

LAKESIDE VILLAGES
RESTRICTIONS, RESERVATIONS AND COVENANTS

These Restrictions, Reservations and Covenants (hereinafter referred to as the "Restrictions") made, executed and delivered this 26th day of May, 1992, in the City of North Olmsted, County of Cuyahoga and State of Ohio, by SHORE WEST CONSTRUCTION COMPANY, an Ohio corporation and by THE NEW UPLAND HOLDING COMPANY, an Ohio corporation (hereinafter collectively referred to as the "Grantors");

WITNESSETH:

WHEREAS, Grantor, SHORE WEST CONSTRUCTION COMPANY, is the owner of the land described in Exhibit A attached hereto and hereby made a part hereof (hereinafter sometimes collectively referred to as the "Land"); and

WHEREAS, Grantors have subdivided a part of the Land as described in Exhibit A and have established sublots within part of the Land; and

WHEREAS, Grantors intend to preserve in its natural state such parts of the Land as Grantors from time to time shall determine, for the benefit of all of the Owners and occupants of all or any part of the Land; and

WHEREAS, Grantors desire to provide for the preservation of the value and amenities of the Land, Lots and Residences, and for the maintenance of the Common Areas and Recreational Facilities which may be used for the benefit of all of the Residences and Owners, and in connection therewith to subject the Lots now owned by Grantors to the covenants, restrictions, easements, charges, liens and obligations hereinafter set forth, and

each or all of same are hereby declared to be and are for the benefit of the Land Lots and Grantors and present and future Owners thereof; and

WHEREAS, Grantors desire to impose, and agree to the imposition of, certain restrictions, reservations, conditions, easements limitations, agreements, covenants and obligations upon the Land and Lots intending to provide a common and overall plan for the development of the Land, Lots and Residences for the protection of all future Owners of any part of the Land, Lots and the Residences which may be constructed upon the Land and/or the Lots and/or upon all or any part of the Land; and

WHEREAS, Grantors have deemed it desirable for the preservation of the values and amenities of the Land, Lots and Residences to establish an entity to which will be, at the time set forth herein, assigned the powers and duties of maintaining and administering the "Common Areas and Recreational Facilities" and administering and enforcing the Restrictions, and collecting and disbursing funds to pay the Association Expenses as hereinafter provided for

NOW, THEREFORE, Grantors shall and do hereby declare that the Land, Lots and Residences and such additions thereto as may be hereafter made pursuant to the terms hereof, are and shall be held, used, occupied, transferred, sold and/or conveyed subject to the restrictions, rights, reservations, easements, limitations, agreements, covenants, conditions, assessments, charges and/or liens hereinafter set forth.

ARTICLE I

DEFINITIONS

1. VILLAGE. The term "Village" shall mean a portion of Villages consisting of a group of single-family residence Lots where the Residences built on the Lots may differ from Residences built in another Village within the Villages as to square footage contained in the Residence, type of Residence or architectural style or any combination of these factors.

2. VILLAGES. The term "Villages" shall mean the combination of each individual Village and shall consist of those parcels of real estate described in Exhibits A and B and any additions thereto which Grantors elect to add pursuant to the terms hereof.

3. PHASE ONE LAND. The term "Phase One Land" shall mean that portion of the Land as described in Exhibit A attached hereto and hereto made a part hereof and only the Phase One Land shall be subject to the terms of the Restrictions on the Recording Date.

4. PHASE TWO LAND. The term "Phase Two Land" shall mean that portion of the Land described in Exhibit B attached hereto and hereby made a part hereof, and the same shall not be subject to terms of the Restrictions until Amendment Certificate(s) is executed, acknowledged, delivered and recorded for that purpose or purposes

5. LAND. The term "Land" shall mean the real property described in Exhibits A and B and include both the Phase One Land and Phase Two Land and represents all of the real estate described in Exhibit C attached hereto and made a part hereof.

6. LOTS. The term "Lots" shall mean the sublots established by Grantors within the Phase One Land and any

additional real property which is part of the Phase Two Land which Grantors hereafter designate as being a Lot.

7. OWNER. The term "Owner" shall mean any person who acquires title to any portion of the Land which is then subject to the Restrictions, other than Grantors and persons, firms or corporations who acquire part of the Land free of the Restrictions as provided in Article III, Section 2 hereof.

8. RESIDENCES. The term "Residences" shall mean the single family dwellings which may from time to time be constructed upon any portion of the Land, which are subject to the terms hereof

9. COMMON AREAS. The term "Common Areas" shall mean that portion of the Land which the Grantors from time to time may designate as being property which will be undeveloped and which will be owned by Grantors for the benefit of the Owners and Residences within the Villages and which will be transferred by the Grantors to the Association within fifteen (15) years from the Recording Date.

10. RECREATIONAL FACILITIES. The term "Recreational Facilities" shall mean the portion of the Land which Grantors may select to be utilized as an area for the construction of recreational equipment and recreational buildings, the nature and extent thereof shall be determined by Grantors in their absolute discretion

11. ASSOCIATION. The term "Association" shall mean an Ohio corporation organized not for profit by Grantors for the administration of the Common Areas and the Recreational Facilities and for administration of the terms of the Restrictions after the expiration of the period of time the Grantors have reserved the right to

administer the same.

12. AMENDMENT CERTIFICATE. The term "Amendment Certificate" shall mean a written instrument executed, acknowledged and delivered by Grantors and filed for record with the Recorder of Cuyahoga County, Ohio, providing for the addition of any other part of the Land which will then be subject to the terms of the Restrictions and/or providing that additional real property adjoining the Land will become subject to the Restrictions and/or providing for an amendment, addition or deletion of any term of the Restrictions, and such instruments shall set forth therein the volume and page number of the recording of the Restrictions and the prior Amendment Certificate(s).

13. RECORDING DATE. The term "Recording Date" shall mean the date when the Restrictions are recorded for record with the Recorder of Cuyahoga County, Ohio.

14. ASSOCIATION EXPENSES. The term "Association Expenses" shall mean all costs, fees and charges, including, but without limitation, any management fee or charge for the repair, care, maintenance and management of the Common Areas and Recreational Facilities; all costs for capital replacements or capital repairs or major repairs for the Common Areas and Recreational Facilities; payments to employees or agents for services in the care, repair, maintenance, management and operation of the Common Areas and Recreational Facilities; all insurance premiums for fire and extended coverage insurance and public liability insurance maintained by the Association for the Common Areas and Recreational Facilities; all professional fees to advisors of the Association in

connection with the management and operation of the Association; all real estate taxes and assessments, general and special, which encumber all or any part of the Common Areas and Recreational Facilities; all personal property taxes with respect to any personal property owned by the Association; all costs for all maintenance, repair and snow removal for any private streets and private driveways in the Villages which are available for common use by all of the Owners; and all other expenditures by the Association of any kind, nature and description authorized by the Board of Trustees for the care and benefit of the Common Areas, Recreational Facilities and Villages.

15. GREEN EASEMENT. The term "Green Easement" shall mean that portion of a Lot or Lots so identified as a Green Easement on a recorded plot plan and will be deemed a Common Area for the benefit of all Owners and Residences within the Villages and will be maintained by the Grantors for the first fifteen (15) years after the Recording Date and by the Association thereafter subject to Grantors earlier transfer of such maintenance obligations to the Association within Grantors discretion.

ARTICLE II

GENERAL RESTRICTIONS

The Phase One Land, Lots and Residences, shall be used, held, occupied and conveyed solely and exclusively for residential purposes. No building or structure, or any additions thereto or alterations thereof, shall be erected, placed or suffered to remain upon any of the

Phase One Land or Lots other than residential dwellings and garages for the exclusive use of the occupants of residential dwellings and their invitees, and any other structures which service the residential dwellings and/or provide for facilities for the use of the Owners of the Phase One Land, Lots and Residences.

ARTICLE III

BUILDING AND USE RESTRICTIONS

1. PHASE ONE LAND. No dwelling shall be erected, altered, placed, or suffered to be upon the Phase One Land and the Lots unless such dwelling is a single family residential dwelling.
2. PHASE TWO LAND. There may be constructed upon all or any part of the Phase Two Land any structure including residential dwellings. In addition thereto, there may be constructed and/or erected upon all or any part of the Phase Two Land Recreational Facilities and/or any other improvements of any kind, nature or description which will be in Grantors' reasonable judgment beneficial to the Owners of any part of the Land and/or any Lot within the Villages. Grantors shall from time to time have the right to divide the Phase Two Land into various sections or parcels and to use those various sections or parcels for a particular limited type of residential dwelling and/or add various parts of parcels of the Phase Two Land to the Phase One Land all as Grantors shall from time to time determine. Grantors shall exercise the rights reserved hereby by executing and delivery an Amendment Certificate and recording the same with the Recorder of Cuyahoga

County, Ohio. Grantors shall further have the right to transfer, assign or convey all or any part of the Phase Two Land to any person, firm or corporation free of any restriction, right, reservation, easement, limitation, agreement, covenant, condition, assessment, charge, lien or any other matter created or established pursuant to the terms hereof. Grantors shall exercise such right to convey any part of the Phase Two Land free of the terms hereof by specifically setting forth in the Deed of Conveyance Grantors' agreement that the property therein conveyed shall be free of the rights and duties created and/or imposed pursuant to the terms of the Restrictions. Nothing contained herein shall constitute a representation, warranty or promise by Grantors or either of them that any part of the Phase Two Land will at any time be developed in any manner whatsoever. If, as and when Grantors elect to develop any part of the Phase Two Land and impose any specific provision of these Restrictions on that portion of the Land Grantors shall execute, acknowledge, deliver and record an Amendment Certificate describing the portion of the Phase Two Land to which the Restrictions are to apply and stating the specific terms hereof which will be imposed upon that part of the Phase Two Land.

3. VARIANCES. If in the opinion of the Grantors during a fifteen (15) year period after the Recording Date, or if in the opinion of the Association after the expiration of said fifteen (15) year period, the shape, dimension, and/or topography of any part of the Land or any Lot established from the Land, or any other reason as determined by the Grantors during the aforesaid fifteen (15) year period, and as determined by the Association after expiration of the fifteen (15) year period, the

enforcement of the provisions of the Restrictions with respect to any matter set forth herein, would work a hardship upon that portion of the Land or Lot, then the Grantors, within the original fifteen year period, and the Association after the expiration of said fifteen (15) year period may modify the Restrictions with respect thereto so as to permit different restrictions on any Lot or any part of the Land or subdivide or re-subdivide any and all of Land of Lots if, in Grantors' judgment during the first fifteen (15) year period, and after the expiration of said fifteen year period, in the Association's judgment such modifications or subdivision will not do actual substantial material damage to abutting or adjacent part of the Land or Lot.

