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CODE OF REGULATIONS

OF

THE TRAILS HOMES ASSOCIATION

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CODE OF REGULATIONS
OF
THE TRAILS HOMES ASSOCIATION

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CODE OF REGULATIONS
OF
THE TRAILS HOMES ASSOCIATION

ARTICLE I

DEFINITIONS

SECTION 1. Association. "Association" shall mean and refer to The Trails Homes Association, a not-for-profit corporation organized and existing under the laws of the State of Ohio.

SECTION 2. Properties. "Properties" shall mean and refer to The Trails Subdivision and the Unit Cluster Parcels appurtenant thereto, as described in the recorded Declaration of Covenants and Restrictions for The Trails Subdivision (the "Declaration"), and such additions thereto as may hereafter be brought within the jurisdiction of the Association as provided in Article V, Section 6 of these Regulations.

SECTION 3. Common Properties. "Common Properties" shall mean and refer to those areas of real property and common facilities relating thereto shown on any recorded subdivision plat of the Properties and intended to be devoted to the common use and enjoyment of the Owners of the Properties.

SECTION 4. Living Unit. "Living Unit" shall mean and refer to any building, or any portion of a building, or any unit of Condominium Property, situated within the Properties, designed and intended for use and occupancy as a residence by one family.

SECTION 5. Lot. "Lot" shall mean and refer to any subplot (whether or not improved with a residence) shown upon any recorded subdivision plat of the Properties, with the exception of the Common Properties as heretofore defined.

SECTION 6. Unit Cluster Parcel. "Unit Cluster Parcel" shall mean and refer to those areas of land shown on the plat of the Properties and intended to be devoted to the uses allowed by Section 1125.60 of the Codified Ordinances of the City of Strongsville, or any other ordinance regulating Single Family Detached Housing and Cluster Developments.

SECTION 7. Owner. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Living Unit situated upon the Properties, but shall not mean or refer to the mortgagee thereof, unless and until such mortgagee has acquired title pursuant to foreclosure, or any proceeding in lieu of foreclosure. The term "Owner of a Unit Cluster Parcel" shall include any Condominium Association or other entity organized pursuant to Chapter 5311 of the Ohio Revised Code, or any successor statute.

SECTION 8. Developer. "Developer" shall mean and refer to Terra Corporation, a corporation organized and existing under the laws of the State of Ohio, and its successors and assigns.

SECTION 9. Member. "Member" shall mean and refer to Developer, for so long as Developer owns any Lot, Unit Cluster Parcel or Living Unit, and all those Owners who are members of the Association as provided in Article II hereof.

SECTION 10. Member's Family. "Member's Family" shall mean and refer to the spouse and legal dependants of a Member who reside with the Member in his permanent residence at least three (3) months per year.

SECTION 11. Articles. "Articles" shall mean and refer to the Articles of Incorporation of the Association, as the same may be amended from time to time.

ARTICLE II

MEMBERSHIP

SECTION 1. Membership. Each person or entity who is a record Owner shall automatically be a Member of the Association, provided that any such person or entity who holds an interest in a Lot or Living Unit merely as a security for the payment of money or performance of an obligation shall not be a Member. When more than one person holds such interest or interests ("joint owners") in any Lot or Living Unit, all joint owners shall be Members, but for quorum, voting, consenting and all other rights of Membership, the joint owners of a Lot or Living Unit shall collectively be counted as a single Member and entitled to one (1) vote for each such Lot or Living Unit, which vote for such Lot or Living Unit shall be exercised as they, among themselves, agree. Each joint owners shall be jointly and severally liable for the payment of the assessments hereinafter provided with respect to the Lot or Living Unit owned by such joint owners. Developer shall be a Member so long as it is an Owner of a Lot or Living Unit.

SECTION 2. Rights Subject to Payment of Assessments. The rights and privileges accorded to a Member and a Member's Family hereby or by the Declaration are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each Owner of and becomes a lien upon the real property against which such assessments are made, as provided by Article V of the Declaration to which the Properties are subject.

