

FOREWORD

This handbook contains the Rules and Regulations, the By-laws, Building Rules and Regulations, and also the Property Restrictions and Covenants imposed on the use of residential lots. Painted Hills Association, Inc., is a not-for-profit Corporation whose members are composed of owners of lots in Painted Hills subdivision and was formed to promote the use and enjoyment of the facilities of the Subdivision and to control the activities and to provide a means for the promulgation and enforcement of rules and regulations for the use and enjoyment of the community facilities within the Painted Hills Subdivision.

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

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

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

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

Updated and Board Approved 7/19/2010

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PREFACE

When a person purchases a lot within the Painted Hills Subdivision, the purchaser's actions within the subdivision are governed by certain governing documents including the Covenants and Restrictions of the Painted Hills Association, the Articles of Incorporation and By-laws of Painted Hills Association, Inc., the Building Rules & Regulations of Painted Hills Association, and the Rules and Regulations adopted for the community by the Board of Directors.

These governing documents affect the construction of improvements on the lots within the subdivision, the use of the land, and the conduct of lot owners and their guests while within the subdivision. In addition, these documents bestow certain responsibilities to the lot owners. This includes the requirement to pay certain assessments including assessed fees for violating the governing documents. These documents are similar in nature to many other restricted communities.

The Association makes every attempt to consistently enforce the governing documents. Therefore, when a member is in violation of any of the governing documents, it will be viewed as a violation against the entire community, and, as such, fees can be assessed for damages incurred.

Board Approved December 19, 2005

PAINTED HILLS FACT SHEET

COMMUNITY OVERVIEW

- . Estimated Resident Population: 900
- . Total Members 563 (Residential Members 306, Non-Resident 257)
- . Two Lakes: (each up to fifty feet deep)
 - . Lake Holiday 140 Acres (unlimited boating)
 - . Lake Nebo 46 Acres (idle zone only boating)
 - . Fishing: Bass, Bluegill, Sunfish, Crappie, Catfish
- . Current Dues Structure:
 - . Improved Lots: \$ 750 a Year
 - . Unimproved Lots: \$ 563 a Year
- . New Home Prices Range from \$250,000 and up
- . Resale Home Prices Range from \$100,000 to \$350,000+

ASSOCIATION PRIVILEGES

- . Lake Boating and Swimming
- . Clubhouse with Restaurant and Bar
- . Swimming Pool
- . Tennis, Basketball and Volleyball Courts
- . Picnic/Playground Area
- . Dock Rental
- . Boat Storage
- . Undeveloped Lot Mowing Service

ASSOCIATION COMMITTEES

- . Advertising
- . Architectural
- . Beautification
- . Clubhouse
- . Entertainment
- . Finance
- . Health, Sanitation, & Land Management
- . Lakes
- . Pool
- . Roads & Grounds
- . Security

PRIMARY SERVICE PROVIDERS

- . Fire Department: Painted Hills/Morgantown
- . Sheriff's Department: Morgan County
- . School Systems: Martinsville (Washington Township), Indian Creek (Jackson Township)
- . Electrical: SCI REMC
- . Water: Painted Hills Utilities Corporation
- . Sewer: Septic

PAINTED HILLS CONTACT: Painted Hills Office (765) 342-6409
4364 East Rembrandt (email l.paintedhillsc@insightbb.com)
Martinsville, IN 46151

Revised 10/07

TITLE I
RULES AND REGULATIONS
PAINTED HILLS ASSOCIATION, INC.

Section 1 **AUTHORITY OF BOARD OF DIRECTORS**

Section 1.01

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

Section 1.02

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

Section 2 **RIGHTS AND PRIVILEGES**

Section 2.01

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

Section 2.02

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

Section 2.03

A member in good standing may, under regulations set forth within this handbook, extend certain privileges to his guests. Guests must comply with all rules and regulations.

Section 3 **MEMBERSHIP AND DUES**

Primary dues and assessments for membership and ownership of improved lots are in the

sum of \$750 per year. Secondary dues and assessments for ownership of unimproved lots are in the sum of \$563 per year, or 75% of the primary dues. An improved lot is any lot upon which a residence exists. Regardless of the number of lots owned, each member will be assessed for only one membership dues except as stated below. In the case of ownership of improved and unimproved lots, the assessment will be for an improved lot. However if an owner owns (1) an improved lot which is rented or leased to another party and (2) an unimproved lot, then each improved lot shall be assessed at the rate for improved lots; and the owner shall also be assessed for the unimproved lot at the rate set out for Secondary Active Membership. **Dues may hereafter be modified or amended and are payable in full and in advance on or before May 1st of each year.** 7/05

Section 3.01

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

Section 3.02

The Association finds that there are certain costs and expenses that it incurs as a result of violations of the Covenants and Restrictions and these regulations. These costs and expenses include but are not limited to enforcement costs, devaluation of real estate values and physical damage to the Community's infrastructure. In order to recoup these costs the Association institutes the fee structure explained in Section 12.01 of these rules and regulations under "Assessment Procedures." 4/06

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

Section 3.03

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

Section 4

GENERAL RULES AND REGULATIONS

Section 4.01

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

Section 4.02

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

Section 4.03

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

Section 4.04

No sign, advertisement, or exhibit is permitted on any lot, park, or roadway without the express permission of the Board of Directors, except for the sale of property; ordinary realtor signs are permitted. Temporary signs indicating directions to sale properties are permitted for limited use. Signs should not interfere with Association mowing.

Amended 12/17/07

Section 4.05

Members shall promptly advise the Association of any changes of address or phone number so that the records of the Association may always be kept current. However, at no time may the Painted Hills Association sell, exchange, or otherwise transfer member's information maintained by the homeowners association; nor shall the Association knowingly permit such information to be used for commercial purposes. Reporting of such incident(s) should occur as soon as it has been discovered and confirmed. (amended 12/09)

Section 4.06

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

Section 4.07

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

Section 4.08

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

Section 4.09

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

Section 4.10

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

within 30 days by the property owner; failure to do so will be cause for fees assessed for violation.

Section 4.11

In order to prevent soil erosion and lake siltation, removal of multiple live trees having a diameter of six (6) inches or greater on a lot must have the approval of the Health, Sanitation & Land Management Committee. 3/05

Section 4.12

All mailboxes and their placement shall be subject to approval by the Architectural Committee and the Post Office. Approved 11/06

Section 4.13 LAKE WATER LEVELS

The following rules are a result of a permanent injunction filed June 23, 1993, in Morgan Circuit Court, Cause #55C01-9109-CP289.

- A. Spacers between any stop logs or lentils are to be removed.
- 1. When water is not passing over the Lake Holiday headway, and the difference between the lakes exceeds 8 inches, pumping shall occur until the lake levels of Lake Holiday and Lake Nebo are equal and shall be repeated when the differential again reaches 8 inches. The lake level to be used as a standard in determining when the difference shall exceed 8 inches shall be defined by the Engineer Design Reports (top of the concrete headwall on Lake Holiday at 700.0 feet NGVD and bottom of headway notch at Nebo Lake at 749.67 feet NGVD.)
- C. In the event that water is passing over the Lake Holiday spillway, the pump shall be turned on transferring water from Lake Holiday to Lake Nebo until the level of Lake Nebo has reached the level of 749.67 feet NGVD. Thereafter, the pump shall be restarted at any time that Lake Nebo shall be 2 inches or more below 749.67 feet NGVD.
- D. The pumping policy incorporated in Paragraph A and B shall be in effect from March 1 to November 30 of each calendar year.
- E. The pumping policy incorporated in Paragraph A through C may be changed only at a special meeting called for the express purposes of changing said policy. The methodology of calling said special meeting shall be as follows:
 - a. A special meeting may be called by either
 - 1. the President and two members of the Board of Directors;
 - or
 - 2. petition signed by 10% of the lot owners entitled to vote at said special meeting.
 - b. Notice shall be sent to all members of Painted Hills Association in written or printed form at least fifteen (15) days prior to the date of said hearing.

Said notice shall be issued by the Association whenever properly requested by meeting the requirements set forth in Paragraph D (a).

- F. In order to allow Natural causes to raise the level of Lake Nebo up to 751.0 feet, the Association shall not take any action to remove the stop logs from the spillway with the ultimate purpose to allow natural causes to raise the lake level up to 751.0 feet.
- G. The Association shall maintain and adequately repair and service the pumping facilities and spillways to insure the agreed upon lake levels. In the event that the Association shall wish to deviate from this paragraph only, said deviation shall only occur upon prior Court approval or upon an emergency as defined in Paragraph G below, or upon approval of all parties to this litigation.
- H. The water level of Lake Nebo may be lowered on a temporary basis for purposes of emergency repair, dredging, or like-kind actions.

Section 5 STREETS, PARKS, AND PEDESTRIAN EASEMENTS

The Association is authorized to maintain all streets, right-of-ways, and sidewalks in the subdivision and to hire necessary maintenance workers and purchase necessary equipment to provide adequate service.

The Association is further authorized to provide playground equipment, and other physical facilities for the park area as may be needed.

Easements for utility service to residential and commercial property will be provided as indicated in the restrictive covenants filed with subdivision plats.

Section 5.01

The Association does adopt all State Highway and County Laws and such laws may be enforced by the Association or by any duly sworn law enforcement officer.

Section 5.02

A 20-mile-per-hour speed limit is imposed on all designated residential streets.

Section 5.03

Vehicle parking shall be confined to driveways or other designated parking areas approved by the Architectural Committee. No business or commercial trucks, or commercial equipment, exceeding one ton shall be parked for overnight (or longer) storage on any lot in the subdivision, unless designated for such purposes by the Board; nor shall any non-operable, partially wrecked or junked vehicle, or any sizeable part thereof, be so parked.

Section 5.04

The Association shall have the power to assess fees for the violation of the motor vehicle speed limits and other traffic regulations in accordance with a schedule of assessments promulgated by the Association. If assessments are not promptly paid, the Association may add this amount to the annual charge made by the Association and the assessment shall be collectible in the same manner as other dues and charges.

Section 6 BOATING

The Association does adopt all State boating laws and such laws may be enforced by the Association or by any duly sworn law enforcement officer.

Section 6.01

Members must be in good standing to be permitted to use any lake facilities.

Section 6.02

Members shall register any boat to be used on the Lakes with the Association each year in accordance with the procedure established by the Lakes Committee and otherwise comply with all government regulations and safety standards.

Section 6.03

Only a member of said Association may launch a boat on any lake.

Section 6.04

All boats operated on any lake must be of safe construction, presentable in appearance, and kept so. The Association Board of Directors has the Authority to cause to be removed from the Lake any boat in violation of these or any other Association Boating Rules or infraction of the Indiana State Board Boating Laws.

Section 6.05

All boats should be equipped with at least one Coast Guard approved life preserver, life jacket, buoyant vest or cushion **for each person on board at all times.**

Section 6.06

Motors shall be muffled at all times.

Section 6.07

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

Section 6.08

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

Section 6.09

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

Section 6.10

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

Section 6.11

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

Section 6.12

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

Section 6.13

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

Section 6.14

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

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

A boat may overtake and pass another boat on either side if the same can be done with safety and within assured clear distance ahead, but the boat overtaken shall have the right-of-way;

A boat leaving a dock, pier, or wharf or the shore shall have the right-of-way over all boats approaching the same;

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

Section 6.15

No person shall operate any motorboat within 50 feet of shore or within marked areas at more than idle speed (no wake). (amended 3/15/2010)

Section 6.16

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

Section 6.17 PERSONAL WATERCRAFT

Personal watercraft such as Jetski, Seadoo, Waverunner, and Wetjet are not permitted on Lake Holiday or Lake Nebo.

All boats configured to create an abnormal wake shall not be operated on Painted Hills' lakes, and all boats must be on plane when pulling skiers or tubers. (added 1/17/2011)

Section 6.18 ACCIDENTS

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

- A. Stop such boat immediately and as close as possible to the scene of such accident;
- B. Return to the scene of such accident and remain there until he has complied with the requirements of this section;
- C. Give his name and address, a full identification of the boat operated by him, and the name and address of the owner;
- D. Render reasonable assistance to any person injured;
- E. Report accident to the Painted Hills security officer and complete the necessary written report and mail to: The Department of Natural Resources, Law Enforcement Division, 402 W. Washington, Room 255-D, Indianapolis, Indiana 46204, within twenty-four (24) hours.

Section 6.19 GENERAL BOATING RULES

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

Section 6.20

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

Section 6.21

No boat shall be left at or tied to the dams or buoys.

Section 6.22

No unattended boats shall be left at the marina docks from November 1 thru March 31. There will be no storage of boats/trailers at the marina.

Section 6.23

Overnight boat camping is prohibited.

Section 7 SWIMMING

Swimming in the lakes more than 40 feet from the shoreline is prohibited at all times, except when swimming within 10 feet of a boat.

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

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

Section 7.01 **POOL**

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

Section 7.02 **LIFEGUARD ON DUTY**

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

Section 7.03 **POOL RULES**

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

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

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

Section 7.04 DIVING RULES

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

Section 8 FISHING

Section 8.01

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

Section 8.02

Screening and fish traps are prohibited. No fisherman shall use more than two lines at one time or more than two hooks on each line. Jug fishing and trot lines are prohibited.

Section 8.03

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

Section 8.04

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

Section 8.05

Bag and size limits are established by the Lake, Safety, and Recreation Committee and are posted at each ramp, the Painted Hills clubhouse, and are attached to the rule book, along with other Lake and Safety rules. They are subject to change by the Committee and the current posted rules will be in effect. If not specifically mentioned, bag and size limits are at all times not to exceed State limits set by Indiana Department of Natural Resources.

