

BYLAWS

OF

BLAIR HOUSE CONDOMINIUM, INC.

This instrument prepared by:

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EXHIBIT B

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EXHIBIT "A"

BYLAWS OF
BLAIR HOUSE CONDOMINIUM, INC.

ARTICLE I

THE ASSOCIATION

Section 1. Name and Nature of Association.

The Association shall be an Ohio nonprofit corporation called "BLAIR HOUSE CONDOMINIUM, INC."

Section 2. Membership

Each Unit Owner upon acquisition of an Ownership Interest in a Unit, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such Unit Owner of his Ownership Interest, at which time the new Unit Owner shall automatically become a member of the Association.

Section 3. Voting Rights

Each member owning the entire Ownership Interest in a Unit shall be entitled to exercise that percentage of the total voting power of the Association which is equal to the percentage of interest of such member's Unit in the Common Areas and Facilities. If two or more persons, whether fiduciaries, tenants in common or otherwise, own undivided interests in the Ownership Interest in a Unit, each shall be entitled to exercise such proportion of the voting power for such Unit as shall be equivalent to such person's proportionate interest in the Ownership Interest in such Unit. If any Ownership Interest is held in joint tenancy, each joint tenant, for voting purposes, shall be entitled to vote his aliquot share of the voting power applicable to the Unit so owned. For example, if four persons own as joint tenants an Ownership Interest in a Unit having a 0.432% interest in the Common Areas and Facilities, each of the four joint tenants shall have a 0.108% vote in the Association.

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. Each proxy shall be executed in writing by the Unit Owner or by his duly authorized attorney-in-fact and filed with the Secretary of the Association (or if there is no Secretary, then with the person conducting the meeting for which the proxy is given) at or before the meeting. Every appointment of a proxy shall be revocable unless such appointment is coupled with an interest. Without affecting any vote previously taken, the person appointing a proxy may revoke a revocable appointment by a later appointment received by the Association or by giving notice of revocation to the Association in writing or in open meeting. The presence at a meeting of the person appointing a proxy does not revoke the appointment.

Section 5. Meeting of Members.

A. Annual Meeting. The annual meeting of 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 such place upon the Condominium Property or off the Condominium Property but within five miles of the Condominium Property as may be designated by either the Board or the President and specified in the notice of such meeting, at 8:00 o'clock P.M., or at such other time as may be designed by the Board or the President and specified in the notice of the meeting. The first annual meeting of members of the Association shall be held as soon as reasonably feasible after at least thirty-eight (38) Units have been conveyed of record by Declarant or after the one hundred twentieth (120th) day after the date the Declaration of Condominium Ownership for Blair House Condominium, Inc. is filed for record with the Summit County Recorder, whichever shall first occur. Thereafter the annual meeting of members of the Association shall be held on the first Wednesday of June of each succeeding year, if not a legal holiday, and, if a legal holiday, then the next succeeding business day.

B. Special Meeting. Special meetings of the Association

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, a majority of the members of the Board acting either with or without a meeting, or Unit Owners entitled to exercise at least twenty-five per cent (25%) of the voting power. Upon request in writing for a special meeting delivered either in person or by certified mail to the President or the Secretary of the Association by any persons entitled to call a meeting of members, such officer shall forthwith cause to be given to the members entitled thereto notice of a meeting to be held on a date not less than seven (7) or more than sixty (60) days after the receipt of such request as such officer may fix. If such notice is not given within thirty (30) days after delivery or mailing of such request, the persons calling the meeting may fix the date and place of the meeting and give notice thereof. Each special meeting shall be called to convene at 8:00 o'clock P.M. and shall be held upon the Condominium Property or off the Condominium Property but within five miles of the Condominium Property as shall be specified in the notice of meeting. No business other than that specified in the call shall be considered at any special meeting.

C. 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 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.

D. Quorum; Voting. 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. 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. Unless otherwise specifically required by these Bylaws, the Declaration, or by law, all actions to be passed at any meeting shall require the affirmative vote of a majority of the Ownership Interests represented at the meeting and eligible to vote.

E. Order of Business. The order of business at all meetings of members of the Association shall be as follows:

- (1) Call 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 members of Board
- (8) Unfinished and/or old business
- (9) New business
- (10) Adjournment

Section 6. Actions 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; provided that not less than a majority of the voting membership, both in number and in percentage of voting power, sign the writing. Such writings shall be filed with the Secretary of the Association.