4. GRANTORS' RIGHTS. Anything contained in this instrument to the contrary notwithstanding, Grantors reserve the right with respect to Phase Two Land, to alter or vary the Restrictions so that all or any portion of the Phase Two Land may be added to and become part of the Phase One Land and be subject to the restrictions and limitations imposed upon the Phase One Land so as to increase the number of single Residences which may be constructed within the Villages. Each Owner of all or any part of the Land and Lots does hereby irrevocably appoint Grantors and Grantors' representatives to act as such Owner's attorney-in-fact and to execute and deliver any and all documents and instruments which may be required so as to permit Grantors to exercise Grantors' rights reserved herein, and Grantors' rights shall continue for a period of fifteen (15) years from and after the Recording Date.

5. ARCHITECTURAL COMPATIBILITY. Grantors reserve the right to establish the architectural compatibility, if any, of structures to be erected upon all or any part of the Land and Lots and nothing contained herein shall constitute a representation, warranty or promise by Grantors that the residential dwellings to be constructed upon the Land and/or Lots shall all be architecturally compatible.

6. PHASE ONE CONSTRUCTION. No Residence shall be constructed or erected or permitted to remain upon any part of Phase One Land unless such Residence shall comply with the following general restrictions, provided, however, that for fifteen years from the Recording Date, Grantors reserve the right to alter or vary the restrictions hereinafter set forth in Grantors' sole and absolute discretion, so long as such variance, in Grantors' reasonable judgment, will not substantially and actually materially damage the Residence immediately adjacent to the Lot or Land to which such change is applicable, and all questions or aesthetics, shall be determined by Grantors in Grantors' sole discretion.

a. No Residence shall be placed on any Lot nearer to the street than the set-back line shown with respect to the Lot on the recorded subdivision plat, if any, or on the unrecorded subdivision plat or drawing as approved by the required governmental authority, for that part of the Phase One Land, nor nearer to any other Lot than those side-yard clearances permitted by the applicable law governing such construction.

b. No buildings or structures, or any additions thereto, or alterations thereof, shall be erected, altered, reconstructed, placed or suffered to remain upon any Lot or part of the Phase One Land unless and until the size, location, type, shape, height, use, material of

construction thereof, the color scheme therefor, the grading plan of the Lot, including the grade elevations of said buildings and structures, the plot plan showing the proposed location of said buildings or structures upon the Lot, and the plans, specifications and details of said buildings or structures, shall have been approved in writing by the Grantors during the first fifteen (15) years from and after the Recording Date, and thereafter, such approval shall be given by the Association. A true copy of said plans, specifications and details shall be lodged permanently with the Grantors if the same are to be approved by Grantors and with the Association if the same are to be approved by the Association. No buildings or structures, or any additions thereto or alterations thereof, except such as conform to said plans, specifications, and details, shall be erected, altered, reconstructed, placed or suffered to remain upon any Lot or part of the Phase One Land. All matters, including but not limited to the foregoing, requiring the approval of Grantors or the Association by the terms hereof, shall be submitted to Grantors or the Association in writing, accompanied by such plans, specifications, details and other documents as are reasonably required by the party who is required to make a proper decision. Grantors or the Association as the case may be, shall approve or disapprove such written submission or application for approval in writing within thirty (30) days after its receipt of same, and failure to so act within said thirty (30) day period shall constitute an approval of the matter submitted.

c. No fence, wall, stockade, trellis, arbor or hedge of any kind or for any purpose shall be erected, placed, or suffered to remain upon any Lot or part of the Phase One Land without first obtaining the written consent of the Grantors for the first fifteen (15) years from and after the Recording Date and thereafter the consent of the Association shall be required. No such consent shall be granted for any fence, wall, stockade, trellis, arbor or hedge to be placed upon any portion of a Lot within the Phase One Land that is within fifty (50) feet of a Common Area except for a fence that meets both of the

following standards: (i) is four (4) feet or less in height; and (ii) is at least twenty-five percent (25%) open to light and air. It is further understood that common split rail fencing of a height of four feet or less is the preferred fencing type for all the area in the Phase One Land.

No building permit shall be issued by a governmental authority for the construction of any structure on any Lot or part of the Phase One Land unless and until the applicant has filed with the required governing authority drawings showing the size, location, type, materials to be used, grading plan of the Lot, grade elevations, plot plan, plans and details of any structure proposed to be built or altered on any Lot and part of the Phase One land, which drawings must, when filed, bear the written approval of a designated representative of Grantors during the first fifteen (15) years from and after the Recording Date, and thereafter the same must bear the written approval of the designated representative of the Association.

7. PHASE TWO STYLE. Grantors reserve the right from time to time to establish the construction style for all or any part of the Phase Two Land. Nothing contained herein shall limit or restrict the construction style which may be utilized upon all or any portion of the Phase Two Land.

8. TEMPORARY STRUCTURES. No structure of a temporary character, trailer, basement, shed, shop, tent, shack, barn, or other out-building shall be erected, placed or suffered to remain on any part of the Phase One Land or Lots, or be used on any Lot or part of the Phase One Land at any time as a dwelling, either temporarily or

permanently, nor shall any dwelling of a temporary character be permitted on any Lot or part of the Phase One Land; provided, however, it is expressly understood and agreed that those persons, firms or corporations causing any construction within the Villages and/or upon all or any part of the Land and/or Lots shall have the right to erect temporary structure to accommodate construction and/or sales activity with respect to the development and marketing of all or any part of the Villages.

9. FRONTAGE. No part of the area in front of any Residence within the Phase One Land shall be used for any purpose other than a lawn, the planting of trees, flowers and ornamental shrubbery and such walks and driveways as may be necessary for the use of the Lots for a Residence; provided, however, those persons, firms, or corporations constructing or marketing any portion of the Villages shall have the right to use the front portion of any Lot or any part of the Land for marketing and/or for construction activities in the construction, development, and marketing of all or any part of the Villages.

10. ANIMALS. No horses, chickens or other fowl or livestock of any kind shall be raised, kept, harbored, or permitted upon any part of the Phase One Land or Lot, except that two (2) pet dogs and/or two (2) pet cats may be kept on any Lot or part of the Phase One Land, provided that they are not kept, bred, or raised thereon for commercial purposes.

11. NOXIOUS ACTIVITIES. No noxious or offensive activity shall be carried on, and no oil or gas well shall be drilled upon any Lot in the Phase One Land, and no nuisance, and no gas or oil derrick, sign, billboard or other advertising device (except a reasonable sign not

larger than 6 square feet offering said Lots for sale or rent) shall be erected, placed or suffered to remain upon any Lots, nor shall the Lots be used in any way or for any purpose which may endanger the health or unreasonably disturb the quiet enjoyment of the neighborhood, nor shall anything be done upon the Lot which may be or become a nuisance or annoyance to the neighborhood or Villages. No spirituous, vinous and/or fermented liquors shall be manufactured or sold, either at wholesale or at retail upon the Lots, and no place of public entertainment or resort of any character shall be established, conducted or suffered to remain upon the Lots; provided, however, any person, firm or corporation developing all or any portion of the Villages, or constructing any Residence within the Villages shall have the right to provide commercial construction, marketing and sales activity, and activity within all or any portion of the Land or Lots owned by that person, firm, or corporation or any person, firm or corporation authorized by Grantors to do the same.

12. GOOD MAINTENANCE. Each Owner shall make all repairs and replacements necessary to keep and maintain his Residence and his Lot in a clean and safe condition, in good order and repair, attractive looking and neat, and in accordance with applicable building, health and fire codes and regulations.

13. VEHICLES. No boat, trailer, airplane, junk car, unlicensed vehicle, or recreational vehicle shall be parked on any part of the Land, except that a boat, truck, trailer, or recreational vehicle may be parked within the appurtenant entrance driveway of a Residence for the limited purpose of loading or unloading the same in an expeditious manner, and a boat, truck,

trailer, unlicensed vehicle, and recreational vehicle may be parked inside the garage of a Residence if the door of the Residence is generally kept closed so that the boat, truck, trailer, unlicensed vehicle, or recreational vehicle cannot be seen

14. RESTRICTIONS OF SUBDIVISIONS. No Lot shall be resubdivided, nor shall any part of the Land be subdivided unless and until a plat showing such proposed resubdivision or subdivision shall have been first submitted to and approved by Grantors during first fifteen (15) years from the Recording Date and submitted to and approved by the Association thereafter. Before the subdivision or resubdivision is in effect the plat for the same must have endorsed thereon the approval by Grantors during said fifteen (15) year period and thereafter the Association's approval must be endorsed upon the plat.

15. GRADES. Grantors for the first fifteen (15) years from the Recording Date and the Association thereafter shall have the exclusive right to establish grades and slopes on the Lots and to fix the grade at which any building or structure shall be hereafter erected or placed upon the Lots so that the same may conform to a general plan wherein the established grade and slope of each Lot is established as part of the improvements, so that the same correspond to the grade of the Lots on either side, having due regard to the natural contours and drainage of the Lots.

ARTICLE IV

EASEMENTS AND ENCUMBRANCES

1. ENCUMBRANCES. All of the Land and Lots are subject to easements, rights-of-way, oil and gas leases

and rights, roadway slope rights and all encumbrances of record at the date hereof.

2. EASEMENT GRANTS. Grantors reserve to themselves the sole right to grant consents, rights, easements and rights-of-way for the construction, maintenance and operation of public utility facilities, electric, light, telephone and telegraph pole lines and conduits and gas, water and sewer pipes, mains and connections in and upon any part of the Land and upon any highways and streets, whether dedicated or not, now existing or hereafter established upon any portion of the Land, or any parts of the Lots. Grantors reserve to themselves the right to grant consents, rights, easements and rights-of-way and to petition the gas companies, electric light companies, telephone companies, and any water and sewer companies or authorities and/or other public or private utilities for the extension of their respective service mains, connections or lines, which in the opinion of Grantors are necessary through and/or upon other parts of the Land, or any Lot, or parts of Lots. The Owners of any and all Lots and Land agree to and do hereby consent to and affirm all agreements that may be entered into between Grantors with said gas companies and/or electric light companies and/or telephone companies and/or water and sewer companies or authorities and/or other public or private utilities, and/or others with respect thereto. Grantors reserve to themselves the exclusive right, so long as Grantors own any part of the Land, and thereafter Grantors grant to the Association so long as it continues in existence, the right to grant and/or assign the full and complete use of said easements and rights-of-way and further reserves the right to grant additional easements for use by similar

facilities upon such terms and conditions consistent therewith and incidental thereto as Grantors may agree, to any and all persons, firms, corporations or authorities furnishing any one or more of the aforesaid facilities. In the event the Association shall cease to exist, the right to so grant and/or assign the use of easements and rights-of-way shall be exercised by Olmsted Township Ohio.