SECTION 3. Suspension of Rights. The rights and privileges of each Member and each Member's Family are subject to assessments under Section 2 of this Article II, whether or not he be personally obligated to pay such assessments. Therefore, such rights and privileges may be suspended by action of the Trustees during the period when the assessments remain unpaid; but, upon payment of such assessments, the rights and privileges of the Member and the Member's Family shall be automatically restored. If the Trustees have adopted and published rules and regulations governing the use of the Common Properties and facilities, and the personal conduct of any person thereon, as provided in Article V, Section 2 of these Regulations, the Trustees may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE III

VOTING RIGHTS

SECTION 1. Classes of Membership. The Association shall have two classes of voting Membership:

CLASS A: Class A Members shall be all Members with the exception of the Developer. Class A Members shall be entitled to one vote for each Lot or Living Unit owned by them.

CLASS B: The Class B Member shall be Developer, its successors and assigns. The Class B Member shall be entitled to three votes for each Lot or Living Unit owned by it until December 31, 1982; after which time it will have one vote for each Lot or Living Unit owned by it.

ARTICLE IV

PROPERTY RIGHTS AND
RIGHTS OF ENJOYMENT

SECTION 1. Right of Enjoyment. Subject to the terms and conditions of the Declaration and these Regulations, each Member, and every person in the Member's Family, shall be entitled to the nonexclusive use and enjoyment of the Common Properties in common with all other Members, as provided by Article IV of the Declaration.

SECTION 2. Delegation of Rights. Any Member may delegate his rights of enjoyment in the Common Properties to his immediate household and guests or to any of his lessees who reside upon the Properties under a leasehold interest for a term of one (1) year or more. Such Member shall notify the Secretary in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension under Article II, Section 3 hereof, to the same extent as those of the Member, and are further subject to the reasonable rules and regulations of the Association governing the use of the Common Properties.

ARTICLE V

GENERAL POWERS OF
THE ASSOCIATION

SECTION 1. Payments from Assessment Funds. The Association shall pay out of the fund hereinafter provided for, the following:

(a) Care of Common Properties. Landscaping, gardening, snow removal, cleaning, maintenance, repair and replacements of the Common Properties and any of its facilities; the operation, maintenance and repair of any

recreational facilities on the Properties; a reasonable pro-rata share of the costs of operation, maintenance and repair of such other recreational areas and facilities as may be made available for the non-exclusive use of all Owners (whether or not located on the Properties); and such other common expenses as the Association shall determine are necessary and proper;

(b) Wages and Fees for Services. The services of any person or firm employed by the Association, including without limitation, the services of any person or persons required for the maintenance or operation of the Common Properties (including a recreation director, if any) and legal and/or accounting services, necessary and proper in the operation of the Properties or the enforcement of the Declaration and these Regulations and for the organization, operation and enforcement of the rights of the Association;

(c) Capital Additions and Improvements. The Association's powers herein enumerated shall be limited in that the Association shall have no authority to acquire and pay for out of the maintenance fund any capital additions and improvements, having a total cost in excess of One Thousand Dollars (\$ 1,000.00), nor shall the Association authorize any structural alterations, capital additions to, or capital improvements of the Common Properties requiring an expenditure in excess of One Thousand Dollars (\$ 1,000.00) without in each case the prior approval of the Members of the Association entitled to exercise a majority of the voting power of the Association;

(d) Liability Insurance. A policy or policies insuring the Association, the Board of Trustees and the Owners against any liability to the public or to the Owners of Lots or Living Units and their invitees or tenants, incident to the ownership and/or use of the Common Properties, the limits of which policy shall be reviewed annually;

(e) Workmen's Compensation. Workmen's Compensation Insurance to the extent necessary to comply with any applicable laws;

(f) Discharge of Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance levied against the Properties, or any part thereof, which may, in the opinion of the Board of Trustees of the Association, constitute a lien against the Common Properties rather than merely against the interests of particular Owners; it being understood, however, that the foregoing authority shall not be in limitation of any statutory provisions relating to the same subject matter. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Association by reason of said lien or liens shall be specifically assessed to said Owners;

(g) Additional Expenses. Any other materials, supplies, labor, services, maintenance, repairs, alterations, insurance or assessments which the Association is required to secure or pay for pursuant to the terms of the Declaration, these Regulations, or by law, or which, in the opinion of the Trustees, shall be necessary or proper for the maintenance and operation of the Properties or the enforcement of the Declaration or these Regulations.

