

MORELAND MEWS
HOMEOWNERS ASSOCIATION, INC.
CODE OF REGULATIONS

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MORELAND MEWS
HOMEOWNERS ASSOCIATION, INC.
CODE OF REGULATIONS

The within Code of Regulations are executed in connection with the Declaration Of Covenants, Conditions, Easements And Restrictions (the “Declaration”) pursuant to Chapter 1702 of the Ohio Revised Code. Their purpose is to provide for the establishment of a homeowners association for the government of the Property in the manner provided by the Declaration and by this Code of Regulations. All present or future owners or tenants or their employees, or any other person who might use the facilities of the Property in any manner shall be subject to the covenants, provisions, conditions and restrictions contained in the Declaration and this Code of Regulations and shall be subject to any rules or regulations hereafter adopted by the Board of Trustees of the Association. The mere acquisition or rental of any of the Living Unit Lots and/or Living Units located within the Property, or the mere act of occupancy of any of the Living Unit Lots and/or Living Units will constitute acceptance and ratification of the Declaration and this Code of Regulations and the rules and regulations adopted pursuant thereto. This Code of Regulations shall constitute the code of regulations of the Association for the purposes of the Ohio Nonprofit Corporation Law.

ARTICLE I

THE ASSOCIATION

Section 1. NAME AND NATURE OF ASSOCIATION.

The name of this Association shall be Moreland Mews Homeowners Association, Inc., (“Moreland Mews”) and its sole purpose shall be to manage, govern and control Moreland Mews in accordance with the Declaration and to carry out the purpose and intent of Chapter 1702 of the Ohio Revised Code.

Section 2. MEMBERSHIP AND VOTING POWER.

Each and every Owner shall be deemed to have a membership in the Association. The membership of the Association shall be divided into the two (2) following classes for voting purposes:

(a) Class A. Class A Members will be each Owner of a Living Unit (including without limitation the Developer if the Developer is the record titleholder of a Living Unit). Each Class A member will be entitled to one (1) vote for each Lot of which it is the Owner. In the case of any Living Unit owned of record in the name of two or more persons or entities, all such persons or entities will exercise their vote as they among themselves and advise the Secretary of the Association in writing prior to any meeting. In the absence of such advice, the vote of the Living Unit will be suspended if more than one Person seeks to exercise it.

(b) Class B. The Class B Member will be the Developer. Notwithstanding anything in this Declaration to the contrary, until all of the Living Unit Lots have been sold and conveyed, the Class B Member will have a total number of votes equal to not less than the number of votes cumulatively held by all of the Class A Members, plus one (1), thereby providing the Class B Member with a majority of votes of the Association.

Section 3. VOTING RIGHTS.

The voting power described in Section 2 above can be exercised by the owner or owners of a Living Unit Lot and/or Living Unit, his or her heirs, assigns, devisees or personal representatives.

Section 4. MEETINGS OF MEMBERS.

(a) Annual Meeting. The first meeting of the members of the Association shall be held in Cuyahoga County, Ohio, at a place and time determined by Developer. Such first meeting shall be held no later than the time that Living Unit Lots and/or Living Units to which twenty-five percent (25%) of the undivided interests in the Common Areas appertain have been sold and conveyed by Developer. For purposes of computing the individual interests referred to in this paragraph, those interests shall be computed by comparing the number of Living Unit Lots and/or Living Units sold and conveyed to the maximum number of Living Unit Lots and/or Living Units that may be created under the Declaration. Thereafter, there shall be an annual meeting of the Association held in Cuyahoga County, Ohio, in the first calendar quarter of each year, commencing in the year following the first meeting. At each annual meeting, the members of the Association shall elect the necessary member or members to the Board of Trustees for the ensuing year. At the annual meeting, any matters concerning the welfare of Moreland Mews may be discussed and referred to the Board for proper action. At the annual meeting, the President and Treasurer of the Association shall submit reports in writing for the prior year, which reports shall be read to the members. The annual meeting shall be presided over and conducted by the President, or in his absence, the Vice President of the Association.