Grantors reserve the right to modify, change and relocate all or any of the easements and/or rights-of-way now in existence or hereafter established upon the Land and each Owner of any or any part of the Land shall and does hereby ratify, approve confirm all of such changes; provided, however, Grantors in making such changes shall complete such changes in such a manner so that such changes do not unreasonably interfere with existing utility connections to the Residences.

3. GREEN EASEMENTS. Grantors hereby establish and grant a Green Easement which shall run with the land over and across Lot or Lots wherever any such 'Green Easement or Green Easements shall appear on any recorded plot plan. The Owner or Owners of such Lot or Lots by acceptance of a deed to such Lot agrees to such Green Easement and the rights and restrictions herein regarding the same. The use of a Green Easement shall be as provided in Article XI herein and the care of a Green Easement shall be as provided in Article XII herein. No Owner of a Lot upon which all or a portion of a Green Easement is located shall cut down, destroy or cut, trim or prune any tree, plant or shrubbery on a Green Easement or change or disturb any of the soil on a Green Easement.

ARTICLE V

PRIVATES DRIVES

Grantors do hereby reserve the right to establish any roadways or drives within the Land and which may not be dedicated roadways or drives within the Villages, and in the event that Grantors so elect to establish private roadways and drives, then in that event, Grantors shall and do hereby grant to each Owner of any Lot or Residence or any part of the Land and that Owner's family and that Owner's guests and invitees the right and license, to use in common with Grantors and all other Owners of all or any part of the Land, Residence or any Lot and their respective families and their respective guests and invitees all private roadways and drives for vehicular and pedestrian traffic for ingress and egress through the Villages to dedicated streets and highways. The cost of the maintenance, repair and replacement of any system of private roads and drives which may be installed by Grantors within the Villages shall be a cost and expense to be paid by the Association and shall be an Association Expense.

ARTICLE VI
ENFORCEMENT

Grantors reserve unto themselves, their successors and assigns, so long as Grantors own any part of the Land or Lots and thereafter to the Association, the right, in case of any violation or breach of any of the terms hereof, either to restrain such violation or breach and/or to recover damages therefor, or to enter the property upon or as to which such violation or breach exists and to summarily abate and remove at the expense of the owner thereof any erection, thing or condition that may be or exist thereon contrary to the intent and meaning of the terms hereof, and Grantors and/or the Association, shall

not by reason thereof be deemed guilty of any manner of trespass for such entry, abatement or removal. Failure of Grantors or the Association to enforce any of the terms hereof, shall in no event be construed, taken or held to be in any manner a waiver thereof, or acquiescence in or consent to any further or succeeding breach or violation of terms hereof, and Grantors and/or the Association shall at any and all times have the right to enforce the terms hereof and to prevent any other violations and breaches hereof, however, the failure, refusal or neglect of Grantors and/or the Association to enforce the same and to prevent any violations or breaches of the terms hereof shall in no manner and to no extent whatsoever make the Grantors and/or the Association liable in connection therewith.

ARTICLE VII

ADJOINING LAND

The Restrictions imposed by this instrument are initially imposed upon the Phase One Land and Lots and may at a later be imposed upon other parts of the Land which are hereafter subject to the terms hereof by the execution of an Amendment Certificate and the terms hereof shall not be held to prevent use of the Land not then subject to the terms hereof and/or adjoining or adjacent lands owned by Grantors or their successors or assigns for such other purposes as Grantors shall determine such use of such other lands and/or Phase Two Land shall not be held to relieve the Owner of any part of the Lots from the Restrictions imposed by the terms hereof. Grantors for the first fifteen (15) years after the Recording Date and the Association thereafter may but shall not be obligated

to designate by name and boundaries each individual Village comprising the Villages. Grantors their successors and assigns, in the course of doing and completing the development, improvement, construction and sale of the dwellings and Lots in or on the Land may temporarily not conform to certain of the terms hereof, including, but without limitation, the building and maintenance of model dwellings and/or other sales offices therein, posting signs advertising the Land and Lots or houses or dwellings for sale, and use of temporary workhouses, shops and sheds to be used during construction, improvement development; however, such non-conformity shall not be construed to be taken to be, for any purpose whatsoever, any violation or breach of the terms hereof and shall not operate in any manner whatsoever to relieve other Owners from any violation or breach of the terms hereof.

ARTICLE VIII

COMMON AREAS

1. LOCATION. Grantors reserve the right to use such portions of the Land for Common Areas for the use and enjoyment of all of the Owners of all or any part of the Land and Villages and to restrict from construction upon that portion of the Land so reserved any dwelling and provide that the part of the Land so reserved shall remain in its natural state or landscape or retained for park purposes for the use and enjoyment of all of the residents and occupants of the Villages. The part of the Land so reserved, shall be so designated by Grantors through the execution recording of Amendment Certificate(s) which specifically identifies the part of the Land established

as the Common Areas. The part of the Land so designated as Common Areas shall thereafter be Common Areas and shall be retained and owned by Grantors or either of them for a period of fifteen (15) years from and after the Recording Date and upon the expiration of said fifteen (15) year period (or at such earlier date as Grantors in their discretion determine), Grantors shall transfer and convey, by Quit-Claim Deed without representation or warranty, all of Grantor's right, title and interest in the Common Areas to the Association; provided, however, Grantors shall release and discharge any mortgage or other monetary lien created by them upon the Common Areas, at the time of such transfer and conveyance. Nothing contained herein shall limit, restrict or impair Grantors' absolute right during said fifteen (15) year period to encumber all or any portion of the Common Areas.

2. MAINTENANCE. The cost of the maintenance, management and care of the Common Areas shall be provided and paid by the Association as set forth and provided in Article XII hereof.

ARTICLE IX

RECREATIONAL FACILITIES

1. LOCATION AND DESCRIPTION. Grantors, at a future time, may elect to have constructed within any part of the Phase Two Land Recreational Facilities for the common use and benefit of the Owners and occupants of Residences within the Villages. Grantors shall pay the cost of the construction of any Recreational Facilities located within the Villages which Grantors elect to have constructed, and Grantors shall have the right to retain title to the same

for a term of fifteen (15) years from and after the Recording Date. The cost of the maintenance, management and care of the Recreational Facilities, including any capital repairs or replacements and capital reserve funds shall be an Association Expense.

2. TRANSFER AND ENCUMBRANCES. Fifteen (15) years from and after the Recording Date (or such earlier date as Grantors in their discretion determine) Grantors shall transfer and convey all of Grantors' right, title and interest in the Recreational Facilities to the Association, by Quit-Claim Deed without representations or warranties whatsoever, except that any mortgage created by Grantors which may encumber the Recreational Facilities shall be discharged and paid by Grantors. During said fifteen (15) year period Grantors shall have the right to encumber all or any portion of the Recreational Facilities so long as all costs and expenses in connection with the payment of interest and principal of such mortgage(s) are paid by Grantors.

3. ACCELERATION. Anything contained in this Article to the contrary notwithstanding, Grantors shall have right to accelerate the fifteen (15) year period and at any time or times prior thereto Grantors, at Grantors' absolute discretion, shall have the right to convey by Quit-Claim Deed the Recreational Facilities to the Association, and upon such conveyance, the Grantors shall be released and relieved of any liability or responsibility in connection therewith.

4. NO REPRESENTATIONS. Nothing contained herein shall constitute a representation, warranty, or promise by Grantors as to the nature or extent of the Recreational Facilities, and all of the same shall be established and

determined by Grantors in Grantors' sole and absolute discretion, and no purchaser or prospective purchaser or any other Owner of all or any part of the Land or Lots shall have any right to require Grantor to construct any Recreational Facilities.

5. MAINTENANCE. The cost of maintenance, repairs, capital replacements and management of the Recreational Facilities shall be provided and paid by the Association as set forth and provided in Article XII hereof.

ARTICLE X

ASSOCIATION

1. FORMATION OF ASSOCIATION. Grantors shall cause to be formed an Ohio corporation not for profit to be known as Lakeside Villages, Inc. to provide for the administering of the Common Areas and Recreational Facilities and enforcing the covenants and restrictions contained herein after Grantors' rights with respect thereto have expired, and collecting and disbursing the assessments and/or charges for Association Expenses as provided herein. Each Owner upon acquisition of the record title to a Residence or Lot, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such member of the Owner's Residence or Lot at which time the new Owner of such Residence or Lot shall automatically become a member of the Association. Each member shall be entitled to one vote for each Residence or Lot in which such Owner holds the title, so that there shall be one vote for each Residence or Lot. Anything contained herein to the

contrary notwithstanding, during a period of fifteen (15) years from and after the Recording Date, no action of the Association may be taken or had notwithstanding the vote of the members of the Association without the prior written consent and approval of the Grantors and any vote by the members of the Association to the contrary shall be invalid and ineffective.

2. BOARD OF TRUSTEES. The initial Board of Trustees of the Association shall consist of three (3) persons designated by the Grantors and such Board shall continue for a term of three (3) years from and after the Recording Date. After the expiration of said three (3) year period or at such earlier time as the Grantors shall determine the Board of Trustees shall be enlarged so that at all times thereafter the Board of Trustees of the Association shall consist of one (1) member who is elected by a majority vote of the Owners of single family residences within each Village. At the time there are ten (10) or more Owners of single family Residences in any one Village then, Grantors shall notify such Owners in that Village of their right to elect one (1) member to the Board of Trustees. Notwithstanding the number of the members of the Board of Trustees, for a term of fifteen (15) years from and after the Recording Date, no action or vote shall be taken and had by the Board of Trustees without the prior written consent of the Grantors and for those purposes Grantors shall have a right at all times during said fifteen (15) year period to cause to have elected to the Board of Trustees a majority of the Board of Trustees at that time so that the Grantors shall have the right during that fifteen (15) year period of time to cast a majority vote of the Board of Trustees and the Board of Trustees

may be enlarged for those purposes. The Board of Trustees shall exercise the powers, discharge the duties and be vested with the rights conferred upon them by the operation of law and by the terms hereof, provided, however, that in the event any such power, duty or right shall be exercisable or discharged by or be vested in an officer or member of the Board of Trustee solely in his capacity as such officer or member, such person shall be deemed to act in that capacity to the extent required to authenticate his acts and to carry out the purpose of the terms and provisions hereof.

3. ADMINISTRATION BY ASSOCIATION. Subject to the rights retained by Grantors pursuant to the terms hereof, the administration of the Common Areas and Recreational Facilities, and of the covenants and restrictions contained herein shall be by the Association and shall be in accordance with the terms and provisions hereof. Each Owner, tenant or occupant of a Residence and/or Lot shall comply with the provisions of the general law, the Restrictions, the Code of Regulations of the Association, and other rules and regulations of the Association and the decisions and resolutions of the Association or its representative, all as lawfully amended from time to time, and failure to comply with any such provisions, rules, regulations, decisions or resolutions shall be grounds for an action to recover sums due as and for damages, and/or for injunctive and/or other appropriate relief.

