and regulations may be altered, amended, changed, rescinded, revoked or enlarged upon in whole or in part, at any time by action of the Board of Directors. A copy of the current rules and regulations shall at all times be maintained by the Secretary.

Section 8.01 Because the directors should avoid either real or apparent conflict of interest, profit or other benefit from affairs of the Association, the following items of conduct must be observed:

- A. No board or Committee member shall vote or participate in discussion in such capacity, upon any matter in which any personal interest is asserted.
- B. The Association shall not enter into any business relationship with a Board or Committee member.
- C. No Board or Committee member shall either directly or indirectly use information obtained from their position to their personal gain.
- D. All Board and Committee members shall maintain confidentiality as to the business affairs of the Association where disclosure might adversely affect the Association.

ARTICLE IX

CORPORATE BOOK

Section 9.01

PLACE KEEPING IN GENERAL

Except as otherwise provided in the laws of the State of Indiana, by the Articles of Incorporation of the corporation or by these by-laws, the books and records for the corporation shall be kept at such place or places within the State of Indiana as the Board of Directors may from time to time by resolution determine.

ARTICLE X

DISPOSITION OF PROPERTY

Section 10.01

IN GENERAL

The Association shall not sell or otherwise dispose of corporate assets of the Association unless it shall have been authorized by resolution duly adopted by an affirmative vote of three-fourths (3/4) of the Board of Directors at a regular or special meeting called for that purpose; and unless it shall be authorized by resolution duly adopted at a meeting of the members called and held as provided in the By-laws, which resolution must receive an affirmative vote of at least a majority of all Association (active) members voting. The Board of Directors shall have authority without approval of the members to authorize the disposition of construction and maintenance equipment, and surplus material used in conducting the business of the Association.

ARTICLE XI

CONTRACTS, CHECKS, NOTES, ETC.

Section 11.01

IN GENERAL

All contracts and agreements authorized by the Board of Directors and all checks, drafts, notes, bonds, bills of exchange 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 (2) of the officers of the Board of Directors.

Section 11.02

DEPOSITORY

The funds of this corporation shall be deposited in Accounts or Investments Certificates bearing the name of the Corporation in such institutions as may be designated from time to time by the Board of Directors. Funds therefrom shall be withdrawn or transferred only by authority from Board of Directors and by the Treasurer and/or other persons specifically designated and authorized by the Board of Directors.

ARTICLE XII

AMENDMENTS

Section 12.01

IN GENERAL

This code of By-laws may be amended or revised by the Board of Directors by unanimous vote of all directors or by the affirmative vote of two thirds (2/3) of the active members voting at any annual meeting or special meeting, provided that notice of such meeting contains a summary of the proposed amendment or amendments. The notice will be made in advance of the meeting and proxy voting will be permitted as provided in Section 3.05 of these By-laws.

Section 12.02

SPECIAL PROVISIONS

Whenever an amendment is proposed which changes any rights, privilege or power granted to the members under this Code of By-laws, the Articles of Incorporation, or the statutes of the State of Indiana, such amendments shall not be effective until approved by an affirmative vote of 2/3 of the active members present in person or by proxy at Association membership meetings.

Section 12.03

EXCEPTION

The annual dues specified in Section 2.02.6 may be increased by a majority vote of the active members present in person or by proxy at association membership meetings.

**TITLE III
COVENANTS AND RESTRICTIONS
OF
PAINTED HILLS ASSOCIATION, INC.**

Section 1.

PROPERTY RESTRICTIONS

The acquisition and ownership of lots in Painted Hills Subdivision are subject to any and all easements, exceptions and reservations contained in any deed or conveyance and also subject to the following covenants and restrictions, which are recorded in the Recorder's Office of Morgan County, Indiana, and found of record in Book 310 at Page 103, a copy of which restrictions, covenants and conditions are as follows:

Section 2.

COVENANTS AND RESTRICTIONS

2.1 The following restrictive covenants and conditions shall be applicable to and binding upon the lots or parcels of land shown on plats of Painted Hills Development Co. Subdivision recorded or to be recorded in the Recorder's Office of Morgan County, Indiana.