(b) Special Meetings. Special meetings may be called by the President or Vice President of the Association or by Owners constituting at least twenty-five percent (25%) of the voting power of the Association by written notice, mailed by regular mail or personally delivered, to each Owner at least five (5) days before the time and place for such meeting as shown in such notice. Notice of such meeting may be waived in writing by those entitled to notice. Special meetings shall be presided over and conducted by the President, or in his absence, the Vice President. Unless otherwise indicated in the notice thereof, any business may be transacted at any annual or special meeting of the Association.

(c) Quorum. Unless otherwise indicated in the Declaration, to constitute a quorum at any meeting of the Association, members constituting at least fifty percent (50%) of the voting power of the Association must be present at such meeting in person or by proxy.

(d) Proxy. 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 behalf shall be made in writing to the Secretary of the Association and shall be revocable at any time.

(e) Actions Without a Meeting. Except for the removal of members of the Board of Trustees, all actions which may be taken at a meeting of the Association may be taken without a meeting with the unanimous consent in writing of all of the members of the Association. Such writing, signed by each member of the Association, shall be filed with the record of proceedings of the Association. Such writing may be circulated and signed by the members of the Association in counterparts.

ARTICLE II

BOARD OF TRUSTEES

Section 1. INITIAL STRUCTURE AND RELINQUISHMENT OF DEVELOPER CONTROL.

The Board of Trustees initially shall be those three (3) persons named as the initial board of trustees in the Articles of Incorporation (the “Articles”) of the Association, or such other person(s) as may from time to time be substituted by Developer. The Board of Trustees shall constitute the board of trustees of the Association for the purposes of the Articles, this Code of Regulations and the Ohio Nonprofit Corporation Law.

Until such time as Developer’s control of the Association is relinquished as provided herein, Developer shall have the exclusive right to appoint and remove members of the Board of Trustees and officers of the Association, and Developer shall exercise all powers and responsibilities otherwise assigned to the Association, the Board of Trustees or the Association’s officers by law or by the Declaration, the Articles and this Code of Regulations.

No later than the time that Living Unit Lots and/or Living Units to which twenty-five percent (25%) of the undivided interest in the Common Areas appertain have been sold and conveyed by Developer, the Owners shall meet, and the Owners other than Developer shall elect one (1) member of the Board of Trustees. At this meeting, Developer shall submit the resignation of one (1) of the previously appointed members of the Board of Trustees.

Within thirty (30) days after the earlier of (i) five (5) years from the date of the establishment of the Association or (ii) the sale and conveyance to purchasers in good faith and for value of Living Unit Lots and/or Living Units to which seventy-five percent (75%) of the undivided interests in the

Common Areas appertain or (iii) such time as Developer chooses to waive its right to appoint members of the Board of Trustees, the members of the Association shall meet and such members, including Developer, shall elect three (3) members of the Board of Trustees to replace all of those Board members earlier elected or appointed by the Owners or Developer, respectively. The term of office of the three (3) members of the Board of Trustees so elected shall be as follows:

One (1) Board member shall be elected for a term to expire at the annual meeting following his election.

One (1) Board member shall be elected for a term to expire at the second annual meeting following his election.

One (1) Board member shall be elected for a term to expire at the third annual meeting following his election.

Thereafter, all members of the Board of Trustees elected shall serve three (3) year terms.

For purposes of computing the undivided interests referred to in this Section 1, those interests shall be computed by comparing the number of Living Unit Lots and/or Living Units sold and conveyed to the maximum number of Living Unit Lots and/or Living Units that may be created under the Declaration. Since the maximum number of Living Unit Lots and/or Living Units that may be created is seventeen (17), the meeting prior to the sale and conveyance of twenty-five percent (25%) of the undivided interests shall occur prior to sale and conveyance of five (5) Living Unit Lots and/or Living Units. The meeting prior to sale and conveyance of seventy-five percent (75%) of the undivided interests shall occur prior to sale and conveyance of thirteen (13) Living Unit Lots and/or Living Units.

