

CODE OF REGULATIONS OF  
THE VILLAS OF TUSCANY CLUSTER HOMEOWNERS ASSOCIATION

The following Code of Regulations are hereby adopted by the Incorporator and initial member of the Villas of Tuscany Homeowners Association, effective on the date hereof.

ARTICLE I  
The Association

Section 1. Name and Nature of Association. The name of the Association is the "Villas of Tuscany Cluster Homeowners Association".

Section 2. Membership. Each Owner of a Lot in the Villas of Tuscany Cluster No. 1 and any additions thereto as provided in the restrictions (herein called the "Restrictions") for said Allotment, recorded in \_\_\_\_\_ of Summit County, Ohio, Official Records, shall become a member of the Association, automatically, on the date title to the Lot transfers to the Owner. Such membership shall terminate upon the sale or the disposition of such Lot by the Owner, at which time the new Owner shall automatically become a member of the Association.

Section 3. Voting Rights. Each member shall be entitled to one vote except that Macedonia Land Development, Ltd., an Ohio Limited Liability Company, and any successor developer (as defined in said Restrictions) shall have four votes per Lot. If two or more persons, whether fiduciaries, tenants in common or otherwise, own undivided interests in a Lot, each shall be entitled to exercise such proportion of the voting power for such Lot as shall be equivalent to such person's proportionate interest in the Lot; provided that the fiduciary has submitted evidence satisfactory to the Association of the fiduciary status.

Section 4. Proxies. Members may vote or act in person or by proxy. The person appointed as proxy need not be a member of the Association. Designation by a member or members of a proxy to vote or act on his or their behalf shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board by the member or members making such designation. Notice to the Board 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.

Section 5. Meetings of Members.

(a) Annual Meetings. Annual meetings of the members of the Association for the election of members of the Board, the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting shall be held at the office of the Association, or at such other place as may be designated by the Board and

specified in the notice of such meeting, at such time as may be designated by the Board and specified in the notice of the meeting. The annual meeting of the Association's members shall be held the last Sunday of January of each year or at such other time as designated by the Board.

(c) Special Meeting. Special meetings of the members shall be called upon the written request of the President of the Association or, in case of the President's absence, death or disability, the Vice President of the Association authorized to exercise the authority of the President, or of the Board by action at a meeting, or of members entitled to exercise at least twenty-five percent (25%) of the voting power. Calls for such meetings shall specify the time, place and purposes thereof. No business other than that specified in the call shall be considered at any special meeting.

(d) 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 Bylaws to give such notice. The notice shall be given by personal delivery or by mail to each member of the Association. 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 member 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 shall be deemed to be a waiver by him of notice of such meeting.

(e) Quorum: Adjournment. At any meeting of the members of the Association, the members of the Association who are entitled to exercise more than fifty percent (50%) of the voting power present in person or by proxy shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Declaration, or by this Code to be authorized or taken by a designated percentage of the voting power of the Association may be authorized or taken by a lesser percentage; and provided further, 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 6. Action Without a Meeting. All actions, except removal of a Board member, which may be taken at a meeting of the Association, may be taken without a meeting with the approval of, and in a writing or writings signed by members of the Association having the percentage of voting power required to take such action if the same were taken at a meeting. Such writing shall be filed with the Secretary of the Association.

ARTICLE II  
Board of Managers

Section 1. Number and Qualification. The Board shall consist of three (3) persons. All such persons shall be Owners, or in the case of a corporate owner, it shall be the chief executive officer of such corporation, or in the case of a partnership owner, a general partner of such partnership, or in the case of a fiduciary owner, a trust officer or other officer of such fiduciary or the fiduciary himself. Any Board member who ceases to be associated in one of the enumerated capacities with the Owner designating such member, shall be deemed to have resigned as of the date such association ceases. Board members shall receive no compensation.

Section 2. Election of Board; Vacancies. Board members shall be elected at the annual meeting of members of the Association or at a special meeting called for such purpose. At a meeting of members of the Association at which Board members are to be elected, only persons nominated as candidates shall be eligible for election as Board members and the candidates receiving votes representing the greatest percentage of voting power in the Association shall be elected. In the event of the occurrence of any vacancy or vacancies in the Board, however caused, the remaining Board members may act on behalf of the Board until the vacancy or vacancies have been filled at a special meeting called for that purpose by the Owners.

Section 3. Term of Office; Resignation. Except for the initial Board Members, each Board member shall hold office for 3 years, or until his earlier resignation, removal from office or death. Any Board member may resign at any time by oral statement to that effect made at a meeting of the Board or in a writing to that effect delivered to the Secretary of the Association, such resignation to take effect immediately or at such other time as the Board member may specify. The initial Board Members elected will have respective terms of 1 year, 2 years and 3 years, as a result 1 member will have a 1 year term, 1 member will have a 2 year term and 1 member will have a 3 year term. The purpose of the initial term limits is to allow board members terms to be staggered. The initial Board members' terms will be determined by each Board member drawing numbers from a hat which hat will contain 3 pieces of paper with numbers 1-3. The initial term for the Board member will be the term selected by that member.