SECTION 2. Rules and Regulations. The Board of Trustees of the Association may adopt reasonable rules and regulations and from time to time amend the same supplementing the rules and regulations set forth in the Declaration and these Regulations as it may deem advisable for the maintenance, conservation and beautification of the Properties and for the health, comfort, safety and general welfare of the Owners and occupants of the Properties. Written notice of such rules and regulations shall be given to all Owners. The Properties shall, at all times, be maintained subject to such rules and regulations. In the event such supplemental rules and regulations shall conflict with any provisions of the Declaration or of these Regulations, the provisions of the Declaration and of these Regulations shall govern.

SECTION 3. No Active Business to be Conducted for Profit. Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all the Owners or any of them.

SECTION 4. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board of Trustees and officers, from delegating to persons, firms or corporations of its choice, such duties and responsibilities of the Association as the Trustees of the Association shall, from time to time, specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

SECTION 5. Applicable Laws. The Association shall be subject to and governed by the provisions of any statutes adopted at any time and applicable to the Properties; provided, however, that all inconsistencies between or among the permissive provisions of any statute and any provision of the Declaration, the Articles or these Regulations shall be resolved in favor of the Declaration, the Articles or these Regulations, as the case may be. In the event of any conflict or inconsistency between the provisions of the Declaration and the Articles or Regulations of the Association, the terms and provisions of the Declaration shall prevail, and the Owners and all persons claiming through or under them covenant to vote in favor of such amendments to the Articles or Regulations as will remove such conflicts or inconsistencies.

SECTION 6. Additions to Properties and Membership. Real property additions to the Properties may be made only in accordance with the provisions of Article II, Section 2, of the Declaration. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and membership of the Association to such additions.

ARTICLE VI

BOARD OF TRUSTEES

SECTION 1. Number and Qualification. The affairs of the Association shall be managed by a board of not less than three (3) nor more than seven (7) Trustees (as may be fixed from time to time by vote of the Members holding at least two-thirds (2/3) of the voting power of the Association), all of whom must be Members of the Association.

SECTION 2. Election of Trustees; Vacancies. The Trustees shall be elected at each annual meeting of Members of the Association or at a special meeting called for the purpose of electing Trustees. At a meeting of Members of the Association at which Trustees are to be elected, only persons nominated as candidates shall be eligible for election as Trustees, and the candidates receiving the greatest number of votes shall be elected. In the event of the occurrence of any vacancy or vacancies in the Board of Trustees, however caused, the remaining Trustees, though less than a majority of the whole authorized number of Trustees, may, by the vote of a majority of their number, fill any such vacancy for the unexpired term.

SECTION 3. Term of Office, Resignations. Each Trustee shall hold office until the second annual meeting of the Members of the Association, following his election, and until his successor is elected, or until his earlier resignation, by removal from office or death. Any Trustee may resign at any time by oral statement to that effect made at a meeting of the Board of Trustees or in a writing to that effect to take effect immediately, or at such other time as the Trustee may specify. Members of the Board of Trustees shall serve without compensation. At the first annual meeting of the Members of the Association, the term of office of three Trustees shall be fixed so that such term will expire on the date of the following annual meeting of Members of the Association. At the expiration of such initial term of office of each respective Trustee, his successor shall be elected to serve for a term of two (2) years.

SECTION 4. Organization Meeting. Immediately after each annual meeting of the Association, the newly elected Trustees and those Trustees whose terms hold over shall hold an organization meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given to Members who are not Trustees.

SECTION 5. Regular Meetings. Regular meetings of the Board of Trustees may be held at such times and places as shall be determined by a majority of the Trustees; but at least four (4) such meetings shall be held during each fiscal year.

SECTION 6. Special Meetings. Special meetings of the Board of Trustees may be held at any time upon call by the President or any two Trustees. Written notice of the time and place of each such meeting shall be given to each Trustee, either by personal delivery or by mail, telegram or telephone at least two (2) days before the meeting, which notice need not specify the purpose of the meeting; provided, however, that attendance of any Trustee 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 and such notice may be waived in writing either before or after the holding of such meeting, by any Trustee, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting of the Trustees.

SECTION 7. Quorum; Adjournment. A quorum of the Board of Trustees shall consist of a majority of the Trustees then in office; provided that a majority of the Trustees present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment

need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board of Trustees at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration or in these Regulations.