Section 2. NUMBER AND QUALIFICATIONS.

The Board of Trustees shall consist of three (3) persons, all of whom, except as otherwise provided, must be an Owner or an Occupant of a Living Unit. However, a spouse of an Owner of a Living Unit Owner who is not the owner of any fee interest in the Living Unit may be nominated and serve as a member of the Board of Trustees. No Board member appointed by Developer need be an owner or occupant of a Living Unit.

Section 3. ELECTION OF TRUSTEES; VACANCIES.

At any meeting at which members of the Board of Trustees 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 on the Board of Trustees, the remaining members of the Board, though less than a majority of the whole authorized number of the Board, may, by vote of a majority, fill any vacancy on the Board for the unexpired term of the position being filled.

Section 4. TERM OF OFFICE; RESIGNATION.

Except as otherwise provided in this Article II, each member of the Board of Trustees shall hold office for three (3) years 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 a writing to that effect delivered to the Secretary of the Association, and such resignation shall take effect immediately or at such other time as the Board member may specify.

Section 5. POWERS AND DUTIES OF THE BOARD.

The Board of Trustees shall have the duty to direct the management of the operation of the Property and exercise the powers of the Association, except as otherwise provided in this Code of Regulations or in the Declaration, and shall have such powers as shall be delegated to it by the Articles or this Code of Regulations, by action of the Association or by law.

Section 6. ORGANIZATIONAL MEETING.

Immediately after each annual meeting of members of the Association, the newly elected member or members of the Board of Trustees and those Board members whose terms have yet to expire shall hold an organizational meeting for the purpose of electing officers and transacting any other business as the Board deems appropriate. Notice of such meeting need not be given.

Section 7. REGULAR MEETING.

Regular meetings of the Board of Trustees may be held at such times and places as shall be determined by the President or by a majority of the Board members, but at least four (4) such meetings shall be held during each year.

Section 8. SPECIAL MEETING.

Special meetings of the Board of Trustees 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, facsimile, telegram or telephone at least twenty-four (24) hours 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 lack of proper notice prior to or at the commencement of the meeting, shall be deemed to be a waiver by him of notice of such meeting. Such notice may also 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 Association. Unless otherwise indicated in the notice thereof, any business properly before the Board may be transacted at any organizational, regular or special meeting of the Board of Trustees. Provided that proper notice is given and the minutes of the meeting are kept and journalized in the records of the Association, meetings may be conducted by telephone or other telephonic process allowing communication between all members of the Board participation in the meeting.

Section 9. ACTIONS WITHOUT A MEETING.

Except for the removal of officers, all actions which may be taken at a meeting of the Board of Trustees may be taken without a meeting with the unanimous consent in writing of all of the Board members. Such writing, signed by each Board member, shall be filed with the record of proceedings of the Association.

Section 10. QUORUM.

Except as otherwise expressly provided in the Declaration or in this Code of Regulations, quorum of the Board of Trustees 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 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 this Code of Regulations.

Section 11. REMOVAL.

At any regular or special meeting of the members of the Association duly called at which a quorum shall be present, any one or more of the members of the Board of Trustees may be removed by a vote of the majority of the voting power of members of the Association. 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 12. BONDING AND COMPENSATION.

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 (as defined hereinbelow). Members of the Board of Trustees shall serve without compensation, provided they shall be entitled to be reimbursed for expenses incurred on behalf of the Association in the performance of their duties.

Section 13. DELEGATION OF AUTHORITY; PROFESSIONAL MANAGEMENT.