Section 1. Number and Qualification.

Until the first annual meeting of members of the Association, the Board of Managers shall consist of three persons designated by Declarant. None of such three persons need be Unit Owners or Occupants. At the time of the first annual meeting of members of the Association the three persons designated by Declarant as Managers shall resign and thereafter the Board of Managers shall consist of five persons, except as otherwise provided, all of whom must be Unit Owners and Occupants. If at any time, one bank, savings and loan association, insurance company, or other lending institution shall hold mortgages upon more than fifty per cent (50%) of the Units, such lending institution may designate its representative who shall be a sixth member of the Board. Such representative need not be a Unit Owner or Occupant.

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 the greatest number of votes shall be elected. In the event of the occurrence of any vacancy or vacancies in the Board, however caused, the remaining Board members, though less than a majority of the whole authorized number of Board members, may, by vote of a majority of their number, fill any such vacancy for the unexpired term; provided, however, that a vacancy in the position of a representative of a lending institution as provided in Section 1 of this ARTICLE II, if any, shall be filled by such lending institution.

Section 3. Term of Office; Resignations.

Each Board member shall hold office until the annual meeting of the members of the Association held for the election of his position and until his successor is elected, 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 writ-

ing 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. Members of the Board shall serve without compensation. At the first annual meeting of the members of the Association, the term of office of three Board members shall be fixed so that such term will expire one year from and after the date of the next following annual meeting of members of the Association. The term of office of the remaining two Board members shall be fixed so that such term will expire at the date of the next following annual meeting of members of the Association. At the expiration of such initial term of office of each respective Board member, his successor shall be elected to serve for a term of two (2) years.

Section 4. Organization Meeting.

Immediately after each annual meeting of members of the Association, the newly elected Board members and those Board members 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.

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 such meetings shall be held during each fiscal year.

Section 6. Special Meetings.

Special meetings of the Board may be held at any time upon call by the President or any two 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 or telephone at least two 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 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 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; provided 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 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 Declaration or these Bylaws, all power and authority of the Association shall be exercised by the Board. In carrying out the purposes of the Condominium Property and subject to the limitations prescribed by law, the Declaration or these Bylaws, the Board, 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. Effect insurance;
- D. Borrow money, and issue, sell, and pledge notes, bonds, and other evidences of indebtedness of the Association;
- E. Levy assessments against Unit Owners;
- F. Employ a managing agent to perform such duties and services as the Board may authorize;
- G. Employ lawyers, accountants, engineers and others to perform such legal, accounting, engineering and other services as the Board may authorize; and
- H. Do all things permitted by law and exercise all power and authority within the purposes stated in these Bylaws or the Declaration or incidental thereto.

Section 9. 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, except the Board member, if any, acting as a representative of a lending institution as provided in Section 1 of this ARTICLE II, may be removed with or without cause by vote of the members of the Association entitled to exercise at least seventy-five per cent (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 10. 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 and shall be a Common Expense.

ARTICLE III

OFFICERS

Section 1. Election and Designation of Officers.

The Board shall elect a President, a Vice President, a Secretary and a Treasurer, each of whom shall be a member of the Board. The Board may also appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary who may or may not be members of the Board but who are members of the Association.

Section 2. Term of Office; Vacancies.

The officers of the Association shall hold office until the next organization 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. He 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. He may execute all authorized deeds, contracts and other obligations of the Association and shall have such other authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these Bylaws.

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.

Section 5. Secretary.

The Secretary shall keep the minutes of meetings of the members of the Association and of the Board. He 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 as required by law, the Declaration or by these Bylaws, 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 Declaration or in these Bylaws.

Section 6. Treasurer.

The Treasurer shall receive and have in charge all money, bills, notes and similar property belonging to the Association, and shall do with the same as may be directed by the Board. He shall keep accurate financial accounts and hold the same open for inspection and examination of the Board and shall have such authority and shall perform such other duties as may be determined by the Board.

Section 7. Other Officers.

The Assistant Secretaries and Assistant Treasurers, if any, and any other officers whom the Board may appoint shall, respectively, have such authority and perform such duties as may be determined by the Board.

Section 8. Delegation of Authority and Duties.

