

CODE OF BY-LAWS
OF
BEL SOGNO COMMUNITY ASSOCIATION, INC.

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CODE OF BY-LAWS

OF

BEL SOGNO COMMUNITY ASSOCIATION, INC.

ARTICLE I

Identification and Applicability

Section 1.01. Identification and Adoption. These By-Laws are adopted at the first meeting of the membership held September _____, 2013, immediately following approval of Articles of Incorporation creating Bel Sogno Community Association, Inc. (hereinafter referred to as the "Association") to which these By-Laws are attached and made a part thereof. The Articles of Incorporation and Dedication, Protective Restrictions, Covenants, Limitations, Easements and Approvals and all amendments thereto for Bel Sogno, Section 1, are incorporated herein by reference, and all of the covenants, rights, restrictions and liabilities therein contained shall apply to the administration and conduct of the affairs of the Association.

Section 1.02. Individual Application. All of the Owners, future Owners, tenants, future tenants, or their guests and invitees, or any other person that might use or occupy a Home or any lot in Beg Sogno, Section 1, shall be subject to the rules, restrictions, terms and conditions set forth in the Articles of Incorporation and these By-Laws.

ARTICLE II

Meetings of Association

Section 2.01. Purpose of Meetings. At least annually and at such other times as may be necessary, a meeting of the members shall be held for the purpose of electing the Board of Directors (subject to the provisions of Section 3.02), approving the annual budget, providing for the collection of fees and assessments and for such other purposes as may be required by the Articles of Incorporation and these By-Laws.

Section 2.02. Annual Meetings. The annual meetings of the members of the Association shall be held on the last Sunday of June in each calendar year. At the annual meeting the members shall elect the Board of Directors of the Association in accordance with the provisions of these By-Laws and transact such other business as may properly come before the meeting.

Section 2.03 Special Meetings. A special meeting of the members of the Association may be called by resolution of the Board of Directors or upon a written petition of a majority of the members. The resolution or petition shall be presented to the President or Secretary of the Association and shall state the purpose for which the meeting is to be called and the proposed

date of the meeting. Notice shall be provided as set forth in Section 2.04. No business shall be transacted at a special meeting except as stated in the petition or resolution.

Section 2.04. Notice and Place of Meetings. Written notice stating the date, time and place of any meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary of the Association to each member not less than fourteen (14) days prior to the date of such meeting. The notice shall be mailed or delivered to the members at their address as it appears upon the records of the Association. Attendance at any meeting in person, by agent or by proxy, shall constitute a waiver of notice of such meeting.

Section 2.05. Voting.

(a) Membership. One membership shall be created for each lot in the subdivision.

(b) Number of Votes. Each membership shall be entitled to cast one vote on each matter coming before the meeting.

(c) Voting by Corporation, Partnership, Estate or Trust. Where a corporation, partnership, Estate or Trust is a membership or is otherwise entitled to vote, the Agent or other representative of said entity may cast the vote on behalf of said entity. The Secretary of the Corporation, the Trustee, or any person empowered by law for the Estate or Partnership, 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 Association, stating who is authorized to vote on behalf of said entity.

(d) Proxy. A membership may vote either in person or by his, her or its duly authorized and designated attorney-in-fact. Where voting is by proxy, the membership shall duly designate his, her or its attorney-in-fact in writing, delivered to the Secretary of the Association prior to the commencement of the meeting.

(e) Quorum. Except where otherwise expressly provided in the Articles of Incorporation, and/or in the Protective Covenants and Limitations for Bel Sogno, Section 1, and/or in these By-Laws, a valid quorum shall exist only by the presence, in person or by proxy, of at least 50% of the total membership votes extant at the time of voting. Votes taken in the absence of at least 50% of the total of such membership vote shall be null and void. For purposes of voting, the term "majority" shall mean not less than 51% of votes eligible to be cast at any meeting.

(f) Conduct of Meetings. The Chairman of the meeting shall be the President of the Association. He or she shall call the meeting to order at the duly designated time and place and business will be conducted in the following order:

(1) Reading of the Minutes. The Secretary shall read the minutes of the last

annual meeting and the minutes of any special meeting held subsequent thereto.

(2) Treasurer's Report. The Treasurer shall report to the membership concerning the financial condition of the Association and answer relevant questions of the membership concerning the expenses and financial report for the prior year and the proposed budget for the current year.

(3) Budget. The proposed budget for the current year shall be presented to the membership for approval or amendment.

