

CODE OF BYLAWS
OF
ASHTON PARKE HOMEOWNERS ASSOCIATION, INC.
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CODE OF BYLAWS
OF
ASHTON PARKE HOMEOWNERS ASSOCIATION, INC.
ARTICLE I
Identification and Applicability

Section 1.01 Identification and Adoption. These Bylaws are adopted simultaneously with the execution of a certain Declaration of Covenants, Conditions and Restrictions for Ashton Parke Subdivision (hereinafter together with any Supplemental Declarations referred to as the "Declaration") and the creation thereunder of Ashton Parke Homeowners Association, Inc. (hereinafter referred to as the "Corporation"), an Indiana not-for-profit corporation. The Declaration and Articles are incorporated herein by reference, and all of the covenants, rights, restrictions and liabilities therein contained shall have the same meaning in these Bylaws. These Bylaws shall apply to the administration and conduct of the affairs of the Corporation and subdivision.

Section 1.02. Name, Principal Office and Resident Agent. The name of the Corporation is Ashton Parke Homeowners Association, Inc. (hereinafter referred to as the "Association" or "Corporation"). The address of the principal office of the Corporation is 801 Ashton Parke Drive, Greenwood, Indiana 46143, the name and address of its resident agent in charge of such office is Rick W. French, 801 Ashton Parke Drive, Greenwood, Indiana 46143. The location of the principal office of the Corporation, or the designation of its Resident Agent, or both, may be changed at any time or from time to time when authorized by the Board of Directors by filing with the Secretary of State on or before the day any such change is to take effect or as soon as possible after the death of its Resident Agent or other unforeseen termination of its agent.

ARTICLE II
Membership and Meetings of Corporation

Section 2.01. Membership. Declarant and each Owner of a Lot which is subject to

assessment shall, automatically upon becoming an Owner, be and become a Member of the Corporation and shall remain a Member until such time as his ownership of a Lot ceases, but membership shall terminate when such Owner ceases to be an Owner, and will be transferred to the new Owner of his lot; provided, however, that any person who holds the interest of an Owner in a Lot merely as security for the performance of an obligation shall not be a member until and unless he realizes upon his security, at which time he shall automatically be and become an Owner and a Member of the Corporation.

Section 2.02. Voting Rights. The Corporation shall have two (2) classes of membership with the following voting rights:

- (a) Class A. Class A Members shall be all Owners except Class B Members. Each Class A Member shall be entitled to one (1) vote for each lot of which such Member is the Owner with respect to each matter submitted to a vote of Members upon which the Class A Members are entitled to vote. When more than one (1) person constitutes the Owner of a particular Lot, all such persons shall be Members of the Corporation, but such Owners shall be treated collectively as one member for voting purposes which vote shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.
- (b) Class B. Class B Members shall be Declarant and all successors and assigns of Declarant designated by Declarant as Class B Members in a written notice mailed or delivered to the Resident Agent of the Corporation. Each Class B Member shall be entitled to three (3) votes for each lot of which such Member is the Owner with respect to each matter submitted to a vote of Members upon which the Class B Members are entitled to vote. The first Board of Directors shall also be Class B Members, but the Board members shall have no voting rights, except that a Board member who is also a Lot Owner may exercise the voting rights to which he is entitled to through the ownership of a Lot or Lots. The Class B Membership shall cease and be converted to Class A membership upon the Applicable Date, which shall be the first to occur of the following:
- (1) the date upon which the written resignation of the Class B

Members is delivered to the Resident Agent of the Corporation;

- (2) thirty (30) days after the date when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (3) January 1, 1999

Section 2.03. Functions. The corporation has been formed for the purpose of providing for the maintenance, repair, upkeep, replacements, and administration of the Common Areas, Lakes, Recreation Areas, Landscape Easements, Drainage System, and other improvements detailed in the Declaration, to pay any other necessary expenses and costs in connection with these areas, and to perform such other functions as may be designated for it to perform under the Declaration.

Section 2.04. Purpose of Meetings. At least annually, and at such other times as may be necessary, the meetings of the Members shall be held for the purpose of electing the Board of Directors, and for such other purposes as may be required by the Declaration, the Articles, or the Bylaws (subject to the provisions of Section 3.02 hereof).

Section 2.05. Annual Meetings. The annual meeting of the Members of the corporation shall be held on the third Thursday of February at 7:00 p.m. in each calendar year. At the annual meeting the members shall elect the Board of Directors of the Corporation in accordance with the provisions of these Bylaws and transact such other business as may properly come before the meeting.