The Board is authorized to delegate the authority and duties of any officer to any other officer, to a managing agent, or to a management company, or to any one or more of them, and generally to control the action of the officers and managing agent or management company and to require the performance of duties in addition to those mentioned herein. The execution of a management agreement with a managing agent or management company which authorizes or requires the managing agent or management company to perform certain duties shall be deemed to be a delegation and authorization to such managing agent or management company of such duties and of all power and authority necessary to carry out such duties.

ARTICLE IV

GENERAL POWERS OF THE ASSOCIATION

Section 1. Common Expenses.

The Association, for the benefit of all the Unit Owners, shall pay all Common Expenses arising with respect to, or in connection with, the Condominium Property, which Common Expenses shall include, without limitation, the following:

A. Utility Service for Common Areas and Facilities. The cost of water, waste removal, electricity, telephone, heat, power or any other utility service for the Common Areas and Facilities excluding those Limited Common Areas and Facilities located within or physically adjoining the Units (such as patios and balconies and the heating, cooling and ventilating equipment servicing a Unit). Notwithstanding the foregoing, the Board may, in addition, elect to include and pay from time to time as Common Expenses any or all utilities and services (including water, sanitary sewer, waste removal, garbage collection and disposal, electricity, gas, and other power or energy) furnished to or consumed by the Occupants of the Units. Upon determination by the Board that any Unit Owner is using excessive amounts of any utility services which are Common Expenses, the Association shall have the right to levy special assessments against such Unit Owner to reimburse the Association for the expense incurred as a result of such excessive use.

B. Management. The fee of the management company or agent.

C. Insurance. Premiums upon policies of insurance obtained by the Association in accordance with Paragraph 13 of the Declaration and on any policy to insure Board members and officers against those matters for which they are indemnified by the Association under Section 1 of ARTICLE VI of these Bylaws.

D. Workmen's Compensation. Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

E. Wages and Fees for Services. The wages and/or fees for services of any person or firm employed by the Association, including, without limi-

tation, the services of a person or firm to act as a manager or managing agent for the Condominium Property, the services of any person or persons required for the maintenance or operation of the Condominium Property (including a recreation director, if any), and legal, engineering, accounting, and/or other services necessary or proper to the operation of the Condominium Property or the enforcement of the Declaration and these Bylaws and for the organization, operation and enforcement of the rights of the Association.

F. Care of Common Areas and Facilities. The cost of landscaping, gardening, snow removal, painting, cleaning, tuckpointing, maintaining, decorating, repairing and replacing of the Common Areas and Facilities, excluding the Limited Common Areas and Facilities physically adjoining the Units (such as the patios and balconies), and such furnishings and equipment for the Common Areas and Facilities as the Board shall determine are necessary and proper. The Board shall have the exclusive right and duty to acquire furnishings and equipment for the Common Areas and Facilities. In this connection the Board may permit Occupants to install their equipment on property in or to any Common Area and Facility pursuant to rules, regulations and conditions adopted by the Board and may, or may not thereafter undertake the maintenance of such equipment or property.

G. Additional Expenses. The cost of any materials, supplies, furniture, labor, services, maintenance, repairs, replacements, structural alterations and insurance, which the Association is required to secure or pay for pursuant to the terms of the Declaration and these Bylaws, or by law, or which the Board deems necessary or proper for the maintenance and operation of the Condominium Property as a first-class condominium project or for the enforcement of the Declaration, these Bylaws and the Rules.

H. Discharge of Mechanics' Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance which may in the opinion of the Association constitute a lien against the Condominium Property or any part thereof and which arose by virtue of an authorization or direction by the Board. Where one or more Unit Owners are responsible for the existence of

such lien or for the work or labor authorized or directed by the Board, the Association may pay or otherwise discharge the lien, but the responsible Unit Owner or Owners shall be jointly and severally liable for the costs and expenses of discharging it, and any costs and expenses incurred by the Association by reason of said lien or liens shall be specially assessed to said Unit Owners.

I. Certain Maintenance of Units. The cost of the maintenance and repair of the Limited Common Areas and Facilities and of any Unit if such maintenance or repair is necessary, in the discretion of the Association, to prevent damage to or destruction of any part of the Common Areas and Facilities or any other Unit and the Unit Owner having the exclusive right to use such Limited Common Areas and Facilities or owning such Unit requiring such maintenance or repair shall have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Association to said Unit Owner; provided, however, that the Association shall levy a special assessment against such Unit Owner to recover the amount expended for such maintenance or repair.