(4) Election of Board of Directors. Nominations for the Board of Directors may be made by any membership from those persons eligible to serve. To be eligible a nominee must be a legal resident of the lot associated with the membership and be over the age of 18 years. Should an owner wish to designate a lawful tenant as proxy for the membership for purposes of nomination, he or she must do so pursuant to Section 2.05(d) above. Such nominations must be in writing and presented to the Secretary of the Association at least ten (10) days prior to the date of the annual meeting. Voting for the Board of Directors will be by paper ballot as to those nominations duly submitted under this provision. The ballot shall contain the name of each person so nominated to serve as a Board member. Each membership may cast one vote, and only for those dully nominated and appearing on the ballot. No membership shall be entitled to cumulate its vote. The person receiving the highest number of votes shall be elected. Each voting membership shall sign its ballot. The foregoing is subject to the provisions of Section 3.02.

(5) Other Business. Other business may be brought before the meeting only upon a written request submitted to the Secretary of the Association at least ten (10) 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 membership present in person or by proxy.

(6) Adjournment. The date of the next annual meeting shall be announced and shall be recorded in the minutes.

ARTICLE III

Board of Directors

Section 3.01. Duties and Size. The affairs of the Association shall be governed and managed by the Board of Directors (herein collectively called "Board" or "Directors," and individually called "Director.") The Board of Directors shall be composed of three persons. No person shall be eligible to serve as a Director unless he, she or it is a membership.

Section 3.02. Initial Board of Directors. The initial Board of Directors shall be: Phoebe

E. Diamente, Rocky Stotts and Jeff Pape, and shall hold office as follows: Rocky Stotts shall hold office for three (3) years; Jeff Pape shall hold office for two (2) years; Catherine M. Diamente shall hold office one (1) year.

Section 3.03. Term of Office and Vacancy. Subject to the provisions of Section 3.01, one member of the Board of Directors shall be elected at each annual meeting of the Association. Directors shall hold office for a term of three (3) years, commencing on July 1, and shall serve until their successors have been duly elected and qualified. Any vacancy or vacancies occurring in the Board shall be filled by a vote of a majority of the remaining Directors or by vote of the membership if a Director is removed in accordance with Section 3.04 of this Article III. In the event the remaining Directors cannot agree, a Director shall be chosen to fill the vacancy pursuant to Section 3.04.

Section 3.04. Removal of Director. A Director or Directors may be removed with or without cause by a vote of the majority of the membership at a special meeting of the membership duly called and constituted. In such case, a successor shall be elected at the same meeting from eligible membership nominated at the meeting. A director so elected shall serve until the next annual meeting of the membership as set forth in Section 2.05.

Section 3.05. Duties of the Board of Directors. The Board of Directors shall promote the health, safety and welfare of residents of Bel Sogno, Section 1, including but not limited to providing maintenance and improvements of the signs and common landscape elements and for such other purpose as said Association may desire, provided that such use is for the general benefit of its members including, but not limited to the following:

(a) Assessments. Assessment and collection from each membership of an annual maintenance fee.

(b) Annual Budget. Preparing the proposed annual budget, a copy of which will be mailed or delivered to each membership at the same time as the notice of annual meeting is mailed or delivered.

(c) Income and Expense Statement. Preparing and delivering annually to the membership a full accounting of all receipts and expenses incurred in the prior year. Such accounting shall be delivered to each membership simultaneously with the delivery of the proposed annual budget.

(d) Accounting. Keeping a current, accurate and detailed record of receipts and expenditures affecting the Association. All records and vouchers shall be available for examination by a membership at any time during normal business hours.

(e) Records. Maintain such records of the Association until six (6) years following their creation.

Section 3.06. 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:

(a) Purchases. To purchase for the benefit of the membership such equipment, materials, labor and services as may be necessary in the judgment of the Board of Directors, subject to the limitations of Section 3.07 and Section 5.04.

(b) Banking. To open and maintain a bank account or accounts in the name of the Association.

(c) Insurance. To obtain any necessary insurance policies subject to the limitations of Section 3.07 and Section 5.04.

Section 3.07. Limitation on Board Action. The authority of the Board of Directors to enter into contracts shall be limited to contracts involving a total expenditure of less than \$500.00 per calendar year, without obtaining the prior approval of a majority of membership, except in the following cases:

(a) Budgeted Items. Proposed contracts and proposed expenditures expressly set forth in the budget as approved by the membership at the annual meeting.

(b) Emergencies. Expenditures necessary to deal with emergency conditions in which the Board of Directors reasonably believes there is insufficient time to call a meeting of the membership and substantial and/or irreparable harm will ensue absent such expenditure. Said approval must be in writing and agreed upon by all three Directors.

Section 3.08. Compensation. No Director shall receive any compensation for services rendered as such, except to the extent as may be expressly authorized by a majority of membership. In no case shall such compensation exceed \$250.00 per year per Director.