ARTICLE XI

USE OF COMMON AREAS AND RECREATIONAL FACILITIES

Each Owner shall have the right to use the Common Areas and Recreational Facilities in common with all other Owners of Residences and Lots in the Villages. Such rights shall extend to the Owner and the members of the immediate family and guests and other authorized occupants of Residences. The use of the Common Areas and Recreational Facilities, and the rights of the Owners with respect thereto, shall be subject to and governed by the terms and provisions hereof and the Code of Regulations of the Association, and the proper actions, resolutions and proceedings of the Association. The Association shall have the right to establish rules and regulations regarding the use of the Common Areas and Recreational Facilities including the imposition of limitations on the use thereof by Owners, guests and visitors of the Owners or other occupants of Residences.

—

ARTICLE XII

CARE OF COMMON AREAS

1. ASSOCIATION'S OBLIGATIONS. Except as otherwise provided herein, the management, maintenance, repair and alteration of the Common Areas and Recreational Facilities shall be the responsibility of the Association. The Association may delegate all or any portion of its authority to discharge such responsibility to an agent. The Board of Trustees of the Association shall have the power and authority to hire an agent for a period not to exceed three (3) years, and to authorize said agent to enter into any contracts which are necessary for the comfort and convenience of the Owners. The Association may deem it desirable, advisable, prudent, expedient,

necessary and/or profitable, from time to time, to share costs and/or expenses which can or may be attributable to one or more parcels of land and/or buildings in the vicinity of the Villages, and the Association and/or the Board of Trustees thereof may and are hereby authorized to cooperate and enter into contracts and incur obligations together with and in conjunction with other home owners associations, and/or other persons, firms, corporations, or any other organizations within or related to the Villages, and any parts thereof, or otherwise.

2. OWNERS' OBLIGATIONS. Each Owner agrees to repair and replace at the Owner's expense all portions of the Common Areas and Recreational Facilities which may be damaged or destroyed by reason of the Owner's willful or negligent act or neglect of the Owner or any other member of the owner's household, or by the willful or negligent act of any invitee, licensee or guest of the Owner or member of Owner's household.

3. EXTENDED COVERAGE INSURANCE. If and when the Recreational Facilities are constructed, the Association shall thereafter, as an Association Expense, maintain fire and extended coverage insurance insuring the Recreational Facilities and its contents in reasonable amounts and in accordance with customary underwriting standards and covering perils customarily insured, and the amount of such insurance shall not be less than eighty percent (80%) of the insurable value of the Recreational Facilities.

4. WAIVER OF SUBROGATION. To the extent that Association maintains fire and extended coverage insurance upon all or any portion of the Common Areas and/or the Recreational Facilities, and to the extent that

the same does not invalidate policy of fire or extended coverage insurance maintained by Association upon the Common Areas and Recreational Facilities, Association shall, and does hereby waive and release the Grantors and each Owner and their respective families and their respective guests from and against any and all liability from any loss, damage or injury to the Common Areas and Recreational Facilities, caused as a result of any act or peril covered by such policy of fire and extended coverage insurance, and such release shall only be to the extent of actual recovery made by the Association from said policy of fire and extended coverage insurance.

5. COSTS. The cost of the maintenance, care, repair management of the Common Areas and Recreational Facilities including capital repairs, capital replacements and reserves therefor shall be Association Expenses. The Association Expenses shall be paid by the Owner (other than Grantors) in the manner provided herein, and in the manner provided in the Code of Regulations.

6. DIVISION OF ASSOCIATION PROFITS AND ASSOCIATION EXPENSES. The Association Expenses shall be assessed by the Association against each Owner equally. The profits of the Association shall be divided equally among each Owner.

7 UTILITIES. Each Owner shall pay for the Owner's own telephone, electricity, and other utilities which are separately metered or billed to each user by the respective utility company.

Utilities which are not separately metered or billed shall be treated as part of the Association Expenses and paid as provided in Article XII, Section 6 hereof.

8. NON-USE OF FACILITIES. No Owner may exempt the Owner from liability for the Owner's contribution toward the Association Expenses by waiver of the use or enjoyment of any of the Common Areas and Recreational Facilities or by the abandonment of the Owner's Lot and/or Residence.

9. LIEN OF ASSOCIATION. The Association shall have a lien upon the estate or interest in any Lot and/or Residence of the Owner thereof and its related interest in the Common Areas and Recreational Facilities, for the payment of the portion of the Association Expenses chargeable against such Lot and/or Residence which remain unpaid for ten (10) days after the same have become due and payable and from the time a certificate therefor, subscribed by the President or other officer of the Association, is filed with the Recorder of Cuyahoga County, Ohio, pursuant to authorization given by the Board of Trustees of the Association Delinquent assessments shall bear interest at an interest rate from time to time determined by the Association. Such certificate shall contain a description of the Lot and/or Residence, the name or names of the record Owner or Owners thereof and the amount of such unpaid portion of the Association Expenses. Such lien shall remain valid for a period of five (5) years from the time of filing thereof, unless sooner released or satisfied in the same manner provided by law for the release and satisfaction of mortgages on real property or discharged by the final judgment or order of the court in an action brought to discharge such lien as hereinafter provided. In addition, the Owner *of* the Lot

and/or Residence and any occupant thereof shall be personally liable for such expenses chargeable for the period of his ownership or occupancy.

10. PRIORITY OF ASSOCIATION'S LIEN. The lien provided for in this Article XII for Association Expenses shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been theretofore filed for record, and may be foreclosed in the same manner as a mortgage on real property in an action brought by the Association or by the President or other officer of the Association pursuant to the authority given him by the Board of Trustees of the Association. In any such foreclosure action, the Owner or Owners of the Lot and/or Residence affected shall be required to pay a reasonable rental for such Lot and/or Residence during the pendency of such action, and the plaintiff in such action shall be entitled to the appointment of a receiver to collect the same. In any such foreclosure action, the Association, or its agent, duly authorized by action of the Board of Trustees, shall be entitled to become a purchaser at the foreclosure sale.

11. DISPUTE AS TO ASSOCIATION EXPENSES. Any Owner who believes that the portion of Association Expenses chargeable to the Owner's Lot and/or Residence, for which a certificate of lien has been filed by the Association, has been improperly charged against the Owner or the Owner's Lot and/or Residence may bring an action in the Court of Common Pleas of Cuyahoga County, Ohio, for the discharge of such lien. In any such action, if it is finally determined that such portion of the Association

Expenses has been improperly charged to the Owner or the Owner's Lot and/or Residence, the Court shall make such order as is just, which may provide for a discharge of record of all or a portion of such lien.

12. NON-LIABILITY FOR PAST DUE ASSOCIATION EXPENSES.

Where the mortgagee of a first mortgage of record or other purchaser of a Lot and/or Residence acquires title to the Lot and/or Residence as a result of foreclosure of the first mortgage, such acquirer of title, its successors and assigns, shall not be liable for the share of the Association Expenses or other assessments by the Association chargeable to such Lot and/or Residence which became due prior to the acquisition of title to such property by such acquirer. Such unpaid share of Association Expenses shall be deemed to be Association Expenses collectible from all of the Lots and/or Residence, including that of such acquirer, his successors or assigns.

13. LIABILITY FOR ASSESSMENTS UPON VOLUNTARY CONVEYANCE. In a voluntary conveyance of a Lot and/or Residence, the grantee of the Lot and/or Residence shall be jointly and severally liable with the grantors thereof for all unpaid assessments by the Association against the grantors and the grantor's Lot and/or Residence for the grantor's share of Association Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from that grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Board of Trustees of the Association setting forth the amount of all unpaid Association Expenses against the grantor due to the Association, and such grantee shall not be liable for

nor shall the and/or Residence conveyed be subject to a lien for any unpaid Association Expenses in excess of the amount set forth in such statement for the period reflected in such statement. As used in paragraph "grantor" shall include a decedent and "grantee" shall include a legatee or intestate heir of said decedent.

14. NON-PAYMENT BY GRANTORS. Grantors shall not be required to pay any part of the Association Expenses for any Lot, Residence or part of the Land unless such Residence is occupied, it being intention that only Owners of Lots other than Grantors and occupied Residences be required to share in or pay Association Expenses; provided, however, once a Residence has been occupied, even if then owned by Grantors, the obligation to pay Association Expenses shall continue even if the Residence becomes vacant at a later date.

ARTICLE XIII

LIABILITY INSURANCE

1. MAINTENANCE OF LIABILITY INSURANCE. The Association, as an Association Expense, shall insure itself, the Board of Trustees, Grantors, all Owners and members of their respective families and other persons residing with them in the Residence, their tenants, and all persons lawfully in possession or control of the Lots and/or Residences and Land, against liability for bodily injury, disease, illness or death and for injury to or destruction of property occurring upon, in or about, or arising from, the Common Areas and Recreational Facilities, such insurance to afford protection to a limit of not less than Three Hundred Thousand Dollars

(\$300,000.00) with respect to bodily injury, disease, illness or death suffered by any one person, and to a limit or not less than Five Hundred Thousand Dollars (\$500,000.00) with respect to any one occurrence, and to the limit of not less than One Hundred Thousand Dollars (\$100,000.00) with respect to damage to or destruction of property arising out of any one accident.

2. INSURANCE LIMITATION. The policy of insurance maintained by the Association pursuant to Article XIII, Section 1 shall not insure against liability for personal injury or property damage arising out of or relating to the individual Lots and/or Residences. Each Owner shall be responsible for the Owner's own insurance on the Owner's Lot and/or Residence and on the contents of Owner's own Lot and/or Residence and the Owner's additions and improvements thereto and decorating and furnishing and personal property therein, and the Owner's personal property stored elsewhere on the property, and Owner's personal liability to the extent not covered by the liability insurance for all of the Owners obtained as part of the Association Expenses as above provided.

ARTICLE XIV

MISCELLANEOUS

1. DEVELOPMENT ACTIVITY. Grantors expressly state that Grantors have not and do not by execution of this instrument make any representation, warranty or promise as to the time, if ever when the Common Areas will be designated, and/or when the Recreational Facilities will be constructed. The designation, development and

construction of the Common Areas and Recreational Facilities, if ever, is solely dependent upon the development progress and marketing conditions of the Villages as the Grantors in their sole and absolute discretion shall determine. Grantors make no promise, representation or warranty that the Common Areas and/or Recreational Facilities will ever be built.

2. ACCEPTANCE OF DEED. Each grantee of Grantors, of interest in any Lot and/or Residence, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, rights, powers created or reserved by the terms hereof, and all conditions, restrictions, easements and encumbrances of record, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land and/or Lot and/or Residence, and shall bind any person having at any time any interest or estate in the Land and/or Lot and/or Residence, and shall inure to the benefit of such Owner in like manner as though the provisions hereof were recited and stipulated at length in each and every deed of conveyance.