Section 9 HUNTING

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

Section 10 ACCESS AREAS

Section 10.01

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

Section 10.02

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

Section 10.03

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

Section 11 GUEST PRIVILEGES

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

Section 11.01

The number of guests which a member may have for the purpose of swimming and/or fishing in any lake in the proximity of his own lot is not limited. However, no guest shall be permitted to ride in, or pilot, or water-ski behind, or fish from a boat unless in the presence of a member. The requirement of “presence of a member” is fulfilled if the member is within the range of reasonable communication with the guest.

Section 11.02 **11/19/07**

No guest shall be permitted to launch their own boat on either lake. The only exceptions to this rule shall be the following:

- A. In the presence of a member, guests may launch a boat for the purpose of demonstrating said boat for a possible sale to the present member, after contacting the Security Committee to inform them of the member’s intent.

- B. No persons or members of their immediate families who own property within the Subdivision shall be allowed to engage in any facility privilege unless they are a member in good standing of said Association, nor shall they qualify as guests of members under any circumstances.

Section 11.03 **CLUBHOUSE GUESTBOOK** **added 05/16/2011**

This is a practice that allows for registration of non-member guests and is a requirement of the Alcohol Commission in accordance with Indiana Code 7.1-3-20-8.6. The club maintains a sign-in book, and members are permitted to sign in a non-member guest. The guest book includes the date, name of guest, and signature of host member. The purposes of the guest book are to allow members’ friends and family access to the club facility and to monitor the purchase of alcoholic beverages. All alcoholic beverages must be purchased by members only for their guests. The guest-member ratio is suggested by the Alcohol Commission to be kept at or near a one-to-one ratio. The guest book policy does not allow the purchase of alcoholic beverages by non-members. Only an approved guest-day authority allows for non-members to purchase alcoholic beverages. The guest book is located inside the clubhouse at the main entrance.

Since the Alcohol Commission regulates the distribution and sale of alcoholic beverages only, a non-member may pay for food or non-alcoholic drinks they wish to purchase.

Section 12 **ENFORCEMENT**

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

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

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

SECTION 12.01

ASSESSMENT PROCEDURES

8/16/04

In accordance with Section 12 of the Painted Hills Association Rules and Regulations, failure to comply with rules or regulations by a property member, associate member, families, or guests can result in an assessment and/or loss of privileges for periods to be determined by the Board of Directors.

Assessments can be levied by the Board of Directors, by the Committee under which the violation occurred, or by any officer of the Association according to the following process:

1. Notice in writing or orally must be given to the violator by a member of an Association Committee, by a Board member, or by an officer of the Association.
2. If the violator wishes to protest or appeal the assessment, they will be asked to present their position at the next scheduled Board meeting. At that Board meeting, the Board will either make a decision on the validity of the protest, or take the protest under consideration pending a final decision to be made no later than ninety (90) days from the date of that Board meeting.
3. Assessed fees will be levied based upon the amount necessary to compensate the members of the Association for actual injury sustained, the necessary cost of enforcement, and the other following criteria:
 - a) Speeding and Other Motorized Vehicle Violations (Security Committee): To be levied in accordance with the Security Committee's procedures as stated on pg. 45 and approved by the Board of Directors.
 - b) Other Violations: Based upon the seriousness of the violation, the length of time that the violation has been outstanding, the responsiveness of the violator, and other pertinent conditions important to the specific violation, an assessed fee from \$1.00 to \$10.00 a day can be levied against the violator until the situation has been resolved.
 - c) Boat sticker compliance assessments as per those listed on pg. 43 under "Boat Sticker Compliance."
 - d) All levied fines are to be reported at the next Board meeting, along with a current status review.
4. All revenue generated from the payment of assessed fees shall be used for the benefit of the members of the Association.

Section 13 **PROHIBITED ACTIVITIES**

Section 13.01

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

- A. Profanity is not permitted on the lakes, beach, clubhouse or any lot that is audible to others.
- B. Beach parties should be conducted with consideration for the neighborhood and at a reasonable noise level. No outside amplified music shall be permitted Sunday through Thursday or after 12:00 midnight. Arrangements for beach parties must be made at the office.
- C. The security officer or the security committee chairman shall have the authority to determine what noise level or what activities are reasonable or unreasonable at parties or other events.
- D. Member hosted activities cannot be opened or publicized to the general public. Such activities should be by personal invitation only. Members should notify the office, for security purposes, if more than 50 guests are expected to attend. (8/16/10)

Section 13.02 **PETS**

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

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

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

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

Section 13.03 **TRASH DISPOSAL**

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

- A. Clear the area across the fire base either 5' or 3 times the fire base.

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

Section 13.04

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

Section 13.05

Every one of the Restrictions is hereby declared to be independent of, and severable from, the rest of the Restrictions and of and from every other one of the Restrictions and of and from every combination of the Restrictions. Therefore, if any of the Restrictions shall be held to be invalid or to be unenforceable or to lack the quality of running with the land, that holding shall be without effect upon the validity, enforceability, or “running” quality of any other one of the Restrictions.

Section 14, Right of First Refusal, was voted to remove on 5/21/2010.

Section 14 Architectural

Section 14.01 BUILDING PERMIT PROCEDURE

OBTAINING A BUILDING PERMIT

1. Refer to the latest rules and regulations book and follow the rules and standards set out pertaining to construction of improvements. This book may be obtained from the Painted Hills office, summer hours, Tuesday through Friday, 12 p.m. until 4 p.m. and Saturdays 9 a.m. to 1 p.m. The winter hours are Tuesday through Friday 12 p.m. until 4 p.m. and Saturdays by appointment.
2. Check with the Painted Hills water utility and the Painted Hills Association office to confirm that there are no unpaid fees or dues. We strongly recommend you have a home/septic laid out and approved before finalizing your purchase.
3. For new home construction, contact the Morgan County Board of Health, if you haven't already done so, to obtain your septic permit.

Finalize your house plans as per requirements of the Painted Hills Architectural Rules and Regulations handbook (2006 revision).

Contact a Registered Land Surveyor to provide the following: Survey & surveyor's report; all corners of property being developed staked with highly visible stakes; septic system and fingers staked, plus septic tank perimeter.

4. For all construction projects obtain and complete an application form from the Painted Hills office. This completed application, all copies of required paperwork and a check made out to Painted Hills Association for the appropriate amount as per Section 15.01B of the rules and regulations can then be submitted to the Architectural Chairman for approval and issuance of permit.

A. MEETINGS

Lot owners planning to build must meet with the Architectural Committee to discuss building plans.

Application packages are available at the clubhouse office.

B. PERMITS

New homes will require a \$2,000 deposit with \$1,500 being returned upon satisfactory final inspection. Any assessments for lack of erosion control, not meeting construction deadlines, etc., will be subtracted from the \$1,500 deposit. These assessments can be levied as per Section 12 of the Association Rules & Regulations. If a verbal warning is

not heeded, a letter will be sent indicating the violation, assessment amount, and time allotted to remedy the concern. If this is unsuccessful, a second letter imposing the assessment will be sent. Room additions and garages will require a \$500 deposit with \$400 refunded upon satisfactory final inspection. Again, assessments to be imposed against deposit following the above policy for notification. Permits for mini-barns, docks, seawalls, and decks that are new are \$30. There is a \$20 permit fee for fencing, drives and any other new construction. The committee reserves the right to require a deposit on any of the above constructions if deemed necessary.

All construction debris, trees, materials, etc., must be cleaned up before deposit is returned.

Final grade and start of groundcover must be completed before deposit is returned. Permits are issued for a period of 6 months; one extension of 6 months can be applied for without penalty. If new construction is not completed within 12 months, a per month assessment in the amount of 10% of the deposit will be levied.

At the discretion of the Architectural Committee, after construction is completed, member has 3 months to come into compliance with clean up, final grade, start of groundcover, etc., before a monthly assessment is imposed.

C. PLAN COPIES

Three copies of the building plans, including **three** plot plans drawn by a registered land surveyor, will be required to obtain a permit. Additionally, **three** copies of your septic permit documentation, **three** copies of the permit application, and **one** copy of proof of property ownership are required.

Copies will be distributed: one copy to the Association, one copy to the Morgan County Planning Commission, one copy to be retained by the lot owner.

D. APPROVALS

Permission to build requires the approval of all sheets of drawings showing the proposed construction details. These must each be stamped, dated and signed by a designated representative of the architectural committee. Any dimensional or material changes made to the structure after final approval, including relocation of structures on lots, must be resubmitted for approval to the architectural committee. (This will not require a permit fee.) All materials needed for approval must be given to the Architectural Chairman or his representative no later than ten (10) days prior to the architectural meeting. This will allow ample time to contact the owner if the materials are not complete.

E. FILING

Approved prints must be presented to the Morgan County Planning Commission for a building permit within thirty calendar days.

SECTION 14.02 BUILDING REGULATIONS

A. REGULATIONS

All buildings or structures of any kind will require the architectural committee approval.

Only approved builders are permitted to build in the Painted Hills subdivision.

“Approved Builder” is one who agrees to build by the rules, regulations, standards, restrictions and covenants of the Painted Hills subdivision and has been approved by the Architectural Committee.

Any remodeling that adds bedroom space will require submitting plans to the committee to establish that the septic system is in compliance.

Change of builder/drawings requires re-approval by the Architectural Committee.

Any member using a builder who has had a previous stop-work tag must deposit a \$500 refundable fee with the treasurer before a permit with said builder will be allowed.

Trees may be removed within the home building site. Architectural Committee approval is needed for removal of trees that have a diameter of 6 inches or greater.

Brush, trees, and stumps may not be disposed of in surrounding ravines. No trees, stumps, or debris may be disposed of at the barn without the approval of the Association general manager.

B. GEOTHERMAL SYSTEMS/LAKE LOOP INSTALLATIONS

Installation of geothermal systems in new construction or in existing dwellings must have approval of the Architectural Committee. The Architectural Committee’s intent is not to prevent use of these systems but to oversee proper installation due to the following concerns:

1. Some areas of the lake are not suitable for installation.
2. Hazards to people using the lake.
3. Fluctuation in lake levels either through natural causes or manual lowering of the lake.

C. PLOT PLANS

Plot plans (**3 in number**) must be drawn to a scale of not more than 20 feet per inch, they must be stamped by a licensed surveyor and show the following:

1. Size and shape of the lot as taken from the Morgan County Recorder’s records lot number and dimensions.
2. Building line restrictions, including septic field. No component of the septic system will be permitted in the easement area.

3. House outline with roof protrusions and all projections including porches, fireplace chimneys, and patios shown in relation to each property line.
4. Elevations of the property corners and contour lines must be shown.
5. Location of all septic fingers and all utility services.
6. The location and sizes of boathouses, piers, and all utility buildings.
7. Location of the culvert at the road for the driveway. Reference should be made of the elevation from the top of the culvert to the middle of the road at both ends of the culvert. Culvert must be a minimum of 12 inches. Need for culverts will be determined by the Architectural Committee.
8. No projection of any building can extend nearer than 25 feet from any road right-of-way, nor closer than 10 feet from the side or 20 feet from the rear of any property line. (Road right-of-way extends to lot property line.) No projection may be within 50 feet from the normal waterline of any lake. All conditions must comply with the zoning regulations of Morgan County, Indiana, and the Painted Hills subdivision.
9. Show parking areas. (Minimum 1000 square feet)

D. PLANS

House and other building plans must be drawn to a scale of not less than 1/4" per foot and will show the following:

Overall size of the house and square feet of living area. Finished areas with ceilings taking the slope of the roof that do not have 48 inches of headroom will not be included as part of the living area.

1. Room division with doors and windows.
2. Type of construction.
3. Roof lines with type of roofing.
4. Fireplace chimney and porch projections.
5. General house specifications in writing (including siding type and color).
6. Cross-section showing foundations, walls and roof with suitable notes on construction materials and water runoff.

Plans not meeting these requirements may be rejected!

E. CONSTRUCTION

Construction must be started within 90 days after securing the Morgan County building permit.

Basements and foundations must be completed within three weeks and permanent sub-flooring completed within the next three weeks.

The exteriors of all buildings will be completed within six months from the date that construction commences.

At such time that this schedule cannot be followed, a written schedule must be submitted to the Architectural Committee.

1. No structure may be erected on any lot prior to the erection of a dwelling house except boat docks and/or boathouses on waterfront lots after receiving written permission from the Architectural Committee
2. No accessory basement, temporary building or boathouse can be used or occupied as living quarters.
3. No house trailers, campers, tents or other temporary structures can be erected, moved onto, or placed upon said premises before or after a dwelling has been erected, except in those areas which may be designated for such use.
4. No structure shall be constructed on said lots unless built of solid, permanent, new materials or as approved by the Architectural Committee.
5. Silt fence will be installed on any lot(s) before any filling or excavation begins (entrenched six inches). The silt fencing will surround any soil disturbance. The fencing will be placed on property lines except at roadsides and lake sides. On roadsides of lots, the silt fencing must be placed 15 feet or more from the pavement. On the lake side of lots, silt fencing will be set 50 feet away from the lake at normal pool. Any deviation from these distances must be discussed with the Architectural Committee Chairman or his representative. Layout of the silt fencing will be added to the plot plan drawings at application. Failure to maintain the silt fencing will be a stop-work violation. The silt fence will remain in place until grass and/or groundcover has matured (1st mowing) and removal has been approved by the Architectural Committee. No work, excavation, or filling will be allowed outside the silt fence unless authorized, in writing, by the Architectural Committee.
6. New home construction on waterfront properties must also include a permanent shoreline Erosion prevention plan to be completed before final inspection is done.
7. The ditches along the roadside of lot(s) may, as part of new construction, be required to be excavated for better drainage. (This may be required by Architectural Committee at final grading. Filling of ditches is prohibited.)
8. Drives will not be installed from Painted Hills' roadways except where approved by the Architectural Committee. Under no circumstances will any drive extend from Painted Hills roadways to any adjoining property not in the Painted Hills subdivision.