Section 2.06. Special Meetings. A special meeting of the Members of the Corporation may be called by resolution of the Board of Directors or upon a written petition of Members who have not less than a majority of the total outstanding votes of the Corporation. The resolution or petition shall be presented to the President or Secretary of the Corporation and shall state the purpose for which the meeting is to be called. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.07. Notice and Place of Meetings. All meetings of the Members of the Corporation shall be held at any suitable place in Johnson or Marion County, Indiana, as may be designated by the Board of Directors. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose of purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Corporation to each Member entitled

to vote ~~not less than ten (10) days prior to the date of such meeting.~~ The notice shall be mailed or delivered to the Members at the address of their respective Lots or to such other address as is designated by the Owner and not otherwise. A copy of each such written notice shall also be delivered or mailed simultaneously by the Secretary of the Corporation to each Mortgagee who: (a) requests in writing that such notices be delivered to it, and (b) furnishes its name and address to the Corporation in accordance with Section 8.01 of these Bylaws. Such Mortgagee may designate a representative to attend the meeting. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 2.08. Voting and Conduct of Meeting.

(a) Number of Votes. Each Lot Owner shall be entitled to cast one vote for each Lot owned on each matter coming before the meeting. ~~The Corporation, the Board of Directors, or any other person who holds title to any Lot as trustee for the benefit of the Owners shall not be entitled to vote.~~

(b) Multiple Owners. Where the Owner of a Lot constitutes or consists of more than one person, or is a partnership, there shall be only one vote allocable to that Lot. At the time of acquisition of title to a Lot by a Multiple Owner or a partnership, those persons constituting such Owner or the partners shall file with the Secretary of the Corporation an irrevocable proxy appointing one of such persons or partners as the voting representative for such Lot, which proxy shall remain in effect until all of such parties constituting such multiple Owner or partners in such partnership designate another voting representative in writing or such appointed representatives relinquishes such appointment in writing, becomes incompetent, dies or such appointment is otherwise rescinded by order of a court of competent jurisdiction or the Owner no longer owns such a Lot. Such appointed voting representative may grant a proxy to another to vote in his place at a particular meeting or meetings pursuant to paragraph (d) of this Section 2.08, which shall not constitute a permanent relinquishment of his right to act as voting representative for the Lot.

(c) Voting by Corporation or Trust. Where a corporation or trust is an Owner or is otherwise entitled to vote, the trustee may cast the vote on behalf of the trust and the agent or other representative of the Corporation duly empowered by the Board of Directors of such Corporation may cast the vote to which the Corporation is entitled. The Secretary of such Corporation or a trustee of the trust so entitled to vote shall deliver or cause to be delivered prior to the commencement of the meeting a certificate signed by such person to the Secretary of the Corporation stating who is authorized to vote on behalf of said Corporation or trust.

(d) Proxy. An Owner may vote either in person or by his duly authorized and

designated attorney-in-fact. Where voting is by proxy, the Owner shall duly designate his attorney-in-fact in writing, delivered to the Secretary of the Corporation prior to the commencement of the meeting.

(e) Quorum. Except where otherwise expressly provided in the Declaration, these Bylaws or the Indiana Non-profit Corporations Act of 1991 (hereinafter referred to as the "Statute"), the Members representing a majority of the vote shall constitute a quorum at all meetings. The terms majority of owners or majority of vote, as used in these ByLaws, shall mean the Owners entitled to more than fifty percent (50%) of the votes.

(f) Conduct of Annual Meeting. The President of the Corporation shall act as the Chairman of all annual meetings of the Corporation if he is present. At all annual meetings, the Chairman shall call the meeting to order at the duly designated time and business will be conducted in the following order:

- (1) Reading of Minutes. The Secretary shall read or distribute the minutes of the last annual meeting and the minutes of any special meeting held subsequent thereto, unless such reading is waived by a majority of the vote.
- (2) Treasurer's Report. The Treasurer shall report to the Owners concerning the financial condition of the Corporation and answer relevant questions of the Members concerning the Common Expenses and the financial report for the prior year and the proposed budget for the current year.
- (3) Budget. The proposed budget for the current fiscal year shall be presented to the Members for approval or amendment.
- (4) Election of Board of Directors. Nominations for the Board of Directors may be made by an Owner from those persons eligible to serve. Nominations shall be made from the floor at the annual meeting. In the event that there are more nominees than there are members of the Board of Directors to be elected, then voting for the Board of Directors may be by secret ballot. Each Member entitled to vote may vote for as many nominees as there are directors to be elected; however, no Member shall be entitled to accumulate his votes. Each voting Member shall sign his ballot. Those persons receiving the highest number of votes shall be elected. The Secretary of the Corporation shall verify each proxy's or

Member's right to cast his ballot before the ballot is cast and may require the signature of the proxy or Member on a roster for that purpose. The foregoing provisions are subject to the provisions of Section 3.02 hereof.

- (5) Other Business. Other Business may be brought before the meeting only upon a written request submitted to the Secretary of the Corporation at least seven (7) days prior to the date of the meeting; provided, however, that such written request may be waived at the meeting if agreed by a majority of the vote.
- (6) Adjournment.
- (7) Conduct of Special Meeting. The President of the Corporation shall act as Chairman of any special meetings of the Corporation. The Chairman shall call the meeting to order at the duly designated time and only business to be considered at such meeting shall be the matters for which such meeting was called, as set forth in the notice of such special meeting.
- (8) Rules of order. The meetings of the Corporation shall be conducted by the most current version of Robert's Rules of Order, except as modified by these Bylaws.