The Board of Trustees may delegate all or any portion of its authority to discharge its responsibilities in management of the Property to a managing agent. This delegation of authority and responsibility to a managing agent may be evidenced by one or more management contracts which may provide for the payment of reasonable compensation to such managing agent as a Common Expense; provided, however, that any agreement for professional management shall be terminable by the Association for cause on thirty (30) days' written notice; shall be terminable by either party, without cause and without penalty, on no more than ninety (90) days' written notice; shall not exceed one (1) year unless renewed by agreement of the parties for successive one (1) year

periods; and shall be bona fide and commercially reasonable at the time entered into under the circumstances then prevailing. Subject to the foregoing, nothing contained herein shall preclude Developer, an affiliate of Developer or any other entity designated by Developer, from being employed as managing agent. The managing agent, or the Board of Trustees, if there is no managing agent, shall have the authority to enter into contracts with Developer or one or more affiliates of Developer for management, maintenance and repair services, provided the same are bona fide and commercially reasonable to the Association at the time entered into under the circumstances then prevailing and are terminable by the Association, without cause and without penalty, on ninety (90) days' written notice.

Section 14. JOINT FACILITIES

The Board of Trustees shall have the authority on behalf of the Association to enter into one or more agreements with adjacent or nearby property owners to lease or otherwise share the use and expenses of certain facilities owned by or under the control of such property owners, or owned by or under the control of the Association, including but not limited to maintenance facilities and recreation areas.

ARTICLE III

OFFICERS

Section 1. ELECTION AND DESIGNATION OF OFFICERS.

At each organizational meeting of the Board of Trustees held following the annual meeting of the Association, the Board shall elect officers of the Association. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be members of the Board of Trustees. The offices of Secretary and Treasurer may be held by the same person.

Section 2. TERM OF OFFICE, REMOVAL, VACANCIES.

The officers of the Association shall be elected for a term of one (1) year by the Board of Trustees, as provided in Section 1 of this Article III, and shall serve until their successors are elected and qualified. Any officer elected by the Board of Trustees may be removed at any time at a meeting of the Board by a vote of a majority of the Board. A vacancy in any office may be filled by the Board of Trustees.

Section 3. DUTIES OF OFFICERS.

The President shall conduct all meetings of the Association and the Board of Trustees; the Vice President shall act in the absence of the President; the Secretary shall keep the minutes of meetings of the Association and the Board of Trustees; and the Treasurer shall handle the financial affairs of the Association, including deposit of funds, writing and signing checks for the legitimate expenses of the Association, as authorized by the Board, and the preparation and maintenance of records required by Revised Code Section 1702 *et seq.* The officers shall also perform such other duties as may be assigned to them by the Board of Trustees.

ARTICLE IV

MAINTENANCE AND IMPROVEMENTS

Section 1. PAYMENTS FROM MAINTENANCE FUNDS.

The Association, for the benefit of all of the Owners, shall provide for and pay from the Association's maintenance fund the following:

- (a) Utility Service for Common Areas. Water, sewer, waste removal, electricity, telephone, heat, power or any other necessary utility services in connection with any property owned and operated by the Association;

(b) Casualty Insurance. A policy or policies of fire insurance, with extended coverage, vandalism, and malicious mischief endorsements as provided in the Declaration, the amount of which insurance shall be reviewed periodically;

(c) Liability Insurance. A policy or policies insuring the Association, the officers of the Association, the members of the Board of Trustees and the Owners against any liability to the public or to the Owners, their invitees and tenants, that is incident to the ownership and/or use of the Common Areas, as provided in the Declaration, the limits of which policy shall be reviewed periodically;

(d) Worker's Compensation. Worker's compensation insurance to the extent necessary to comply with any applicable law;

(e) Wages and Fees for Services. The services of any person or firm employed by the Association, including without limitation, the services of a person or firm to act as a manager or managing agent for the Property, the services of any person or persons required for the maintenance of or operation of the Property or the enforcement of the Declaration and this Code of Regulations and for the organization, operation and enforcement of the rights of the Association.

