

**CODE OF REGULATIONS
OF
WINDING CREEK (AKA CARRIAGE HILL) COMMUNITY ASSOCIATION**

ARTICLE I.

NAME AND LOCATION

The name of the corporation is Winding Creek (aka Carriage Hill) Community Association hereinafter referred to as the "Association". The principal office of the corporation shall be located in Liberty Township, Butler County, Ohio, but meetings of Members and Directors may be held at such places within or without the State of Ohio, as may be designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

Section 2.1 "Declaration" shall mean and refer to the Amended and Restated Declaration of Easements, Covenants, Conditions and Restrictions for Winding Creek (aka Carriage Hill) Subdivision recorded on _____, 2011, in Official Record Book _____, Page _____ of the Butler County, Ohio Recorder's Office, as the same may be amended from time to time, which currently encumbers the real property more particularly described on Exhibit A attached hereto.

Section 2.2 As used in this Code of Regulations (these "Regulations"), the terms "Association", "Board", "Common Property", "Developer", "Lot", "Member", "Owner", "Property", and any other defined term in these Regulations not otherwise defined herein shall have the same meaning as each is defined to have in the Declaration.

ARTICLE III.

PURPOSE

The specific purposes for which the Association is formed are (i) to provide for the maintenance, preservation, and control of the Common Property in the planned community of

Winding Creek (aka Carriage Hill) Subdivision (the "Subdivision"); (ii) to promote the health, safety, and welfare of the Owners and users of the Subdivision; and (iii) for such other purposes for which the Association is formed as specified in the Declaration.

ARTICLE IV.

ASSENT

All present or future Owners, their families, present or future tenants, and their guests and invitees, and any other person using the facilities of the Subdivision in any manner are subject to the Association Documents, including these Regulations and any rules adopted by the Board of Directors. The acquisition or rental of any of the Lots in the Subdivision or the occupancy of any of the Lots will constitute ratification and acceptance of these Regulations and an agreement to comply with those rules.

ARTICLE V.

MEMBERSHIP

Section 5.1 Membership. Ownership of a Lot is required in order to qualify for membership in the Association.

Section 5.2 Responsibilities of Members. Any person, including Developer, on becoming an Owner, will automatically become a Member and be subject to these Regulations. Such membership will terminate without any formal Association action whenever such person ceases to own a Lot, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Declaration or in any way connected with the Association during the period of such ownership, or impair any rights or remedies which the Board of Directors or others may have against such former Owner arising out of ownership of the Lot and membership in the Association and the covenants and obligations incident thereto.

Section 5.3 Membership Certificates. No certificates of stock will be issued by the Association, but the Board of Directors may, if it so elects, issue membership cards to Owners. Such membership card will be surrendered to the Secretary of the Association whenever ownership of the Lot designated on the card will terminate.

Section 5.4 Classes of Membership. Initially, the Association will have one class of voting membership, composed of all Owners, including Developer. The Board may establish additional classes of membership from time to time.

Section 5.5 Voting Privileges. All Members will be entitled to vote on Association matters on the basis of one vote for each Lot owned; however, the Developer shall maintain control over all matters of the Association until such time as the Developer has formally turned over the Association to the Members or the Developer no longer has ownership of a Lot.

When more than one person holds an interest in any Lot, all such persons will be Members. The vote for such Lot will be exercised by one person or alternative persons as the Owners among themselves determine. If more than one of the multiple Owners of a Lot are present at a meeting in person or by proxy, the vote allocated to their Lot may be cast only in accordance with the agreement of a majority in interest of the Owners of such Lot. There is majority agreement if any one of the multiple Owners casts the vote allocated to his Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

Any Owner of a Lot that is leased may assign his voting right to the tenant, provided that the tenant is appointed to vote on behalf of the Owner by proxy and the proxy is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right.

Section 5.6 Proof of Membership. Any person or entity, on becoming an Owner, will furnish to the Manager or to the Secretary of the Association a photocopy or a certified copy of the recorded instrument vesting that person or entity with an ownership interest, which instrument will remain in the files of the Association. An Owner will not be deemed a Member of the Association in good standing and will not be entitled to vote at any annual or special meeting of the Members unless this requirement is first met.