ARTICLE III Board of Directors

Section 3.01. Management. The business and affairs of the Corporation shall be governed by the Board of Directors (herein collectively called "Board" or "Directors" and individually called "Director"). No person shall be eligible to serve as a member of the Board of Directors unless he is, or is deemed in accordance with the Declaration to be, an Owner, including a person appointed by the Declarant as provided in Section 3.02 hereof. The total number of Directors shall be no less than three nor more than nine.

Section 3.02. Initial Board of Directors. The Initial Board of Directors shall be Rick W. French, Linda S. Hogan, and Diana L. Binford (hereinafter referred to as the "Initial Board") all of whom have been or shall be appointed by Declarant notwithstanding anything to the contrary

contained in, or any other provisions of the Declaration, the Articles, these Bylaws or elsewhere. The Initial Board shall hold office until the Applicable Date and in the event of any vacancy or vacancies occurring in the Initial Board for any reason or cause whatsoever prior to the Applicable Date, determined as provided above, every such vacancy shall be filled by a person appointed by Declarant, who shall thereafter be deemed a member of the Initial Board. Each owner, by acceptance of a deed to a lot, or by acquisition of any interest in a Dwelling Unit by any type or judicial acts inter vivos or causa mortis, or otherwise, shall be deemed to have appointed Declarant as such Owner's agent, attorney-in-fact and proxy, which shall be deemed coupled with an interest and irrevocable until the Applicable Date determined as provided above, to exercise all of said Owner's rights to vote, and to vote as Declarant determines, on all matters as to which Members of the Corporation are entitled to vote under the Declaration, the Articles, these Bylaws or otherwise; provided, however, this right to vote granted to Declarant shall not extend to votes of Members (if a vote is required) on matters of Special Assessments, mortgaging Common Areas, Landscape Easements and Drainage System or merger/consolidation of the Corporation with another corporation. This appointment of Declarant as such Owner's agent, attorney-in-fact and proxy shall not be affected by incompetence of the Owner granting the same. Each person serving on the Initial Board, whether as an original member thereof or as a member thereof appointed by Declarant to fill a vacancy, shall be deemed a Member of the Corporation and an Owner solely for the purpose of qualifying to act as a member of the Board of Directors and for no other purpose. No such person serving on the Initial Board shall be deemed or considered a Member of the Corporation nor an Owner of a Lot for any other purpose (unless he is actually the Owner of a Lot and thereby a Member of the Corporation).

Section 3.03. Additional Qualifications. Where an Owner consists of more than one person or is a partnership, corporation, trust or other legal entity, then one of the persons constituting the multiple Owner or a partner or an officer or trustee shall be eligible to serve on the Board of Directors, except that no single Lot or Dwelling Unit may be represented on the Board of Directors by more than one person at a time.

Section 3.04. Term of Office and Vacancy. Subject to the provisions of Section 3.02 hereof, one (1) member of the Board of Directors shall be elected at each annual meeting of the Corporation. The Initial Board of Directors shall be deemed to be elected and reelected as the Board of Directors at each annual meeting until the Applicable date provided herein. ~~After the Applicable Date, each member of the Board of Directors shall be elected for a term of three (3) years, except that at the first election after the Applicable Date three members of the the Board of Directors shall be elected for a three (3) year term, three for a two (2) year term, and three for a one (1) year term so that the terms of one-third (1/3) of the board members shall expire annually. There shall be separate nominations for the office of each member of the Board to be~~

electd at such first election after the Applicable Date. ~~Each Director shall hold office throughout the term of his election and until his successor is elected and qualified.~~ Subject to the provisions of Section 3.02 hereof as to the Initial Board, any vacancy or vacancies occurring in the Board shall be filled by a majority of the remaining members of the Board or by Directors or by vote of the Owners if a Director is removed in accordance with Section 3.05 of this Article III. The Director so filling a vacancy shall serve until the next annual meeting of the Members and until his successor is elected and qualified. At the first annual meeting following any such vacancy, a Director shall be elected for the balance of the term of the Director so removed or in respect to whom there has otherwise been a vacancy.

Section 3.05. Removal of Directors. A Director or Directors, except the members of the Initial Board, may be removed with or without cause by vote of a majority of the votes entitled to be cast at a special meeting of the Owners duly called and constituted for such purpose. In such case, his successor shall be elected at the same meeting from eligible Owners nominated at the meeting. A Director so elected shall serve until the next annual meeting of the Owners and until his successor is duly elected and qualified.