(f) Care of Common Areas. Landscaping, gardening, snow removal, painting, cleaning, tuck-pointing, maintenance, decorating, repair and replacement of the Common Areas and such furnishings and equipment for the Common Areas which the Association shall determine are necessary and proper, and which the Association shall have the exclusive right and duty to acquire.

(g) Additional Expenses. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the

Association is required to secure or pay for pursuant to the terms of the Declaration and this Code of Regulations, or which, in the opinion of the Board of Trustees, shall be necessary or proper for the maintenance and operation of the Property as a first class property or for the enforcement of the Declaration and this Code of Regulations.

(h) Discharge of Mechanic's Liens. Any amounts necessary to discharge any mechanic's lien or other encumbrances levied against the Property or against the Common Areas, rather than merely against the interest therein 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 such responsible Owners.

(i) Certain Maintenance. Maintenance and repair of any Living Unit Lot and/or Living Unit if such maintenance and repair is necessary, in the opinion of the Board of Trustees, to protect the Common Areas, or any other portion of the Property and the Owner of such Living Unit Lot and/or Living Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice is delivered by the Board of Trustees to the Owner of the necessity of maintenance or repair, provided that the Association shall levy special assessments against such owner for the cost of said maintenance or repair.

(j) Capital Additions and Improvements. The Association's powers hereinabove 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

(other than for purposes of replacing or restoring portions of the Common Areas, subject to all the provisions of the Declaration and this Code of Regulations) having an annual total cost in excess of \$5,000.00, nor shall the Association authorize any structural alterations, capital additions to, or capital improvements of the Common Areas requiring an expenditure in excess of \$5,000.00, 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.

(k) Certain Utility Services. The Association may pay from the maintenance fund the cost for water, waste removal and/or any utilities which are not separately metered or otherwise directly charged to individual Owners. However, the Association may discontinue such payments at any time, in which case each Owner shall be responsible for direct payment of his share of such expenses as shall be determined by the Board of Trustees. If the expense of any such service or utility is charged to the maintenance fund, the Association reserves the right to levy additional assessments against any Owner to reimburse it for excessive use, as determined by the Board of Trustees.

(l) Miscellaneous. The Association shall pay such other costs and expenses designated as "Common Expenses" in this Code of Regulations.

(m) Use of Joint Facilities. The rent for or payment for the use of joint facilities contemplated by Article II, Section 14 of this Code of Regulations.

ARTICLE V

GENERAL POWERS OF THE ASSOCIATION

Section 1. RULES AND REGULATIONS.

The Association, by vote of the Board of Trustees, may from time to time adopt, revoke or amend such reasonable rules and regulations supplementing the provisions of the Declaration and

this Code of Regulations as the Board may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety and general welfare of the Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Owners and occupants, and the Property 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 this Code of Regulations, the provisions of the Declaration and of this Code of Regulations shall govern.

Any rule or regulation adopted by the Board of Trustees may be amended or repealed from time to time by a majority vote of the Board, or by a vote of members holding a majority of the voting power of the Association at a meeting called for such purpose.

Section 2. 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 any or all the Owners.

Section 3. SPECIAL SERVICES.

The Association, acting through the Board of Trustees, may arrange for the provision of any special services and facilities for the benefit of such Owners who may desire to pay for such services and facilities, including without limitation cleaning, repair and maintenance of Living Unit Lots and/or Living Units and provision of special recreational or other facilities. Reasonable fees for such special services and facilities shall be determined by the Board of Trustees and may be charged directly to participating Owners, or paid from the maintenance fund and levied as a special assessment against the participating Owners.

Section 4. APPLICABLE LAWS.

The Association shall be subject to and governed by the provisions of any statute adopted at any time and applicable to homeowners associations; provided, however, that all inconsistencies between or among the permissive provisions of any statute and any provision of the Declaration and this Code of Regulations shall be resolved in favor of the Declaration and this Code of Regulations. In the event of any conflict or inconsistency between the provisions of the Declaration and the Articles or the Bylaws of the Association, the terms and provisions of the Declaration shall prevail, and the owners and all persons claiming under them covenant to vote in favor of such amendments to the Articles or this Code of Regulations so as to remove such conflicts or inconsistencies.