ARTICLE VI.

MEETING OF MEMBERS

Section 6.1 Annual Meeting. An annual meeting of Members shall be held for the election of Directors, the consideration of reports to be laid before such meeting, and such other business as may come before the meeting. The regular annual meetings of the Members shall be held on the first Monday of March of each year, at the hour of 7:30 p.m., or at such other date and time designated by the President. In the event that an annual meeting is omitted by oversight or otherwise, the Directors shall cause a meeting in lieu thereof to be held as soon as practicable and any business transacted or elections held at such meeting shall be as valid as if transacted or held at the annual meeting. Such meeting shall be called and notice thereof given in the same manner as the annual meeting.

Section 6.2 Special Meetings. Special meetings of the Members may be called at any time by the President, a majority of the Board of Directors acting with or without a meeting, or upon written request of a majority of the Members entitled to vote at the meeting.

Section 6.3 Waiver of Notice. Any Member may waive in writing notice of the time, place, and purposes of any meeting of Members, either before or after the holding of such meeting. Such writing shall be filed with or entered upon the records of the meeting. The attendance of any Member at any such meeting without protesting, prior to or at the

commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by him of notice of such meeting.

Section 6.4 Notice of Meetings. Except as otherwise provided in the Declaration, written notice of each meeting of the Members shall be given by, or at the direction of the Secretary or person authorized to call the meeting, by mailing or delivering a copy of such notice, not less than 10 nor more than 60 days before the date of the meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the purpose of the meeting.

Section 6.5 Quorum. The presence at the meeting of Members and/or proxies entitled to cast thirty percent (30%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation of the Association, the Declaration or these Regulations. If however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6.6 Adjourned Meetings. If, at any regular or special meeting of the Members of the Association, there be less than a quorum present, a majority of those Members present and entitled to vote may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called, at which time the quorum requirement shall be fifteen percent (15%) of the votes of the membership of the Association, and any business which might lawfully have been transacted at the meeting as originally called may be transacted without further notice.

Section 6.7 Actions Binding on Members. A majority of votes intended to be cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles of Incorporation of the Association, or these Regulations.

Section 6.8 Majority of Owners. As used in these Regulations, the term "majority" will mean those votes, Owners, or other groups as the context may indicate totaling more than 50% of the total number.

Section 6.9 Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6.10 Designation of Voting Representative by Non-Individual Owners-Requirement for Proxy. If title to a Lot is held in whole or in part by a firm, corporation,

partnership, association, or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary of the Association, and appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and to cast the vote allocated to that Lot at the meeting.

Section 6.11 Designation of Voting Representative by Multiple Owners; Use of Proxy. If title to a Lot is held by more than one Owner, each Owner may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association.

Section 6.12 Voting. The vote of the majority of those present, either in person or by proxy, shall decide any questions brought before the meeting, unless the question is one upon which a different vote is required by provision of the laws of Ohio, the Declaration, the Articles of Incorporation of the Association or these Regulations.

Section 6.13 Suspension of Voting Privileges. No Member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books of the Association to be more than thirty (30) days delinquent in the payment of any Assessment due the Association.

Section 6.14 Action Without a Meeting. Any action which may be authorized or taken at a meeting of the Members may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing or writings signed by, all the Members who would be entitled to notice of a meeting for such purpose, or such other proportion or number of voting Members, not less than a majority, as the Articles of Incorporation of the Association or these Regulations permit. Any such writing shall be filed with or entered upon the records of the Association.

ARTICLE VII.

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 7.1 Number. The affairs of this Association shall be managed by a Board of Directors who, except for Directors appointed or elected by Developer, shall be Members of the Association. The Board of Directors shall consist of not less than three (3) and not more than five (5) individuals, as determined from time-to-time by the Developer (as long as the Developer remains the Owner of a Lot and has not formally turned over the Association to the Members) or by resolution of the Members.