F. MODEL HOMES

No owner of any numbered lot in the subdivision may build or permit the building thereon of any dwelling house that is to be used as a model or exhibit.

G. STOP-WORK TAGS

Stop-work tags will be placed on any construction found to be in violation of building rules or restrictions. All contractors and building material suppliers will be required to honor this tag. This tag may be removed **only** by the Architectural Chairman or his representative.

There is a minimum \$100 assessment for violation and/or removal of a stop-work order. Stop-work tags issued for “**No Permit Issued**” will carry an automatic \$100 assessment. **Additional assessments may be added by the Board.**

SECTION 14.03 GENERAL

A. GENERAL ARCHITECTURE

Architecture must be in harmony with the environment and surrounding homes. Good quality building materials and good building methods are to be used in all construction.

No underground, modular, manufactured, prefabricated, double-wide or mobile homes are permitted.

Open pier foundation type construction will not be permitted. All structural building material below grade must be concrete or masonry. Footings shall extend below the normal frost line (32” minimum). Footings are required beneath all garage entries. Three changes in roof line, either by elevation or direction are required.

B. MINIMUM LIVING AREA

Minimum living area is the least amount of square feet allowed for a home in the Painted Hills subdivision. All houses must have a minimum of 1500 square feet of living area.

1. Multi-story houses must be 1200 square feet on the ground level and equal no less than 1500 square feet total finished living area.
2. The 1200 square feet on the ground level requirement may be reduced to 1000 square feet on two-story houses exceeding 2000 square feet total living area. (This does not include a ranch with a walkout basement.)
3. All dwellings must have no less than a two (2) car garage and must provide ample off street parking. A minimum of 1000 square feet will be required, including driveways, and must be gravel, blacktop, or concrete.

C. STORAGE TANKS

Every tank for storage of residential heating fuels such as fuel oil or propane must be above ground and screened from view by a privacy fence. Privacy fences must extend above the tank and completely surround it. Fences must be self-supporting and a minimum of two (2) feet from the tank to access all sides of the tank. A gate constructed of the same material must be a minimum of 36” inches wide. This must be completed within 30 days after the tank is set.

D. PAINTING

Architecture must be in harmony with the environment and surrounding homes. No unpainted exteriors will be permitted without permission from the Architectural Committee.

Paint colors will be approved by the Architectural Committee for new construction.

E. FENCING

Fencing may be approved for placing within the property line of a residence. Yards may not be enclosed entirely by fences. Decorative fences which do not exceed three (3) feet in height may be approved for lot line definition or decorative accents. Open wood fences, split rail, or other fencing may contain such wire as is necessary to contain pets. For approval, a fence must be aesthetically pleasing and also must be agreeable to adjacent residents. Before submitting a plan for fencing, please contact adjacent residents and have the plans signed by each.

F. OTHER STRUCTURES

Detached garages and/or mini-barns approved for construction will be built of a like material and architecture of the house. Mini-barns must be clad in an exterior grade siding as closely resembling the existing house architecture as possible. No metal structures are allowed.

REJECTION

The Architectural Committee must justify any rejected application or stop-work order.

SECTION 14.04 DISPOSAL SYSTEMS

SEPTIC SYSTEMS

No outside toilets will be allowed. Septic systems must be of the approved type and conform to the State Board of Health Standards or to the standards set by the **Water Pollution Control Organization** delegated by the State to propagate such regulations.

1. The finger system will not be within 50 feet of the normal water level of the lake or within 50 feet of any flowing drainage system entering the lake within the subdivision and may not extend into any easement. No waste will be permitted to enter any lake.
Any remodeling within an existing structure that adds bedroom space to the structure will require the submission of a plan to the architectural committee which can establish that the septic system is in compliance with the codes of the Indiana State Board of Health.
2. All buildings having plumbing facilities will be required to connect to a central waste or sewer systems upon availability of same.

SECTION 14.05 LAKE FRONT AND SHORELINE

A. SHORELINES

Lake shorelines cannot be changed either by fill or excavation without approval. Borings must be taken on 10 foot centers at least two (2) feet deeper than the deepest excavation to insure that no sandbars are being opened to the lake waters.

B. SEAWALLS

Sea walls may extend along the entire lake frontage at the high water line. Footings of concrete when installed must extend below the frost line.

C. DOCKS

All docks must be approved by the Architectural Committee. Floating docks will not be constructed of barrels or other materials subject to corrosion. All flotation materials will be firmly attached to the dock with corrosion resistant materials. The length of a dock into the lake will be determined by the Architectural Committee as they relate to safety and traffic conditions of boating. Docks closer than 10 feet to the property line projection, or extending more than 12 feet into the lake or wider than 25 feet will require adjoining property owners' approval.

SECTION 14.06 VARIANCES

Restrictions covered in the Property Owners Association Rules and Regulations shall apply unless a variance is secured. Permission for all variances shall be secured from the Architectural Committee before starting construction.

A written application must be filed with the Architectural Committee at least 20 days before its regular meeting requesting the variance with a plot plan and other drawings showing the deviations.

1. The Architectural Committee will inspect the lot to determine the effect of the variance.
2. Adjoining lot owners will be notified by the Association in writing of the variance request. Such notice will be sent by certified mail to the latest address shown in the Association records no later than 10 days before the meeting of the Architectural Committee in which the variance is to be considered. Adjoining lot owners must respond to the request before the meeting; if no response is received, it will be considered as no objection to the variance. Consent from a neighbor does not give the requestor the right to build; only the Association can grant a variance approval.

3. Any cost incurred will be paid by the owner requesting the variance.
4. If the decision is not in agreement with the applicant or other property owners, the matter may be brought before the Board of Directors at their next regular meeting. As per Covenant in Article VII-Section 7.01.1, these meetings are normally held the third Monday of each month at 7:30 p.m.

SECTION 14.07 INSPECTIONS

INSPECTIONS OF CONSTRUCTION

1. All inspections must be done by a designated member of the Architectural Committee.
2. Owners are responsible to call the Architectural Committee Chairman or his representative for any inspection when required.
3. All inspections will be made no later than 24 hours after owner has called.
4. Some inspections may be partial because of the nature of the construction.
5. All projects must have a final or completion inspection. The owner and inspector must agree that no further work is needed or will be done. At that time the owner will receive a statement showing that the work has been satisfactorily completed.

You may contact the Architectural Committee Chairman if you have questions concerning these rules and regulations. The phone number is located in your Painted Hills phone directory.

NOTE: All of the above rules and regulations have been initiated to protect the property owners' investments and to make Painted Hills a beautiful and modern place in which to live. It is important for all as residents or lot owners to help preserve and protect the area.

TITLE II
BY-LAWS

PAINTED HILLS ASSOCIATION, INC.

ARTICLE I **IDENTIFICATION**

Section 1.01 **NAME**

The name of the Corporation is “Painted Hills Association, Inc.,” hereinafter referred to as “the Corporation.”

Section 1.02 **TYPE OF CORPORATION**

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

Section 1.03 **OBJECTIVES**

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

Section 1.04 **AREA**

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

Section 1.05 **PRINCIPAL OFFICE AND RESIDENT AGENT**

The post office address of the principal office of the Corporation is 4364 East Rembrandt, Martinsville, Indiana, 46151; the name of the Resident Agent for service of process is the President of the Association.

Section 1.06 **SEAL**

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

Section 1.07 **FISCAL YEAR**

The fiscal year of the Corporation shall begin at the beginning of the first day of March in each year and end at the close of the last day of February next succeeding. (amended 4/18/2011)

ARTICLE II **MEMBERSHIP**

Section 2.01 **CLASSES OF MEMBERS**

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

Section 2.02 **ACTIVE MEMBERSHIP**

2.02.1 **Eligibility**

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

2.02.2 **Membership**

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

The members shall be defined as follows:

- a. Primary Active Members are owners of at least one improved Lot within the Painted Hills Subdivision.

- b. Secondary Active Members are owners of at least one Unimproved lot and do not own an improved lot.
- c. Associate Members are any tenants leasing or renting a Residence in the Painted Hills Subdivision.

2.02.3 Good Standing

An active member is in good standing when his or her current dues and all annual charges and assessments are paid and he or she has not been suspended nor had their membership terminated.

2.02.4 Voting

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

2.02.5 Privileges

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

2.02.6 Dues

Dues shall be paid as follows:

- A. Primary Active Membership- An owner of an improved lot (an improved lot is any lot upon which a residence exists) shall pay dues in the amount of \$ 750 per year per improved lot. If an owner on an improved lot also owns an unimproved lot, that owner will only be assessed for the improved lot(s) subject to the exception outlined in 2.02.6 D.
- B. Secondary Active Membership- An owner of an unimproved lot shall pay \$563 (or 75% of the primary active membership dues) per year. Regardless of the number of unimproved lots owned, each owner will be assessed for only one lot.
- C. Associate Membership shall be the same as Primary Active Membership (\$750) per year. Owner of residence shall be responsible for membership dues if not paid by the Associate Member.
- D. In the event an owner owns (1) an improved lot which is rented or leased to another party and (2) an unimproved lot, then each improved lot shall be assessed at the rate for improved lots. The owner shall also be assessed for the unimproved lot at the rate set out for Secondary Active Membership. 7/05

Dues may hereafter be modified or amended and are payable in advance on or before May 1st of each year.

2.02.7 Associate Member

Any tenant leasing or renting a residence in Painted Hills Subdivision shall be considered an Associate Member entitling them to the same use of the facilities of the Corporation as an active member and as such is subject to the Rules and Regulations, By-laws and Covenants and Restrictions of the Association and subdivision; however, they will not have voting rights or privileges. Permanent residents of the household of said member in good standing are eligible for associate membership and are not required to pay additional dues.

2.02.8 Delinquent Member

A member whose dues, assessments, or any other unpaid charges are delinquent for periods greater than 30 days after the due date. A delinquent member is not allowed to vote at the annual meeting or any other scheduled member-voting meeting and will have his Association privileges of membership suspended until his dues and other charges are fully satisfied.

Section 2.03 TERMINATION AND SUSPENSION OF MEMBERSHIP

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

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

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

2.03.4 The membership of any member may be terminated by and at the discretion of the Board of Directors for repeated violations resulting in two or more suspensions. Termination of membership may be restrictive or in total, dependent upon the

circumstances then existing and after an opportunity to be heard before the Board of Directors is afforded said member.

Section 2.04 **MEMBERSHIP CREDENTIALS**

Membership cards or certificates disclosing the year of membership in a form approved by the Board of Directors as complying with the laws of the domain and the Rules and Regulations of this Corporation shall be distributed to the respective members in good standing annually at the time of the payment of that member's dues and assessments, or other charges.

Section 2.05 **MEMBERSHIP RESTRICTIONS**

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

ARTICLE III **MEETINGS OF THE MEMBERS**

Section 3.01 **PLACE OF MEETINGS**

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

Section 3.02 **ANNUAL MEETINGS**

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

Section 3.03 **SPECIAL MEETINGS**

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

Section 3.04 **NOTICE OF THE MEETING**

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

Section 3.05 **VOTING AT MEETINGS**

3.05.1 **Voting Rights**

Except as otherwise provided by law or by the provisions of the Articles of Incorporation, every active member in good standing of the Corporation shall have the right at all meetings of the members of the Corporation to one vote, provided all dues and assessments with respect to that membership were paid on or before the record date.

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

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

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

Section 3.06 **ORGANIZATION**

The President of the Corporation, or in his absence, the Vice President of the Corporation, shall call meetings; and the Secretary of the Corporation shall act as either the presiding officer or the Secretary. The members may elect any member to act as presiding officer or Secretary of the meeting respectively while such absence continues.

Section 3.07 **PARLIAMENTARY AUTHORITY**

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

ARTICLE IV **THE BOARD OF DIRECTORS**

Section 4.01 **NUMBER AND ELECTION**

The Board of Directors shall consist of nine (9) directors. At the 1973 annual meeting of the members, it was so stipulated that nine (9) directors shall be elected; three (3) for terms of one year, three (3) for terms of two years and three (3) for terms of three years. Thereafter, at each annual meeting of the members, three (3) directors shall be elected for three year terms to fill the vacancies of those expiring plus additional directors to fill the unexpired terms of any vacancies existing on the Board of Directors at the time of such meeting. A list of candidates doubling the number of vacancies to be filled shall be presented for election when such number of candidates can be found. All Directors shall

be active members in good standing of the Corporation. No decrease in the number of directors at any time provided for by the Code-of-By-laws shall become effective prior to the date of the first annual meeting for the election of Directors as held after the date on which the provision of the Code-of-By-laws is adopted.

The retiring President, no longer on the Board of Directors, shall serve in a non-voting capacity as an advisor to the Board for a period of one year. (amended 12/09)

Section 4.02 **CORPORATE POWER**

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

Section 4.03 **ANNUAL MEETING**

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

Section 4.04 **MEETINGS**

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

Section 4.05 **QUORUM**

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

Section 4.06 **PRESIDING OFFICER**

The President of the Corporation or in his absence the Vice President shall call meetings of the Board of Directors to order and shall act as Chairman of such meetings. The Secretary of the Corporation shall act as secretary of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any Director to act as Secretary of the meeting.

Section 4.07 **COMPENSATION OF DIRECTORS**

Directors as such shall not receive any stated salary for their services, but by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board provided, that nothing herein contained

shall be constructed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore. Members of committees established by the Board may be allowed like compensation for attending committee meetings.

Section 4.08 **RESIGNATION**

A Director may resign at any time by filing his resignation with the Secretary.

