

Lake Hollybrook, Inc.

By-laws

I. IDENTIFICATION

Section 1: *Name*

The name of the corporation shall be *Lake Hollybrook, Inc.* The Articles of Incorporation are on file with the Secretary of State.

Section 2: *Seal*

The use of a corporate seal shall be at the discretion of the Board of Directors from time to time.

Section 3: *Corporate Property*

That part of the real estate included in the original plat of ground on record with the Owen County Recorder's office as being Lake Hollybrook, which is not owned by individual memberships, including the dam, lake, buildings, right-of-ways, and roads, shall be corporate property.

II. MEMBERSHIP

Section 1: *Voting Membership*

Voting members shall be the owner of the corporation. Wherever the terms 'member', 'membership', or 'owner' are used in these by-laws they shall refer exclusively to 'Voting Membership'.

Section 2: *Qualifications*

Each owner of a lot, or lots, located within the boundaries of territory adopted by the Board of Directors as being the corporation's limits, shall be eligible to be a member of the corporation.

Assignment of Representative

A membership shall be assigned to the legal entity as one membership, regardless of the number of persons included within such entity, or if it is a company, corporation, partnership, husband and wife, or other form. If the owner of the membership is other than a husband and wife, the entity may declare individuals included within the entity who are to be representatives of the owner and such individuals shall be eligible to represent the owner in all matters and shall be eligible to hold office as an officer or director of the corporation. Such declaration shall be in writing and shall be deposited with the Secretary at least ten days prior to any meeting of the membership. An entity which owns more than one lot shall not be entitled to multiple memberships. An individual may have an interest in more than one membership if the individual is part of more than one group which qualified for a membership. For the purpose of this definition, a husband and wife shall not be considered a group.

Section 3: *Application of By-laws*

These by-laws shall govern the actions of the corporation, its memberships, and the guests of a membership. The restrictions on file follow each deed.

Section 4: *Rights and Privileges of Members*

Members in good standing shall have the right and privilege to use all public areas and facilities of the corporation for themselves and their guests. The Board of Directors may designate areas and/or facilities for nonpublic use, in whole or in part, which action shall limit the right of use by members.

Members in good standing also have the right to attend all regular and special meetings of the membership.

Section 5: *Indemnification to Corporation*

Each membership shall be responsible for the use of corporate property and facilities by members and guests. A membership shall indemnify and hold the corporation harmless for or from any liability or costs, including reasonable attorney fees incurred by the corporation relating to a membership's use or misuse of corporate property and facilities, or that of a guest of a membership.

Section 6: *Voting Rights*

Each membership shall entitle the holder(s) thereof to vote at all annual and special meetings of the membership. Each membership shall have one vote at such meetings. Prior to voting, the chairperson of the meeting may require a membership to declare which person representing a membership shall have the right to cast a ballot.

Section 7: *Membership List*

The secretary of the corporation shall maintain a membership list which shall contain the name and address of each membership of the corporation. Such list shall constitute the official registration of membership for all purposes. In case of group membership, the list shall include the names and addresses of at least two members of the group. It shall be the responsibility of each membership to supply the secretary of the corporation with the information to include in the membership list and to keep such information current in the event of a change of owners of a membership. Actual knowledge of a change in ownership of a membership by the secretary, or any officer or director, shall not constitute notice to the corporation and shall not relieve the membership of responsibility to provide written notice of changes made. Each membership shall designate a person and an address for the purpose of notification of membership meetings and other corporation business.

Section 8: *Suspension and/or Fines*

Rights and privileges of a membership may be suspended for any of the following reasons:

- (1) Non-payment of any assessment within forty-five (45) days of the due date of the assessment.
- (2) Violation of a prohibition of a use of corporate or membership property or of a restriction of membership activity by any owner of a membership or a guest thereof.
- (3) Violation of law and/or governmental regulation by an owner of a membership or a guest thereof while using corporate property or membership property that could jeopardize any right of the corporation or other membership owner to maintain property or an activity.