Section 7.2 Term of Office; Resignations. Each Director shall be appointed to a three (3) year term, which terms shall be staggered. In order to appropriately stagger the terms of the Directors, the following Directors are elected for the following initial terms beginning on the effective date of these Regulations and ending on the dates set forth below:

<u>Name</u>	<u>Term Ending</u>
Patty Terry	12/31/2012
Todd Terry	12/31/2013
Randy Terry	12/31/2014
Lisa Terry	12/31/2014

Each Director shall hold office until his or her successor is appointed or until his or her earlier resignation, removal from office or death. As long as Developer shall remain the Owner of a Lot, Developer reserves the right to appoint the successor to any Director appointed by Developer. Any Director may resign at any time by oral statement to that effect made at a meeting of the Board of Directors or in writing to that effect delivered to the Secretary of the Association; such resignation shall take effect immediately or at such other time as the Director may specify. Notwithstanding anything contained herein to the contrary, the terms of at least one fifth (1/5) of the Directors shall expire annually.

Section 7.3 Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. However, any Director elected or appointed by the Developer may only be removed by the Developer and his successor may only be appointed by Developer, to serve for the unexpired term.

Section 7.4 Compensation. Members of the Board of Directors shall serve without compensation. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 7.5 Vacancies. In case of a vacancy in the Board of Directors, the remaining Directors by a unanimous vote may elect a successor who shall hold office for the unexpired term. If the number of Directors should at any time be less than the number necessary to constitute a quorum, or the remaining Directors fail to agree promptly on a successor, then a special meeting of the Members shall be called and held for the purpose of electing Directors.

ARTICLE VIII.

NOMINATION AND ELECTION OF DIRECTORS

Section 8.1 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors sixty (60) days prior to each

annual meeting of the Members, to serve from the time of appointment until the close of the next annual meeting of the Members, and such appointment shall be announced at the next regular Board meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 8.2 Election. Election to the Board of Directors shall be by secret written ballot at each and every annual meeting of the Members. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and Section 6.12 of Article VI of these Regulations. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Notwithstanding the foregoing or anything contained herein to the contrary, as long as Developer shall remain the Owner of a Lot, Developer shall have the right to appoint all Directors; provided, however, that Developer shall have the right, at any time, to relinquish its right to appoint the Directors.

ARTICLE IX.

MEETINGS OF DIRECTORS

Section 9.1 Regular Meetings. The Board of Directors shall meet annually within thirty (30) days after the annual meeting of Members and, in addition to the annual meeting, may meet at regular meetings established as to time and place by resolution of the Board. Should any regular meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 9.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days' notice to each Director.

Section 9.3 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A Director shall be considered present at a duly held meeting if he is represented by proxy.

Section 9.4 Notice of Meeting(s). The Secretary shall give written notice either by personal delivery or by mail of the time and place of each meeting of Directors, other than the annual meeting, to each Director at least two days before the meeting. Directors' meetings may be held at any place designated in the notice, within or without the State of Ohio. If mailed, such notice shall be deemed to have been given when deposited in the mail. The notice need not specify the purposes of the meeting, and the Directors may consider any matter at any meeting. Notice of adjournment of a meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

Section 9.5 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board of Directors, any member of the Board may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the waiver of notice of such meeting.

Section 9.6 Committees. The Directors may create from time to time such committees, standing or special, and give them such powers and authority as they shall deem appropriate. The Directors may create an executive committee of not less than three Directors and delegate to such committee any or all of its powers, except the power to fill vacancies among the Directors or any committee of the Directors. Each committee shall serve at the pleasure of the Directors, shall act only in the intervals between meetings of the Directors, and shall be subject to the control and direction of the Directors.

Section 9.7 Action Taken Without a Meeting. Any action which may be authorized or taken at a meeting of the Directors may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing or writings signed by, all of the Directors who would be entitled to notice of a meeting for such purpose. Any such writing shall be filed with or entered upon the records of the corporation.

ARTICLE X.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 10.1 Powers. The Board of Directors shall have power to:

- I. adopt and publish rules and regulations governing the use of the Common Property and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- II. suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days, for infraction of published rules and regulations;
- III. exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Regulations, the Articles of Incorporation of the Association, or the Declaration;

- IV. declare the office of a member of the Board of Directors, except a member appointed by the Developer, to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- V. employ such independent contractors, and other employees as they deem necessary, and to prescribe their duties; and
- VI. exercise all other powers provided to the Board under Ohio law.