Section 4.09 **REMOVAL**

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

Section 4.10 **VACANCIES**

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

ARTICLE V **OFFICERS**

Section 5.01

The Officers of the Corporation shall consist of a President, a Vice President, a Secretary and Treasurer. The President and Vice President shall be Directors. All officers of the Corporation except the Assistant Secretary and Assistant Treasurer shall be active members in good standing of the Corporation. The Board of Directors by resolution may create and define the duties of the other officers and committees of the Corporation and may elect or appoint persons to fill such positions.

Section 5.02 **VACANCIES**

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

Section 5.03 **PRESIDENT**

The President shall preside at all meetings of Members and Directors, discharge all the duties which devolve upon the presiding officer, and perform such other duties as this Code of By-laws provides or the Board of Directors may prescribe. The President shall

have full authority to execute proxies in behalf of the Corporation, to vote stock owned by it in any other corporation, and to execute, with the Secretary, powers of attorney appointing other corporations, partnerships, or individuals the agent of the Corporation, all subject to the laws of the State of Indiana, the Articles of Incorporation and this Code of By-laws.

Section 5.04 **THE VICE PRESIDENT**

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

Section 5.05 **THE SECRETARY**

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

Secretary shall also deliver an updated Painted Hills handbook to the Association Attorney annually or whenever significant amendments are made, whichever comes first, for the purpose of recording said handbook with the County Recorder. (amended 10/07)

Section 5.06 **ASSISTANT SECRETARY**

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

Section 5.07 **TREASURER**

The Treasurer shall keep a correct and complete record of account showing accurately at all times the financial condition of the Corporation. He shall be the legal custodian of all monies, notes, securities, and other valuables which may from time to time come into the possession of the Corporation. He shall immediately deposit all funds of the Corporation coming into his hands into some reliable bank or other depository to be designated by the Board of Directors and shall keep such bank account in the name of the Corporation. He shall furnish at meetings of the members, or Board of Directors, or whenever required, a statement of the financial condition of the Corporation and shall perform such other duties as this Code of By-laws may require or the Board of Directors may prescribe.

The Treasurer may be requested to furnish a bond in such amount as shall be deemed sufficient by the Board of Directors.

Section 5.08 **ASSISTANT TREASURER**

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

Section 5.09 **DELEGATION OF AUTHORITY**

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

Section 5.10 **LOAN TO OFFICERS**

No loan of money, property or any advancement on account of services to be performed in the future shall be made to any Officer or Director of the Corporation.

ARTICLE VI **EXECUTIVE COMMITTEE**

Section 6.01

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

ARTICLE VII **STANDING COMMITTEES** **amended 5/2010**

Section 7.01

There shall be standing committees designated as follows: "Architectural Committee," "Roads and Grounds Committee," "Lakes Committee," "Health, Sanitation, and Land Management Committee," "Pool, Parks, & Recreation Committee," "Clubhouse Committee," "Security Committee," and "Finance Committee."

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

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

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

7.01.4 **Health, Sanitation, and Land Management Committee** The Health, Sanitation, and Land Management committee shall be composed of not less than 3 nor more than 7 members and shall periodically review the standards of the various recreational, commercial and residential areas as well as the common grounds, access areas, and easements of the subdivision and make such studies and recommendations that may from time to time be justified to the Board of Directors regarding these properties and their use. The committee shall perform such other functions as may from time to time be designated by the President or the Board of Directors.

7.01.5 **Security Committee** The Security Committee shall be composed of not less than 3 or more than 7 members and shall have the responsibility of responding to complaints or notification of rule violations. The committee in conjunction with a designated security officer shall investigate criminal acts of violence, robbery and invasions of private and Association properties; it will work with local law enforcement personnel to apprehend and bring to conviction those individuals lawfully determined to be guilty. The committee will perform other functions as may from time to time be designated by the President or Board of Directors.

7.01.6 **Pool, Parks, & Recreation Committee** This Committee shall be composed of not less than 3 or more than 7 members and shall have the responsibility of periodically reviewing pool maintenance policies and procedures as well as safety standards and practices used at the pool, beach, and park and shall make recommendations to the Board of Directors as it deems proper. This committee is also responsible for annual pool maintenance, setting pool hours and the hiring and supervision of lifeguards. The committee will perform other functions as may from time to time be designated by the President or Board of Directors.

7.01.7 **Clubhouse Committee** The Clubhouse Committee shall be composed of not less than 3 nor more than 7 members and shall be responsible for periodically reviewing the clubhouse maintenance needs and procedures, recreation, safety standards and practices, and the use of the clubhouse and shall make recommendations to the Board of Directors as it deems proper. This committee shall also be responsible for the contracting of clubhouse kitchen managers and rental of the facilities for extra-curricular use. The committee will perform other functions as may be designated by the President or Board of Directors from time to time.

7.01.8 **Finance Committee** The Finance Committee shall be composed of not less than 4 or more than 7 members, to include the Association President, Vice President, Secretary, and chaired by the Association Treasurer, and meet periodically as is deemed necessary. It shall have the responsibility of developing the annual budget and, as appropriate, a multi-year financial forecast for the Association. In addition, it will make recommendations to the Board of Directors, as appropriate, and perform any other functions as may from time to time be designated by the President or the Board of Directors.

Section 7.02 **SPECIAL COMMITTEES**

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

Section 7.03 **APPOINTMENT OF COMMITTEES**

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

ARTICLE VIII **RULES AND REGULATIONS**

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

Section 8.02 Because the directors should avoid either real or apparent conflict of interest, profit or other benefit from affairs of the Association, the following items of conduct must be observed:

- A. No Board or Committee member shall vote or participate in discussion in such capacity, upon any matter in which any personal interest is asserted.

- B. The Association shall not enter into any business relationship with a Board or Committee member.
- C. No Board or Committee member shall either directly or indirectly use information obtained from their position to their personal gain.
- D. All Board and Committee members shall maintain confidentiality as to the business affairs of the Association where disclosure might adversely affect the Association.
- E. As an exception to this rule, the Board of Directors may, by a unanimous vote, elect to dispense with Rules 8.02 (B) and (C) for a specific matter if the Board finds that doing so is in the best interests of the Association. (amended 10/07)

ARTICLE IX

COPORATE BOOK

Section 9.01

PLACE KEEPING IN GENERAL

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

ARTICLE X

DISPOSITION OF PROPERTY

Section 10.01

IN GENERAL

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

ARTICLE XI

CONTRACTS, CHECKS, NOTES, ETC.

Section 11.01

IN GENERAL

All contracts, agreements, leases, deeds, similar written instruments authorized by the Board shall be signed by the President or Vice President together with the Secretary or, in the absence of the Secretary, any other officer.

All notes, commercial paper, bonds, bills of exchange, mortgages and orders for payment of money shall be signed by the President or Vice President and Treasurer or, in the absence of the Treasurer, any other officer.

All checks issued from a Painted Hills Association, Inc., bank account shall be signed by the Office Manager and at least one officer of the Association. However, the Office Manager shall not sign checks payable to the Office Manager. Those checks shall be signed by two Officers of the Association. **(revised & board approved 9/21/09)**

Section 11.02 **DEPOSITORY**

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

ARTICLE XII **AMENDMENTS**
Section 12.01 **IN GENERAL**

This Code of By-laws may be amended or revised by the Board of Directors by unanimous vote of all Directors or by the affirmative vote of two thirds (2/3) of the active members voting at any annual meeting or special meeting, provided that notice of such meeting contains a summary of the proposed amendment or amendments. The notice will be made in advance of the meeting and proxy voting will be permitted as provided in Section 3.05.2 of these By-laws.

Section 12.02 **EXCEPTION**

The annual dues specified in Section 2.02.6 may be increased only by a majority vote of the Active Members present in person or by proxy at Association membership meetings.

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

Section 1 **PROPERTY RESTRICTIONS**

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

Section 2 **COVENANTS AND RESTRICTIONS**

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

2.2 **Definitions**

Lot Owner- All Buyers and their respective heirs, legal representatives and assigns.

Active Member- An adult owner of record whose current dues are paid, who has not been suspended, or whose membership has not been terminated.

Association- The Painted Hills Association, Inc.

Subdivision- The Painted Hills Subdivision.

Section 3 **UTILITIES, COVENANTS**

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

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

Section 4 MEMBERSHIP COVENANT

The Lot Owner, in consideration of the presence of like agreements and covenants by other Lot Owners, covenants and agrees to maintain his membership in the Association, in good standing as long as he owns a lot in Painted Hills Association Subdivision and agrees to abide by the By-laws of the Association. The Lot Owner further agrees to pay to said Association an annual charge, as specified in Section 2.02.6 of the Association's By-laws, payable on the first day of May of the year following the date of the purchase of a lot within the Subdivision, and a like sum on the first day of May of each succeeding year, so long as he shall own property within the Subdivision each year for the general welfare of the Subdivision to include, but not limited to, maintenance, upkeep and operation of various facilities and areas whether or not the privilege of using areas or facilities are exercised. The above charge may not be increased except by majority vote of active members present in person or by proxy at Association membership meetings. This covenant concerning said real estate and the enjoyment, use, and benefit thereof, shall be deemed to run with the land and the nonpayment of any charges, including legal fees for collection and interest shall, after the respective dates, become a lien thereon in favor of the Association and shall be enforceable by said Association.

Section 5 RESTRICTIONS

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

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

5.3 No lots may be subdivided, and not more than one single family dwelling house may be erected or constructed on any one lot. However, lots may be divided to increase the size of adjoining lots, but each such enlarged lot shall be considered one lot only. No building may be erected on any lots prior to the erection of a dwelling house, except that a boat house on waterfront lots may be constructed upon receiving prior written permission from the Association. No necessary basement or temporary building, including a boat house, shall be used or occupied as living quarters. No unpainted exteriors shall be permitted without permission. No house trailers, tents, or other similar structures shall be erected, moved into, or placed upon said premises except in those specific areas which may be designed for such use. No open basements or foundations shall remain unenclosed without permanent sub flooring for more than three weeks. The exteriors of

all buildings must be completed within six months from the date construction commences. Open pier foundation type construction shall not be permitted.

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

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

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

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

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

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

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

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

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

PAINTED HILLS LAKE SAFETY RULES

Security officers will be present on both lakes to enforce water safety and boat sticker compliance.

BOAT STICKER COMPLIANCE

All boats must have a valid sticker affixed to right side of boat.

1st offense, an assessment of \$50.00.

2nd offense, an assessment of \$100.00.

3rd offense is loss of Association privileges up to 1 year. This pertains to all family members & guests.

All assessments to be paid within 30 days. Any unpaid assessments that exceed 30 days will have an additional assessment of \$5 per day charged and loss of all Association privileges until the assessment is paid.

IDLE SPEED

Idle speed on Lake Holiday will be enforced before 9 am and ½ hour before sunset. Lake Nebo is idle speed only.

BOAT SAFETY

1. All boats must travel in counter-clockwise direction on lake.
2. All motorboats shall operate 50 ft from shoreline in wake areas and operate at idle speed in no wake areas.
3. Anchoring for swimming, sunning, etc., must be in "no wake" areas only.
4. Motorboats must have responsible observer (spotter) in boat for skiing, tubing, and boarding.
5. Boat drivers must be 16 yrs or older and have a valid drivers license.
6. Boats shall have 1 life preserver for each person on the boat.

FISHING

1. Guests are permitted to fish only in the presence of a member.
2. Fishing is permitted from boats and from the new docks at the side of the clubhouse and pool.
3. Fishing is prohibited from dams, beach area, rental docks, and boat ramps, also from roads where posted.

LAKE HOLIDAY & LAKE NEBO

<u>Species</u>	<u>Daily Bag Limit</u>	<u>Size Limit</u>
Bluegill	25	none
Red ear sunfish	5	none
Crappie	25	none
Channel catfish	10	12"
Largemouth bass	5	*

*Only one over 16"; none between 12" and 16"; 5 under 12"

Release all smallmouth bass.

Release ALL channel catfish smaller than 12."

Please keep all yellow bass, rock bass, green sunfish, bullheads, & flathead catfish.

GOLFCART RULES

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

ATV ROAD RULES

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

OTHER MOTORIZED VEHICLES

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

Indiana Law does not require a license tag and registration for vehicles that are considered a motorized bicycle. The state defines a motorized bicycle as a 2 or 3 wheeled vehicle that is propelled by an internal combustion engine or a battery-powered motor. If powered by an internal combustion engine, it must: not exceed 2 hp, not exceed 50 cubic cent., have an automatic transmission, and have a max. speed of 25 mph or less on level ground. Only people age 15 or older can legally ride the vehicles on public property. To do so they must have an IN I.D. card issued by the BMV. They must also wear helmets and goggles or a

helmet with a full face shield. A rider may not carry a passenger or ride on a sidewalk or interstate highway.

CURFEW: IT IS A CURFEW VIOLATION FOR A CHILD 16 YEARS OF AGE OR YOUNGER TO BE IN A PUBLIC PLACE BETWEEN THE HOURS OF 11 PM AND 5 AM WITHOUT WRITTEN PERMISSION FROM A PARENT OR GUARDIAN.

ASSESSMENT FOR ANYONE FOUND OUT OF COMPLIANCE OF THE GOLFCART, ATV ROAD, OTHER MOTORIZED VEHICLES, AND/OR CURFEW POLICIES ARE:

1st Offense is \$50.00

2nd Offense is \$100.00

3rd Offense is loss of Association privileges up to 1 year; this pertains to ALL family members and guests.

*All assessments to be paid within 30 days. Any assessment that exceeds 30 days will be assessed a \$5 per day charge and loss of all Association privileges until assessment is paid.