3. NON-WAIVER OF COVENANTS. No covenants, restrictions, conditions, obligations or provisions contained herein 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.

4. ENFORCEABILITY OF COVENANTS. The validity of covenant, restriction, condition, limitation or any other provision hereof shall not impair or affect in any manner

whatsoever the validity, enforceability or effect of the rest of the terms provisions hereof.

5. RULE AGAINST PERPETUITIES. If any of the privileges, covenants or rights established hereby and/or contained in the Association's Code of Regulations shall be unlawful or void violation of the rule against perpetuities or some analogous statutory provision; the rule restricting restraints on alienation; or any other statutory or common law rules imposing time limits, then such provision shall continue only until one (1 day prior to the end of the twenty-first (21st) year after the death of the survivor of the living descendants of George V. Voinovich, Governor of the State of Ohio.

6. OWNERSHIP BY GRANTORS. So long as Grantors own any part of the Land and/or own any Lot located within the Villages then, Grantors shall and do hereby reserve the right to modify and amend any term, condition or provision contained herein and any amendment may be made without the consent or approval of any Owner and/or any Residence and/or any mortgagee of any Owner and/or Residence and/or any Lot and all of the same do hereby constitute and appoint Grantors as the Owner's and/or mortgagee's true lawful attorney-in-fact to execute for and on behalf of the Owner and/or the mortgagee such document or instrument as Grantors deems appropriate and necessary to cause such amendment to be made such amendment shall be recorded for record with the Recorder of Cuyahoga County, Ohio and such instrument of amendment shall make specific reference to the volume and page number in which these Restrictions are recorded for record with the Recorder of Cuyahoga County, Ohio and shall make further reference to all prior amendments and/or certificates which have been filed by Grantors pursuant to the terms and provisions contained herein.

Grantors have reserved the right to make modifications, amendments, and approvals for a term of fifteen (15) years from and after the Recording Date provided, however, Grantors, at their option and in their absolute discretion shall have the right to delegate and/or grant such authority to the Association at any time prior thereto and the Association agrees to accept the same as and when the Grantors so direct.

7. NON-LIABILITY OF GRANTORS. Neither Grantors, nor their shareholders, directors, officers, representatives, successors or assigns, nor any of Grantors' agents, shall be liable for any claim whatsoever arising out of or by reason of any actions performed pursuant to any authorities granted or delegated to them by or pursuant to the terms hereof whether or not such claim shall be asserted by any Owner, occupant of a Residence, the Association, or by any person or entity claiming through any of them; or shall be on account of injury to person or damage to or loss of property wherever located and however caused; or shall arise ex contracts or (except in the case of gross negligence) ex delictu. Without limiting the generality of the foregoing, the foregoing enumeration includes all claims for, or arising by reason of, or from any part of the Villages, and/or the Common Areas and Recreational Facilities or any part thereof, being or becoming out of repair, or containing any patent or latent defects, or by reason of any acts or neglect of any Owner, an occupant of the Residence, the Association, and their respective agents, employees, guests, and invitees, or by reason of any neighboring property or personal property located on or about the Villages, or by reason of the failure to function or disrepair of any utility

services (heat, air conditioning, electricity, gas, water, sewage, etc.

8. LIBERAL CONSTRUCTION. The provisions of this instrument shall be liberally construed to effectuate its purpose of creating a uniform plan for the establishment and operation of a residential development.

9. INTERCHANGEABILITY OF TERMS. The singular of any word shall also include the plural of such word, and the masculine gender shall also include the neuter and feminine.

10. TIME. The restrictions, rights, reservations, limitations, agreements, covenants and conditions herein set forth shall be deemed as covenants and not as conditions hereof, and are to run with the land and the title thereto and shall, except as otherwise specifically set forth in this instrument relating to Grantors' rights to add the Phase Two Land, or other real property, and to amend the terms hereof, be binding on all Owners of any part of the Lots and all persons claiming under them, until December 31, 2100, in any event, and shall be automatically extended beyond said date for successive periods of ten (10) years, unless an appropriate instrument signed by a majority of the then Owners of the Lots and Residences in the Villages has been recorded agreeing to change said covenants and parts thereof.

11. ENFORCEABILITY. The above enumerated restrictions, rights, reservations, limitations, agreements, covenants and conditions shall run in favor of and shall be enforceable by any person, and the heirs and assigns of such person, who is or becomes an Owner in the Phase One Land, as well as by Grantors, their successors or assigns, and the Association, as aforesaid. It is understood and agreed that all of the

foregoing are part of a common and general plan for the development of the Villages and the protection of all present and future Owners of any part of the Phase One land.

12. DISTRIBUTION OF COPIES. At the request of any Owner, Grantors for a period of fifteen (15) years from and after the Recording Date shall provide the Owner with a copy of the Restrictions together with all amendments, certificates and other paper writings executed, delivered and recorded in connection with and/or pursuant to the terms of the Restrictions.

13. TITLES. The titles and headings set forth in the Restrictions are for convenience and reference only and shall not affect the interpretation of any term, condition, provision, covenant, representation or warranty contained herein.

14. LIMITATION OF LIABILITY. Each Owner covenants and agrees that no shareholder, officer, director, employee or agent of Grantors shall have any liability personally for the performance and observance of any term, condition or provision contained herein, and each Owner covenants and agrees that the Owner shall not commence or participate in any action, suit or proceeding against any director, officer, employee or agent arising out of any claim or breach by Grantors of any term or provision hereof. The liability of Shore West Construction Company, one of Grantors herein shall be limited solely and exclusively to its interest in the Land and no other asset of Shore West Construction Company shall be liable for any claim under the Restrictions.

IN WITNESS WHEREOF, said Grantors, have executed this instrument at the time and place hereinabove set forth.

Signed and acknowledged in the presence of:

Judith A. Moran
Sandra P. Regal

SHORE WEST CONSTRUCTION COMPANY

By

Frederic C. Bower

Frederic C. Bower,
President

Judith A. Moran
Sandra P. Regal

THE NEW UPLAND HOLDING COMPANY

By

Frederic C. Bower

Frederic C. Bower,
President

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named SHORE WEST CONSTRUCTION COMPANY, an Ohio corporation (one of the Grantors in the foregoing instrument) by Frederic C. Bower, its President,

who acknowledge that he did execute the foregoing instrument for and on behalf of Shore West Construction Company and that the execution thereof was his free and voluntary act individually and as duly authorized officer of Shore West Construction Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this 26th day of May, 1992.



Notary Public

JUDITH A. MORAN
Notary Public, State of Ohio
Recorded in Cuyahoga Cty.
My Comm. Expires 9-25-95

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named THE NEW UPLAND HOLDING COMPANY, an Ohio corporation (one of the Grantors in the foregoing instrument) by Frederic C. Bower, its President,

who acknowledge that he, did execute the foregoing instrument for and on behalf of The New Upland Holding Company and that the execution thereof was *his*, free and voluntary act individually and as duly authorized officer of The New Upland Holding Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this 26th day of May, 1992.



Notary Public

JUDITH A. MORAN
Notary Public. .State of Ohio
Recorded in.Cuyahoga Cty.
My Comm. Expires 9-25-95

THIS INSTRUMENT PREPARED BY:
Edwin A. Kennedy, Esq.
ARTER & HADDEN
1100 Huntington Building
Cleveland, Ohio 44115

216-696-1100

EAK01854

LAKESIDE VILLAGES SUBDIVISION
PHASE I
LEGAL DESCRIPTION

Situated in the Township of Olmsted, County of Cuyahoga, State of Ohio and known as being part of Original Olmsted Township Lot No. 3, Tract No. 2, and Lot No. 9, Tract No. 5, and bounded and described as follows:

Beginning at an iron pin found at the Southeast corner of Original Olmsted Township Lot No. 9, Tract 5, said point being the principal place of beginning;

THENCE North 00 degree 31 minutes 26 seconds West along the easterly line, of Original Lot 9 a distance of 411.73 feet to an iron pin set-in the southerly line of land conveyed to Cleveland Electric Illuminating Company (CEI) by deed recorded in Volume 3934, Page 48 of Cuyahoga County Deed Records;

THENCE North 66 degrees 01 minute 06 seconds West along the southerly line of land conveyed to CEI for a distance of 783.70 feet to an iron pin set;

THENCE South 24 degrees 20 • minutes 42 seconds West a distance of 452.74 feet to an iron pin set;

THENCE North 65 degrees 39 minutes 18 seconds West a distance of 6.68 feet to an iron pin set;

THENCE South 24 degrees 20 minutes 42 seconds West a distance of 250.00 feet to an iron pin set;

THENCE South 65 degrees 39 minutes 18 seconds East a distance of 150.00 feet to an iron pin set;

THENCE South 88 degrees 26 minutes 43 seconds East distance of 41.74 feet to an iron pin set;

THENCE South 01 degree 32 minutes 13 seconds East a distance of 552.58 feet to an. iron pin set;

THENCE South 88 degrees 27 minutes 47 seconds West a distance of 75.00 feet to an iron pin set;

THENCE South 01 degree 32 minutes 13 seconds East a distance of 92.14 feet to an iron pin set;

THENCE South 22 degrees 20 minutes 12 seconds East a distance of 388.21 feet to an iron pin set;

THENCE South 01 degree 32 minutes 13 seconds East a distance of 34.94 feet to an iron pin set;

THENCE North 88 degrees 27 minutes 29 distance of 741.82 feet to an iron pin found;

THENCE North 00 degree 16 minutes 50 seconds East a distance of 990.78 feet to an iron pin found, said point being the principal place of beginning; and containing 30.9840 acres of land, being the same, more or less but subject to all legal highways.

Bearings given are based on an assumed meridian and are intended to describe angles only .