Section 10.2 Duties. In addition to the duties required by Ohio law, it shall be the duty of the Board of Directors to:

- I. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of Members, or at any special meeting when such statement is requested in writing by one-fifth (1/5) of each class of Members who are entitled to vote;
- II. supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- III. as more fully provided in the Declaration to:
 - A. fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period;
 - B. send written notice of each Assessment to every Owner subject thereto at least fifteen (15) days in advance of each Annual Assessment period;
 - C. levy and collect Special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All Special Assessments will be in statement form and will set forth in detail the various expenses for which the Special Assessments are being made;
 - D. levy and collect initial Reserve Fund contributions; and
 - E. foreclose the lien against any Lot for which Assessments are not paid within sixty (60) days after their due date or bring an action of law against the Owner personally obligated to pay the same, if the Board deems foreclosure or other action necessary.
- IV. issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. A

reasonable charge, not to exceed twenty dollars (\$20.00), may be made by the Board for the issuance of a certificate. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

- V. procure and maintain adequate liability and hazard insurance on property owned by the Association;
- VI. cause all officers having fiscal responsibilities to be bonded, as may be required by the Declaration;
- VII. keep in good order, condition, and repair all the Common Property, special features, landscape easements and all items of personal property, if any, used in the enjoyment of the Common Property. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Regulations;
- VIII. oversee the operation of the Design Review Board and enforce the decisions made by the Design Review Board;
- IX. borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Regulations and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary; provided, however, that the Board will not borrow more than \$50,000 or cause the Association to be indebted for more than \$50,000 at any one time without the prior approval of a majority of votes of Members present and voting in person or by proxy on the issue;
- X. enter into contracts within the scope of their duties and powers;
- XI. establish a bank account for the operating account of the Association and for all separate funds as required or deemed advisable by the Board of Directors;
- XII. cause any and all access roads, parking areas, and roadways in and to the Subdivision and across the Property to be maintained to the extent those facilities are within the jurisdiction or control of the Association, subject to the provisions of the Declaration; and
- XIII. cause the maintenance of the lawn, trees, shrubs, and other vegetation, and the sprinkler or other irrigation systems located on the Common Property for the benefit of the Members.

ARTICLE XI.

OFFICERS AND THEIR DUTIES

Section 11.1 Enumeration of Officers. The officers of this Association shall be a President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create. All officers shall at all times be members of the Board.

Section 11.2 Election of Officers. The election of officers shall take place at each annual meeting of the Board of Directors.

Section 11.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year and until his successor is elected or appointed.

Section 11.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 11.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 11.7 Multiple Offices. The office of Secretary and Treasurer may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Articles of Incorporation of the Association, or these Regulations to be executed, acknowledged, or verified by two or more officers. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 11.4 of this Article.

Section 11.8 Absence of Officers. In the absence of any officer of the Association or for any other reason the Directors may deem sufficient, the Directors may delegate any or all of the powers or duties of such officer to any other officer or to any Director.

Section 11.9 Compensation. Each officer shall receive such compensation for the performance of his duties as may be fixed from time to time by the Directors. He may also be reimbursed for his reasonable expenses incurred in the performance of his duties.

Section 11.10 Duties. The duties of the officers are as follows:

- I. President - The President shall be the chief executive officer of the Association and shall exercise supervision over the affairs of the Association and over its several officers subject to the control of the Directors. In the absence of or if a chairman of the board shall not have been elected, the President shall preside at all meetings of Members and all meetings of Directors. The President shall have such other powers and duties as the Directors may from time to time assign to him.
- II. Secretary - The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- III. Treasurer - The Treasurer shall receive and deposit in appropriate bank or savings and loan accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, keep proper books of accounts, cause annual reviews of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.
- IV. Assistant Officers - Assistant and subordinate officers shall perform such duties as the Directors or the President may prescribe.