Section 3.09. Meetings. Regular meetings of the Board of Directors as to the general business of running the Board may be held at such time and place as shall be determined from time to time by a majority of Directors, but not less than once annually. The Secretary shall give notice of regular meetings of the Board to each Director personally or by United States mail at least five (5) days prior to the date of such meeting.

Special meetings of the Board may be called by the President or any member of the Board. The person or persons calling such meeting shall give written notice thereof to the Secretary who shall either personally or by mail and at least three (3) days prior to the date of such special meeting, give notice to the Board members and to the membership. The notice of the meeting shall contain a statement of the purpose for which the meeting is called. Such meeting shall be held at such place and at such time within Whitley County, Indiana, as shall be

designated in the notice. Any such meeting shall be open to any membership subject to the provisions of Article II herein. A list of the regular business meetings of the Board may be included in the materials provided with notice of the annual meeting, which shall constitute sufficient notice of the regular meetings to the membership.

Section 3.10. Waiver of Notice. Before any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice as to himself or herself. The presence of any Director at a meeting shall, as to such Director, constitute a waiver of notice of the time, place and purpose thereof. If all Directors are present at any meeting of the Board, no notice shall be required and any regular, daily or noticed business may be transacted at such meeting.

Section 3.11. Quorum. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of the regular daily business and the votes of the majority of the Directors present at a meeting at which a quorum is present shall be the decision of the Board. Action outside the regular daily business of the Board shall be taken pursuant to Section 2.05.

Section 3.12. Non-Liability of Directors. Subject to the provision of Section 3.07, the Directors shall not be liable to the membership for any error or mistake of judgment exercised in carrying out their duties and responsibilities as Directors; except for their own individual willful misconduct, bad faith or gross negligence. The membership shall indemnify and hold harmless each of the Directors against any and all liability to any person, firm or corporation arising out of contracts made by the Board on behalf of the membership, unless any such contract shall have been made in bad faith or contrary to the provisions of the Articles of Incorporation or By-Laws. It is intended that the Directors shall have no personal liability with respect to any good-faith contract made by them on behalf of the Association, and that in all matters the Board is acting for and on behalf of the membership and as their agent. The liability of any membership arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the Directors shall be limited to such percentage of the total liability or obligation thereunder as is equal to his vote divided by total eligible votes. Every contract made by the Board on behalf of the Association shall provide that the Board of Directors is acting as agent for the membership and shall have no personal liability thereunder, except in their capacity as a membership and then only to the extent of their prorated share.

ARTICLE IV

Officers

Section 4.01. Officers of the Association. The principal officers of the Association shall be the President, Secretary and Treasurer, all of whom shall be elected by the Board. Any two or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person and except as provided in Section 3.01.

Section 4.02. Election of Officers. The officers of the Association shall be elected annually by the Board at the initial meeting of each new Board. Upon an affirmative vote of a majority of all members of the Board, any officer may be removed either with or without cause and a successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose subject to the provisions of Sections 3.03 and 3.04.

Section 4.03. The President. The President shall be elected from among the Directors, and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board, and shall have and discharge all the general powers and duties usually vested in the office of president or chief executive officer of an association or a stock corporation organized under the laws of Indiana, including, but not limited to, the power to appoint committees from among the membership as deemed necessary to assist in the affairs of the Association and to perform such other duties as the Board may, from time to time, prescribe.

Section 4.04. The Secretary. The Secretary shall be elected from among the Directors. The Secretary shall attend all meetings of the Association and of the Board and shall keep or cause to be kept a true and complete record of the proceedings of such meetings, shall maintain the records of the Association, shall perform all other duties incidental to the office of the Secretary, and such other duties as from time to time may be prescribed by the Board. The Secretary shall specifically see that all notices of the Association or the Board are duly given, mailed or delivered, in accordance with the provisions of these By-Laws.

Section 4.05. The Treasurer. The Board shall elect from among the Directors a Treasurer who shall maintain a correct and complete record of account showing accurately at all times the financial condition of the Association, and such other duties incidental to the office of Treasurer. The Treasurer shall be the legal custodian of all monies, notes, securities and other valuables which may from time to time come in possession of the Association. The Treasurer shall immediately deposit all funds of the Association upon receipt in some reliable bank or other depository to be designated by the Board and shall keep such bank account in the name of the Association. The Treasurer shall not make any payments except on the basis of a voucher which shall be signed by the Treasurer and one other officer. In addition, the Treasurer shall perform all duties incumbent upon the President during the absence or disability of the President. The Treasurer shall be bonded by a reliable insurance company in an amount to be determined by the Board of Directors, but not less than \$5,000.00.

ARTICLE V

Assessments

Section 5.01. Annual Accounting. Annually, after the close of each calendar year and prior to the date of the annual meeting of the Association, the Board shall cause to be prepared and furnished to each membership a financial statement showing all receipts and expenses

received, incurred and paid during the preceding calendar year.