PAINTED HILLS ASSOCIATION ROAD PAVING POLICY

The Board of Directors of Painted Hills Association, Inc., "Association Board," has determined, after a review of alternatives, that henceforth all new paving of Association owned roads "Association roads" will be applied using only asphalt. This policy, effective as of this date, affects not only the new paving contracted by the Association Board, or its designee, but also the paving of Association roads that is separately funded by any individual member(s).

All new asphalt paving of Association roads is required to meet the minimum standard of three inches (3") of #5 asphaltic base, with a one and a half inches (1 ½") #11 topcoat. Any interim application of asphalt that deviates from this minimum standard must be pre-approved by the Association Board, under a commitment to ultimately meet at least the minimum standard, within a time period as determined and agreed upon by the Association Board.

Prior to any Association Board approval, all proposed new paving of Association roads will require the prior review and inspection by the Chairperson of the Painted Hills Roads & Grounds Committee, the Painted Hills Grounds Manager, and a representative from the paving company, such company having been pre-approved by the Association Board, to determine if the existing asphalt can be paved over in its present condition or will require the roadway to be milled and compacted before paving.

The Road Paving Policy is effective as of November 15, 2004, as approved by the Association Board.

PAINTED HILLS DELINQUENCY PROCEDURE FOR DUES, ASSESSMENTS AND
OTHER CHARGES

30 Days Delinquent Action Required

All member privileges suspended. Mail statement stamped: “PAST DUE” with note that all member privileges are, and will remain, suspended until bill is paid in full.

Also initiate telephone contact to make payment arrangements, explaining procedures and consequences of continued failure to pay dues, etc. If member fails or refuses to pay or to make satisfactory payment arrangements, Association may immediately file a lien on property.

60 Days Delinquent Action Required

Mail second statement stamped: “PAST DUE-Second Notice” with statement that account is being turned over to legal counsel for collection and that costs of collection, including attorney fees, will be added to delinquent dues and that member privileges remain suspended until dues or other charges are paid in full and, in addition, that the Association may be filing a lien on the member’s property at Painted Hills.

Also inform member that, once a judgment is entered, it will be recorded in any county where the member owns real estate, will become a judgment lien against the member’s real estate, and will also be reported to credit reporting agencies, thus reflecting negatively on the member’s credit report. AMENDED & BOARD APPROVED

11/15/2010

**LEGAL ACTION WILL ALSO BE TAKEN ON DELINQUENT PROPERTIES
WHEN:**

1. Home or lot of member is placed on market for sale;
2. Any legal action is commenced against member; or
3. Tax sale procedures of member’s property are initiated.

Passed 3/2002

PAINTED HILLS' CHARGE-OFF POLICY

Under infrequent situations, however, where a member (1) has filed for bankruptcy resulting in a court-approved discharge of his obligations, or (2) where the member has deceased without sufficient surviving assets, or (3) where the Association is unable to locate said member after a dedicated search program, or (4) where further collection of delinquent funds is deemed by the Association Treasurer and legal counsel to be highly unlikely, then it is recommended that the Association Board review and approve, as appropriate, such delinquent accounts for permanent charge-off, as recommended to the Association Board by the Association Treasurer under concurrence by either the Association President or Vice President.

Approved 2/2005

PAINTED HILLS EXPENSE APPROVAL POLICY

Painted Hills Association expenditures are to be approved under one of the following three applications:

1. Amounts of \$50.00 or less can be approved at the Committee level, up to a maximum of \$100.00 per calendar month. A minimum of two Committee members, including the Committee Chairperson, must approve. Approved funds must fall within the approved, annual budget parameters of the respective Committee. Each approval is to be reported by the Committee Chairperson, or their designee, at the next regularly scheduled Board of Director's meeting for recording into the minutes.
2. Amounts of \$5,000.00 or less can be emergency approved by securing the individual approvals of five (simple majority) Association Board members, to include either the Association President or the Vice President. Approved funds must either fall within the approved, annual budget parameters of the respective Committee or, if in excess of budget parameters, the approval requires agreement by six (two-thirds majority) Association Board members, including either the Association President or Vice President. Such approval is to be reported by the Committee Chairperson, or their designee, at the next regularly scheduled Board of Director's meeting for recording into the minutes.
3. Expenditures of any amount can be approved at any regularly scheduled Board of Director's meeting, or any special Board of Director's meeting, when the request receives the approval of a majority of the attending Board members. Checks issued in payment of Association expenses by the Office must be supported by appropriate approval documentation, including minutes from previous Board of Director's meetings.

Note: For approved expenditures of \$5,000 or above, the requesting Committee must adhere to the "Methods For Monitoring And Controlling Large Painted Hills Expenditures," as approved by the Board of Directors at their January 21, 2002, meeting (attached). (Approved at the May 16th, 2005, Board of Directors' meeting)

MEMBER VIOLATION PROCEDURE

Painted Hills Association, Inc. (the “Association”) is governed by a Board of Directors whose responsibility, among other duties, is to ensure to the membership at large that the Association’s Rules and Regulations, By-Laws, and Covenants and Restrictions (the “Rules”) are complied with by the Association membership.

From time to time, Association committees and/or Association officers will identify individual situations where such Rules have been violated. In order to assure a consistent approach by Association committees/officers to resolving such situations, the following procedure should be adopted whenever a violation of Association Rules by a member has been confirmed:

1. The Committee Chairperson/ his designee, or the involved Association officer should initiate informal contact (i.e., telephone, personal meeting, etc.) with the identified member, explaining the violation that has occurred, the Rule under which it occurred, the action requested of the violating member, and attempt to resolve the issue(s) on a satisfactory and current basis.
2. Following a thirty (30) day period from the initial contact without satisfactory resolution of the issue, the Committee Chairperson/his designee, or the involved Association officer will notify the identified member in writing, through the USPS, of the violation, providing specifics on the violation, the impacted Rule, and the action requested of the violating member. Such correspondence would provide for a thirty (30) day resolution period, after which period the identified member’s Association privileges would be suspended. The violation status should be reported at the next monthly Board meeting.
3. Following a sixty (60) day period from the initial contact without resolution of the issue, the Committee Chairperson/his designee, or the Association officer will again notify the identified member in writing, utilizing certified mail/return receipt through the USPS, providing specifics on the violation, the impacted Rule, the action requested of the violating member, and reconfirming that the identified member’s Association privileges have been suspended. Such correspondence would provide for a thirty (30) day resolution period, further indicating that should the violation not be satisfactorily resolved by the end of that thirty (30) day period, the situation will be turned over to the Association Treasurer for consideration of a fine imposition, litigation, or other action as deemed appropriate to the specific violation. The violation status should be reported at the next monthly Board meeting.

Should the violation situation be turned over to the Association Treasurer, the Committee Chairperson/his designee or the Association officer will provide satisfactory documentation to the Association Treasurer to support further processing.

In situations where the violation is considered serious enough that adherence to Steps 2 and 3 above would be unacceptable, with such delay potentially causing significant damage to the Association, the Committee Chairperson/his designee or the Association officer, with the agreement of the Association President or Vice President, can refer the matter directly to the Corporate Counsel.

(Note: This “Member Violation Procedure” does not apply to the collection of delinquent member dues.)

BOARD APPROVED: November 21, 2005

VISITATION/NO SOLICITATION POLICY
PAINTED HILLS ASSOCIATION, INC.

Painted Hills Association, Inc. (the “Association”) is a private, lake development community that provides, among other responsibilities, for visitation privileges as well as privacy protection to its Association members. In furtherance of this responsibility, the Association is the sole owner and operator of its roadway system.

Non-member visitation to the Association is permissible under one/more of the following Policy conditions:

1. Member invitation: which allows for non-member visitation to the properties of the inviting Association member and, while in the company of that member, to public areas within the Association.
2. Publicly or privately-owned delivery services/corporations who are delivering mail, materials, providing construction and/or other services to the Association member or the Association itself.
3. Real estate agents, or their designees, who are marketing the purchase/sale of property on behalf of an Association member or the Association itself.
4. Public safety services (i.e., fire, police/sheriff, disaster recovery, etc. departments) and utilities serving the Association.
5. Youth supporting programs that have been approved by the Painted Hills Office.
6. Other non-member access requests not meeting the conditions outlined above are not allowed unless they have been individually approved by the Painted Hills Office.

Uninvited solicitation is restricted within the Association’s boundaries, with “No Solicitation” and “Private Property” signs prominently posted at each of the four entrance roads to the Association property. This Policy expressly prohibits the following solicitation:

1. Uninvited and non-Office approved solicitors who are canvassing the Association for whatever purpose, to include distribution of literature or other matter, as well as verbal solicitation.
2. Flyers of whatever size from any source that are illegally placed within USPS mail boxes or are placed into newspaper tubes/boxes. (Association residents have the privilege of posting flyers or written notices, such as lost and found, sale of items, babysitting, lawn mowing, etc., properly dated, directly on Association bulletin boards. These bulletin boards will be monitored by the Office Manager, and/or his/her designee, to maintain currentness of postings and adequacy of space.)
3. Solicitation of business services within Association property, whether by resident-owned businesses or non-resident businesses, is allowed only by advertising placed in the Signpost or in the Association telephone directory.

Enforcement of this “Visitation/No Solicitation Policy”, where necessary, will result from the vigilance of the Association’s membership, the Association’s Security Committee, the Association’s contracted security service, and/or the Morgan County Sheriff’s Department. Where supportable evidence exists that repeated violations of this “Visitation/No Solicitation Policy” are occurring by any given person/entity, this Policy allows for an assessment in accordance with the “Assessment Imposition Policy” (Section 12.01 of Title I) adopted by the Painted Hills’ Board on August 16, 2004, or through litigation, as deemed appropriate by the Board to the specific violation.

BOARD APPROVED: DECEMBER 19, 2005

POLICY ON INSPECTION & COPYING OF ASSOCIATION RECORDS

1. RECORDS DEFINED

- a. The records available for inspection and copying are those designated by the Association as necessary to carry on normal business processes.
- b. The Association's board may withhold from inspection any records that in its reasonable business judgment would:
 - 1) Constitute an unwarranted invasion of privacy;
 - 2) Constitute privileged information under the attorney-client privilege;
 - 3) Involve pending or anticipated litigation or contract negotiations; and /
or
 - 4) Involve the employment, promotion, discipline, or dismissal of a specific board member or employee.

2. PERSONS ENTITLED TO INSPECT OR COPY

Every member shall have the right to inspect or copy the Association's records in compliance with the rules and procedures contained in this policy. A member may authorize, in writing, an attorney, or other designated representative to conduct the inspection or request copies on the member's behalf. Any such authorized representative shall be considered a "member" for purposes of this policy.

3. WRITTEN REQUEST REQUIRED

- a. Inspection or copying shall be limited to those records specifically requested in advance, in writing. A member who wants to inspect or copy the Association's records shall submit a written request to the Association's secretary or manager. The request must specify the particular record desired, including pertinent dates or time periods. The request must be sufficiently detailed to allow the Association to retrieve the record(s) requested.
- b. No member may submit more than one request for inspection and /or copying in a 30 day period.
- c. The written request shall state with reasonable particularity, the purpose for the request. If the records requested are directly connected with the purposes cited, then the Association shall allow the member to inspect or copy the records consistent with the remainder of this policy.

- d. The formality of this rule may be dispensed with if, in the discretion of the office manager, efficiency would dictate a simpler approach based on issues such as the simplicity of the records request or the ease in honoring the request.

4. INSPECTION RULES

- a. No member may request an inspection of more than 20 records at any one time, nor shall the Association be required to produce more than 200 pages of records at any one time. If the member's request exceeds either of these limitations, the Association shall provide records for inspection in the order requested by the member up to the limiting factor. The member shall then make written request(s) for additional sessions until the member has inspected all the records originally requested. Requests for additional sessions are subject to all the same rules and restrictions as any other inspection request.
- b. All inspections shall take place at the Association's office or at such other location as the Association designates. No member shall remove original records from the location where the inspection is taking place.
- c. Members shall not alter the records in any way.
- d. The Association shall make records available for the inspection on or before the fifth working day after the Association actually received the written request. This time frame may be extended upon the member's written request, or if the records requested are so voluminous or otherwise in such condition as to render this time frame unreasonable. The Association shall notify the member (by phone, in person or in writing) that the records are available, and specify the time, date, and place for the inspection.
- e. Inspections shall be by appointment only, during the normal business hours of the Association's office.
- f. The formality of this rule may be dispensed with if, in the discretion of the office manager, efficiency would dictate a simpler approach based on issues such as the simplicity of the records request or the ease in honoring the request.

5. COPYING RULES

- a. If a member wants a copy of any record, the member shall designate in writing the record desired. Any written request shall designate the specific record or portion thereof.
- b. During an inspection, the member may designate such record by use of a tab, clip, or Post-it note upon the page(s) desired.
- c. Copies shall be available within five (5) working days of receipt of the request, unless the voluminous nature or condition of the records make this time frame impractical. In such cases, the copies will be made available as soon as is practical.
- d. A member shall pay ten cents (10) per page for regular-or legal-sized photocopies, payable in cash or by personal check, at the time the copies are delivered. However, the secretary or manager may require advance payment in his or her discretion, taking into account such factors as the amount of the copying charge the member's payment record, and other relevant factors.
- e. The formality of this rule may be dispensed with if, in the discretion of the office manager, efficiency would dictate a simpler approach based on issues such as the simplicity of the records request or the ease in honoring the request.

6. MANNER OF INSPECTION OR COPYING

- a. Members shall not exercise their inspection or copying rights in order to harass any other members or resident, association agent, officer, director, or employee.
- b. All people inspecting or requesting copies of records shall conduct themselves in a businesslike manner and shall not interfere with the operation of the Association office or such other location where the inspection or copying is taking place. The Association office, or the place of inspection or copying, shall assign one office staff person to assist in the inspection. All requests for further assistance and copying during an inspection shall be directed only to that staff person.