Section 5. ASSOCIATION'S RIGHT TO ENTER LOTS.

The Association, acting through its Board of Trustees, or any agent of the Association retained or designated by the Board shall have the right of access to any Living Unit Lot when necessary in connection with any maintenance, repair, replacement or construction for which the Association is responsible. Such right shall be exercised with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Association, at the expense of the maintenance fund. In the event of any emergency originating in or threatening any Living Unit Lot or Living Unit, the Board of Trustees or any agent of the Association retained or designated by the Board may enter the Living Unit Lot immediately, whether the owner is present or not.

ARTICLE VI

DETERMINATION AND PAYMENT OF ASSESSMENTS

Section 1. OBLIGATION OF OWNERS TO PAY ASSESSMENTS.

It shall be the duty of every Owner to pay his share of the Common Expenses for the administration, maintenance and repair of the Common Areas and for the other expenses provided for herein. Such share shall be in the same amount for each Living Unit Lot or Living Unit as set forth in the Declaration, or as otherwise provided in the Declaration or in this Code of Regulations. Payment thereof shall be in such amounts and at such times as may be determined by the Board of Trustees, as hereinafter provided.

Section 2. PREPARATION OF ESTIMATED BUDGET.

On or before each December 1st, the Board of Trustees shall estimate the total amount necessary to pay the cost of wages, materials, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all services to the Property, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements. On or before each December 15th, the Board of Trustees shall notify each Owner in writing as to the amount of such estimate, with a reasonable itemization thereof. Such "estimated cash requirement" shall be assessed to the Owners as set forth in Section 1 above. On or before January 1st of the ensuing year and the first of 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 2. On or before the date of each annual meeting of members of the Association, the Board of Trustees shall supply to all Owners an itemized accounting of the Common Expenses 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 and established reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited to each Owner according to each Living Unit Lot or Living Unit owned to the next monthly installments due from the Owner under the current year's estimate, until exhausted, and any net shortage shall be added to each Owner according to each Living Unit Lot or Living Unit owned to the installments due in the succeeding six (6) months after rendering of the accounting.

Section 3. RESERVE FOR CONTINGENCIES AND REPLACEMENTS.

The Association shall build up and maintain a reasonable reserve for contingencies and replacements as determined necessary by the Board of Trustees. 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 cash requirement" proves inadequate for any reason, including non-payment of any Owner's assessment, the Board of Trustees shall prepare an estimate of the additional cash requirements then necessary or necessary for the balance of the year, which additional amount of each requirement shall be assessed to the Owners as set forth in Section 1 above. The Board of Trustees shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the monthly maintenance payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessments. All Owners shall be obligated to pay the adjusted monthly amount.

Section 4. BUDGET FOR FIRST YEAR.

When the first Board of Trustees elected hereunder takes office, the Board shall determine the "estimated cash requirement", as hereinabove defined, for the period commencing thirty (30)

days after such election and ending on December 31st of the calendar year in which said election occurs. Assessments shall be levied against the Owners during said period as provided in Section 2 of this Article VI.

Section 5. FAILURE TO PREPARE ANNUAL BUDGET.

The failure or delay of the Board to prepare or serve the annual or adjusted estimated budget on a 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 or adjusted estimated budget, the Owner shall continue to pay the monthly maintenance charge at the existing monthly rate established for the previous period until the next monthly maintenance payment that is due more than ten (10) days after such new annual or adjusted estimated budget shall have been mailed or delivered.

Section 6. BOOKS AND RECORDS OF ASSOCIATION.

The Board of Trustees shall keep full and correct books of account of the Association and the same shall be open for inspection by any Owner or any representative of any Owner duly authorized in writing, at such reasonable time or times during normal business hours, as may be requested by the Owner. Upon ten (10) days notice to the Board of Trustees, 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.