Procedure for Suspension:

- (1) A written request for suspension of a membership may be filed with the Board of Directors by any officer or director of the corporation or by the joint petition of ten (10) more memberships.
- (2) The secretary of the corporation shall serve a copy of such complaint with a notice of a hearing date by United States Mail to the membership complained of within five days of receipt of the complaint and shall schedule a hearing for not less than ten days and not more than thirty days thereafter.
- (3) The hearing shall be conducted by the President of the Corporation, or the Vice-president in his absence, before the Board of Directors. A vote of two-thirds (2/3) of the elected members of the Board shall be required to suspend the rights of a membership.
- (4) Written notice of such action shall be given by the secretary of the corporation to the offending membership with ten (10) days of the effective date of such action. Such notice shall include all conditions required by the Board of Directors for reinstatement of rights and privileges.

(5) Suspension of membership, if required, shall be for a period of time as determined by the Board of Directors. A suspended membership shall continue to be responsible for payment of annual and special assessments of dues made during the term of suspension.

Non-Waiver of Rights:

The failure of the corporation to bring action for suspension or termination of membership under these by-laws for any act or omission that could subject a membership to such action will not constitute a waiver by the corporation to bring such action at a future date for similar acts or omissions, regardless if such acts or omissions are by the same membership owners or others.

Right of Hearing:

In all cases of suspension or fines, the membership subject to such action shall be entitled to attend the hearing conducted by the Board of Directors and shall be entitled to present rebuttal and to present matters in support of its position.

Section 9: *Membership Transfer*

Membership and the certificate issued thereto shall not be assignable except upon transfer of interest, in the ordinary course of business, in the underlying property. Taking an interest and/or control of property by legal process by a creditor, a trustee in bankruptcy, or a receiver, shall not constitute an assignment of the membership or a sale of the property. A successor to ownership of property by sale, gift, or inheritance, shall be entitled to membership by transfer of the membership on the records of the corporation. If a membership has been suspended by the corporation prior to the transfer, the corporation may refuse to accept the transfer to another owner until conditions of reinstatement of the membership are satisfied. A successor to a suspended membership may not use corporate assets or participate in corporate affairs until such membership is fully reinstated.

III. FISCAL MATTERS

Section 1: *Fiscal Year*

The fiscal year of the corporation shall begin on the first day of September and end on the last day of August of each year.

Section 2: *Annual Budget*

An annual budget shall be approved by the general membership at the annual meeting. The Board of Directors shall provide a recommended budget for the next fiscal year to the membership as part of the notice of annual meeting. If the membership fails to adopt a budget at its annual meeting, the existing budget shall continue in effect. Upon adoption of a budget, expenditures shall not exceed the budget, by category, without approval of the membership. After adoption of the annual budget, the succeeding Board of Directors may request modification of the budget only by a special meeting of the membership called for that purpose, or by a mail ballot.

Section 3: *Accounting System*

The corporation shall adopt an accounting system that:

- (1) provides detailed control and analysis of the income and expenditures of the corporation, including written documentation for income and expenses
- (2) can be audited, and
- (3) provides financial forecast.

All treasurers shall use such system and shall be authorized to seek necessary assistance in implementing and using the system.

Section 4: *Audits*

An ad hoc committee, to be known as the audit committee, will be appointed, and will consist of:

- (1) a director who is not an officer, and
- (2) two representatives of memberships who are unrelated to directors & are appointed by the Board.

The committee will provide for an annual audit of the books and records of the corporation by an accountant who is not a member to determine the accuracy of its financial matters and procedures. The audit shall take place in August. An evaluation of the financial condition of the corporation, including a summation of the audit report, shall be included in the notice of the annual membership meeting.

Section 5: *Deposits of Money*

All deposits of corporate funds shall be in the name of the corporation. All accounts shall require the signature of at least two officers and/or directors, except for amounts under \$500.00 used to pay employee expenses and customary expenses for operating or maintaining corporate property. These expenses may be drawn by one signature of an officer.

Section 6: *Payment of Expenses*

Proper documentation (e.g., receipts, invoices) must be provided for all expenses. No payments will be made without such documentation.

IV. ASSESSMENTS AND/OR DUES

Section 1: *Recommendation of Assessments*

Any assessment to the membership for payment of money shall be determined by the membership at its annual meeting, except as may otherwise be provided for herein. The amount of an assessment shall be recommended to the membership by the Board of Directors and shall be substantiated by the annual budget.