- c. The Association shall maintain a log detailing:
 - 1) The date the written request was received;
 - 2) The name of the requesting party;
 - 3) A list of records
 - 4) The date the Association notified the member that the records were available;
 - 5) The date the records were made available;
 - 6) The date of actual inspection or copying; and
 - 7) The signature of the member acknowledging receipt of or access to records.

B. ENFORCEMENT OF INSPECTION & COPYING RULES

- a. Any violation of these rules shall cause the immediate suspension of the copying until the violator agrees in writing to comply.
- b. The Association will not honor any requests for inspection or copying that do not comply with this policy. Within 5 working days of receiving the noncompliant request, the Association shall send a written notice to the person who made the request indicating the nature of any noncompliance. Any Association representative who receives an oral request for inspection or copying shall refer the person making the request to this policy, and the Association will have no further obligation to respond until it receives a written request.
- c. The Association's Board may take any available legal action to enforce these rules, including the levy of a fine.

APPROVED 4/16/07

METHODS FOR MONITORING AND CONTROLLING LARGE PAINTED HILLS EXPENDITURES

1. Requesting Committee to develop scope of the project being submitted for Board approval. Scope to include:
 - a. Total monies requested for project completion
 - b. Breakdown of the major cost expenditures by type and dollar amount.
 - c. Estimate of the number of expected progress payments/draws to be required during the completion of the project, by forecasted (1) time period, (2) dollar amount per payment, and (3) percentage of project completion at time of payment request.

2. Each payment request to be supported by the following:
 - a. Job status document detailing (1) the amount requested, (2) a specific cost breakdown representing each payment request, and (3) an estimate of the percentage of total project completion at the time of each payment request.
 - b. Each payment request to have signature approval, with date, as follows:
 1. The Chairman of the sponsoring Committee, along with one additional signature by any one of the Board-designated individuals. (A total of 2 signatures)
 2. In situations where the sponsoring Committee Chairman is a direct beneficiary of some/all of the funds being requested, then the signature approvals will include the sponsoring Committee Chairman, and two of the Board designated individuals. (A total of 3 signatures)

3. Any project overruns, up to a maximum of 5% of the original appropriation may be authorized by the Chairman of the project. Over that amount will require approval of the Association Board of Directors. The minimum threshold amount requiring compliance to this procedure is to be \$5,000.

APPROVED

1/2002

PAINTED HILLS RESERVE ACCOUNT POLICY

The Board of Directors of Painted Hills Association, Inc. shall establish and maintain the following reserve funds, by allocation from annual dues assessments not less frequently than annually, in amounts per reserve fund as follows:

1. General Operating Reserve

The General Operating Reserve fund is established to maintain a reserve fund for operating expenses of a nonrecurring nature. This Reserve may be expended for contingencies or emergency situations, for short term (six months or less) cash flow coverage needs where the method and source of replenishment to the Reserve has been identified, for major (\$25,000 or more) Association-owned building repair, renewal and improvements, and for other major funding requirements as approved by the Association Board of Directors.

The General Operating Reserve shall be funded as follows:

- a) At 3% of the annual dues assessment until the Reserve fund is equal to 20% of the annual dues assessment.
- b) Thereafter, the Reserve will be funded at 2% of the annual dues assessment until the Reserve equals 30% of the annual dues assessment, at which time further funding of the Reserve shall terminate until a future Reserve level, or increases in annual dues assessments, require re-activation of the funding.

2. Capital Equipment Reserve

The Capital Equipment Reserve fund is established to provide for the costs of periodically replacing larger (\$10,000 or more) Association-owned capital equipment such as the dump truck, pick up truck, riding lawn mower, pontoon boat, etc.

The Capital Equipment Reserve fund shall have a minimum level of \$10,000, with any level over \$10,000 to be based upon the Board of Director's approved designated level. That designated level (above \$10,000) is to be determined no less than annually by reviewing forecasted expenditures over the next three to five year period, including medium term projections provided by the Roads & Ground Committee and the Lakes Committee.

Should the Capital Equipment Reserve fall below the \$10,000 level at any point in time, an annual allocation of 2% of the annual dues assessment will occur, until the minimum fund level of \$10,000 has been achieved.

Should the Board approve a designated fund level for the Capital Equipment Reserve to be above \$10,000, an annual allocation of 2% of the annual dues assessment will occur until the designated fund level has been achieved.

3. Roads Reserve

The Roads Reserve fund is established to provide for the costs of annually resurfacing the Association-owned roads.

A minimum of \$90,000 shall be allocated annually from the annual dues assessment to fund the Roads Reserve.

4. Erosion/Infrastructure Reserve

The Erosion/Infrastructure Reserve fund is established to provide for the costs of periodic maintenance, repairs and renewal of Association-owned road beds, drainage ways, dams, and for the shoreline protection of, and silt removal from Association-owned waterways.

A minimum of \$40,000 shall be allocated annually from the annual dues assessment to fund the Erosion/Infrastructure Reserve.

NOTE: This Painted Hills Reserve Account Policy supersedes the “Painted Hills Reserve Account Policy” approved by the Board of Directors on November 18, 2002.

APPROVED
April 16, 2007

ASSOCIATION CREDIT CARD (MASTERCARD)

1. CURRENT SITUATION

- Association credit cards: Marathon Oil, John Deere
- Vendor open accounts: Rural King (Martinsville), Ace Hardware (Martinsville), Bender Lumber (Martinsville)

2. WHY CONSIDER AN ASSOCIATION CREDIT CARD?

- Committee chairpersons (especially Clubhouse) have requested for periodic expenditure payments in place of using their personal credit cards.
- Unexpected expenditures for Property Manager/Office Manager where “open accounts” not available.

3. WHAT ARE THE RISK ISSUES OF ESTABLISHING AN ASSOCIATION CREDIT CARD?

- Developing and adhering to “operating procedures” for the approved usage of an Association credit card (See section 7 below).
- Selectively identifying one/two Association employee positions that would be authorized under an Association Mastercard.
- Selecting a minimal dollar amount for the Association card (probably need to be one card-one limit per holder).
- Potential for fraud/dishonesty by selected users of card(s). (Mitigation: enforcement of operating procedures below and the current existence of Association insurance coverage for employee dishonesty)

4. PROACTIVELY SOLICIT VENDOR “OPEN ACCOUNTS” WHERE REPETITIVE PURCHASING IS ANTICIPATED

- In telephone conversation with Property Manager on 4-23-07, he was unable to identify any new vendors at this time. Important to identify new open account vendors in future.

5. CREDIT CARD LIMIT AMOUNT TO BE CONSIDERED

- \$1,000 limit recommended by Finance Committee.

6. ASSOCIATION POSITION RECOMMENDED BY FINANCE COMMITTEE FOR SINGLE CREDIT CARD

- Office Manager (only, for herself and/or on behalf of other Committee needs)

7. OPERATING PROCEDURES FOR ASSOCIATION CREDIT CARD

- **The approval of all expenditures to be paid for by an Association credit card to follow the standard Association approval policies (i.e., either approved at a regular Board meeting, emergency approved by a minimum of five Board members, or Committee approved for amounts up to \$50.00 during a given month).**
- **Credit card purchase receipt, to include detail of purchase, to be turned over to/ held by the Office Manager for reconciliation against the monthly credit card statement AND verified against the expenditure approval.**
- **Check issuance in payment of credit card statements to require the standard two authorized signatures along with standard supporting receipt/approval documentation.**

The use of the Association credit card does not, in any way, eliminate the need to adhere to the existing approval requirements for purchases by Association committees.

Approved 5/07

PAINTED HILLS FINANCIAL CONDITION RATING SYSTEM

Rating Categories

1. **Excellent:** Strong overall financial condition. General Operating Reserve at the Maximum level. Association operating within the annual budget parameters, with no bank borrowing.
2. **Good:** Sound overall financial condition. General Operating Reserve at the Acceptable level.
Association operating within the annual budget parameters, with no bank borrowings.
3. **Satisfactory:** Satisfactory overall financial condition. General Operating Reserve at the Minimum level. Association operating within the annual budget parameters, with no bank borrowings.
4. **Fair:** Marginally acceptable overall financial condition. General Operating Reserve at 50-99% of Minimum level. Association may be operating in a negative position to the annual budget parameters, or utilizing bank borrowing, or both.
5. **Poor:** Unsatisfactory overall financial condition. General Operating Reserve below 50% of Minimum level. Association operating in a negative position to budget parameters, or utilizing bank borrowing, or both.

Scoring Table

1. **Excellent** Financial Condition: 10 points.
2. **Good** Financial Condition: 12-16 points.
3. **Satisfactory** Financial Condition: 18-20.
4. **Fair** Financial Condition: 22-28 points.
5. **Poor** Financial Condition: 30-38 points.

Measurement Criteria

1. **General Operating Reserve (40% Weighting)**
 - At Maximum Level of 30% of the previous year's dues collections: 4 points.
 - At or above Acceptable Level of 20% of the previous year's dues collections, but below Maximum Level: 8 points.
 - At or above Minimum Level of 10% of the previous year's dues collections, but below Acceptable Level: 16 points.
 - At 50% to 99% of Minimum Level: 16 points.
 - Below 50% of Minimum level: 20 points.

2. Adherence to Balanced Budget Plan* (40% Weighting)

- Operating within the annual budget parameters: 4 points.
- Operating negative to annual budget by no more than a 10% variance: 8 points.
- Operating negative to annual budget by more than a 10% variance: 12 points.

*A “Balanced Budget” plan is a budget where total annual expenses are equal to, or less than the total of annual revenues minus annual reserve allocations.

3. Bank Line Utilization (20% Weighting)

- No bank line utilization: 2 points.
- Bank line utilization of \$20,000 or less: 4 points.
- Bank line utilization greater than \$20,000: 6 points.

Amended & Approved 11/07

PAINTED HILLS MEMBERSHIP PRIVILEGES POLICY

Under the Covenants and Restrictions of Painted Hills Association, Inc., the lot owner in the Painted Hills Association Subdivision “covenants and agrees to maintain his membership in the Association in good standing as long as he owns a lot in Painted Hills Subdivision and agrees to abide by the By-Laws of the Association.”

The Association’s By-Laws state that “an active member is in good standing when his or her current dues and all annual charges and assessments are paid and he or she has not been suspended nor had their membership terminated.”

Membership privileges include, but are not restricted to the following: boat sticker purchase, boat dock rental, boat storage rental, building permit issuance, pool tag purchase, ramp key purchase, restaurant/bar access, clubhouse/shelter rental, and the use of lakes, playground, picnic areas and common areas.

For purposes of incorporating in one document those events or activities that would cause the suspension or termination of an Association membership, to include Association privileges, this “Painted Hills Membership Covenant and Privileges Policy” has been established and approved by the Association’s Board of Directors at its September 17, 2007 meeting.

A. Events and Activities Causing Suspension of Privileges – No Board Approval Required

1. Failure to pay in full annual dues on or before May of each calendar year. (To include any legal fees applied to members with delinquent annual dues more than 60 days past due.)
2. Failure to pay in full, within 30 days after due date, assessments or other charges of a non-dues nature, which have been approved by the Board of Directors. (To include any legal fees applied to the collection processing of a delinquent payment.)

B. Events and Activities Causing Suspension of Privileges – Board Approval Required And Member Provided Opportunity to Appeal to Board Within Thirty Days

1. Violation of any building codes or other Architectural Committee rules that go unresolved for 30 days or more after written notification.
2. Failure to maintain an improved or unimproved lot in such a manner as to prevent its becoming unsightly. Violations require written notification with 30 days to resolve.

- 3. Any member or family member who has been found guilty of vandalizing property within the Painted Hills Association Subdivision. Suspension term to be decided by the Board of Directors.**
- 4. Inappropriate, aggressive and/or abusive behavior, or noxious or offensive activity by a member on Association property that goes unresolved for 30 days or more after written notification.**
- 5. Any other violation or failure to comply with the Association's Covenants, By-Laws or Rules and Regulations, after written notification without subsequent satisfactory remedy or correction; such violation or failure to be determined valid by the Board of Directors.**

C. Membership Suspension

The membership of any member may be terminated, in restrictive or in total, by and at the discretion of the Board of Directors, for repeated violations resulting in two or more suspensions of privileges.

Approved 9/17/2007

Painted Hills Boat Slip Rental Policy

Boat slips are made available for annual rental at both the Lake Holiday Marina and Clubhouse Marina. The fees for such rental are reviewed annually by the Lakes Committee and adjusted as needed so as to maintain an appropriate amount of revenue which may be used to maintain such slips and associated boardwalks.

In the event that all slips are rented, a waiting list will be maintained at the Painted Hills' office. Only members in good standing will be allowed on the waiting list. In order to be considered "in good standing," dues and fees must be current as of May 1st of each year. Should a member be on the waiting list but fall out of "good standing," their name will be removed from the list. Such member(s), could then, once their status of "good standing" is reinstated, be placed back on the list. They would not return to their previous location on the waiting list but be treated as a new entry on the waiting list.

Slips are available on a first come, first serve basis to all Painted Hills' members that are in good standing, and rental would be subject to criteria stated below:

Slips may be rented to all members in good standing who have registered their boat and purchased a boat sticker from the office except members that own lakefront property on Lake Holiday.

Only one rental slip is available per qualified member.

Members may not sublet their slip. Rental of slips can only be done through the Painted Hills' office. If a member chooses to no longer maintain their slip rental, they should notify the office so that the first member on the waiting list can be notified of slip availability.