ARTICLE XII.

COMMITTEES

The Board of Directors shall appoint a Nominating Committee, as provided in these Regulations. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XIII.

ACCOUNTS AND REPORTS

Section 13.1 Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- I. A segregation of accounting duties should be maintained, and disbursements by check in any amount greater than \$5,000 will require two signatures. Cash disbursements will be limited to amounts of \$200 or less.

- II. Cash accounts of the Association will not be commingled with any other accounts.
- III. No remuneration will be accepted by the Board of Directors or the Manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise (except that such persons may be employees of Developer during the period of Developer's control). Anything of value received will be for the benefit of the Association.
- IV. Any financial or other interest that the Manager or a member of the Board of Directors may have in any firm (other than Developer) providing goods or services to the Association will be disclosed promptly to the Board of Directors.
- V. Commencing at the end of the calendar quarter in which the first Lot is sold by Developer and closed, and continuing on a quarterly basis, financial reports will be prepared for the Board of Directors containing the following:
 - A. an income statement reflecting all income and expense activity for the preceding three months;
 - B. a balance sheet as of the last day of the quarter; and
 - C. a delinquency report listing all Owners who have been delinquent during the preceding three-month period in paying the initial Reserve Fund contribution or the periodic installments of Assessments and who remain delinquent at the time of the report, and describing the status of any action to collect such initial Reserve Fund contributions or installments which remain delinquent.
- VI. A balance sheet as of the last day of the Association's fiscal year and an operating statement for the fiscal year will be distributed to the Members. At the written request of an Owner or a holder, insurer or guarantor of a first mortgage on a Lot, such statements will be audited at the requesting party's expense. Any such audited statements will be delivered to any Owner requesting the report and to the Association upon payment of a reasonable fee for copying.
- VII. An account status report reflecting the status of all accounts in an "actual" versus "approved" budget format with a budget report reflecting any actual or pending obligations that are in excess of budgeted amounts by an amount exceeding the operating reserves or 10% of a major budget category (as distinct from a specific line item in an expanded chart of accounts) will be prepared for the Board periodically upon the Board's request and will be made available to all Members.

ARTICLE XIV.

INDEMNIFICATION

Section 14.1 Indemnification.

- I. To the fullest extent permitted by law, the Association may indemnify or agree to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed civil, criminal, administrative, or investigative action, suit, or proceeding, whether or not it is by or in the right of the Association, by reason of the fact that he is or was a Director, officer, employee, Member, manager, agent, or volunteer of the Association, or is or was serving at the request of the Association as a Director, officer, employee, Member, manager, agent, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding.
- II. To the extent that a Director, officer, employee, Member, manager, agent, or volunteer has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in Section 14.1(I) or in the defense of any claim, issue, or matter in such an action, suit, or proceeding, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection with that action, suit, or proceeding.

Section 14.2 Determination of Indemnification. Any indemnification permitted under Section 14.1 shall be made by the Association only as authorized in the specific case, upon a determination that indemnification of the Director, officer, employee, Member, manager, agent, or volunteer is proper in the circumstances because he has met the standard of conduct set forth in applicable law. Such determination shall be made in any of the following manners:

- (a) by a majority vote of a quorum consisting of Directors of the Association who were not and are not parties to or threatened with the action, suit, or proceeding referred to in Section 14.1;
- (b) whether or not a quorum as described in Section 14.2(a) is obtainable, and if a majority of a quorum of disinterested Directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with an attorney, who has been retained by or who has performed services for the Association or any person to be indemnified within the past five years;
- (c) by the Members; or

- (d) by the court of common pleas or the court in which the action, suit, or proceeding referred to in Section 14.1 was brought.

If an action or suit by or in the right of the Association is involved, any determination made by the disinterested Directors under Section 14.2(a) or by independent legal counsel under Section 14.2(b) shall be communicated promptly to the person who threatened or brought the action or suit by or in the right of the Association, and, within ten days after receipt of such notification, such person shall have the right to petition the court of common pleas or the court in which such action or suit was brought to review the reasonableness of such determination.

Section 14.3 Advancement of Expenses.