EXHIBIT A

Page 2 of 2

LAKESIDE VILLAGES SUBDIVISION

REMAINING PARCEL EXCLUDING PHASE I
LEGAL DESCRIPTION

Situated in the Township of Olmsted, County of Cuyahoga and State of Ohio and known as being part of Original Olmsted Township Lot No. 6, Tract 2; No. 5, Tract 2; No. 4, Tract 2; No. 3, Tract 2; No. 9, Tract 5; No. 10, Tract 5; and No. 11, Tract 5 and bounded and described as follows:

Beginning at an iron pin in a monument box at the intersection of the centerline of Cook Road (60 feet wide) and the centerline of Stearns Road (60 feet wide), said centerline of Stearns Road Being northerly of Cook Road;

THENCE South 89 degrees 40 minutes 00 seconds East along the centerline of Cook Road, 268.59 feet to an angle point in said centerline;

THENCE continuing along the centerline of said Cook Road South 89 degrees 20 minutes 20 seconds East, 578.18 feet to a point;

THENCE South 01 degrees 08 minutes 10 seconds East 30.02 feet to a point on the southerly right-of-way line of Cook Road and principal place of beginning;

THENCE South 01 degrees 08 minutes 10 seconds East for a distance of 309.99 feet;

THENCE South 51 degrees 18 minutes 10 seconds West for a distance of 126.09 feet;

THENCE South 01 degrees 08 minutes 10 seconds East for a distance of 120.00 feet;

THENCE North 88 degrees 31 minutes 14 seconds West for a distance of 161.00 feet;

THENCE South 01 degrees 31 minutes 25 seconds East for a distance of 1365.39 feet;

THENCE North 89 degrees 03 minutes 15 seconds East for a distance of 490.10 feet;

THENCE South 00 degrees 59 minutes 16 seconds East for a distance of 989.26 feet to a point on the northerly line of property conveyed to the Consolidated Railway Corporation;

THENCE North 88 degrees 27 minutes 47 seconds East along said northerly Consolidated Railway Corporation property line for a distance of 526.00 feet;

THENCE South 01 degrees 32 minutes 13 seconds East along a jog in said northerly Consolidated Railway Corporation property line for distance of 20.00 feet;

THENCE North 88 degrees 27 minutes 47 seconds East along the northerly Consolidated Railway Corporation property line for a distance of 2190.26 feet;

THENCE North 00 degrees 37 minutes 34 seconds West along a jog in said northerly Consolidated Railway Corporation property line for a distance of 4.98 feet;

THENCE North 88 degrees 27 minutes 29 seconds East along the northerly Consolidated Railway Corporation property line for a distance of 369.54 feet;

THENCE North 01 degrees 32 minutes 13 seconds West for a distance of 34.94 feet;

THENCE North 22 degrees 20 minutes 12 seconds West for a distance of 388.21 feet;

THENCE North 01 degrees 32 minutes 13 seconds West for a distance of 92.14 feet;

THENCE North 88 degrees 27 minutes 47 seconds East for a distance of 75.00 feet;

THENCE North 01 degrees 32 minutes 13 seconds West for a distance of 552.58 feet;

THENCE North 88 degrees 26 minutes 43 seconds West for a distance of 41.74 feet;

THENCE North 65 degrees 39 minutes 18 seconds West for a distance of 150.00 feet;

THENCE North 24 degrees 20 minutes 42 seconds East for a distance of 250.00 feet;

THENCE South 65 degrees 39 minutes 18 seconds East for a distance of 6.68 feet;

THENCE North 24 degrees 20 minutes 42 seconds East for a distance of 452.74 feet;

THENCE North 66 degrees 01 minutes 06 seconds West along said southerly line of land conveyed to CEI for a distance of 430.57 feet;

THENCE South 00 degrees 32 minutes 02 seconds East for a distance of 170.63 feet;

THENCE North 66 degrees 01 minutes 06 seconds West for a distance of 1227.45 feet;

THENCE North 00 degrees 10 minutes 16 seconds West for a distance of 169.87 feet to a point on said southerly line of land so conveyed to CEI;

THENCE North 66 degrees 01 minutes 06 seconds West along said southerly line of land so conveyed to CEI for a distance of 845.89 feet to a point on the southerly right-of-way line of Cook Road;

THENCE North 88 degrees 11 minutes 27 seconds West along said southerly right-of-way line of Cook Road for a distance of 317.36 feet;

THENCE North 88 degrees 40 minutes 32 seconds West along said southerly right-of-way line of Cook Road for a distance of 499.46 feet;

THENCE North 89 degrees 20 minutes 20 seconds West along said southerly right-of-way line of Cook Road for a distance of 301.42 feet to the principal place of beginning.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 184.3436 acres more or less.

Bearings are based on an assumed meridian and are intended to describe angles only.

LAKESIDE VILLAGES SUBDIVISION
ENTIRE PARCEL
LEGAL DESCRIPTION

Situated in the Township of Olmsted, County of Cuyahoga and State of Ohio and known as being part of Original Olmsted Township Lot No. 6, Tract 2; No. 5; Tract 2; No. 4, Tract 2; No. 3, Tract 2; No. 9, Tract 5; No. 10, Tract 5; and No. 11, Tract 5, and bounded and described as follows:

Beginning at an iron pin in a monument box at the intersection of the centerline of Cook Road (60 feet wide) and the center line of Stearns Road (60 feet wide), said centerline of Stearns Road being northerly of Cook Road;

THENCE North 89 degrees 40 minutes 00 seconds West along the centerline of Cook Road, 268.59 feet to an angle point in said centerline;

THENCE continuing along the centerline of said Cook Road North 89 degrees 20 minutes 20 seconds West, 578.18 feet to a point;

THENCE South 01 degrees 08 minutes 10 seconds East 30.02 feet to a point on the southerly right-of-way line of Cook Road and principal place of beginning;

THENCE South 01 degrees 08 minutes 10 seconds East for a distance of 309.99 feet;

THENCE South 51 degrees 18 minutes 10 seconds West for a distance of 126.09 feet;

THENCE South 01 degrees 08 minutes 10 seconds East for a distance of 120.00 feet;

THENCE North 88 degrees 31 minutes 14 seconds West for a distance of 161.00 feet;

THENCE South 01 degrees 31 minutes 25 seconds East for a distance of 1365.39 feet;

THENCE North 89 degrees 03 minutes 15 seconds East for a distance of 490.10 feet;

THENCE South 00 degrees 59 minutes 16 seconds East for a distance of 989.26 feet to a point on the northerly line of property conveyed to the Consolidated Railway Corporation;

THENCE North 88 degrees 27 minutes 47 seconds East along said northerly Consolidated Railway Corporation property line for a distance of 526.00 feet;

THENCE South 01 degrees 32 minutes 13 seconds East along a jog in said northerly Consolidated Railway Corporation property line for a distance of 20.00 feet;

THENCE North 88 degrees 27 minutes 47 seconds East along the northerly Consolidated Railway Corporation property line for a distance of 2190.26 feet;

THENCE North 00 degrees 37 minutes 34 seconds West along a jog in said northerly Consolidated Railway Corporation property line for a distance of 4.98 feet;

THENCE North 88 degrees 27 minutes 29 seconds East along the northerly Consolidated Railway property line for a distance of 1111.36 feet;

THENCE North 00 degrees 16 minutes 50 seconds East for a distance of 990.78 feet to a point on the centerline of the Service Road as dedicated in Volume 174, Pages 26 and 27 of Cuyahoga County Records;

THENCE North 00 degrees 31 minutes 26 seconds West .for a distance of 411.73 feet to a point on the southerly property line of lands conveyed to the Cleveland Electric Illuminating Company (CEI) by deed recorded in Volume 3934, Page 48 of Cuyahoga County Records;

THENCE North 66 degrees 01 minutes 06 seconds West along said southerly line of land so conveyed to CEI for a distance of 1214.27 feet;

THENCE South 00 degrees 32 minutes 02 seconds East for a distance of 170.63 feet;

THENCE North 66 degrees 01 minutes 06 seconds West for a distance of 1227.45 feet;

THENCE North 00 degrees 10 minutes 16 seconds West for a distance of 169.87 feet to a point on said southerly line of land so conveyed to CEI;

THENCE North 66 degrees 01 minutes 06 seconds West along said southerly line of land so conveyed to CEI for a distance of 845.89 feet to a point on the southerly right-of-way line of Cook Road;

THENCE North 88 degrees 11 minutes 27 seconds West along said southerly right-of-way line of Cook Road for a distance of 317.36 feet;

THENCE North 88 degrees 40 minutes 32 seconds West along said southerly right-of-way line of Cook Road for a distance of 499.46 feet;

THENCE North 89 degrees 20 minutes 20 seconds West along said southerly right-of-way line of Cook Road for a distance of 301.42 feet to the principal place of beginning.

Together with and subject to covenants, easements, and restrictions of record. Said property contains 215.3276 acres more or less.

Bearings are based on an assumed meridian and are intended to describe angles only.

AMENDMENT CERTIFICATE
TO
LAKESIDE VILLAGES. INC.
RESTRICTIONS, RESERVATIONS AND COVENANTS
(First Amendment Certificate)

This Amendment Certificate to Lakeside Villages, Inc. Restrictions, Reservations and Covenants ("First Amendment Certificate") is made, executed, acknowledged and delivered this 28th day of Sept., 1992 in the City of North Olmsted, County of Cuyahoga and State of Ohio by Shore West Construction Company, an Ohio corporation and by The New Upland Holding Company, an Ohio corporation (hereinafter collectively referred to as the "Grantors").

RECITALS:

A. On the 27th day of May, 1992 Lakeside Villages, Inc. Restrictions, Reservations and Covenants were filed for record by Grantors with the Recorder of Cuyahoga County, Ohio at Volume 92-4415, Page 27 (the "Restrictions").

B. Grantors are the owners of the real property described in Exhibits A, B and C of the Restrictions except real property that prior to the date of this First Amendment Certificate has been subdivided and conveyed to third parties.

C. Grantors now desire by this First Amendment Certificate to add provisions to the Restrictions regarding the maintenance and repair of signs.

NOW THEREFORE, Grantors do hereby adopt this First Amendment Certificate.

ARTICLE I

DEFINITIONS

Except as otherwise defined in this First Amendment Certificate, all capitalized words and terms herein shall have the same definition and meaning as set forth and used in the Restrictions.

ARTICLE II

ADDITION OF SECTION 15 TO ARTICLE XII

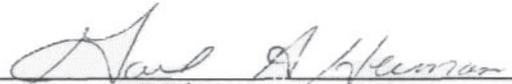
The following Section 15 is hereby added to Article XII of the Restrictions as though written therein:

15. Maintenance and Repair of Signs. In addition to the duties and responsibilities provided for herein, the Association shall maintain in good condition and repair and replace if required (a) any and all permanent signs in the Green Easements, Common Areas and Recreational Facilities erected by the Grantors or by the Association after the Grantors have relinquished control as provided in these Restrictions and (b) the site monument and sign identifying and designating the Villages which monument and sign is located on or near the public right-of-way in the area of Cook Road and Pinewoods Way.

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, a notary public in and for said county and state, personally appeared the above named The New Upland Holding Company, an Ohio corporation, by Frederic C. Bower, its President, who acknowledged to me that he did sign the foregoing document on behalf of said corporation and that the same is his free act and deed individually and as such officer, and the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at North Olmsted, Ohio, this 28 day of September, 1992.



Notary Public

GAIL A. HEIMAN
Notary Public - State of Ohio, Cuya. Cty
My Commission Expires 9-13-93

This instrument prepared by:
Edwin A. Kennedy, Esq.
1100 Huntington Building
Cleveland, Ohio 44115
(216) 696-1100

EAK02058

CUYAHOGA COUNTY
OFFICE OF FISCAL OFFICER - 26
DECL 11/18/2011 2:06:05 PM

201111180510

RECORDING OF
BYLAWS
(ALSO KNOWN AS REGULATIONS)
OF
LAKESIDE VILLAGES OF OLMSTED TOWNSHIP, INC.