Section 3.06. Duties of the Board of Directors. The Board of Director shall be the governing body of the Corporation representing all of the Owners and being responsible for the functions and duties of the Corporation, including, but not limited to, the management, maintenance, repair, upkeep and replacement as required within the Common Areas, Landscape Easements and Drainage System, and the collection and disbursement of the Common Expenses. After the Applicable Date the Board may, on behalf, of the Corporation, employ a reputable and recognized professional property management agent (hereinafter "Managing Agent") upon such terms as the Board shall find, in its discretion, reasonable and customary, provided any such management agreement shall be for a term of three (3) years or less and shall provide that any such agreement may be terminated by either party upon ninety (90) days written notice to the other party. Any decision thereafter to employ a professional property management agent shall require the prior consent of the Owners of at least sixty-seven percent (67%) of the vote and fifty-one percent (51%) of the vote of Mortgages. The Managing Agent, if one is employed, shall assist the Board in carrying out its duties, which include, but are not limited to the following:

- (a) protecting and maintaining the Common Areas, Landscape Easements and Drainage System;
- (b) procuring of utilities used in connection with Ashton Parke Subdivision, removal of garbage and waste, and snow removal from the Common Areas;
- (c) landscaping, painting, decorating and furnishing of the Common Areas;

- (d) assessing and collection from the Owners of the Owner's pro-rata share of the common expenses;
- (e) preparing the annual budget, a copy of which shall be mailed or delivered to each Owner at least ten (10) days before the date of the annual meeting;
- (f) preparing annually a full accounting of all receipts and expenses incurred in the prior year which accounting shall be delivered to each Owner simultaneously with delivery of the proposed annual budget for the current year;
- (g) keeping a current, accurate and detailed record of receipts and expenditures affecting the subdivision; specifying and itemizing the common expenses; making all records and vouchers available for examination by an Owner, Mortgagee, insurer or guarantor of a first mortgage at any time during normal business hours or at other reasonable times;
- (h) procuring and maintaining for the benefit of the Corporation and the Board the insurance coverages required under the Declaration, and such other insurance coverages as the Board, in its sole discretion, may deem necessary or advisable;
- (i) paying any other necessary expenses and costs in connection with the Easements and Drainage Areas; and
- (j) furnishing, upon request of any Mortgagee, insurer or guarantor of a first mortgage, a reviewed financial statement of the Corporation for the immediately preceding fiscal year.

Section 3.07. Powers of the Board of Directors. The Board of Directors shall have such powers as are reasonable and necessary to accomplish the performance of their duties. These powers include, but are not limited to, the following powers:

- (a) to employ a Managing Agent to assist the Board in performing its duties;
- (b) to purchase, lease or otherwise obtain for the Corporation to enable it to perform its functions and duties, such equipment, materials, labor and services as may be necessary in the judgement of the Board of Directors;

- (c) to employ legal counsel, architects, contractors, accountants and others as in the judgement of the Board of Directors may be necessary or desirable in connection with the business of the Corporation.
- (d) to employ, designate, discharge and remove such personnel as in the judgement of the Board of Directors may be necessary for the Board of Directors to perform its duties;
- (e) to include the costs of all of the above and foregoing as Common Expenses and to pay all of such costs therefrom;
- (f) to open and maintain a bank account or accounts in the name of the Corporation; and
- (g) to grant or relocate easements.

Section 3.08. Limitation on Board Action. After the Applicable Date, the authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than \$2,500.00, increased annually by 2%, without obtaining the approval of a majority of the Owners, except that in the following cases such approval shall not be necessary:

- (a) contracts for replacing or restoring portions of the Easements and/or Detention Areas damaged or destroyed by fire or other casualty where the cost thereof is payable out of insurance proceeds actually received;
- (b) proposed contracts and proposed expenditures expressly set forth in the proposed annual budget as approved by the Owners at the annual meeting; and
- (c) expenditures necessary to deal with emergency conditions in which the Board of Directors reasonably believes there is insufficient time to call a special meeting of the Owners.

Section 3.09. Compensation. No director shall receive any compensation for his services as such, exempt to such extent as may be expressly authorized by a majority vote of the Owners. The Managing Agent, if any is employed, shall be entitled to reasonable compensation for its services, the cost of which shall be a Common Expense.

Section 3.10. Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. The Secretary shall give notice of regular meetings of the Board to each Director personally or by

financial statement prepared by a certified public accountant or firm of certified public accountants then servicing the Corporation, which statement shall show all receipts and expenses received, incurred and paid during the preceding fiscal year

Section 5.02. Proposed Annual Budget. Annually, prior to the beginning of each fiscal year and before the date of the annual meeting of the Corporation, the Board of Directors shall cause to be prepared a proposed annual budget for the coming fiscal year estimating the total amount of the Common Expenses for the current fiscal year together with a reasonable allowance for contingencies and for reserves of the Corporation. The Board shall cause the proposed budget to be delivered to each Owner Thirty (30) days prior to the beginning of each fiscal year. The annual budget shall be submitted for adoption to the Owners at the annual meeting of the Corporation, and if so adopted, shall be the basis for the Regular Assessments (hereinafter defined) for the current fiscal year. At the annual meeting of the Owners, the budget may be approved in whole or in part or may be amended in whole or in part by a majority vote of the Owners; provided, however, that in no event, ~~except for the lack of quorum,~~ shall the annual meeting of the Owners be adjourned until an annual budget is approved and adopted at such meeting, either the proposed annual budget or the proposed annual budget as amended. The annual budget, the Regular Assessments and all sums assessed by the Corporation shall be established by using generally accepted accounting principles applied on a consistent basis. The annual budget may be amended at any time during the year by the Owners at any duly called special meeting of the Corporation.