J. Miscellaneous. Any and all other costs and expenses designated as Common Expenses in the Declaration or in these Bylaws or incurred by the Association to carry out its duties, obligations or undertakings under the Declaration or these Bylaws.

Section 2. Association's Right to Enter Units.

The Association or its agents may enter any Unit or portion of the Limited Common Areas and Facilities when necessary in connection with any maintenance, repair or construction for which the Association is responsible or has a right to maintain, repair or reconstruct. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Association. The Association reserves the right to retain a pass-key to each Unit. Unit Owners may install safety or night latches or other security devices to the doors of their Units

for their security; but in the event of any emergency originating in or threatening any Unit or at any other time when required alterations or repairs are scheduled, the managing agent or his representative, any person designated by the Board, and any police, safety, fire-fighting, health or similar officials may enter the Unit immediately, whether the Unit Owner is present or not, and use such force as necessary to make entrance. Any damage caused to the Unit or Common Areas and Facilities by reason of such entry being made through such safety, night or security latches, locks or devices shall be repaired and paid for by the Unit Owner who installed or used such latch, lock or device.

Section 3. Capital Additions and Improvements.

Whenever in the judgment of the Board the Common Areas and Facilities shall require additions, alterations or improvements (as opposed to maintenance, repair and replacement) costing in excess of \$5,000.00 and the making of such additions, alterations or improvements shall have been approved by Unit Owners entitled to exercise not less than a majority of the voting power, the Board shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing \$5,000.00 or less may be made by the Board without approval of the Unit Owners, and the cost thereof shall constitute a Common Expense.

Section 4. Rules and Regulations.

The Association, by vote of the members entitled to exercise a majority of the voting power of the Association, or the Board, may adopt such reasonable Rules and from time to time amend the same as it or they may deem advisable for the maintenance, conservation and beautification of the Condominium Property, and for the health, comfort, safety and general welfare of the Unit Owners and Occupants. Written notice of such Rules shall be given to all Unit Owners and Occupants and the Condominium Property shall at all times be maintained subject to such Rules. In the event such Rules shall conflict with any provisions of the Declaration or these Bylaws, the provisions of the Declaration and these Bylaws shall govern.

Section 5. Special Services.

The Association may arrange for special services and facilities for the benefit of such Unit Owners and Occupants as may desire to pay for the same, including, without limitation, the cleaning, repair and maintenance of Units, special recreational, educational or medical facilities, washing, drying and other laundry services and facilities, car washing, and concessions of a similar or dissimilar kind. The cost of any such special services or facilities shall be determined by the Association and may be charged directly to participating Unit Owners as a special assessment or paid by the Association as a Common Expense, in which case a special assessment shall be levied against such participating Unit Owners to reimburse the Association therefor. The services and facilities may be furnished on a concession or other basis pursuant to which a contractee or licensee pays a fee to the Association for the right to maintain certain facilities upon the Common Areas and Facilities and charge the users thereof a fee for their use, such as a washer-dryer contract for the laundry rooms. The foregoing description is not to be considered exclusive of any other arrangements the Association might desire to make for special services and facilities authorized by the first sentence of this Section.

Section 6. 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 Unit Owners or any of them; but this shall not preclude the Association from entering into contracts, licenses, concession agreements and the like affecting parts or uses of the Common Areas and Facilities which result in the production of income for the Association or from making arrangements of the types described in Section 5 of this ARTICLE.

Section 7. 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.

Section 8. Applicable Laws; Priority of Documents.

The Association shall be subject to and governed by the provisions of Chapter 5311; provided, however, that all inconsistencies between or among the permissive provisions of Chapter 5311 and any provisions of the Declaration or these Bylaws shall be resolved in favor of the Declaration and these Bylaws; and any direct inconsistency between any provisions of Chapter 5311 and any provisions of the Declaration and these Bylaws shall be resolved in favor of Chapter 5311. In the event of any inconsistency between the Declaration and these Bylaws, the provisions of the Declaration shall prevail.

ARTICLE V

FINANCES OF ASSOCIATION

Section 1. Preparation of Estimated Budget.