Any mortgagee holding a mortgage lien covering a Living Unit Lot and/or Living Unit and/or any portion of the Common Areas shall have the right to inspect the books and records of the Association upon reasonable notice to the Board of Trustees at any reasonable time or times during normal business hours.

Section 7. 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 in equal amounts for each Living Unit Lot or Living Unit owned as provided in the Declaration.

Section 8. ANNUAL FINANCIAL REVIEW.

The books of the Association shall be reviewed once a year by the Board of Trustees, and such review shall be completed prior to each annual meeting of the Association. If requested by two (2) members of the Board, such review shall be made by a certified public accountant. In addition and at any time requested by the Owners of at least fifty percent (50%) of the Living Unit Lots and/or Living Units, including Developer if it be an owner, the Board shall cause an additional review to be made.

Section 9. REMEDIES FOR FAILURE TO PAY ASSESSMENTS.

If an Owner is in default of the monthly payment of any charge, assessment or special assessment for ten (10) days, the Association 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 cost of said suit, together with legal interest and reasonable attorneys' fees to be fixed by the court. To the extent permitted by the Declaration, any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges, assessments or special assessments, together with interest, costs and fees as above provided shall be and become a lien or charge against the Living Unit Lot and/or Living Unit of the Owner involved when payable, and

may be foreclosed by an action brought in the name of the Association as in the case of foreclosure of liens against real estate, as provided in the Declaration. The Association, through the Board of Trustees acting on behalf of the other Owners, shall have the power to bid on the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey such interest. Any encumbrancer may from time to time request in writing a written statement from the Board of Trustees setting forth the unpaid Common Expenses with respect to the Living Unit Lot and/or Living Unit covered by its encumbrance, and unless the request shall be complied with within fifteen (15) days, all unpaid Common Expenses that become due prior to the date of the making of such request shall be subordinate to the lien of such encumbrancer. Any encumbrancer holding a lien on any Living Unit Lot and/or Living Unit may pay any unpaid Common Expenses payable with respect to such Living Unit Lot and/or Living Unit and upon such payment such encumbrancer shall have a lien on such Living Unit Lot and/or Living Unit for the amounts paid at the same rank as the lien of his encumbrance.

Section 10. SECURITY DEPOSITS FROM CERTAIN OWNERS.

If in the judgment of the Board of Trustees the equity interest of any Owner (whether the original owner or a subsequent purchaser or transferee) in his Living Unit Lot and/or Living Unit at any time is not sufficient to assure realization of all assessments, charges or other sums which may be levied by the Association (whether by foreclosure of the lien referred to in Section 9 above, or otherwise), then whether or not such Owner shall be delinquent in the payment of such levies, the Association shall have the right to require such Owner to establish and maintain a security deposit in an amount that the Board of Trustees deems necessary for such purpose; provided, however, that such security deposit shall in no event exceed an amount that when added to such owner's equity interest in the Living Unit Lot and/or Living Unit, will equal twenty-five percent (25%) of the

purchase price of the Living Unit Lot and/or Living Unit in question. In the event that any Owner shall fail to pay any assessments, charges or other sums that may be due hereunder, or shall otherwise violate any covenants, terms and conditions of the Declaration, 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 Ohio Revised Code, the Declaration or this Code of Regulations. Upon any sale by such Owner of his Living Unit Lot and/or Living Unit, or at such time as such Owner's equity in his Living Unit Lot and/or Living 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 Owner shall be refunded, provided that such Owner shall not be in default under any of his obligations under the Declaration. The Association shall have the right to maintain all security deposits held by it, as aforesaid, in a single savings account and shall not be required to credit interest to any Owner until such time as the security deposit is refunded. Said security deposit shall at all times be subject and subordinate to the lien referred to in the Declaration and Section 9 above and all rights thereto shall inure to the benefit of the lienor.