Section 4. Organization Meeting. Immediately after each annual meeting of members of the Association, the newly elected Board members shall hold an organization meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

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

Section 6. Special Meeting. Special meetings of the Board may be held at any time upon call by the President or any two (2) Board members. Written notice of the time and place of each

such meeting shall be given to each Board member either by personal delivery or by mail, telegram, telecopier, or telephone at least two (2) days before the meeting, which notice need not specify the purposes of the meeting; provided, however, that attendance of any Board member at any such meeting 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 Board member, 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.

Section 7. Quorum: Adjournment. A quorum of the Board shall consist of a majority of the Board members then in office except that a majority of the Board members 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 at which a quorum is present, all questions and ON business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration or in these Bylaws.

Section 8. Powers and Duties. Except as otherwise provided by law, the Restrictions, or this Code of Regulations, all power and authority of the Association shall be exercised by the Board. The Board shall be responsible for maintenance, repair and replacement of the Common Properties and other responsibilities described in the Restrictions or this Code of Regulations. In carrying out the purposes of the Restrictions and subject to the limitations prescribed by law, the Restrictions or this Code of Regulations, for and on behalf of the Association, may:

- (a) Purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell, exchange, transfer, and dispose of property of any description or any interest therein;
- (b) Make contracts;
- (c) Borrow money and issue, sell and pledge notes, bonds and other evidence of indebtedness of the Association;
- (d) Levy assessments against Owners;
- (e) Collect the charges for common expenses and assessments from the Owners;
- (f) Employ and fix reasonable compensation for a managing agent to perform such duties and services as the Board may authorize;
- (g) Employ and fix reasonable compensation for personnel necessary for the maintenance and operation of the Common Properties;

(h) Employ and fix reasonable compensation for lawyers and accountants to perform such legal and accounting services as the Board may authorize;

(i) Pay taxes; and

(j) Do all things permitted by law and exercise all power and authority with the purposes stated in this Code of Regulations or the Restrictions or incidental thereto.

Notwithstanding any provision of this Code of Regulations to the contrary, the Board may take no action which is not within the power of the Association as provided in Article IV.

Section 9. Action Without a Meeting. All actions, which may be taken at a meeting of the Board, may be taken without a meeting with the approval of, and in a writing or writings signed by, the Board members having the percentage of voting power required to take such action if the same were taken at a meeting. Such writing shall be filed with the Secretary of the Association.

Section 10. Removal of Members of Board. 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 Board members may be removed with or without cause by the vote of the members of the Association entitled to exercise at least seventy-five percent (75%) of the voting power of the Association, and a successor or successors to such board member or members so removed shall then and there be elected to fill the vacancy or vacancies thus created. Any board member whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting.

Section 11. Fidelity Bonds. The Board may 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.

### ARTICLE III

#### Officers

Section 1. Election and Designation of Officers. The Board shall elect a President, Vice-President and Secretary-Treasurer. The officers shall be Members of the Association or officers, employees or partners of a Member.

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

Section 3. President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of members of the Association and shall preside at all meetings of the Board. Subject to directions of the Board, the President shall have general executive supervision over the business and affairs of the Association. The President may execute all authorized deeds, contracts and other obligations of the Association, shall perform such other duties as may be determined by the Board or otherwise be provided for in the Restrictions or in this Code of Regulations.

Section 4. Vice-President. The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board. The authority of the Vice President, when acting for the President, to sign in the name of the Association all contracts, notes and other instruments shall be coordinated with like authority of the President.

Section 5. Secretary-Treasurer. The offices and duties of Secretary and Treasurer shall be held and performed by one person.

(a) In the Secretary/Treasurer's capacity as Secretary, the Secretary/Treasurer shall keep the minutes of meetings of the members of the Association and of the Board and shall make proper record of the same which shall be attested by the Secretary/Treasurer. The Secretary/Treasurer shall keep such books as may be required by the Board, shall give notices of meetings of members of the Association and of the Board required by law, the Restrictions or this Code of Regulations, and shall have such authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Restrictions or in this Code of Regulations.

(b) In the Secretary/Treasurer's capacity as Treasurer, the Secretary/Treasurer shall receive and have custody of all money, bills, notes and similar property belonging to the Association, and shall do with the same as may be directed by the Board. The Secretary/Treasurer shall keep accurate financial accounts and hold the same open for the inspection and examination of the Board and by any Owner as provided in Article V, Section 3, and shall have such authority and shall perform such other duties as may be determined by the Board.

#### ARTICLE IV

##### General Powers of the Association

Section 1. General Authority. The Association shall have such power and authority as is set forth in the Restrictions and as otherwise provided in this Code of Regulations, provided, however, that the Association shall have the power and authority to take action with respect to the acquisition, construction, management, maintenance and use of the Common Properties and other property only to the extent that it is used and intended to be used for the common benefit of the Owners.

Section 2. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board and Officers, from delegating in accordance with the Declaration to persons, firms or corporations, including any manager or managing agent, such duties and responsibilities of the Association as the Board shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities, subject to limitations and requirements imposed by the Declaration.