SECTION 8. Removal of Trustees. At any regular or special meeting of Members of the Association duly called, at which a quorum shall be present, any one or more of the Trustees may be removed, with or without cause, by the vote of Members entitled to exercise at least seventy-five percent (75%) of the voting power of the Association, and a successor or successors to such Trustee or Trustees so removed shall thereupon be elected by the Members to fill the vacancy or vacancies thus created. Any Trustee whose removal has been proposed by the Members of the Association shall be given an opportunity to be heard at such meeting.

SECTION 9. Fidelity Bonds. The Board of Trustees shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the Association and shall be a common expense.

SECTION 10. Indemnification.

(a) The Association shall, in the case of any person who is or was an officer or Trustee, and may, in the case of any other person, indemnify any person who was or is a party or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he is or was a Trustee, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee or agent of another corporation, domestic or foreign, not-for-profit or for profit, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

(b) The Association shall, in the case of any person who is or was an officer or Trustee, and may, in the case of any other person, 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 action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Trustee, officer, employee or agent of the Association or is or was serving

at the request of the Association as a director, Trustee, officer, employee or agent of another corporation, domestic or foreign, not-for-profit or for profit, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless, and only to the extent that, the Court of Common Pleas, or the court in which such action or suit was brought, shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Common Pleas or such other court shall deem proper.

(c) To the extent that a director, Trustee, officer, employee or agent has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to hereinabove, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorneys' fees actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under paragraphs (a) and (b) above, unless ordered by a court, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, Trustee, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in said paragraphs. Such determination shall be made (1) by a majority vote of a quorum consisting of Trustees of the Association who were not and are not parties to or threatened with any such action, suit or proceeding, or (2) if such a quorum is not obtainable, or if a majority vote of a quorum of disinterested Trustees so directs, in a written opinion by independent legal counsel other than an attorney or a firm having associated with it 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, or (3) by the Members of the Association, or (4) by the Court of Common Pleas or the court in which such action, suit or proceeding was brought. Any determination made hereunder by the disinterested Trustees or by independent legal counsel shall be promptly communicated 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.

(e) Expenses, including attorneys' fees, incurred in defending any action, suit or proceeding referred to in paragraphs (a) and (b) above, may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Trustees in the specific case upon receipt of an undertaking by or on behalf of the director, Trustee, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized herein.

(f) The indemnification provided by this Section 10 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Articles or these Regulations or any agreement, vote of Members or disinterested Trustees, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, Trustee, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Association may purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, Trustee, officer, employee or agent of another corporation, domestic or foreign, not-for-profit or for profit, 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 such liability under this Section 10.

(h) As used in this Section 10, references to the Association include all constituent corporations or associations in a consolidation or merger and the new or surviving corporation, so that any person who is or was a Trustee, director, officer, employee or agent of such constituent corporation or association, or is or was serving at the request of such a constituent corporation or association as a director, Trustee, officer, employee or agent of another corporation, domestic or foreign, not-for-profit or for profit, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Section 10 with respect to the new or surviving corporation or association as he would if he had served the new or surviving corporation or association in the same capacity.

ARTICLE VII

OFFICERS

SECTION 1. Election and Designation of Officers. The Board of Trustees shall elect a President, a Vice-President, a Secretary and a Treasurer. The Board of Trustees may also appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in their judgment may be necessary. The President and the Treasurer shall be members of the Board of Trustees and all officers shall be members of the Association.

SECTION 2. Term of Office; Vacancies. The officers of the Association shall hold office until the next organizational meeting of the Board of Trustees and until their successors are elected, except in the case of resignation, removal from office or death. The Board of Trustees may remove any officer at any time, with or without cause, by a majority vote of the Trustees then in office. Any vacancy in any office may be filled by the Board of Trustees.

SECTION 3. The President. The President shall preside at all meetings of the Board of Trustees, shall see that orders and resolutions of the Board of Trustees are carried out and shall sign all notes, checks, leases, mortgages, deeds and all other written instruments, which shall be countersigned as provided below.

SECTION 4. The Vice-President. The Vice-President shall perform all the duties of the President in his absence.

SECTION 5. The Secretary. The Secretary shall be ex officio the secretary of the Board of Trustees, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all Members of the Association together with their addresses as registered by such Members. He shall countersign all leases, mortgages, deeds and all other written instruments, along with the President or, in his absence, the Vice-President.

SECTION 6. The Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Trustees; provided, however, that a resolution of the Board of Trustees shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or, in his absence, by the Vice-President.

The Treasurer shall keep proper books of account and cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement, and the budget balance sheet statement shall be presented to the membership at its regular annual meeting.