Section 5.02. Proposed Annual Budget. Annually, on or before the date of the annual meeting of the Association, the Board of Directors shall cause to be prepared a proposed annual budget for the ensuing calendar year estimating the total amount of the anticipated expenses for the ensuing year and shall furnish a copy of such proposed budget to each membership prior to the annual meeting. The annual budget shall be submitted to the membership at the annual meeting of the Association for adoption, and if so adopted, shall be the basis for the Regular Assessments (hereinafter defined) for the ensuing calendar year. At the annual meeting of the membership, the budget may be approved in whole or in part or may be amended in whole or in part by a majority of the votes present at the meeting; provided, however, that in no event shall the annual meeting of the membership be adjourned until an annual budget is approved at such meeting and provided further that until the Annual Budget is adopted the Directors are authorized to collect and expend monies only based on the prior year's budget.

Section 5.03. Regular Assessments. Subject to the provisions of the Dedication, Protective Restrictions, Covenants, Limitations and Easements for Bel Sogno, Section 1, the annual budget as adopted shall, based on the estimated cash requirement for the expenses in the ensuing year as set forth in said budget, contain a proposed assessment against each lot based on the total number of lots in the subdivision. Immediately following the adoption of the annual budget, each membership shall be give written notice of such assessment against each respective lot (herein called the "Regular Assessment"). The Regular Assessment against each lot shall be paid in equal quarterly installments, commencing on the first day of January of each calendar year and quarterly thereafter through and including the following October 1. Payment of the quarterly installments of the Regular Assessment shall be made to the Secretary of the Board of Directors provided, however, members may elect to pay quarterly assessments semi-annually or annually in advance. On January 1 of each calendar year the Regular Assessment for the calendar year shall become a lien on each separate lot as well as a personal obligation of all parties to the membership of each separate lot, neither of which obligation shall be discharged upon sale of the lot.

Section 5.04. Special Assessments. From time to time expenses of an unusual or extraordinary nature or not otherwise anticipated may arise. At such time, and notwithstanding Section 2.03, should the Board of Directors reasonably believe it necessary to avoid substantial and irreparable harm, the Board of Directors shall have authority to call an emergency meeting of the membership upon 24 hour notice by telephone and the majority of those present shall have the full right, power and authority to make special assessments not in excess of \$250.00 per lot per each such occurrence. Such a special assessment shall become a lien on each lot prorated in the same manner as specified in Section 5.03 (herein called "Special Assessment").

Section 5.05. Failure of Membership to Pay Assessment. Each membership and each party to each membership shall be personally liable for the payment of all Regular and Special

Assessments. Where the membership constitutes more than one person, the liability of such persons shall be joint and several. If any membership shall fail, refuse or neglect to make any payment of any Regular or Special Assessment when due, the lien for such assessment on the membership's lot may be filed and foreclosed by the Board for and on behalf of the Association as provided by law. In any action to foreclose the lien for Assessments, the membership specific to the lien in question and any occupant shall be jointly and severally liable for the payment to the Association of reasonable rental for such lot, and the Board shall be entitled to the appointment of a receiver for the purpose of preserving the lot and to collect the rentals and other profits therefrom for the benefit of the Association to be applied to the unpaid Regular and Special Assessment until such time as the past due assessments are paid. The Board may, at its option, bring a suit to recover a money judgment for any unpaid Regular or Special Assessment without foreclosing or waiving the lien securing the same. In any action to recover a Regular or Special Assessment, whether by foreclosure or otherwise, the Board, for and on behalf of the Association, shall be entitled to recover costs and expenses of such action incurred, including but not limited to reasonable attorney's fees from the membership and/or the individual(s) specific to the lien in question. Each membership hereby expressly consents to reimburse the Association for any legal expenses and/or fees incurred in any proceeding necessitated by the membership's failure to pay the foregoing assessments.

ARTICLE VI

Amendments to By-Laws

Section 6.01. Amendments to By-Laws. Subsequent to the initial creation of these By-Laws by the developer, these By-Laws may be amended by a vote of not less than fifty-one percent (51%) of the membership in a duly constituted meeting called for such purpose.

ARTICLE VII

Notices

Section 7.1. Notice of Unpaid Assessments. The Association shall, upon request of a Mortgagee, a proposed Mortgagee or 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 or Special Assessments against the lot, which statement shall be binding upon the Association 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 in excess of the amount set forth in such statement.

ADOPTION OF BY-LAWS

These By-Laws were adopted by the original Board of Directors of the Bel Sogno

Community Association, Inc. at its organizational meeting held September____, 2013.

Bel Sogno Community Association, Inc.

Rocky Stotts, President

ATTEST:

Jeff Pape, Secretary