The failure or delay of the Board of Directors to prepare a proposed annual budget and to furnish a copy thereof to the Owners shall not constitute a waiver or release in any manner of the obligations of the Owners to pay the Common Expense as herein provided, whenever determined. Whenever, whether before or after the annual meeting of the Corporation, there is no annual budget approved by the Owners, the Owners shall continue to pay Regular Assessments based upon one hundred and ten percent ~~(110%)~~ of such last approved budget, as a temporary budget.

Section 5.03. Regular Assessments. The annual budget as adopted by the Owners shall, based upon the estimated cash requirement for the Common Expenses in the ensuing year as set forth in said budget, contain a proposed assessment against each Owner on a pro-rata basis based on the total number of platted Lots. Immediately following the adoption of the annual budget, each Owner shall be given written notice of such assessment against his respective Lot (herein called the "Regular Assessment"). In the event the Regular Assessment for a particular fiscal year is initially based upon a temporary budget, such Regular Assessment shall be revised, within fifteen (15) days following adoption to the final annual budget by the Owners, to reflect the assessment against each Lot based upon such annual budget as finally adopted by the

Owners. The aggregate amount of the Regular Assessments shall be equal to the total amount of expenses provided and included in the final annual budget, including reserve funds as hereinbelow provided. The Regular Assessment against each Lot shall be paid in advance in quarterly installments commencing on the first day of the first month of each fiscal year and quarterly thereafter. Payment of these installments of the Regular Assessment shall be made to the Board of Directors; provided, however, Owners may elect to pay assessments semi-annually or annually, in advance. In the event the Regular Assessment for a particular fiscal year of the Corporation was initially based upon a temporary budget, then payments shall be adjusted as follows:

- (a) if the Regular Assessment based upon the final annual budget adopted by the Owners exceeds the amount of the Regular Assessment based upon the temporary budget, then that portion of such excess applicable to the period from the first day of the current fiscal year to the date of the next payment of the Regular Assessment which is due shall be paid with such next payment, and all such payments thereafter during such fiscal year shall be increased so that the Regular Assessment as finally determined shall be paid in full by the remaining payments due in such fiscal year; or
- (b) if the Regular Assessment based upon the temporary budget exceeds the Regular Assessment based upon the final annual budget adopted by the Owners, such excess shall be credited against the next payment or payments of the Regular Assessment coming due, until the entire amount of such excess has been so credited;

provided, however, that if an Owner had paid his Regular Assessment either semi-annually or annually in advance, then the adjustments set forth under (a) or (b) above shall be made by cash payment by, or refund to, the Owner on the first day of the second month following the determination of the Regular Assessment based upon the annual budget finally adopted by the Owners.

The regular Assessment for the current fiscal year of the Corporation shall become a lien on each separate Lot as of the first day of each fiscal year of the Corporation, even though the final determination of the amount of such Regular Assessment may not have been made by that date. The fact that an Owner has paid his Regular Assessment for the current fiscal year in whole or in part based upon a temporary budget and thereafter, before the annual budget and Regular Assessment for the current fiscal year in whole or in part based upon a temporary budget and thereafter, before the annual budget and Regular Assessment are finally determined, approved and adjusted as herein provided, shall not relieve or release such Owner or his successor as

Owner of such Lot from payment of the Regular Assessment for such Lot as finally determined, and such Owner and his successor as Owner of such Lot shall be jointly and severally liable for the Regular Assessment as finally determined. Any statement of unpaid assessments furnished by the Corporation pursuant to Paragraph 8.02 hereof prior to the final determination and adoption of the annual budget and Regular Assessment for the year in which such statement is made shall state that the matters set forth therein are subject to adjustment upon determination and adoption of the final budget and Regular Assessment for such year, and all parties to whom any such statement may be delivered or who may rely thereon shall be bound by such final determination. Quarterly installments of Regular Assessments shall be due and payable automatically on their respective due dates without any notice from the Board or the Corporation, and neither the Board nor the Corporation shall be responsible for providing any notice or statements to Owners for the same.

Section 5.04. Special Assessments. Should the Board of Directors at any time during the fiscal year determine that the Assessments levied with respect to such year are insufficient to pay the Common Expenses for such year, the Board of Directors may, at any time, and from time to time, levy such Special Assessments as it may deem necessary for meeting the Common Expenses. In addition, the Board of Directors shall have the right to levy at any time, and from time to time, one or more Special Assessments for the purpose of defraying, in whole or in part, any unanticipated Common Expense not provided for by the Regular Assessment. However, the total amount of all special assessments each year shall not exceed twenty percent (20%) of the Regular Assessment without the affirmative vote of a majority of a quorum of the Owners.