Each year on or before December 15, the Association shall estimate the total amount necessary to pay all the Common Expenses for the next calendar year together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements, and the amounts, if any, which may be received from special assessments [or by virtue of "other charges," as described in Paragraph 9(a) of the Declaration], concessions, contracts for special services and facilities, and other sources. On or before December 21, the Association shall notify each Unit Owner in writing as to the amounts of such estimates, and shall send a copy of such notice to each holder of a first mortgage upon a Unit who has made a request in writing for such notification. The net of the aggregate amounts of such estimates (herein called the "Estimated Unit Owners Cash Requirements") shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. On or before January 1st of the ensuing year, and on or before the first of each consecutive month thereafter in said year, each Unit Owner shall 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 furnish to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually in-

curred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, by special assessments, or otherwise, 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 Unit Owner's percentage of ownership in the Common Areas and Facilities to the next monthly installments due from Unit Owners under the current year's estimate, until exhausted, and any net shortage shall be added according to each Unit Owner's percentage of ownership in the Common Areas and Facilities to the installments due in the succeeding six months after rendering the accounting.

Section 2. Reserve for Contingencies and Replacements.

The Association shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall be charged first against such reserve. If the "Estimated Unit Owners Cash Requirements" proves inadequate for any reason, including nonpayment of any Unit Owner's assessment, such extraordinary expenditures shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. The Association shall serve notice of such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall be payable with the next regular monthly payment becoming due to the Association but not less than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.

Section 3. Budget for First Partial Year.

Declarant shall determine the "Estimated Unit Owners Cash Requirements," as hereinabove defined, for the period commencing with the date the Declaration is filed for record with the Summit County Recorder and ending on the first succeeding December 31st. Assessments shall be levied against and paid by the Unit Owners during said period as provided in Section 1 of this ARTICLE V, except that the fractional amount of the assessments shall be (instead of one-

twelfth) one over the number of full months remaining in the partial year and the first payment shall be on the first day of the first calendar month following the date the Declaration is filed for record with the Summit County Recorder.

Section 4. Failure to Prepare Annual Budget.

The failure or delay of the Association to prepare or deliver to the Unit Owner any annual or adjusted estimate shall not constitute a waiver or release in any manner of such Unit 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 Unit Owner shall continue to pay the monthly maintenance charge at the existing monthly rate established for the previous period until the Association mails or delivers notice of the new monthly maintenance payment due as a result of the determination of the new annual or adjusted estimate.

Section 5. 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 Unit Owner or his representative duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by such Unit Owner. Upon ten (10) days notice to the Board and payment of a reasonable fee, any Unit 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 Unit Owner.

Section 6. 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 Unit 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 Unit Owners in proportion to each Unit Owner's percentage ownership in the Common Areas and Facilities.

Section 7. 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 Unit Owners or by holders of first mortgages on Units (or by any combination of Unit Owners and holders of first mortgages on Units) possessing in the aggregate fifty percent (50%) or more of the voting power in the Association, the Board shall cause an additional audit to be made.

Section 8. Security Deposits from Certain Unit Owners.

(a) If in the judgment of the Board the equity of the persons owning the Ownership Interest in any Unit at any time is not sufficient to assure payment (whether by foreclosure of the lien in favor of the Association, or otherwise) of all assessments, charges or other sums which may be levied by the Association, then whether or not such Unit Owner shall be delinquent in the payment of any assessments, the Association shall have the right to require such Unit Owner to pay to the Association a security deposit in an amount which the Board deems necessary for such purposes, provided, however, that such security deposit shall in no event exceed an amount which, when added to such Unit Owner's equity interest in his Unit, will equal twenty-five percent (25%) of the fair market value or of the purchase price, whichever is greater, of the Unit in question. In the event that any Unit Owner shall fail to pay any assessments, charges or other sums which may be due hereunder or shall otherwise violate any covenants, terms and conditions of the Declaration or these Bylaws, the Association shall have the right, but not the obligation, to apply such security deposit in reduction of its alleged damages resulting from such failure or violation, which right shall be in addition to all other remedies provided for in the Declaration or these Bylaws. Upon any sale by such Unit Owner of his Unit, or at such time as such Unit Owner's equity in his Unit is sufficiently great to dispense with the necessity of such security deposit, any unapplied balance of said security deposit remaining to the credit of said Unit Owner shall be refunded, provided that such Unit Owner shall not be in default under any of his obligations under the Declaration or these Bylaws. The Association shall have the right to maintain all security deposits held by it as aforesaid in a single bank account and shall not be required to credit interest thereon to any Unit Owner. Interest, if any, received shall be paid to and retained by the Association. Said security deposit shall at all

times be subject and subordinate to the lien in favor of the Association as described in the Declaration and all rights thereto shall inure to the benefit of the lienor.