SECTION 7. Other Officers. The Assistant Secretaries and Assistant Treasurers, if any, and any other officers which the Board of Trustees may appoint, shall respectively have such authority and perform such duties as may be determined by the Board of Trustees.

SECTION 8. Delegation of Authority and Duties. The Board of Trustees is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

ARTICLE VIII

MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The regular meeting of the Members shall be held on the first business day of the month of April in each year at seven thirty o'clock P.M., or at such other time as may be designated in the notice of such meeting.

SECTION 2. Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, the Vice-President, the Secretary or the Treasurer, or by any two or more members of the Board of Trustees, or upon written request of the Members who have a right to vote at least ten percent (10%) of the voting power of the Association.

SECTION 3. Notices of Meetings. Not less than seven (7) nor more than sixty (60) days before the day fixed for a meeting of the Members of the Association, written notice stating the time, place and purpose of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Regulations to give such notice. The notice shall be given by personal delivery or by mail to each Member of the Association who is an Owner of record of a Lot or Living Unit located in the Properties as of the day next preceding the day on which notice is given. If mailed, the notice shall be addressed to the Members of the Association at their respective addresses as they appear on the records of the Association. Notice of the time, place and purposes of any meeting of Members of the Association may be waived in writing, either before or after the holding of such meeting, by any Members of the Association, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Member of the Association at any such meeting without protesting, prior to or at the commencement of the meeting, shall be deemed to be a waiver by him of notice of such meeting.

SECTION 4. Quorum; Adjournment. Except as may be otherwise provided by law or by the Declaration, at any meeting of the Members of the Association, the Members of the Association entitled to exercise a majority of the voting power of the Association present in person or by proxy shall constitute a quorum for such meeting; provided, however, that the Members of the Association entitled to exercise a majority of the voting power represented at a meeting of Members, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

SECTION 5. Majority Vote. The vote of a majority at a meeting at which a quorum is present shall be binding upon all Members for all purposes except where the Declaration, the Articles, these Regulations or the laws of the State of Ohio require a higher percentage vote.

SECTION 6. Order of Business. The order of business of meetings of the Members of the Association shall be as follows:

- (1) Calling of meeting to order.
- (2) Proof of notice of meeting or waiver of notice.
- (3) Reading of minutes of preceding meeting.
- (4) Reports of Officers.
- (5) Reports of Committees.
- (6) Election of Inspectors of election.
- (7) Election of Trustees.
- (8) Unfinished and/or old business.
- (9) New Business.
- (10) Adjournment.

ARTICLE IXPROXIES

SECTION 1. Authorized. At all meetings of Members of the Association, each Member may vote in person or by proxy.

SECTION 2. Requirements and Duration. All proxies shall be in writing and filed with the Secretary prior to commencement of the meeting at which such proxy is to be voted. No proxy shall extend beyond a period of eleven (11) months, and a proxy shall automatically cease upon the sale by the Member giving such proxy of his Lot or Living Unit.

SECTION 3. All Proxies Revocable. All proxies shall be revocable at any time by actual notice to the Secretary of the Association by the Member making such designation. Notice to the Association in writing or in open meeting of the revocation of the designation of a proxy shall not affect any vote or act previously taken or authorized.

ARTICLE XCOVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. Creation of Liens and Personal Obligations of Assessments. Upon the conveyance of each Lot or Living Unit from Developer to an Owner, and upon all subsequent conveyances of such Lot or Living Unit, Owner and any and all subsequent Owners of such Lot or Living Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association and to subject said Lot or Living Unit, as the case may be, to a lien, as hereinafter provided, in favor of the Association securing the following: (a) an annual assessment levied in accordance herewith for the purposes of operating, maintaining, constructing, repairing and replacing the Common Properties and any improvements thereon, including, without limitation, the cost of any insurance obtained by the Association, and the cost of any real estate taxes or assessments, whether general or special, levied against the Common Properties, and of administering the affairs of the Association; and (b) special assessments levied in accordance herewith for improvements or other capital expenditures, including the acquisition of additional property for use as Common Properties, for emergency, operating, maintenance or repair costs, and for other costs and expenses not anticipated in determining the applicable annual assessment. Each such assessment shall be in the same amount for each Lot and Living Unit; provided, however, that if a Lot or Living Unit is conveyed by Developer to the Owner (hereinafter the "Initial Conveyance") after the date on which an annual assessment is due and payable, the amount of such annual assessment to be paid by such Owner shall be prorated by multiplying the total amount of such annual assessment by a fraction, the numerator of which is the number of days remaining in the year of Initial Conveyance and the denominator of which is 365, unless said annual assessment was levied for a period of less than one year, in which case the denominator shall be the total number of days in the period for which the assessment was levied. All annual and special assessments, together with interest thereon as hereinafter provided, shall be a charge upon such Lots and Living Units if not paid within thirty (30) days after the same have become due and payable, and at such time the Association, to the extent permitted by