ARTICLE V  
Finances of Association

Section 1. Preparation of Estimated Budget. Each year on or before the annual meeting, but not later than November 30, the Association or its Accountant or Bookkeeper shall estimate the total amount necessary to pay all the expenses of the Association for the next calendar year together with an amount necessary for an adequate reserve for contingencies and the maintenance, repair and replacement of the Common Properties and the portions of the buildings and structures located on the Lots which are the responsibility of the Association. The Association shall on or before December 15th, notify each Owner in writing as to the amount of such assessment (which amount may vary from the estimate due to the action of the Owners at the annual meeting), with reasonable itemization thereof. Said assessment shall be assessed to the Owners according to each Owner's votes in the Association, except for the Developer (as defined in the Restrictions) which shall be deemed to have one vote for this purpose only. On or before the second business day after January 1 of the ensuing year, and the first day each and every month of said year, each Owner shall be obligated to pay to the Association or as it may direct one-twelfth (1/12th) of the assessment made pursuant to this Section. On or before the date of each annual meeting, the Association shall supply to all Unit Owners an itemized accounting of the expenses of the Association for the preceding calendar year actually incurred and paid together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures, plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to each Owner's Votes as a member of the Association to the next monthly installment due from Owners under the current year's estimate, until exhausted and any net shortage shall be added according to each Owner's votes as a member of the Association to the installment due in the succeeding three (3) months after rendering the account.

Section 2. Failure to Prepare Annual Budget. The failure or delay of the Association to prepare or deliver to a Owner the annual or adjusted estimate shall not constitute a waiver or release in any manner of such Owner's obligation to pay the Owner's proportionate share of the expenses of the Association and reserves as herein provided, whenever the same shall be determined. In the absence of any annual estimate or adjusted estimate, the Owner shall continue to pay an assessment at the existing monthly rate established for the previous period until the monthly payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

Section 3. Books and Records of Association. The Association shall keep full and correct books of account and the same shall be open for inspection by any Owner or the Owner's representative duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by such Owner. Upon ten (10) days notice to the Board and payment of a reasonable fee, any Owner shall be furnished a statement of the Owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

Section 4. 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, benefits and account of all the Owners in proportion to each Owner's votes as a member of the Association.

Section 5. Annual Audit. The books of the Association shall be audited once a year by the Board and such audit shall be completed prior to each annual meeting. If requested by two members of the Board, such audit shall be made by a Certified Public Accountant. In addition, and at any time requested by a majority of the Unit Owners or by Developer, the Board shall cause an additional audit to be made.

Section 6. Common Profits. The Association may, if a majority of the members elect, disburse to the Owners, in proportion to their votes as members of the Association, funds in the custody of the Association which are not reasonably necessary for the activities of the Association. Distributions to Owners shall be reduced by the amount of any unpaid assessments due and payable on the date of the disbursement by the Owner to the Association.

Section 7. Professionals and Assistants: The Association may hire professionals and assistants in carrying out its obligations under this Article V.

## ARTICLE VI General Provisions

Section 1. Indemnification of Board Members and Officers. Each Board member and officer of the Association, and each former Board member and officer of the Association, shall be indemnified by the Association against the costs and expenses of any pending or threatened action, suit or proceeding, criminal or civil, to which the Board member is or may be made a party by reason of the board member's being or having been such Board member or officer of the Association (whether or not the Board member is a Board member or officer at the time of incurring such costs and expenses), except with respect to matters as to which the Board member shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of the Board member's duty as such Board member or officer. In case of the settlement



of any action, suit or proceeding to which any Board member or officer of the Association, or any former Board member or officer of the Association, is made a part or which may be threatened to be brought against the Board member by reason of the Board member's being or having been a Board member or officer of the Association, the Board member shall be indemnified by the Association against the costs and expenses (including, without limitation, the cost of settlement) reasonably incurred by the Board member in connection with such action, suit or proceeding (whether or not the Board member is a Board member or officer at the time of incurring such costs and expenses), if:

(a) The Association shall be advised by independent counsel that such Board member or officer did not misconduct himself or was not negligent in the performance of the Board member's duty as such Board member or officer with respect to the matters covered by such action, suit or proceeding, and the cost to the Association of indemnifying such Board member or officer (and all other Board members and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such Board members and officers as a result of such settlement; or

(b) Disinterested Association members entitled to exercise a majority of the voting power shall, by vote at an annual or special meeting of the Association, approve such settlement and the expenses. The phrase "disinterested members" shall mean all members of the Association other than (i) any Board member or officer of the Association who at the time is or may be entitled to indemnification pursuant the foregoing provisions, (ii) any corporation or organization of which any such Board member or officer owns of record or beneficially ten percent (10%) or more of any class of voting securities, (iii) any firm of which such Board member or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such Board member or officer.

The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representatives of each such Board member or officer, and shall not be exclusive of other rights which any Board member or officer may be entitled as a matter of law or under the declaration, any vote of Association members of any agreement. Notwithstanding the foregoing to the contrary, this Section shall not apply to any action, suit or proceeding brought by the Association against any Board member or officer.

Section 2. Amendments. The provisions of this Code of Regulations may be amended in accordance with the laws of corporations of Ohio.