Section 2: *Notice*

Annual assessment approval shall be part of the business agenda of the annual meeting of the membership. Advanced notice of the recommended annual assessment and any proposed special assessment shall be included in the notice of meeting provided to the membership.

Section 3: *Annual Assessment*

The annual assessment shall be for the customary expense of the corporation in operating and maintaining corporate property and activities as established from year to year. Annual assessments shall be assessed to membership by parcels of ground (lots) owned by a membership that are included within the corporate boundaries. The recommended annual assessment shall be supported by the proposed budget submitted by the Board.

Section 4: *Special Assessment*

Special assessments shall be for an extraordinary expense contemplated by the Board of Directors for maintenance of corporate property that is contemplated to be a non-

continuing expense for which insufficient corporate funds are available and which are not provided for in the budget. Special assessments may be considered by the membership at its annual meeting or at a special meeting called for that purpose. Notice of hearing shall include a statement of proposed amount and purpose of the special assessment. Use of the proceeds of a special assessment shall be limited to the purposes stated in the request for the assessment. Special assessments shall be assessed per membership based on the annual assessment.

Section 5: *Emergency Assessment*

The Board of Directors may make an assessment to each membership for an expense incurred or contemplated under circumstances or time restraints that would not allow for the calling of a special meeting of the membership. Emergency assessments shall not total more than fifty (\$50.00) dollars per membership within any twelve (12) month period. Notwithstanding other provisions, the Board of Directors may fix the time for payment of an emergency assessment as such time as is reasonable under the circumstances.

Section 6: *Payment of Assessments*

Assessments shall be payable forty-five (45) days from the date of notice of assessments given to the memberships. The Board of Directors may extend the time for payment of an assessment of a particular membership if the Board finds extenuating circumstances or that an undue hardship would be imposed. All payment plans must be in writing.

Section 7: *Waiver of Assessments*

No waiver of an annual or special assessment other than that noted in Section 6 shall be granted by the Board of Directors without membership approval.

Section 8: *Remedies upon Default*

Upon failure of a membership to pay the full assessment imposed, the corporation shall have the following remedies:

- (1) Imposition of Lien** - The corporation may pursue a lien upon the real estate and improvements of the defaulting membership on all properties owned by the membership within the corporate boundaries.
- (2) Suspension** - The Board of Directors may impose the sanction provided for under Section 8 of the by-laws of Membership,(p.3).

V. CORPORATE ASSETS

A Corporate Asset Committee shall be appointed by the Board and consist of:

- (1) a director who is not an officer, and
- (2) two representatives of memberships who are unrelated to directors & are appointed by the Board.

The Corporate Asset Committee will complete an inventory of corporation assets within thirty (30) days prior to the annual meeting of the membership to determine and verify an inventory of corporate assets. The Committee will review requests of the Board of Directors as to the sale and/or disposal of corporate assets and make recommendations to the membership pertaining thereto.

This jurisdiction shall include the disposal of all items of memberships that are abandoned or donated to the corporation. The value of the property is to be established by a certified appraisal. The Board cannot sell the property without approval of the membership at either a membership meeting or by mail ballot. If the sale of property is being made for a specific purpose, the proceeds of the sale are dedicated to the stated purpose.

VI. MEETINGS OF MEMBERSHIP

Section 1: *Annual Meetings*

An annual meeting of membership of the corporation shall be held on the third Sunday of September each year. The purposes of the meeting are:

- (1) Reports of officers, directors, and standing committees,
- (2) Consideration of modification of use and activity restrictions,
- (3) Old Business,
- (4) Consideration of other business brought before the meeting by an officer or a director,
- (5) Consideration of other business brought before the meeting by any membership,
- (6) Approval of assessments,
- (7) Adoption of an annual budget, and
- (8) Election of directors.

Section 2: *Special Meetings of Membership*

A special meeting of the membership may be called by the president, a majority of the members of the Board of Directors, or by a written petition signed by not less than twenty (20) memberships authorized to vote. Special meetings shall be limited to specific subject matters stated in the notice of meeting.