law, shall have the right to place a lien upon the Lot or Living Unit for which such assessment has not been paid and upon the ownership interest of the Owner of such Lot or Living Unit. In no event shall the annual assessment for years beginning prior to January 1, 1980 exceed \$50.00 per Lot or Living Unit. Each such assessment, together with such interest thereon and the cost of collection thereof (including attorney's fees), as hereinafter provided, shall also be the personal obligation of the Owner of the Lot or Living Unit at the time when such assessment is due. Notwithstanding the foregoing, no assessment, whether annual or special, shall be assessed or payable with respect to any Lot or Living Unit which has not been sold by Developer.

SECTION 2. Annual Assessments. When the Common Properties have been completed by Developer, the Board of Trustees of the Association shall levy the annual assessments for the balance of that year and for the next succeeding year. Each year thereafter, the annual assessment for the following year shall be levied annually by the Board of Trustees of the Association at least fifteen (15) days prior to the date of the annual meeting of the Members, in such amount as, in its discretion, shall be reasonably necessary to meet expenses anticipated during the ensuing year and to accumulate reasonable reserves for future operating and capital expenditures. At said annual meeting of the Members, the amount of the annual assessment for the following year as levied by the Board of Trustees of the Association may be increased or decreased by the affirmative vote of Members entitled to exercise a majority of the voting power of the Association.

SECTION 3. Special Assessments. The Board of Trustees of the Association may levy a special assessment applicable to a specified number of years; provided, however, any such assessment shall be approved by the affirmative vote of Members entitled to exercise two-thirds (2/3) of the voting power of the Association. Members shall be given written notice thirty (30) days in advance of the date of the meeting at which such vote shall be taken stating that a special assessment for a stated purpose or purposes shall be considered and discussed at such meeting. Special assessments, if so stated in the Resolution authorizing such assessment, may be payable in installments over a period of years.

SECTION 4. Due Dates of Assessments: Defaults. The annual assessment for the balance of the year in which the Common Properties are completed shall be due and payable ten (10) days after the same is levied with respect to any Lots or Living Units conveyed by the Developer on or prior to such date. Each annual assessment thereafter shall be due and payable on January 1 of the year for which it is levied. The due date of any special assessment or installment thereof shall be fixed in the Resolution of the Board of Trustees of the Association authorizing such assessment, and notice of such special assessment or installment thereof shall be given to each Owner subject thereto thirty (30) days in advance of such due date.

In the event the Initial Conveyance of a Lot or Living Unit takes place after any assessments in effect have become due and payable pursuant to the foregoing, the amount of any such assessment, prorated in accordance herewith, shall be due and payable upon the conveyance of said Lot or Living Unit.

If an annual or special assessment or installment of a special assessment is not paid within thirty (30) days after the due date, it shall be deemed to be in default, and such delinquent assessment or installment shall bear interest from the due date at the rate of Eight Percent (8%) per annum. The Association may, after such thirty (30) day period, file a notice of lien with respect thereto, stating the amount due, signed by the President and Secretary of the Association, and duly acknowledged and witnessed, in the office of the Recorder of Cuyahoga County, Ohio.

SECTION 5. Statement of Unpaid Assessments. Statements in respect to the existence and amount of unpaid liens and assessments shall be provided by the Association to any prospective purchaser or mortgagee of the Lot or Living Unit upon request.

SECTION 6. Exempt Property. The following property shall be exempted from the assessments and lien created herein:

- (a) All properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;
- (b) The Common Properties as defined in Article I, Section I hereof;
- (c) All properties exempted from taxation by the laws of the State of Ohio, upon the terms and to the extent of such legal exemption.

Notwithstanding any provisions herein, no Lot or Living Unit devoted to residential use shall be exempt from said assessments or liens.