ARTICLE VII

GENERAL PROVISIONS

Section 1. COPIES OF NOTICE TO MORTGAGE LENDERS.

Upon written request to the Board of Trustees, the holder of any recorded mortgage or trust deed against any Living Unit Lot and/or Living Unit shall be given a copy of any or all notices permitted or required by the Declaration or this Code of Regulations to be given other Owners whose Living Unit Lot and/or Living Unit is subject to such mortgage or trust deed.

Section 2. NON-WAIVER OF COVENANTS.

No covenants, restrictions, conditions, obligations or provisions contained in the Declaration or this Code of 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 3. NOTICES OF MORTGAGES.

Any Owner who mortgages his Living Unit Lot and/or Living Unit shall notify the Association, in such manner as the Board may direct, of the name and address of his mortgagee and thereafter shall notify the Association of the full payment cancellation or other alteration of the status of such mortgage. The Association shall maintain such information in a book entitled "Mortgages".

Section 4. SEVERABILITY.

The invalidity of any covenant, restriction, condition, limitation or any other provision of this Code of Regulations, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Code of Regulations.

Section 5. GENDER.

Whenever this Code of Regulations the context so admits or requires, pronouns used herein in the third person, singular number and masculine, feminine or neuter gender shall be construed as meaning the person, number or gender as appropriate.

ARTICLE VIII

NOTICES AND DEMANDS

Any notice by the Board of Trustees to an Owner shall be deemed to be given, and any demand upon him shall be deemed by him to have been duly made, if delivered in writing to him personally, sent via facsimile, or if mailed by regular mail, in any post office, addressed to him at the address of the Living Unit Lot and/or Living Unit owned by such Owner; provided, however, such Owner has not provided written notice to the Board of Trustees of any other address the Owner desires to substitute for the Living Unit Lot and/or Living Unit address, in which case such notice address shall be used by the Board. Any notice by an Owner to the Board of Trustees shall be deemed to be duly given and any demand upon the Board shall be deemed to have been duly made, if in writing, and delivered to an officer of the Association.

ARTICLE IX

DEFINITIONS

The definitions contained in the Declaration are hereby incorporated by reference in and shall apply to this Code of Regulations as if fully rewritten herein.

ARTICLE X

BOARD OF TRUSTEES RULES AND REGULATIONS

Section 1. ADOPTION

The Board of Trustees may adopt rules and regulations governing the operation and use of the Property not in conflict with the Declaration or this Code of Regulations or those adopted by the members pursuant to Article V, Section (1) above by a vote of a majority of the members of the Board.

Section 2. AMENDMENT.

Such rules and regulations may be amended from time to time by a majority of the members of the Board of Trustees or by a vote of more than fifty percent (50%) of the voting power of the Association at the annual meeting of the same.

ARTICLE XI

AMENDMENT

This Code of Regulations may be amended only by the Developer for so long as the Developer is the Class B Member of the Association pursuant to the terms and provisions of Article I, Section 2 hereof, and by the Class A Members thereafter upon the affirmative vote or written consent of Class A Members holding at least seventy-five percent (75%) of the voting power of the

Class A Membership, except as otherwise expressly provided in the Declaration or in this Code of Regulations.

No amendment may remove, revoke or modify any right or privilege of Developer without the written consent of Developer. No amendment may impair the validity or priority of the lien of any mortgage held by a mortgagee or impair the rights granted to mortgagees herein without the prior written consent of such mortgagees.

IN WITNESS WHEREOF, ASPEN RIDGE, L.L.C. an Ohio limited liability company, owner of all Living Unit Lots and/or Living Units in Moreland Mews, does hereby adopt this Code of Regulations as of this _____ day of _____, 2002.

Witnessed By: ASPEN RIDGE, L.L.C.,

First Witness

Type or Print Name

By: _____
Henry Meyer
Its: Managing Partner

Second Witness

Type or Print Name