(b) Anything in the foregoing paragraph (a) to the contrary notwithstanding, if a Unit Owner becomes in arrears in the payment of his assessments in an amount equal to four-twelfths of his share of the current Estimated Unit Owners Cash Requirements, or if a Unit Owner is more than ten days late in paying his assessments on six different occasions in any twelve consecutive months, then regardless of such Unit Owner's equity in his Ownership Interest, the Association shall have the right to require such Unit Owner to pay to the Association and the Unit Owner shall pay to the Association a security deposit in an amount equal to such Unit Owner's annual share of the current Estimated Unit Owners Cash Requirements plus the Board's estimate of all special assessments which may be levied against such Unit Owner during the next ensuing twelve-month period. Such security deposit shall be held, used and applied in the same manner as the security deposit provided for in the foregoing paragraph (a), except that the security deposit shall be held until there elapses a period of not less than twenty-four months during which there shall have been no default or delay of any kind whatsoever by such Unit Owner in making payment of the assessments against him or in any other respect (that is, the Unit Owner and/or the Occupant of his Unit shall not have violated any provisions of the Declaration, Bylaws or Rules of this Condominium, including provisions not related to the payment of money). Upon the sale by such Unit Owner of his Unit, any unapplied balance of the security deposit remaining to the credit of said Unit Owner shall be refunded, even though a twenty-four-month default-free period had not then occurred.

(c) The Association shall have all of the rights to collect any security deposit provided for in the foregoing paragraphs (a) and (b) from such Unit Owner that it has to collect an assessment against the Unit Owner, the amount of such security deposit being deemed to be an assessment until it is actually received by the Association.

Section 9. Remedies for Failure to Pay Assessments.

If a Unit Owner is in default in the payment of any of the aforesaid charges or assessments for ten (10) days, the Association, upon authorization of the Board, may bring suit to enforce collection thereof or to foreclose the lien therefor as provided in the Declaration; and there shall be added to the amount due the costs of said suit, together with interest thereon at the rate of eight per cent (8%) per annum, or the highest rate permitted by law without being usurious, whichever is lower, and reasonable attorneys' fees to be fixed by the Court. The amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided shall be and become a lien or charge against the Ownership Interest of the Unit Owner involved and may be foreclosed by an action brought by the Association as in the case of foreclosure of liens against real estate. As provided in the Declaration, the Board, acting on behalf of consenting Unit Owners, shall have the power to bid in the interest so foreclosed at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

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 reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of his being or having been such Board member or officer of the Association (whether or not he is a Board member or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of his 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 is made a party or which may be threatened to be brought against him by reason of his being or having been a Board member or officer of the Association, he shall be indemnified by the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he 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 his 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 any annual or special meeting of the Association, approve such settlement and the reimbursement to such Board member or officer of such costs and 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 to the foregoing provisions, (ii) any corporation or organization of which any such Board member or officer owns of record or beneficially 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 to which any Board member or officer may be entitled as a matter of law or under the Declaration, any vote of Association members, or any agreement.

Section 2. Definitions.

The definitions set forth in Paragraph 1 of the Declaration shall be applicable to the words and terms used in these Bylaws unless expressly otherwise provided herein or unless the context otherwise requires.

Section 3. Declarant's Rights Pending First Meeting.

Until such time as the first meeting of the members of the Association is held, the powers, rights, duties and functions of the Association and its Board shall be exercised by three persons selected by Declarant.

IN WITNESS WHEREOF, BLAIR HOUSE PROPERTIES, Declarant, has caused these Bylaws to be executed this 12th day of July, 1973.

WITNESSES:

Elton S. Lovell
Linda Taylor

BLAIR HOUSE PROPERTIES, A PARTNERSHIP

By: Newport Enterprises, Inc., Partner

By: John W. Baker Pres.

And: American Diversified Developments, Inc
Partner

By: David Nelson Trefts

This instrument prepared by:

TERRELL, WILLIAMS AND SALIM
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