Modifications, improvements, additions or subtractions to any marina slip or boardwalk can only be made at the direction of the Lakes Committee or the Painted Hills Board of Directors. Slip renters do not have the right to modify, in any way, the slip which they rent.

Any damage to slips or boardwalks by members and/or their guests is the responsibility of the member to report to the Office or Lakes Committee. Any negligent damage caused by members and/or their guests will be the responsibility of the member.

Slip assignments may be reassigned, as needed, by the Painted Hills' office, Board, or Lakes Committee. Reassignments would not be arbitrary or usual, but might be necessary for improvement, replacement or repair.

Approved 9/17/2007

Painted Hills Association, Inc.
4364 Rembrandt Dr.
Martinsville, Indiana 46151
765-342-6409
paintedhillsinc@comcast.net

Boat Slip Rental Agreement

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Slip assignments may be reassigned, as needed, by the Painted Hills' office, Board, or Lakes Committee. Reassignments would not be arbitrary or usual, but might be necessary for improvement, replacement or repair.

I agree to adhere to the above regulations.

Signature _____ Date _____

PAINTED HILLS ASSOCIATION, INC., INVESTMENT POLICY

PURPOSE

The purpose of this Investment Policy is to define the investment objectives of Painted Hills Association, Inc (“Association”). This Policy is to be utilized by the Association’s Finance Committee, and the Board of Directors as needed, in managing the depository and investment assets of the Association.

INVESTMENT OBJECTIVE

The primary investment objective for all depository and investment assets shall be the preservation of principal, with secondary emphasis on maximizing the return on those assets without undue exposure to risk while providing for asset liquidity when and as needed to support the Association’s expenditures.

INVESTMENT POLICY GOALS AND GUIDELINES

- 1. All depository funds shall be deposited in the Association’s name on a current basis, with a lending institution(s) approved by the Association’s Board of Directors. Whenever and wherever possible, such funds will be insured through the depository institution to the maximum level currently available by the Federal Deposit Insurance Corporation (“FDIC”) or by a Board of Directors’ approved insurance agent of the United States of America.**
- 2. In order to provide for the maximum level of FDIC or U.S. government insured asset coverage, excess investable funds should be “swept” daily into a special, managed investment account (s), where any funds in excess of \$100,000 can be deposited into participating FDIC-insured banking institutions within the specialized investment program. When such program is not available, the Board of directors should be advised of, and approve, the recommended alternative investment program.**
- 2. There shall be no investments in any securities, including U.S. government obligations, or private (non-U.S. government) debt obligations of any kind unless the Board of Directors subsequently approves of such investments.**

3. All Association banking relationships will be reviewed no less than annually by the Finance Committee for service quality, product satisfaction, interest rate competitiveness, and safety and soundness, with the review results reported to Board of Directors. At this review, the Finance Committee will also review alternative depository/investment options that may be available in the market at that point in time.

Approved 9/17/2007

PAINTED HILLS ASSOCIATION LIEN PLACEMENT POLICY

When a member's annual dues or assessments have become past due and the account has been handed over to the Association's corporate counsel, a decision will be made by counsel along with the Association Treasurer concerning whether it would be beneficial to record such a lien on the lot or lots. Factors to consider will include, but not be limited to, whether the whereabouts of the lot owner are known, the likelihood of collecting the account through small claims court, or otherwise, and the value and marketability of the lot. Should the Association's corporate counsel and the Treasurer agree that a lien should be recorded, such lien will be recorded by the Association's corporate attorney.

AMENDED & BOARD APPROVED 11/15/2010

CHECK/CASH DEPOSITING AND CASH RETENTION POLICY

1. CHECK DEPOSITING

Checks written to the account of Painted Hills Association, Inc (or some abbreviation thereof) will be deposited by the Office Manager/Assistant Manager no less frequently than weekly, regardless of the total amount being held, at the Association's approved bank of account and in the Association's name;

UNLESS the amount of all such checks being held at any one time totals \$10,000 or more, at which point the Office Manager/Assistant Manager will deposit such checks, within twenty four hours (forty eight hours on weekends), at the Association's approved bank of account and in the Association's name.

To minimize the risk of theft or loss, all checks received by the Office, payable to Painted Hills Association, Inc., are to be endorsed immediately with the Association's endorsement stamp for ultimate deposit to the account of the Association approved bank of account.

2. CASH DEPOSITING

It is understood that cash may be provided, from time to time, to the Association in the form of full or partial payment for dues or other member services, including fees. Such cash payment (not to be confused with the retention of "petty cash") will be deposited by the Office Manager/Assistant Manager no less frequently than weekly, regardless of amount, at the Association's approved bank of account and in the Association's name;

UNLESS the total amount of such cash being held at any one time totals \$500 or more, at which point the Office Manager/Assistant Manager will deposit such cash, within twenty four hours (forty eight hours on weekends), at the Association's approved bank of account and in the Association's name.

3. PETTY CASH RETENTION

a. Property Manager: In order to efficiently process the purchasing of small amounts (under \$100) of parts and accessories, etc. for the benefit of the Association, the Property Manager is approved to maintain under his control and responsibility up to \$100 in "petty cash" at any point in time. Within this \$100 limit, the Property Manager can, at his own discretion but for the account of the Association, purchase with cash up to and including \$50 worth of such parts and

accessories, with receipts for such purchase(s) to be turned in to the Office within forty eight hours of the transaction(s). Should such purchases exceed the \$50 discretionary limit, the Property Manager must receive pre-approval for such purchase(s) to be paid by cash, but in no instance can the cash amount of the purchase(s) be more than \$100. Regardless of the cash amount of the purchase(s), up to the \$100 limit, the Property Manager must submit to the Office expense receipts within forty eight hours of the transaction(s), upon which time the Property Manager will be reimbursed in the equivalent amount of cash, up to \$100, by the Office.

b. Association Office: In order to efficiently process small, cash related purchases, cash payments by members, or cash exchanges through the Association Office, the Office is approved to maintain under its control and responsibility up to \$ 150 in “petty cash” at any point in time. Such cash is to be retained in a safe and secure location within the Office. On a weekly basis, cash on hand in the Office is to be reconciled and balanced by the Office Manager/Assistant Manager to a reconciliation report, and subsequently verified and approved by an Association Officer.

Board Approval February 18, 2008

PAINTED HILLS ASSOCIATION GRIEVANCE POLICY

The Painted Hills Association, Inc. (hereinafter referred to as the “Association”) having determined that it is in the best interest of all concerned to encourage the amicable resolution of disputes between the Association and its Members now implements this grievance policy to assist Association Members with any grievances they may have with the Association.

GRIEVANCE PROCEDURE

The Member making a complaint (“The Aggrieved Party”) should reduce the grievance to writing by obtaining and filling out, in full, a Notice of Grievance Form. This Notice of Grievance Form can be obtained from the Painted Hills Association Office Manager. Once this form is completed, it should be submitted to the Association Office Manager either in person or by mail.

Upon receipt of the completed form, the Association Office Manager shall review it and assign it to the appropriate Association committee for resolution by forwarding it within seven days of its receipt to the committee’s Chairperson . If, in the judgment of the Association Office Manager, no committee is currently established to deal with the issue addressed in the Notice of Grievance, the Office Manager shall forward the Notice of Grievance to the Board President for review and resolution. Within thirty days (30) of the committee’s or Board President’s receipt of the grievance, a meeting shall be scheduled with the Aggrieved Party.

If the Grievance remains unresolved following the meeting with the appropriate committee or the Board President, then the Aggrieved Party may request to be heard by the Association Board of Directors. That request should be in writing. Once that written request is received, the Board of Directors shall place that matter on the agenda for the next monthly board meeting in an effort to resolve the issues addressed in the Notice of Grievance.

(adopted by the Board 12/21/09)

Security Gate Policy

Installation of a security gate must have the approval of the Painted Hills Architectural Committee and the Board of Directors. To obtain consideration, the property owners must meet the following criteria:

1. A Security Gate Agreement of Understanding must be signed. This Security Gate Agreement of Understanding shall be recorded in the office of the Recorder of Morgan County.
2. Only cul-de-sac or dead-end roads will qualify. The entire road must be gated. Gating only a portion of the cul-de-sac or dead-end road will not be allowed.
3. All property owners' lots bordering the road must unanimously agree to the security gate.
4. The security gate must be constructed and maintained by the property owners to the satisfaction of the Painted Hills Board of Directors.
5. The security gate will be wired for lighting and access. Gate access and code procedures will be for emergency services, i.e. police, fire, and ambulance. Also for utility, trash, visitors, etc. In case of power failure, the gate will have battery back up to automatically open. Current codes and access plans will remain on file in the Painted Hills Office. The Board will conduct periodic checks.
6. Affected property owners will assume all road, ditch, drainage maintenance, including but not limited to, patching blacktop/paving and snow removal, etc. Maintenance will be monitored and inspected by the Painted Hills Board of Directors.
7. Painted Hills Homeowners Association will retain control of the road and will make regular inspections to insure that the road is being satisfactorily maintained.
8. Any future property sales will require that the new property owners will assume all conditions and responsibilities stated in the Security Gate Agreement of Understanding.
9. Non-compliance of these criteria can result in gate removal at property owner expense.

PAINTED HILLS EXPENDITURE POLICY

The purpose of this Expenditure Policy is to provide the policy guidelines by which Board members, Committees and/or Officers of Painted Hills Association (“Association”), under Board approval, enter into agreements with contractors, sub-contractors, companies or other entities to provide product and/or services to the Association upon request.

PROJECT BIDDING REQUIREMENTS

 \$ Under \$5,000 - a minimum of one qualified bid is required.

 \$ \$5,000 to \$19,999 - a minimum of two qualified bids are required.

 \$ \$20,000 and Above - a minimum of three qualified bids are required.

QUALIFIED BIDDERS

Any entity bidding on a project for the Association must be qualified and experienced in the specific work to be performed, be capable of providing references and/or lists of similarly completed projects upon Association request, and provide proof of insurance.

BOARD DOCUMENTATION

When a Board member, Committee or Officer is requesting Board approval for a specific project, the Board will be provided in advance, or at the Board meeting, with copies of all qualified bids for their review and subsequent approval consideration. This requirement is also appropriate for email approval requests.

The Association Office will subsequently, and in a timely manner, be provided with copies of all qualified bids that were considered under a specific Board approved project, and these copies will be made available to Association members, upon their request, for review in the Office.

BID MODIFICATION CONSIDERATION

The Association is a private entity. We reserve the right to analyze all bids for scope, clarity, completeness and value. If a bidder is allowed to modify a proposal for scope of work and/or pricing, prior to Board approval, then all qualified bidders who entered bids will be allowed an opportunity to also resubmit their proposals.

(ADOPTED 3/2011)

**POSITION DESCRIPTION
PAINTED HILLS ASSOCIATION, INC**

POSITION: OFFICE MANAGER

REPORTS TO: ASSOCIATION PRESIDENT

OFFICE HOURS: Office must be open a minimum of three days a week, throughout the year, with annual adjustments for seasonal adaptations. Office hours require approval/amendment by either the Association President, Executive Committee or the Board.

OVERVIEW: To effectively manage the functional responsibilities of the Association's Office, including the administrative, financial and member services functions. In addition, to effectively supervise an Office assistant when and as this person is employed.

MINIMUM POSITION REQUIREMENTS

1. Effective communication skills (in-person, telephone, email and written forms).
2. Good organizational, responsiveness, planning and time management skills.
3. Proven computer/computer software abilities, including Microsoft Office Suite (such as Word, Excel, PowerPoint, etc.) with a preference for prior Quick Books experience.
4. Flexibility with working hours critical to adjust to periodic peak workload responsibilities.
5. Previous experience with office equipment such as telephone, duplicating machines, facsimile, and calculation equipment required.
6. Previous supervisory/management experience preferred, especially in an office environment.
7. Minimum of a high school education, with additional training or experience in office administration or similar application preferred.
8. Ability to maintain Association's website, or to provide effective coordination with Association's designated webmaster is required.

SPECIFIC RESPONSIBILITIES INCLUDE:

ADMINISTRATIVE FUNCTIONS

1. Maintain a continuously updated and current listing of membership, including lot number, mailing addresses, and telephone numbers.
2. Maintain a continuously updated and current Association Handbook and Telephone Directory on the Office computer. Retain at least five (5) copies of both, in written format, at all times to respond to member requests.

- 3. Office Manager/Office Assistant will be present in the Office at least one hour prior to the scheduled hours that Office is to be open to the membership, with the exception of Saturday hours when the Office Manager/Office Assistant will arrive by 9:00am. This time is to be efficiently used to process checks, update records, respond to Board requests, etc. when timeliness and focus of attention is critical to accurately processing administrative duties.**
- 4. Prepare monthly Board or Committee documentation as required in a timely manner, including copying and appropriate distribution. Arrange tables and seating in the Clubhouse as appropriate for each Board meeting in advance of meeting time.**
- 5. On a annual basis, or more frequently if needed, and in coordination and at the request of the respective Committee Chairperson, assist in the ordering of boat stickers, car stickers, membership cards, pool pins and any other items necessary to the orderly operation of the Association.**
- 6. Maintain all records, including digital and paper files, and other Association information as needed for the effective operation of the Association. Provide archive/backup digital files for electronic information per policy/procedure. (Note: specifics on policy/procedure here needed)**
- 7. Provide active communication link with Property Manager regarding status of existing projects as well as Board/Committee-requested new projects.**
- 8. Organize (?), transmit (?) and bill advertisers annually (?) for space in the Signpost and the Telephone Directory.**
- 9. Proof, label, assemble and mail the Signpost newsletter to the membership and others, as appropriate, on a quarterly basis. Final proofing to be by an Association Officer.**
- 10. Revise, proof, and assemble the Association's Telephone Directory for distribution to the membership and others, as appropriate, on an annual and timely basis. Final proofing to be conducted by an Association Officer.**
- 11. Coordinate the printing and mailing of any other Association information to the membership as required, including the annual Board of Directors election and the Annual Meeting.**
- 12. Maintain on a current basis a listing of volunteer members, and by project application where possible.**
- 13. Assure that the security cameras are operative during Office hours, and advise the Security Committee if there are any camera problems. Provide immediate notification to the Security Committee when a member contacts the Office with a problem.**
- 14. Maintain the office environment in a clean and orderly manner.**
- 15. Maintain flexibility to work, when at all possible, for additional hours during the year to complete required or requested tasks within the agreed upon timeframe.**
- 16. Supervise part-time Office assistance in an effective and responsible manner.**

17. Retain Association documentation such as member files and records, banking statements, tax filings, contracts, etc. for a period of seven (7) years, or longer as required by law or as specifically advised by the Association's legal counsel.
18. Function as temporary Board Secretary when Secretary is unavailable.
19. Assure that annual dues billings are mailed to current membership no later than March 1 of each year.
20. As it relates to the Pool function, assure that the proper accident report is filed with the Indiana Department of Health within 10 days of any injury requiring attention of a medical doctor or technician. Copies to be maintained by the Office.
21. Provide assistance or support in other areas as appropriate and/or requested.