Section 3: *Notice of Meeting*

The secretary of the corporation shall give notice of all meetings to each membership by United States Mail at least twenty-one (21) days prior to the date of the meeting, specifying the date, time, place, and purpose(s) of the meeting. Attendance at a meeting shall be deemed a waiver of notice unless a membership submits a written objection to the holding of the meeting to the presiding officer of the meeting.

Section 4: *Eligibility to Participate*

Each membership of the corporation shall be entitled to be represented at a meeting of membership and to participate in the matters before the meeting, including the right to cast votes. A membership that is under suspension may have representatives in attendance at a meeting, but shall not participate in the matters brought before the meeting and shall not be eligible to vote. If the matter of the suspension of such membership is properly brought before the meeting, the representatives of the membership shall be allowed to present material on behalf of the membership but shall not be entitled to vote thereon. In the event a membership is owned by more than one person or entity, the person on record with the secretary of the corporation as the authorized representative of the membership shall be the only person eligible to vote. A change in such designation must be on file with the secretary of the corporation at least one (1) day prior to the date of the meeting. In the case of a husband and wife ownership of a membership, both individuals shall be deemed representatives of the membership, but only one shall be eligible to vote.

Section 5: *Proxies*

A membership may vote by proxy at any meeting, provided the person exercising a proxy may not be a representative of a suspended or terminated membership. The Board of Directors may adopt a form of proxy, which will be the exclusive form of proxy for all meetings of the membership. The proxy form may be either specific in form (instructing the proxy holder how to vote on one or more issues) or general in form (allowing the proxy holder to vote as he or she deems best). If the Board has not adopted an exclusive proxy form, a proxy must be in writing and of such clearly expressed intent as to reasonably notify the secretary that it is an adequately exercised proxy for a particular membership. A proxy shall be revocable by a written statement submitted to the secretary before a meeting is held or by the attendance at such meeting by a registered representative owner of the membership. A proxy will be considered automatically revoked eleven (11) months from its date of execution.

Section 6: *Quorum*

Fifty per cent (50%) of all membership eligible to vote, present in person, by proxy, shall constitute a quorum at any meeting of membership, regardless of the subject matter to be considered, except as otherwise provided for herein. In the event a quorum is not present at a meeting no official business may be conducted, in which event the meeting shall be postponed to the closest next Sunday, thirty days thereafter, at which postponed meeting the quorum shall be reduced to twenty-five per cent (25%) of eligible memberships. Notice of the new meeting shall be mailed to the membership as provided for in **Section 3**.

Section 7: *Voting*

All matters to be determined at a meeting shall be decided by a simple majority of the votes cast at the meeting, unless otherwise provided for herein or in the Articles of Incorporation.

Section 8: *Conduct of Business*

Meetings shall be chaired by the President of the corporation or the Vice-president in his absence. Roberts Rules of Order shall be followed in the conduct of a meeting, unless waived by the membership in attendance.

Section 9: *Election Process*

Volunteers will register members eligible to vote and count the ballots. Elections are to occur at the annual meeting.

VII. BOARD OF DIRECTORS

Section 1: *Duties and Authority*

Control of the property, affairs and activities of the corporation shall be vested in a Board of Directors. The Board shall have the following authority:

- (1)** To transact all corporate business. The authority of the Board to borrow money and/or use corporate property as collateral for loans shall be on a case by case basis and subject to the approval of the membership.
- (2)** To appoint and discharge all officers of the corporation,

- (1) To appoint special and standing committees to investigate and recommend particular matters,
- (2) To delegate authority to officers, committees, and others to transact corporate business,
- (3) To employ or appoint agents and representatives, including the agent registered with the Secretary of State of the State of Indiana,
- (4) To establish long term and short term plans including goals and action steps, and
- (5) To take all other actions deemed necessary for the purposes of the corporation and to promote its welfare.

Section 2: *Qualifications*

Each member of the Board of Directors shall be a representative owner of a membership. A director may not be an owner of a suspended membership. In the event such a membership is suspended during the term of a director, the position shall be deemed vacated.