2.2 Definitions

- | | |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Lot Owner | All Buyers and their respective heirs, legal representatives and assigns. |
| Active Member | An adult owner of record whose current dues are paid, who has not been suspended, or whose membership has not been terminated. |
| Association | The Painted Hills Association, Inc. |
| Subdivision | The Painted Hills Subdivision. |

Section 3

UTILITIES, COVENANTS

3.1 The lot owner understands that at the present time, sewage disposal is by means of individual disposal units, and in consideration of the presents and of like agreements and covenants by other Lot Owners, the Lot Owner covenants and agrees to install on his property only such sewage disposal units as are approved by the Association and authorized state or local governmental officials, and further agrees that after installation, the unit shall be kept in good and satisfactory operating condition and it shall be subject to periodic inspection by the Association.

3.2 It is further understood that in the future some form of central sewage plant and collection lines may be required, and in such event the Lot Owner agrees to pay such charges in connection with said system as are uniformly assessed against all other similar lots within the subdivision.

Section 4.

MEMBERSHIP COVENANT

The Lot Owner, in consideration of the presents and of like agreements and covenants by other Lot Owners, covenants and agrees to maintain his membership in the Association, in good standing as long as he owns a lot in Painted Hills Association Subdivision and agrees to abide by the By-laws of the Association. The Lot Owner further agrees to pay to said Association an annual charge, as specified in Section 2.02.6 of the Association's By-laws, payable on the first day of May of the year following the date of the purchase of a lot within the Subdivision, and a like sum on the first day of May of each succeeding year, so long as he shall own property within the Subdivision each year for the general welfare of the subdivision to include, but not limited to, maintenance, upkeep and operation of various facilities and areas whether or not the privilege of using areas or facilities are exercised. The above charge may not be increased except by majority vote of active members present in person or by proxy at Association membership meetings. This covenant concerning said real estate

and the enjoyment, use and benefit thereof, shall be deemed to run with the land and the nonpayment of any charges, including legal fees for collection and interest shall, after the respective dates, become a lien thereon in favor of the Association and shall be enforceable by said Association.

Section 5.

RESTRICTIONS

5.1 The lots shall be used exclusively for residential purposes, except those lots designated as business, commercial, or "special use" areas on the plats aforementioned.

5.2 All building plans, designs, construction methods and types of materials must be approved by the Association and must comply with any existing local building codes in force at the time of construction.

5.3 No lots may be subdivided and not more than one single family dwelling house may be erected or constructed on any one lot. However, lots may be divided to increase the size of adjoining lots, but each such enlarged lot shall be considered one lot only. No building may be erected on any lots prior to the erection of a dwelling house, except that a boat house on waterfront lots may be constructed upon receiving prior written permission from the Association. No necessary basement or temporary building, including a boat house, shall be used or occupied as living quarters. No building shall be constructed or erected on said lots unless built of solid or permanent material. No unpainted exteriors shall be permitted without permission. No housetrailer, tents, or other similar structures shall be erected, moved into, or placed upon said premises except in those specific areas which may be designed for such use. No open basements or foundations shall remain unenclosed without permanent subflooring for more than three weeks. The exteriors of all buildings must be completed within six months from the date construction commences. Open pier foundation type construction shall not be permitted.

5.4 Regardless of the letter symbol; classification of each lot as set forth on the plats of Painted Hills Development Co. Subdivision, no dwelling shall have less than twelve hundred (1,200) square feet of living area. In the case of two story houses or houses with walkout heated finished basements open to the ground level on at least one side, the minimum living area on the ground or first floor, exclusive of porch area, shall be one thousand (1,000) square feet for lots classified "A"; nine hundred (900) square feet for lots classified "B"; eight hundred (800) square feet for lots classified "C" or "D" or lots bearing no classification symbol. Finished areas with ceilings taking the slope of the roof that do not have forty-eight (48) inches of head room shall not be included as part of the living area.

No porch or projection of any building shall extend nearer than twenty-five (25) feet from any road right-of-way, nor nearer than ten (10) feet from the side property line, nor nearer than twenty (20) feet from the rear line of any lot, nor within fifty (50) feet of waterline of any lake which the said respective lots abutt as indicated on plat or plats of Painted Hills Development Co. Subdivision without written permission of the Association.

5.5 No outside toilets shall be allowed. No waste shall be permitted to enter any lakes, and all sanitary arrangements must comply with specifications and regulations of the Association and local and/or state health officers, and all buildings having plumbing facilities shall be required to connect to central water and sewer systems upon availability of same. No individual drain field or other disposal system shall be allowed nearer than fifty (50) feet from the normal water level of the respective abutting lakes.