Section 5.05. Reserve for Replacements. The Board of Directors shall cause to be established and maintained a reserve fund for the replacements by the allocation and payment to such reserve funds not less often than annually of an amount determined by the Board to be sufficient to meet the costs of periodic maintenance, repair, renewal and replacement of the Common Areas, Landscape Easements, and Drainage System, including, but not limited to, painting the exterior of building and fences and resurfacing, repairing and or replacing streets, parking areas, sidewalks, roofs and fences. In determining the amount, the Board shall take into consideration the expected useful life of such Common Areas, projected increases in the costs of materials and labor, interest to be earned by such funds, and the advice of Declarant, the Managing Agent and any consultants the Board may employ. Such fund shall be a common expense. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board, be invested in obligations of or fully guaranteed as to principal by, the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the Common Areas, Landscape Easements, Drainage System and equipment of the Corporation. The Board shall annually review the adequacy of the reserve fund. The

proportionate interest of any Owner in any reserve for replacement shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 5.06. General Operating Reserve. The Board of Directors shall establish and maintain a reserve fund for general operating expenses of a non-recurring nature by the allocation and payment to such reserve fund not less frequently than annually of an amount determined as follows:

- (a) three percent (3%) of the amount of the annual Regular Assessment until the reserve fund is equal to fifteen percent (15%) of the amount of the annual budget;
- (b) thereafter, two percent (2%) of the amount of the annual assessment until the reserve fund is equal to twenty percent (20%) of the amount of the annual budget when payment to the reserve fund shall terminate.

Such fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, at the discretion of the Board, be invested in obligations of or fully guaranteed as to principal by the United States of America. The general operating reserve may be expended only for operating contingencies of a non-recurring nature. The proportionate interest of any Owner in any reserve fund for general operating expenses shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned or transferred or otherwise separated for the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 5.07. Failure of Owner to Pay Assessments.

- (a) No owner may exempt himself from paying Regular Assessments and Special Assessments or from contributing toward the Common Expense or toward any other expense lawfully agreed upon by waiver of the use or enjoyment of the Common Areas, Landscape Easements and Drainage System or by abandonment of the Lot belonging to him.
- (b) Each Owner shall be personally liable for the payment of all Regular and Special Assessments. Where the Owner constitutes more than one person the liability of such person shall be joint and several.
- (c) If any Owner shall fail, refuse or neglect to make any payment of any Regular Assessment or Special Assessment when due, then such assessment shall be deemed delinquent

and the lien for such assessment on the Owner's Lot and Dwelling Unit may be filed and foreclosed by the Board of Directors for and on behalf of the Corporation as a mortgage on real property or as otherwise provided by law.

(d) If any Assessment is not paid within fifteen (15) days after the due date, such Assessment and all costs of collection thereof, including attorneys' fees, shall bear interest from the date of delinquency until paid at the maximum rate allowable under any applicable usury laws, and the Corporation may bring an action in any court having jurisdiction against the delinquent Owner to enforce payment of the same and/or to foreclose the lien against said Owner's Lot. In addition, there shall be added to the amount of such Assessment all costs of such action including the Corporation's attorneys' fees, and in the event a judgement is obtained, such judgement shall include such interest, costs, and attorneys' fees.

(e) In the event of the failure of the Owner to make timely payments of any Regular Assessment or Special Assessment when due the Board may, in its discretion, accelerate the entire balance of unpaid assessments the Owner and any occupant of the Lot and Dwelling Unit and to collect the rentals and other profits therefrom for the benefit of the Corporation to be applied to the unpaid Regular Assessment or Special Assessments. The Board may, at its option, bring suit to recover a money judgement for any unpaid Regular Assessment or Special Assessment without foreclosing or waiving the lien securing the same.

(f) The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage.

Section 5.08. Maintenance, Repairs and Replacements. Maintenance, repairs, replacements and upkeep of the Common Areas, Landscape Easements and Drainage System shall be furnished by the Corporation as a part of its duties, and the cost thereof shall constitute a part of the Common Expense.

Each Owner shall be responsible for maintaining and keeping his Lot and all improvements thereon in a good, clean, and sanitary condition. Each Owner shall promptly perform all maintenance and repair upon his own Lot and Dwelling Unit which, if neglected, would affect the value of the Dwelling Unit thereon and which is the responsibility of the Owner to make personally. Such maintenance and repairs include, but are not limited to, internal water lines, plumbing, electric lines, appliances, gas lines, telephone, air conditioning, doors, windows, lamps and all other accessories belonging to the Owner and appurtenance to the Dwelling Unit.

If any Owner shall fail to so maintain and keep his property or any part thereof in good condition as set out above, the Corporation may perform any work necessary to do so and charge

the Owner thereof for such costs, which cost shall be added to and become a part of the Owner's assessment, and such cost shall be immediately due, and shall be secured by the Corporation's lien on the Owner's property.