Section 3: *Number, Selection, and Term*

The Board of Directors shall consist of nine (9) members, each of whom is elected for a two (2) year term or until their successor is duly elected and qualified. The two (2) year term shall begin immediately following the Annual Meeting at which the Director is elected. Board members are limited to two (2) consecutive terms. They may be re-elected to the Board after being off the Board for one (1) year. Board members shall be divided into three (3) classes with one-third (1/3) of their terms expiring every year. Except in case of vacancies, all incoming directors shall be selected by the membership at the annual meeting.

Section 4: *Meetings*

Annual Meetings:

Members of the board elected by the membership shall assume their duties after the Annual Meeting of the Membership. The Annual Meeting of the Board shall be held within one (1) week of the Annual Meeting of the Membership. Business to be conducted at the Annual Meeting of the Board of Directors shall include the election of officers.

Regular Meetings:

Regular meetings of the Board of Directors shall be held as determined by the Board, but not less than quarterly. The time, date, and place of the regular meetings shall be scheduled at the Annual Meeting of the Directors. No further notice of regular meetings need be given to directors. At the last regularly scheduled meeting of the Board, prior to the Annual Meetings of the Membership, the Board shall determine a recommendation

to the membership for the annual assessment of dues and any recommendation pertaining to the institution of, cancellation of, or modification of use and activity restrictions and recommendations pertaining to any other matter that the By-laws require to be presented to the membership.

Special Meetings:

Special meetings of the Board of Directors may be called by any two (2) Board members. Notice of the time, place, and purpose of special meetings shall be given to each director, in person or by United States Mail, at least five (5) calendar days prior to the meeting. Attendance at a meeting shall constitute a waiver of notice unless a director files a protest of holding the meeting for lack of notice, in writing, with the secretary of the corporation, prior to, or on the date of the meeting. Notice of the scheduling of a special meeting shall be posted on the bulleting board inside the clubhouse and on the exterior of the club house on the entry door at least forty-eight (48) hours prior to the meeting. All actions taken at a meeting for which inadequate notice is given shall be null and void.

Absence from meetings - A director who is absent from three (3) consecutive meetings, without notice or good cause, will be considered to have resigned his or her position and the directorship shall be declared vacant.

Quorum and Voting - Five (5) members of the Board shall constitute a quorum. Each member shall have one vote on all matters properly brought before the meeting.

Proxy - Proxy votes are not permitted at Board meetings.

Section 5: *Removal of Directors*

A director may be removed, with or without cause, at any time, by a vote of two-thirds (2/3) of the general membership present at a special meeting called for such purpose.

Section 6: *Filling of Vacancies*

All vacancies of the Board shall be filled by the vote of the remaining directors. Such action may be taken at any regular or special meeting of the Board. If a vacancy occurs due to the resignation or death of a director, notice of the pending replacement shall be given to all directors at least five (5) days prior to a vote for replacement. The Secretary shall notify the membership of the replacement of the Director within forty-five (45) days.

Section 7: *Open Meetings*

All business meetings of the Board of Directors shall be open to the membership. The quorum of the Board may go into Executive Session to discuss personnel matters. Decisions to enter into contracts or to take legal action may not be taken in Executive Session.

VIII. OFFICERS

Section 1: *Number*

The officers of the corporation shall consist of a President, Vice-President, Secretary, Treasurer, and such other positions as may be determined by the Board of Directors as necessary for the adequate representation of the corporation.

Section 2: *Qualifications*

Only representatives of memberships in good standing shall be eligible to be officers. In the event of the suspension of a membership to which an officer belongs, he or she shall immediately cease to be an officer.

Section 3: *Selection*

The Board of Directors shall select all officers by vote at the annual meeting of Directors. Replacement of vacated offices shall be made at a special meeting of the Board called for that purpose, or at a regular meeting of the Board, if held within thirty (30) days of the creation of the vacancy, in which case notice of the pending action shall be given to all directors, in person, or by United States Mail, at least five (5) days prior to the date of the meeting.

Section 4: *Term*

Each officer will serve a one (1) year term or until his/her successor is elected and qualified. No more than one office may be held by one person at any one time.

Section 5: *Removal of Officers*

Officers shall serve at the pleasure of the Board of Directors and may be removed from office, with or without cause, by action of the Board, at a meeting of the Board. An officer may be removed from office by vote of the membership at a special meeting called for that purpose.