FINANCIAL FUNCTIONS

1. Maintain Association financial statements and charts of account in a correct and accurate manner, including the timely posting of all entries to Quick Books.
2. Process all Association receivables and payables in a timely and accurate manner, and in accordance with current policies and procedures.
3. Maintain and assure adherence to the Association policies and procedures for the issuance of checks, the depositing of checks and cash, and the maintenance of "cash on hand" in the Office and with the Property Manager. (Note: the last two areas still need to have written policy/procedures developed)
4. Administer the Association's payroll processing in a timely and accurate manner, including related employment taxes and withholdings.
5. Administer the Association's semiannual property tax and quarterly federal/state/local estimated tax payments in a timely and accurate manner, and coordinate with the Treasurer and Association CPA with regard to the annual state and federal tax filings.
6. Provide assistance to the Association Treasurer and Legal Counsel in the identification, documentation, verification and correspondence with delinquent members of the Association.
7. Act as the principal operational contact with the Association's bank(s) of account and, in coordination with the Treasurer, manage such bank accounts in a manner to maximize the Association's interest income.
8. Act as one of the Association's designated signatories with regard to the operation of banking accounts and any other deposit-related functions.
9. Assist Association Treasurer and any other Board member or chairperson in the annual preparation, revision, and maintenance of the annual budget.
10. Provide assistance or support in other financial areas as appropriate and/or requested.

MEMBER SERVICES

1. Maintain a current certification as Notary Public and perform related functions for Association members and Board/officers as appropriate and requested.

2. Provide fax and document copying services to members in accordance with established policy and procedures.
3. Provide electronic and written copies of Association Handbook, Telephone Book and Signpost as appropriate and requested.
4. Function as the Association's primary contact and clearinghouse for general member and potential member questions and requests, as well as other organizations, businesses, building and other contractors, etc. with inquiries on the Association. Direct unanswered questions to the appropriate Association Board member, Committee Chairperson or Officer as appropriate for response and resolution.
5. Maintain a prudent sense of confidentiality and discretion at all times when responding to inquiries about Association members or the Association itself. (When in doubt, contact the Association President, another Board member or Officer for guidance.)
6. Maintain a current list of service providers to the Association community for response to member inquiry. (Examples: trash removal, utility providers, real estate agents active in community, mowing services, propane gas, etc.)
7. To the best of the Office Manager's ability, maintain a current listing of lots and homes available for sale in the Association for response to inquiry.
8. Maintain a current scheduling of rental dates for Association's clubhouse and/or shelter house facilities. Coordinate such rentals with appropriate Association personnel as needed.
9. Maintain a current listing of Association dock renters by dock number (??), as well as a current wait listing of those who wish to rent docks.
10. Maintain a current listing of Association boat storage renters, as well as a current wait listing of those who wish to rent boat storage space.
11. Maintain the Association's bulletin boards in a current and attractive manner.
12. Provide assistance or support in other Member Services areas as appropriate and/or requested.

WAGE SCALE: To be established on an hourly basis at the time of hire, and approved by the Association Board. Thereafter, any adjustment to the Office Manager's hourly wage is to be considered on an annual basis in conjunction with the position's annual review, with any recommended adjustment to be approved by the Association Board. This position is not eligible for benefits such as paid health insurance, and paid vacations and sick time.

**POSITION DESCRIPTION
PAINTED HILLS ASSOCIATION, INC.**

POSITION: POOL LIFEGUARD

REPORTS TO: CHAIRPERSON – POOL

OVERVIEW: To provide pool safety oversight during operating hours, to open and close as scheduled, and to check and maintain pool chemicals at acceptable levels.

MINIMUM POSITION REQUIREMENTS:

1. Must be age 16 or older.
2. Must be certified in the following: Lifeguard Training and First Aid, CPR for Professional Rescuer, and AED (“Artificial External Defibrillator-Adult”).
3. Previous lifeguard experience preferred.

SPECIFIC RESPONSIBILITIES INCLUDE:

1. Opening lifeguard must arrive 30 minutes prior to pool opening to check chemical levels of pool, and add chemicals as appropriate. **In addition, pool lifeguards will provide pool water testing, on a daily, weekly or as needed basis, in accordance with Title 410 of the Indiana State Department of Health rule for the “health, safety and operating of public and semi-public swimming pools”.**
2. Assure that all accident forms, time cards, pool and rescue equipment are available.
3. Sweep, vacuum and/or skim any debris from pool.
4. Assure that restrooms are unlocked and ready for use.
5. Maintain a continuous watch of both the pool and diving areas.
6. Clear pool of swimmers when taking 15 minute break periods. (Additional break periods to be taken if weather requires.)
7. Immediately report any pool or pool area injuries to a) Emergency Medical personnel, depending on seriousness of accident, and to b) Pool Committee chairperson or other Board member in chairperson’s absence, as well as to Office Manager. Complete the “Accident Report” currently as appropriate and submit to Pool Committee chairperson with a copy to the Office Manager.
8. Closing lifeguard must arrive 30 minutes prior to other guards shift end in order to be notified about any problems or issues that may have occurred.

9. Upon the closing of the pool the lifeguard will:
 - a. Realign all chairs in pool area and pick up any debris from deck area.
 - b. Check chemical levels of pool water and add chemicals as appropriate.
 - c. Secure all pool equipment and rescue equipment into the pool house.

 - d. Check bathrooms for occupancy, secure area, turn out lights and lock doors.
 - e. Check schedule for next work assignment and lock all gates to the pool area.
10. Assure maintenance of a low level of audio equipment so as not to distract other pool guests.
11. When lifeguard observes an unruly guest within the pool area, contact a member of the Security Committee for resolution.

WAGE SCALE: To be determined annually by the Pool Committee chairperson and/or Pool Committee under approval of the Association Board of Directors.

(January 2008)

**POSITION DESCRIPTION
PAINTED HILLS ASSOCIATION, INC.**

POSITION: PROPERTY MANAGER

REPORTS TO: CHAIRPERSON – ROADS/GROUNDS

OVERVIEW: To maintain in a cost effective manner all grounds and property owned by Painted Hills Association, including Association-owned roads, lakes, clubhouse, common areas, and equipment. In addition, to provide assistance to Association committee projects as needed. This position reports directly to the Chairperson of the Roads & Grounds Committee.

MINIMUM POSITION REQUIREMENTS:

1. Must be able to operate larger equipment such as tractors, mowers, snow plows, dump truck, etc.
2. Must be available in winter for all snow events.
3. Previous experience in property maintenance and repair preferred.

SPECIFIC RESPONSIBILITIES INCLUDE:

1. Mowing all normally mowed Association grounds.
2. Plowing snow from Association roadways as needed, and salt/sand same as necessary.
3. Maintaining Association park equipment in a usable manner.
4. Maintaining Clubhouse property in an acceptable manner, including decks, railings, walkways, landscaping, etc.
5. Supporting pool startup and winterizing programs.
6. Maintaining Association docks in a useable manner.
7. Maintaining Association barns and equipment in an acceptable and usable manner.
8. Maintaining beach area in a useable and attractive manner.
9. Maintaining Association roads, ditches and right of ways in acceptable manner.
10. Coordinating the use of contractors in conjunction with Committee Chairpersons.
11. Coordinating work and/or assisting in projects involving volunteer members.
12. Providing support as appropriate in other Association-directed activities.

COMPENSATION AND PERFORMANCE REVIEW

- 1. The Property Manager position is a full-time (forty hour work week), salaried position with the salary to be paid on a weekly basis. The yearly salary amount will be recommended by the Roads & Grounds Chairperson and approved by the Association Board on an annual basis, to be effective May 1 of each year. Annual salary adjustments will be supported by a written, annual review.**
- 3. The Association will pay vacation time as follows:**
 - One full week after one full year of satisfactory performance.**
 - Two full weeks after three consecutive, full years of satisfactory performance.**
- 3. The Association will pay holiday time for the following annual holidays: Christmas, New Year's Day, Memorial Day, July 4, Labor Day and Thanksgiving.**
- 4. The Association will permit a total of six (6) days of sick or personal time-off per year, with pay, as approved by the Roads & Grounds Chairperson (or the Association President in his absence). Requests for additional sick or personal time-off in any given year will require the approval of the Association Board.**
- 5. The Property Manager will submit weekly time sheets to the Association office.**
- 6. Hours worked over forty hours per week during snow plowing seasons, or as directed by the Board, will be compensated with "like time" off, as approved by the Chairperson of the Roads & Grounds Committee.**
- 7. An "Employment Agreement for Painted Hills Property Manager" is required for this position.**

January 2008

**POSITION DESCRIPTION
PAINTED HILLS ASSOCIATION, INC.**

POSITION : TREASURER

OVERVIEW: The Treasurer, or his designee, shall keep a correct and complete record of account showing accurately at all times the financial condition of the Corporation. He shall be the legal custodian of all monies, notes, securities, and other valuables which may from time to time come into the possession of the Corporation. He or his designee shall immediately deposit all funds of the Corporation coming into his hands into some reliable bank or other depository to be designated by the Board of Directors and shall keep such bank account in the name of the Corporation. He shall furnish at the meeting of members, or Board of Directors, or whenever required, a statement of the financial condition of the Corporation and shall perform such other duties as the Corporation's Code of By-Laws may require or the Board of Directors may prescribe. The Treasurer may be requested to furnish a bond in such amount as shall be deemed sufficient by the Board of Directors.

SPECIFIC RESPONSIBILITIES INCLUDE:

1. Assuring the accuracy and timeliness of monthly, year-to-date, and annual financial statements, or other financial reports as deemed appropriate and as requested.
2. As required, interviewing candidates and recommending to Board of Directors an acceptable financial depository for the Corporation's monies. Act as the primary Corporation contact with that financial depository. On an annual basis, conducting a "due diligence" review of existing depository for determination of financial stability.
3. When deemed appropriate by Board of Directors, interviewing candidates and recommending a financial institution for the provision of borrowing facilities, to include line(s) of credit, loans, or other financial borrowing facilities and/or needs. Act as the primary Corporation contact with that financial institution, to include coordinating the renewal of such facility(ies).
4. The depositing of cash and/or checks as received on a timely basis, by the Treasurer or his designee, with the approved financial depository in accordance with operating procedure.

- 5. Effectively managing the delinquent member accounts of the Corporation with the intent to reduce the past due accounts to their lowest possible level. Coordinate collection efforts with the Office Manger as well as the Association's collection attorney), negotiate settlements as required and in compliance with Board of Directors guidance, and charge-off non-collectable accounts in accordance to Corporation's Charge-off Policy.**
- 6. Effectively managing the insurance coverage for the Corporation to assure that the premium price is competitive and acceptable coverage limits are in place to protect the Corporation, its Board of Directors and members. Negotiate new or amended coverage as requested or deemed appropriate. When appropriate, solicit up to two new insurance bids to assure that member's monies are being prudently spent.**
- 7. As required, interviewing candidates and recommending to Board of Directors a Certified Public Accountant (CPA) to prepare the Corporation's annual tax filings, as well as provide tax advice as needed. Act as the primary Corporation contact with that CPA, to include the preparation and submission of the annual state and federal tax filings.**
- 8. Coordinating the annual budgeting program and/or multi-year forecasting review, under the direction of the Corporation's President. Conduct monthly reviews of performance versus budget for Corporation, as well as by Committee, and report to Board of Directors on a monthly basis as appropriate.**
- 9. Providing financial, policy, and procedural support or response as requested by the Board of Directors, Committee Chairpersons, members, or others as appropriate.**

(Revised 1-07-08)

**POSITION DESCRIPTION
PAINTED HILLS ASSOCIATION, INC.**

POSITION: PRESIDENT

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

SPECIFIC RESPONSIBILITIES INCLUDE:

- 1. Oversee Office Manager and Assistant, including when necessary interviewing, hiring, and recommending compensation, with the approval of the Board of Directors.**
- 2. Insure weekly signature of checks by an officer of the Corporation.**
- 3. Serve as Chairman of the Executive Committee. Also serve as a member of the Finance and Annual Meeting Committees.**
- 4. Direct the Association's Five Year Planning process through the appropriate committee(s).**
- 5. Respond to questions and issues raised by the members in a timely and appropriate manner.**
- 6. Communicate with members through newsletters in the "Signpost" and other times when situations dictate it necessary.**
- 7. Recommend and appoint, as necessary, auxiliary committees and committee heads.**

(November 2009)