Notwithstanding any obligation or duty of the Corporation to repair or maintain the Common Areas, Landscape Easements and Drainage System if, due to the willful, intentional or negligent acts or omissions of an Owner or of a member of his family or of a guest, tenant, invitee or other occupant or visitor of such Owner, damage shall be caused, or if maintenance, repairs or replacements shall be required thereby which would otherwise be a Common Expense, then such Owner shall pay for such damage and such maintenance, repairs, and replacements, as may be determined by the Corporation, unless such loss is fully covered and paid for by the Corporation's insurance with such policy having a waiver of subrogation clause. If not paid by such Owner upon demand by the Corporation, the cost of repairing such damage shall be added to and become a part of the assessment to which such Owner's lot is subject.

So long as the Tract is subject to the Declaration each Owner, by his acceptance of a deed to any Lot, irrevocably grants to the Corporation, its agents and employees, the right to enter upon, across and over the Lot owned by such Owner under such conditions as are reasonably necessary to effect the maintenance, cleaning, repair or other work contemplated herein.

ARTICLE VI Rules and Regulations

Section 6.01. Right of Board to Adopt Rules and Regulations. The Board may promulgate such additional rules and regulations regarding the operation of Ashton Parke Subdivision, including but not limited to the use of the "Improvements", as it may deem necessary from time to time and such rules as are adopted may be amended by a vote of a majority of the Board, and the Board shall cause copies of such rules and regulations and all amendments thereto to be delivered or mailed promptly to all Owners.

Section 6.02. Restrictions on Use. The following restrictions on the use and enjoyment of the subdivision and the Common Areas shall be applicable to Ashton Parke in addition to those set forth in the Declaration. These are as follows:

(a) All Buildings shall be used exclusively for residential purposes and the occupancy for a single family.

(b) No additional structures shall be erected or located in the subdivision other than the Buildings and other structures designated in the Declaration and shown on the Plans.

(c) Nothing shall be done or kept on any Lot or in the Common Areas, Landscape Easements or Drainage System which will cause an increase in the rate of insurance on any Building or contents thereof, or which would be in violation of any law or ordinance.

(d) No waste shall be committed in the subdivision.

(e) No owner shall cause or permit anything to be hung or displayed on the outside of the window, patios and balconies or placed on the outside walls of a Building, and no sign, awning, canopy, shutter or radio or television antenna or other attachment or thing shall be affixed to or placed upon the exterior walls or roof or any other parts of any Building without the prior consent of the Board.

(f) Nothing shall be done or permitted in any Building which will impair the structural integrity of any other Building or which would structurally change any other Building, except as otherwise provided in the Declaration or these Bylaws.

(g) no industry, trade, or any commercial or religious activity, educational or otherwise, designated for profit, altruism or otherwise, shall be conducted, practiced or permitted on or in the subdivision, except where permitted by applicable zoning laws.

(h) No "for sale", "for rent", or "for lease" signs or other window or advertising display shall be maintained or permitted on any part of the subdivision without the prior written consent of the Board; provided, however, that the right is reserved by the Declarant and Board to place or allow to be placed "for sale" or "for lease" signs on any unsold or unoccupied Buildings or Lots

(i) All Owners and members of their families, their guests or invitees, and all occupants of any Building or other persons entitled to use the same and to use and enjoy the Common Areas shall observe and be governed by such rules and regulations as may from time to time be promulgated and issued by the Board governing the operation, use and enjoyment of the Common Areas and Limited Common Areas.

(j) No Owner shall be allowed to plant trees, landscape or do gardening in any of the Common Areas except with express written permission from the Board.

ARTICLE VII

Ashton Parke Architectural Control Committee

Section 7.01. Appointment of Architectural Control Committee. The Board of Directors shall appoint an Architectural Control Committee to be composed of a minimum of Three (3) Members.

Section 7.02. Construction Approvals. No construction of any building or structure of any kind, including additions, alterations, fences, screens and walls shall begin within Ashton Parke until the plans and specifications, locations and plot plan thereof, in detail and to scale, have been submitted to and approved by the Architectural Control Committee (hereinafter "Committee"). The plans and specifications of and location of all construction shall be in compliance with all applicable regulatory codes, including those relating to building, plumbing, and electrical requirements, and shall also comply with all zoning covenants and restrictions which are applicable to the Real Estate. Refusal of approval of plans and specifications, location and plot plan by the Board may be based upon any ground, including purely aesthetic grounds, in the sole and absolute discretion of the Committee. The Board shall not be responsible for any defects in such plans or specifications, or in any building or structure erected according to such plans and specifications.

The plans and specifications submitted to the Committee shall contain a plot plan to scale with adequate provision for landscaping, including the planting of trees and shrubs. The determination of whether adequate provision has been made for landscaping shall be at the sole discretion of the Committee. The required landscaping and driveways shall be completed at the time of completion of the building, or as soon as weather and season permit.

Section 7.03. Duties of Committee. The Committee shall approve or disapprove proposed improvements within thirty (30) days after all required information shall have been submitted to it. One copy of submitted material shall be retained by the Committee for its permanent files. All notifications to applicants shall be in writing, and, in the event that such notification is one of disapproval, it shall specify the reason or reasons.