Section 6: *Duties*

In addition to the following duties, each officer shall perform the duties assigned by the Board of Directors. The following duties and authorities shall be assigned to the office noted:

(1) President

President or his designee shall represent the corporation with respect to contacts with all persons, firms, corporations, and governmental agencies.

President, along with the Secretary, shall execute all documents on behalf of the corporation, and shall have the power to bind the corporation to contracts, which authority shall only be exercised upon specific authority of the Board of Directors.

(2) Vice-President - Vice-President shall perform all duties of the President in the absence of the President.

(3) Secretary

Secretary shall keep all records and shall perform duties herein described and as may be assigned by the Board of Directors from time to time:

- A.** Maintain membership lists and issue membership certifications,
- B.** Keep records of all meetings of the membership and of the Board of Directors,
- C.** Keep the corporate seal, if adopted,
- D.** Issue all notices provided for in the By-Laws, and
- E.** Attest to all official acts by signature.

(4) Treasurer

Treasurer shall keep all records pertaining to the financial condition of the corporation using the method of accounting selected by the corporation, and:

- A.** File all tax returns,
- B.** Make disbursement of all payments of sums approved by directors and officers,
- C.** Maintain all bank accounts and be a signatory thereon,
- D.** Provide monthly reports to the Board of Directors, and
- E.** Submit an annual report of the financial condition of the corporation to the membership.

IX. USE RESTRICTIONS

Section 1: *Creation, Continuation, and Cancellation*

The Board of Directors shall formulate and implement written restrictions as to the use of corporate property by individual members, future use of property acquired by the corporation, standards for present and future use of membership property within the

corporate boundaries, and restrictions as to membership activities, which shall be binding upon all owners of memberships and their successors.

The Board of Directors shall present at membership meeting its recommendations for all restrictions as to property use and membership activities, including recommendations for continuation or cancellation of current restrictions.

Section 2: *Prohibition of Maintenance of a Nuisance*

A membership, either by its owners, or guests, shall not conduct an activity, nor maintain grounds and structures in such a manner as to violate these By-laws or the restrictions as to use of property and activities or in such a manner as to interfere with the use and enjoyment of the lake and surrounding areas by other memberships. This provision shall apply to the maintenance and upkeep of lots and buildings and other structures thereon. Violation of this By-law shall be cause for the corporation to take action to remedy or eliminate the problem, by such action as deemed appropriate by the Board of Directors, including the initiation of legal proceedings to abate a nuisance. Reasonable maintenance of lots, buildings, docks, seawalls, roads, wells, and septic systems is recognized as essential to the full enjoyment of Lake Hollybrook by all memberships.

Section 3: *Legal Redress*

The corporation shall have the right to take legal action against a membership or representative owner thereof for nonpayment of assessments and noncompliance with use and activity restrictions. Such actions must be approved by the Board of Directors but only after notice is given to the alleged offending membership. A membership may be assessed all costs, including reasonable attorney fees, of the corporation in the enforcement of rule or provision of the By-laws.

X. USE RESTRICTIONS

Section 1: *Continuation of Prior Rules*

Adoption of the By-laws does not alter the current written restrictions of use of property and activities previously adopted by the Board of Directors or the membership and the restrictions shall be considered continuing obligations upon memberships.

Section 2: *Amendments*

These By-laws may be amended only by the vote of the membership at an annual meeting or a meeting called for that purpose. Amendments shall be sent to the membership at least ten (10) days before the scheduled meeting.

Section 3: *Effect*

Upon approval by the Board of Directors and adoption by the membership, by a majority of votes cast at an annual or special meeting, these By-laws shall be considered a replacement of existing By-laws for Lake Hollybrook, Inc.

Section 4: *Restrictions of Legal Actions*

No legal action shall be initiated by the corporation against a membership or other entity without membership approval, except the following may be done without such approval:

- (1) An action against a membership to collect an unpaid assessment, if no other issue is involved, and
- (2) An action to enforce the rules and regulations of the corporation as set out in these By-laws and the Restrictions of Activities and Uses, including the seeking of restraining orders, if no other issue is involved.