- I. Expenses, including attorney's fees, incurred by a Director, officer, employee, Member, manager, agent, or volunteer of the Association in defending any action, suit, or proceeding referred to in Section 14.1 may be paid by the Association as they are incurred, in advance of the final disposition of the action, suit, or proceeding, as authorized by the Directors in the specific case, upon receipt of an undertaking by or on behalf of the Director, officer, employee, Member, manager, agent, or volunteer to repay the amount if it ultimately is determined that he is not entitled to be indemnified by the Association under this Article XIV.
- II. Unless the only liability asserted against a Director in an action, suit, or proceeding referred to in Section 14.1 is pursuant to Section 1702.55 of the Ohio Revised Code, the expenses (including attorney's fees) incurred by a Director or volunteer in defending such action, suit, or proceeding shall be paid by the Association. Upon the request of the Director or volunteer, together with an undertaking by or on behalf of the Director or volunteer to repay the amount if it ultimately is determined that he is not entitled to be indemnified by the Association under this Article XIV, those expenses shall be paid as they are incurred, in advance of the final disposition of the action, suit, or proceeding. Notwithstanding the foregoing, the expenses (including attorney's fees) incurred by a Director or volunteer in defending an action, suit, or proceeding referred to in Section 14.1 shall not be paid by the Association upon the final disposition of the action, suit, or proceeding, or, if paid in advance of the final disposition of the action, suit, or proceeding, shall be repaid to the Association by the Director or volunteer, if it is proved, by clear and convincing evidence, in a court with jurisdiction, that the act or omission of the Director or volunteer was one undertaken with a deliberate intent to cause injury to the Association or if it was one undertaken with reckless disregard for the best interests of the Association.

Section 14.4 Insurance. The Association may purchase and maintain insurance, or furnish similar protection, including, but not limited to, trust funds, letters of credit, or self-insurance, for or on behalf of any person who is or was a Director, officer, employee, Member,

manager, agent, or volunteer of the Association, or is or was serving at the request of the Association as a Director, officer, employee, Member, manager, agent, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust, or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against that liability under this Article XIV. Insurance may be so purchased from or so maintained with a person in which the Association has a financial interest.

Section 14.5 Miscellaneous. The indemnification authorized by this Article XIV shall not be exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification, pursuant to the Articles of Incorporation of the Association, any agreement, a vote of Members or disinterested Directors, or otherwise, both as to action by a Director, officer, employee, Member, manager, agent, or volunteer in his official capacity and as to action in another capacity while holding his office or position; shall continue as to a person who has ceased to be a Director, officer, employee, Member, manager, agent, or volunteer; and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE XV.

AMENDMENTS

These Regulations may be amended at a regular or special meeting of the Members, by affirmative vote of a majority of the total number of votes held by each class of Members of the Association. All amendments shall be placed in the Association's minute book immediately following these Regulations.

ARTICLE XVI.

MISCELLANEOUS

Section 16.1 Books and Records. Subject to any limitations provided by Ohio law, the books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, and any holder, insurer or guarantor of a first mortgage on a Lot. The Declaration, the Articles of Incorporation of the Association and the Regulations of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 16.2 Fiscal Year. The fiscal year shall begin on the first day of January every year, except that the first fiscal year of the Association shall begin on the date of incorporation. The commencement date of the fiscal year herein established may be changed by the Board of Directors should corporate practice subsequently dictate.

Section 16.3 Execution of Association Documents. All notes, contracts, other documents, checks, and other drafts shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time designated by the Board of Directors.

Section 16.4 Conflict of Documents. In the case of any conflict between the Articles of Incorporation of the Association and these Regulations, the Articles of Incorporation of the Association shall control, and in the case of conflict between the Declaration and these Regulations, the Declaration shall control.

Section 16.5 Corporate Seal. The Association shall have no seal unless the Directors adopt a seal. If adopted, the seal shall be circular, about two (2) inches in diameter, and shall have the name of the Association engraved around the perimeter and the word "Seal" engraved across the diameter.

EXHIBIT "A"
PROPERTY

3017668.5