SECTION 7. Failure to Prepare Annual Budget. The failure or delay of the Board of Trustees of the Association to prepare or serve the annual or adjusted estimate on an Owner shall not constitute a waiver or release in any manner of such Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined and, in the absence of any annual estimate or adjusted estimate, the Owner shall continue to pay the annual charge at the existing rate established for the previous year until such new annual or adjusted estimate shall have been mailed or delivered; provided, however, that the Owner shall, in all events, be obligated to pay for the full amount of such annual or adjusted estimate, irrespective of when the same is mailed or delivered.

SECTION 8. Books and Record of Association. The Association shall keep full and correct books of account and the same shall be open for inspection by any Owner, or any representative of an Owner duly authorized in writing, at such reasonable time or times during the normal business hours as may be requested by the Owner. Upon ten (10) days notice to the Board of Trustees and payment of a reasonable fee, any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

SECTION 9. Status of Funds Collected by Association. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all of

the Owners, and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the use, benefit and account of all of the Owners as set forth in this Article X.

ARTICLE XI

AMENDMENTS

SECTION 1. Procedure. These Regulations may be amended, at a regular or special meeting of the Members, by a vote of the Members holding two-thirds (2/3) of the voting power of the Association, provided that any matter stated herein to be or which is governed by the Declaration may not be amended except as provided in the Declaration.

SECTION 2. Conflicts. In the case of any conflict between the Declaration and these Regulations, the Declaration shall control. In the case of any conflict between the Articles and these Regulations, the Articles shall control.

SECTION 3. Rights Not Impaired. No amendment shall be effective to impair or dilute any rights of Members that are governed by the Declaration (as, for example, membership and voting rights) which are part of the property interests created thereby.

ARTICLE XII

GENERAL PROVISIONS

SECTION 1. Copies of Notice to Mortgage Lenders. Upon written request to the Board of Trustees by the holder of any duly recorded mortgage or trust deed encumbering any Lot or Living Unit, the Board of Trustees shall give such mortgage holder a copy of any and all notices permitted or required by the Declaration or these Regulations to be given to the Owner or Owners whose Lot or Living Unit ownership is encumbered by such mortgage or trust deed.

SECTION 2. Service of Notice on Devisees and Personal Representatives. Notices required to be given to any devisees or personal representatives of a deceased Owner may be delivered, either personally or by mail, to such party at his or her address appearing on the records of the court wherein the estate of such deceased Owner is being administered.

SECTION 3. Disposition of Assets Upon Dissolution. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any not-for-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No such disposition of Association properties shall be effective to divest or diminish any right or title of any Member vested in him under the Declaration unless made in accordance with the provisions of the Declaration.

SECTION 4. Non-Waiver of Covenants. No covenants, restrictions, conditions, obligations or provisions contained in the Declaration or in these Regulations shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

SECTION 5. Agreements Binding. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Declaration and these Regulations shall be deemed to be binding on all Owners, their successors, heirs and assigns.

SECTION 6. Severability. The invalidity of any covenant, restriction, condition, limitation or any other provision of these Regulations, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of any other provision of these Regulations.

ACTION BY UNANIMOUS WRITTEN
CONSENT OF THE TRUSTEES OF
THE TRAILS HOMES ASSOCIATION

Pursuant to the provisions of Section 1702.25 of the Ohio Revised Code, the undersigned, being all of the members of the Board of Trustees of The Trails Homes Association, do hereby take and adopt the following actions by our unanimous written consent this 4th day of November, 1977.

RESOLVED, that the Code of Regulations for the government of this Corporation, annexed hereto as Exhibit "A," be, and the same hereby is, adopted as and for the Code of Regulations of The Trails Homes Association;

RESOLVED, that the following persons be, and they hereby are, elected to the respective office or offices set forth opposite their name below:

- John C. Hootman.....President
- John B. Hootman.....Vice-President and
Treasurer
- Barbara M. Hootman.....Secretary

IN WITNESS WHEREOF, the undersigned, being all of the members of the Board of Trustees of The Trails Homes Association, have hereunto executed this instrument as of the day and year first set forth above.

John C. Hootman
John C. Hootman

John B. Hootman
John B. Hootman

Rhea L. Hootman
Rhea L. Hootman

Barbara M. Hootman
Barbara M. Hootman

*Report by
Sally Hootman, A.H.*