PLEASE CROSS MARGINAL REFERENCE WITH THE RESTRICTIONS,
RESERVATIONS AND COVENANTS FOR LAKESIDE VILLAGES RECORDED
AT VOLUME 92-4415, PAGE 27 ET SEQ. OF THE CUYAHOGA COUNTY
RECORDS.

BYLAWS (ALSO KNOWN AS REGULATIONS)

OF

LAKESIDE VILLAGES OF OLMSTED TOWNSHIP, INC.

WHEREAS, the Lakeside Villages of Olmsted Township, Inc. (“Association”) was created on or about November 18, 1992, in conjunction with the filing of its Articles of Incorporation with the Ohio Secretary of State’s Office; and

WHEREAS, the Association’s principal purpose is to maintain and operate the Lakeside Villages of Olmsted Township, Inc. development located in Olmsted Township, Ohio, pursuant to the terms and provisions of the Restrictions, Reservations and Covenants for Lakeside Villages, that were filed for record at Volume 92-4415, Page 27 et seq. of the Cuyahoga County Records; and

WHEREAS, upon the filing of the Articles of Incorporation, a set of Bylaws (also known as Regulations) (the “Bylaws”) for conducting the Association’s affairs was also created and adopted by the Declarant, but not filed for record with the Cuyahoga County Records; and

WHEREAS, Ohio Revised Code Section 5312.02 of the Ohio Planned Community Act, as adopted on June 10, 2010 and effective 90 days thereafter, requires a copy of the Bylaws to be filed and recorded with the County Recorder, and

WHEREAS, to bring the Association’s governing documents in compliance with Section 5312.02, a copy of the Bylaws of Lakeside Villages of Olmsted Township, Inc. is attached hereto.

NOW THEREFORE, the Bylaws of Lakeside Villages of Olmsted Township, Inc. are attached to the Declaration, as “Exhibit D,” and set forth as attached hereto.

IN WITNESS WHEREOF, the said Lakeside Villages of Olmsted Township, Inc. has caused the execution of this instrument this 5 day of NOVEMBER, 2011.

LAKESIDE VILLAGES OF OLMSTED TOWNSHIP, INC.

By: *David Payne*
DAVID PAYNE, its President

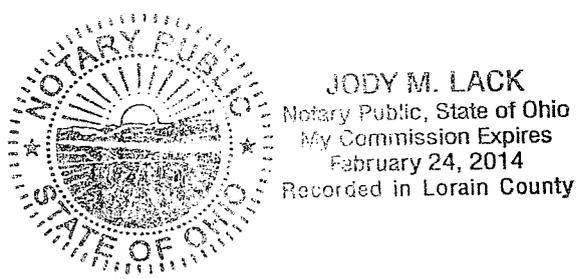
STATE OF OHIO)
) SS
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public, in and for said County, personally appeared the above named Lakeside Villages of Olmsted Township, Inc., by its President, who acknowledged that he did sign the foregoing instrument and that the same is the free act and deed of said corporation and the free act and deed of him personally and as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in Olmsted Township, Ohio, this 5th day of November, 2011.

Jody M Lack
NOTARY PUBLIC

Please place notary stamp/seal here:



JODY M. LACK
Notary Public, State of Ohio
My Commission Expires
February 24, 2014
Recorded in Lorain County

IN WITNESS WHEREOF, the said Lakeside Villages of Olmsted Township, Inc. has caused the execution of this instrument this 5 day of NOVEMBER, 2011.

LAKESIDE VILLAGES OF OLMSTED TOWNSHIP, INC.

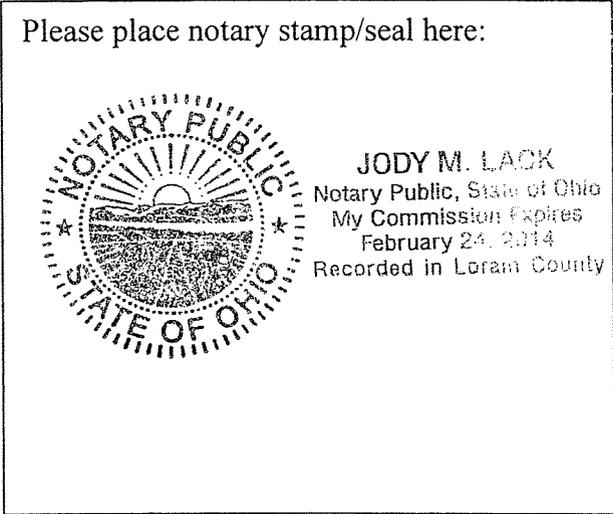
By: Margie Karl
MARGIE KARL, its Secretary

STATE OF OHIO)
) SS
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public, in and for said County, personally appeared the above named Lakeside Villages of Olmsted Township, Inc., by its Secretary, who acknowledged that she did sign the foregoing instrument and that the same is the free act and deed of said corporation and the free act and deed of him personally and as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in Olmsted Township, Ohio, this 5th day of November, 2011.

Jody M. Lack
NOTARY PUBLIC



This instrument prepared by:
KAMAN & CUSIMANO, LLC,
Attorneys at Law
2000 Terminal Tower
50 Public Square
Cleveland, Ohio 44113
(216) 696-0650

REGULATIONS

OF

LAKESIDE VILLAGES OF OLMSTED TOWNSHIP, INC.

A Nonprofit Ohio Corporation

Adopted June 8, 1993

INDEX

<u>ARTICLE</u>	<u>ITEM AND SECTION</u>	<u>PAGE</u>
I	GENERAL	1
	1. Preliminary Statement of Scope and Effect	1
	2. Name	1
	3. Principal Office	1
	4. Definitions	1
II	THE ASSOCIATION	2
	1. Membership	2
	2. Voting Rights	3
	3. Proxies	3
	4. Meetings of Members	3
III	BOARD OF TRUSTEES	6
	1. Number, Designation and Qualification	6
	2. Election of Trustees; Vacancies	6
	3. Term of Office; Resignations	7
	4. Organizational Meeting	7
	5. Regular Meetings	7
	6. Special Meetings; Notice	7
	7. Quorum; Adjournment; Voting	7
	8. Removal of Trustees	8
	9. Compensation	8
	10. By-Laws	8
	11. Powers and Duties	8
	12. Conflicts of Interest	9
	13. Executive Committee	9
	14. Other Committees	9

IV	OFFICERS	9
	1. General Provisions	9
	2. Term of Office	10
	3. No Compensation to Officers	10
V	DUTIES OF OFFICERS	10
	1. Chairman	10
	2. President	10
	3. Vice Presidents	10
	4. Secretary	10
	5. Treasurer	11
	6. Assistant and Subordinate Officers	11
	7. Delegation of Authority and Duties; Control of Officers	11
	8. Fidelity Bonds	11
VI	INDEMNIFICATION	11
VII	FISCAL YEAR	12
VIII	GENERAL POWERS OF THE ASSOCIATION	12
	1. Association Expenses	12
	2. No Active Business to Be Conducted for Profit	12
	3. Special Services	12
	4. Delegation of Duties	12
	5. Applicable Laws	12
IX	RULES AND REGULATIONS	13
X	ASSESSMENTS	13
	1. Power of Board	13
	2. Notice and Payment of Assessments	13
	3. Preparation of Budget, Assessments	13
	4. Reserve for Contingencies	14
	5. Failure to Prepare Annual Budget or Make Current Assessments	14
	6. Status of Funds Collected by Association	15
	7. Books and Records of Association	15

	8.	Annual Statements	15
	9.	Annual Audit	15
	10.	Remedies for Failure to Pay Assessments	16
XI		AMENDMENT	17
	1.	Requirement for Adoption	17
	2.	Form of Amendment Proposals	17
	3.	Nonmaterial Errors or Omissions	17
XII		MISCELLANEOUS PROVISIONS	17
	1.	Copies of Notice to Mortgagees	17
	2.	Service of Notices on the Board	17
	3.	Service of Notices on Devisees and Personal Representatives	17
	4.	Non-Waiver of Covenants	18
	5.	Agreements Binding	18
	6.	Notices of Mortgages	18
	7.	Rights of Mortgagee	18
	8.	Owners' Agreement	18
	9.	Severability	18
	10.	Construction	19
	11.	Captions	19
XIII		GRANTOR	19
	1.	Rights of Grantor	19
	2.	Grantor Not an Owner	19
	3.	Additional Reservation of Rights	19

EAK02127

REGULATIONS
OF
LAKESIDE VILLAGES OF OLMSTED TOWNSHIP, INC.

A Nonprofit Ohio Corporation

Adopted June 8, 1993

ARTICLE I

GENERAL

Section 1. Preliminary Statement of Scope and Effect. These Regulations are adopted in accordance with the Lakeside Villages Restrictions, Reservations and Covenants (the "Restrictions") imposed upon and covering all property in the Lakeside Villages Subdivision in Olmsted Township, Ohio. The purpose of these Regulations is to provide for the establishment and operation of an Association for the administration and enforcement of the Restrictions and for maintaining and administering the Common Areas and Recreational Facilities (the "Common Areas") in the manner provided by the Restrictions and these Regulations. All present and future owners of Lots and Residences, their tenants and employees and any person or persons using the Common Areas in any manner shall be subject to the covenants, provisions, conditions, restrictions, limitations and/or regulations contained in the Restrictions and these Regulations and shall be subject to any restriction, condition, rule and/or regulation hereafter adopted by the Board of Trustees of the Association. The acquisition or rental of any of the Lots or Residences within the Villages or act of occupancy of any of the Lots or Residences shall constitute acceptance and ratification of the Restrictions and these Regulations.

Section 2. Name. The name of the Association shall be Lakeside Villages of Olmsted Township, Inc., a nonprofit Ohio corporation.

Section 3. Principal Office. The principal office of the Association shall be 23826 Lorain Road, North Olmsted, Ohio 44070, or such other place as subsequently may be designated by the Board. All books and records of the Association shall be kept at the principal office.

Section 4. Definitions. For purposes of these Regulations, the following definitions shall apply and except as otherwise

defined in this Section 4, the terms used in these Regulations shall have the same definitions and meanings as set forth in the Restrictions:

(a) "Articles" mean the Articles of Incorporation of the Association.

(b) "Association" means Lakeside Villages of Olmsted Township, Inc., a nonprofit corporation incorporated in the State of Ohio on the 18th day of November, 1992 being Charter Number 831647.

(c) The terms "Board of Trustees", "Trustees", or "Board" shall mean "Trustees" within the meaning of Chapter 1702 of the Ohio Revised Code.

(d) "Common Areas" mean collectively the Common Areas and Recreational Facilities.