Section 7.04. Liability of Committee. Neither the Committee nor any agent thereof, nor the Board shall be responsible in any way for any defects in any plans, specifications, or other materials submitted to it, nor for any defects in any work performed according thereto.

ARTICLE VIII

Amendments to Bylaws

Note by mail?

Subject to any contrary, overriding or superseding provisions set forth herein or in the Declaration, these Bylaws may be amended by the vote of a majority of a quorum of the Owners in a duly constituted meeting called for such purpose. Such amendments shall be filed and recorded in due form as required by law. Notwithstanding anything to the contrary contained herein or in the Declaration, there shall be no amendment of the Declaration or these Bylaws prior to the Applicable Date without the consent and approval of Declarant.

ARTICLE IX

Mortgages

Section 9.01. Notice to Corporation. Any Owner who places a first mortgage lien upon his lot, or the Mortgagee, shall notify the Secretary of the Corporation thereof and provide the name and address of the Mortgagee. A record of such Mortgagee and name and address shall be maintained by the Secretary and any notice required to be given to the Mortgagee pursuant to the terms of the Declaration, these Bylaws or otherwise shall be deemed effectively given if mailed to such Mortgagee at the address shown in such record at the time provided. Unless notification of any such mortgage and the name and address of the Mortgagee are furnished to the Secretary, either by the Owner or the Mortgagee, no notice to any Mortgagee as may be otherwise required by the Declaration, these Bylaws or otherwise shall be required and no Mortgagee shall be entitled to vote on any matter to which he otherwise may be entitled by virtue of the Declaration, these Bylaws, a proxy granted to such Mortgagee in connection with the mortgage or otherwise.

The Corporation shall, upon the request of a Mortgagee who has furnished the Corporation with its name and address as hereinabove provided, furnish such Mortgagee with written notice of any default in the performance by its borrower of any obligations of such borrower under the Declaration or these Bylaws which is not cured within sixty (60) days.

Section 9.02. Notice of Unpaid Assessments. The Corporation shall, upon request of a Mortgagee, a proposed mortgagee, or a proposed purchaser who has a contractual right to purchase a Lot, furnish to such Mortgagee or purchaser a statement setting forth the amount of the unpaid Regular Assessments or Special Assessments or other charges against the Lot, which statement shall be binding upon the Corporation and the Owners, and any Mortgagee or grantee of the Lot shall not be liable for nor shall the Lot conveyed be subject to a lien for any unpaid assessments or charges in excess of the amounts set forth in such statement or as such

assessments may be adjusted upon adoption of the final annual budget.

Section 9.03. Notice of Condemnation or Casualty Loss. Mortgagees shall be timely notified of any condemnation loss which affects a material portion of Ashton Parke Subdivision. Mortgagees shall also be timely notified of any lapse, cancellations or material modification of any insurance policy or fidelity bond held by the Corporation.

Section 9.04. Notice to Insurers and Guarantors. Any guarantor of a first mortgage or any insurer shall, upon notification and request to the Corporation, receive the same notices as are required to be given to Mortgagees.

ARTICLE X Miscellaneous

Section 10.01. Fiscal Year. The fiscal year of the Corporation shall be established by its accountant.

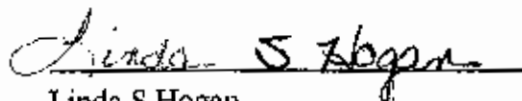
Section 10.02. Personal Interests. No member of the Corporation shall have or receive any earnings from the Corporation, except a Member who is an officer, director, or employee of the Corporation may receive fair and reasonable compensation for this services as officer, director or employee, and a Member may also receive principal and interest on monies loaned or advanced to the Corporation.

Section 10.03. Contract, Checks, Notes, Etc. All contracts and agreements entered into by the Corporation and all checks, drafts and bills or exchange and orders for the payment of money shall, in the conduct of the ordinary course of business of the Corporation, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by the President or in his absence, the Treasurer Any one of the documents heretofore mentioned in this section for use outside the ordinary course of business of the Corporation or any notes or bonds of the Corporation shall be executed by and require the signature of the President and Secretary.

Section 10.04. Shared Liability with other HOA. The Corporation has agreed to share expenses on a 50/50 basis with the proposed Ashton Parke Village HOA. These shared expenses relate only to the common area and drainage easement which is adjacent to and joins Ashton Parke Section One. This area is commonly referred to as the south pond and the common area surrounding the south pond. Representatives of each Board shall jointly adopt guidelines and procedures, and prepare a budget which is acceptable to both the Ashton Parke HOA and the Ashton Parke Village HOA; in sharing the repairs, maintenance, and upkeep of this

common area.

The undersigned Secretary of the Corporation hereby certifies that the above and foregoing Bylaws of the Corporation were duly adopted by the express written consent of the Directors of the Corporation on the 18th day of July, 1997.



Linda S Hogan

Secretary