5.6 No noxious or offensive activity shall be permitted on any lot, nor shall anything be done thereon which shall be or become an annoyance or nuisance to the neighborhood, the determination shall be complete and final. No animals or fowl shall be kept or maintained on said lots except customary household pets in reasonable numbers. No signs of any kind shall be displayed on any lot without written permission of the Association. Failure to maintain lots in a tidy manner will result in maintenance of the lots by the Association for which a reasonable charge, including interest and legal fees, may be levied against the proper owner.

5.7 No boat docks, floats or other structures extending into the lake shall be constructed or placed into on said lake without prior written approval of the Association. All boat dock plans, designs, construction methods, and types of materials must be approved by the Association and such use shall be in compliance with the rules and regulations of said Association.

5.8 The Painted Hills Utility Co., Inc. for itself and licensees, reserves a perpetual easement twenty (20) feet in width along the entire shoreline of all lakes, together with an easement fifteen (15) feet in width along both sides of all road right-of-way and an easement ten (10) feet in width along the side and rear lines of each and every lot, with the right of ingress and egress thereon for the purpose of installing, operating, maintaining and servicing all types of utilities and drainage ditches and appurtenances thereto, together with the right to trim, cut or remove any trees, or brush necessary for the above purposes. Except, where an owner of two or more lots, the sides of which adjoin, constructs a building which will cross over or through a common lot side line, said consolidated lot shall not be subject to the aforementioned side 10 foot easement along the line common to both lots. The owners of lots within the subdivision shall have no cause of action against the Painted Hills Utility Co., Inc. or its licensees either at law or in equity by reason of any damage caused said lots in the installation, operation or maintenance of above mentioned utilities except in cases of gross negligence.

5.9 With the acquisition and ownership of a lot in Painted Hills Subdivision a lot owner becomes a member of the Association.

5.10 These restrictions and covenants run with the land, and shall bind the Lot Owners, their heirs, executors, administrators, personal representatives and assigns, and if any of them shall violate or attempt to violate any of the covenants or restrictions herein contained, it shall be lawful for any person(s) or corporation(s) owning any such lots in the subdivision to prosecute any proceedings at law or in equity against those violating or attempting to violate any such covenants or restrictions and either to prevent him, them or it from doing so, or to recover damages for such violation. All of the restrictions, conditions, covenants and agreements contained herein shall continue to perpetually except that they may be changed, altered, amended or revoked in whole or in part by the Lot Owners whenever at least two-thirds of the Lot Owners so agree in writing, provided, however, that no changes shall be made which might violate the purposes set forth in restriction nos. 5.1 and 5.8. Any invalidation of any one of these covenants and restrictions shall in no way affect any other of the provisions thereof which shall thereafter remain in full force and effect.

5.11 The filing and/or recordation of these covenants and restrictions in the Office of the Recorder of Morgan County and/or the Office of the Morgan County Planning Commission shall constitute a revision of any restrictions and covenants heretofore so filed pertaining to said Subdivision.

GOLFCART RULES

1. Only licensed drivers may operate vehicle.
2. Vehicle may be occupied by seated passengers only.
3. Slow moving vehicles flag or sign must be attached; visible at 50 ft. both front and rear.
4. Waiver of liability to Painted Hills Association must be signed and on file.
5. Vehicle may only be used during daylight hours.
6. Vehicle must be registered with Association office and a \$5.00 sticker fee paid yearly in advance of use. Display sticker on vehicle.
7. Certificate of Liability insurance must be presented when registering vehicle.

ATV ROAD RULES

1. ATVs are authorized for use as work vehicles only, (snow removal, water hauling etc.), NOT as a recreational vehicle on Painted Hills roads and grounds
2. Operators must be legally licensed to drive on state and county roads
3. Daylight use only, not to be used when lights are needed
4. Must have only seated passengers aboard in original factory seats
5. A waiver of liability must be signed and on file at Association office
6. Vehicle must be registered with Association office and a \$5.00 sticker fee paid yearly in advance of use. Display sticker on vehicle
7. Certificate of Liability insurance required

OTHER MOTORIZED VEHICLES

1. All boat regulations for lake use shall apply to ANY motorized vehicles used on frozen lake water
2. ALL motorized vehicles must be registered with the Association office with a \$5.00 sticker fee yearly (Snowmobiles, go-carts, etc.) None of these vehicles shall be legal on Association roads or grounds
3. A signed Waiver of Liability must be on file at Association office
4. Certificate of Liability insurance required

THE FINE SCHEDULE FOR THE ABOVE ORDINANCES WILL BE THE SAME AS THE DOG OFFENSES