(e) "Grantor" means on the date hereof Shore West Construction Company, an Ohio corporation, its successors and assigns, The New Upland Holding Company, an Ohio corporation, its successors and assigns and any person, firm or corporation that hereafter continues the development of the Villages.

(f) "Home(s)" means the Lots and/or Residences.

(g) "Restrictions" means collectively (i) the Lakeside Villages Restrictions, Reservations and Covenants dated May 26, 1992 and filed with the Cuyahoga County, Ohio Recorder on May 27, 1992 at Volume 92-4415 Page 27; (ii) Amendment Certificate to Lakeside Villages, Inc. Restrictions, Reservations and Covenants (First Amendment Certificate) dated September 28, 1992 and filed with the Cuyahoga County, Ohio Recorder on September 29, 1992 at Volume 92-8538, Page 13; (iii) Amendment Certificate to Lakeside Villages Restrictions, Reservations and Covenants (Second Amendment Certificate) dated March 30, 1993 and filed with the Cuyahoga County, Ohio Recorder on April 9, 1993 at Volume 93-03092, Page 46 and (iv) any amendment, modification and/or other document and/or documents that may at any time or times and from time to time hereafter be filed for record in Cuyahoga County, Ohio, amending, modifying, expanding and/or changing in any way the Restrictions.

ARTICLE II

THE ASSOCIATION

Section 1. Membership. Upon acquisition of title to a Home, each Owner thereof shall automatically become a member of the Association. Membership may be held in the name of more than one Owner. Membership shall terminate upon the sale or other disposi-

tion of a Home at which time the new Owner of such Home shall automatically become a member of the Association.

Section 2. Voting Rights. There shall be one vote for each of the Homes comprising the Villages. Each member shall have the right to vote on all matters coming before the members. If more than one person shall own a Home, they shall be entitled collectively to cast only one vote exercising the voting power of such Home inasmuch as such voting power may not be divided among plural Owners. In the case of plural ownership of a Home, or in the case of a Home owned or held in the name of a corporation, partnership, fiduciary or nominee, a certificate signed by the Owner(s) of that particular Home shall be filed with the Secretary of the Association and shall name the person authorized to cast votes for that Home. Such certificate shall be conclusive until a subsequent substitute certificate is filed with the Secretary of the Association. If such certificate is not on file, the vote of such joint Owners, corporation, partnership, fiduciary or nominee shall not be considered nor shall the presence of such Owner at a meeting be considered in determining whether the quorum requirement for such meeting has been met. If a Home shall be owned by a husband and wife as tenants in common, or joint tenants, no certificate need be filed with the Secretary of the Association naming the person authorized to cast votes for such Home, and either spouse, but not both, may vote in person or by proxy and be considered in determining whether the quorum requirement has been met at any Association meeting, unless prior to such meeting either spouse has notified the Secretary of the Association in writing that there is disagreement as to who shall represent their Home at the meeting, in which case the certificate requirement set forth above shall apply. If no certificate is filed with respect to such Home and such husband and wife are unable to agree upon their ballot on any subject at any meeting, they shall lose their right to vote on such subject.

Section 3. Proxies. Owners may vote or act in person or by proxy. The person appointed as proxy need not be a member of the Association. Designation by an Owner or Owners of a proxy to vote or to act on his or their behalf shall be made in writing to the Board, shall be filed with the Secretary, and shall be revocable at any time by written notice to the Board or in open meeting at which the proxy is to be exercised from or by the Owner or Owners making such designation. Revocation of the designation of a proxy shall not affect any vote or act previously taken or authorized.

Section 4. Meetings of Members.

4.1 Regular Meeting. The annual meeting of Association members 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 properly may be brought before such meeting shall be held at such time and at 23826 Lorain Road, North Olmsted, Ohio, or at such other place within ten (10) miles of the Villages,

as may be designated by the Board and specified in the notice of such meeting.

4.2 Special Meetings. Special meetings of Association members may be held on any business day when called by the Chairman of the Association, by the Board of the Association by action at a Board meeting, by a majority of the Trustees acting with or without a Board meeting, or by Association members entitled to exercise at least twenty-five percent (25%) of the voting power of the Association. Upon request in writing delivered either in person or by certified mail to the Chairman, the President or the Secretary of the Association by any persons entitled to call a special meeting, such officer shall fix forthwith a meeting date not less than seven (7) nor more than sixty (60) days after the receipt of such request and shall cause notice of such meeting to be given to members. If such notice is not given within ten (10) days after the delivery or mailing of such request, the persons calling the meeting may fix the time of the meeting and give notice thereof. Each special meeting shall be called to convene at such time and place as shall be specified in the notice of meeting. Calls for special meetings shall specify the purposes for which such meeting is requested. No business other than that specified in the notice shall be considered at any special meeting.

4.3 Notice of Meetings. Not less than seven (7), nor more than sixty (60) days before the day fixed for any annual or special meeting of Association members, written notice stating the time, place and purpose of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Regulations to give such notice. Such notice shall be given by personal delivery or by mail to each Association member who is a Home Owner of record as of the day preceding the day on which notice is given. If mailed, such notice shall be addressed to each of the Association members and others entitled to such notice at their respective addresses as those appear on the records of the Association. Notice of any meeting may be waived in writing by any Association member either before or after such meeting. The written waiver shall be filed with or entered upon the meeting records. The attendance of any Association 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.

4.4 Quorum; Adjournment. Except as otherwise provided by law or the Restrictions, a quorum shall be necessary to conduct any Association meeting. A quorum shall be that number of members, in person or by proxy, entitled to exercise a majority of the voting power of the Association. If a quorum is not present the meeting shall be adjourned to a specified time and date, and notice of such shall be issued in accordance with the provisions of this Article. If a quorum is present, and unless otherwise provided by these Regulations, the affirmative vote of a majority of that voting power represented at the meeting shall be necessary for the

authorization or taking of any action voted upon by the members. During the time provided for in Article XIII herein, no action taken by the membership shall be valid unless the Grantor has given its prior written consent and approval and has signified its consent and approval by filing such written consent with the Secretary of the Association.

4.5 Order of Business at Regular Meetings. The order of business at all regular meetings of Association members shall be as follows:

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

4.6 Order of Business at Special Meetings. The business at each special meeting shall be that business specified in the notice thereof.

4.7 Actions Without a Meeting. All actions, except removal of a Trustee, which may be taken at an Association meeting, may be taken without a meeting, provided that (i) the action to be authorized or taken receives the affirmative, written approval of the Home Owners whose aggregate voting power equals or exceeds seventy five percent (75%) of the total voting power of Association members, and (ii) during the time provided for in Article XIII herein, the prior written consent and approval of such action by the Grantor has been filed with the Secretary of the Association. Such written approvals shall be filed with the Secretary of the Association. A copy of such action when so approved shall be mailed promptly to all Association members.

ARTICLE III

BOARD OF TRUSTEES

Section 1. Number, Designation and Qualification.

Until the first annual meeting of the Association, the Board of Trustees shall be comprised of three (3) members all of which shall be Designated Trustees. Thereafter, there shall be a minimum of one (1) trustee elected from each Village, plus, during the time provided for in Article XIII herein, no less than three (3) Designated Trustees. During the time provided for in Article XIII herein, whenever the number of Elected Trustees shall exceed two (2), the number of Designated Trustees shall be one (1) more than the number of Elected Trustees so that the Designated Trustees shall always comprise a majority of the Trustees of the Association.

(i) Designated Trustees.

The Designated Trustees shall be appointed by the Grantor, and each shall serve in that capacity for a period of three years or until his or her successors are appointed by the Grantor. The Designated Trustees need not be owners of Homes in the Villages.

(ii) Elected Trustees.

The vote for the Elected Trustees shall be by Village. There shall be one Elected Trustee for each Village; provided that, for each Village a minimum of ten (10) members in the Village shall be required before an Elected Trustee may be elected by that Village. Each of the Elected Trustees must be an Owner in the Village which he or she is elected to represent.

Section 2. Election of Trustees; Vacancies. The election of Trustees shall be conducted at each annual meeting of Association members. Candidates in each Village may be nominated by any member of that Village not later than 30 days prior to the annual meeting by the submission of a written nomination to the Secretary of the Association. Candidates may also be nominated from the floor at any meeting called for the election of Trustees. When the annual meeting is not held or Trustees are not elected thereat, they may be elected at a special meeting called and held for that purpose. Each member may vote for one candidate to represent his Village; the candidate receiving the majority of votes in each Village shall be elected the Trustee representative of that Village.

The office of a Trustee who ceases to be qualified to serve as such shall automatically become vacant immediately thereupon. The vacancy shall be filled by the vote of a majority of the members of the Village represented by such Trustee. The election shall be at

a special meeting called for the purpose of electing such Trustee, or else by the written consent of at least two-thirds of the members of that Village.

Section 3. Term of Office; Resignations. A Trustee's term shall commence immediately upon his election to office. An Elected Trustee shall serve for a period of two (2) years and until his successor is elected and qualified. A Designated Trustee shall serve for a period of three (3) years and until his successor is chosen and qualified.

Except as hereinabove provided, each Elected Trustee shall hold office until the second annual meeting following his election or until his earlier resignation, removal from office or death, and each Designated Trustee shall hold office until the third annual meeting following his election or until his earlier resignation, removal from office or death. Any Trustee may resign at any time by oral statement to that effect made at a meeting of the Board or by a writing to that effect delivered to the Secretary of the Association; such resignation shall take effect immediately or at such other time as the Trustee may specify. All vacancies shall be filled in the manner provided in Section 2 above.

Section 4. Organizational Meeting. Immediately after each annual or special meeting of Association members where Trustees are elected, the Trustees shall hold an organizational meeting to elect officers and transact any further business. Notice of such meeting of Trustees need not be given.

Section 5. Regular Meetings. The Board shall hold regular meetings at such times and places as shall be determined from time to time by a majority of the Trustees by resolution, By-Laws or regulation.

Section 6. Special Meetings; Notice. Special Board meetings may be held at any time upon call by the Chairman or any two (2) Trustees. Notice of the time, place and purpose of each special meeting shall be given to each Trustee by the Secretary or by the person(s) calling such meeting. The notice shall be given in such manner and at such time to allow each Trustee reasonable opportunity to attend the meeting. Notice shall be deemed to have been properly and duly given if delivered or mailed at least forty-eight (48) hours prior to the meeting to the residence of each Trustee as indicated upon the Secretary's records. The giving of notice shall be deemed to have been waived by any Trustee who shall attend and participate in such meeting and may be waived, in writing or by facsimile or telegram, by any Trustee either before or after such meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organizational, regular or special meeting of the Board.

Section 7. Quorum; Adjournment; Voting. A majority of the Board shall constitute a quorum for the transaction of business;

provided that during the time provided for in Article XIII herein, a majority of the Trustees in attendance are Designated Trustees. Whenever less than a quorum is present at any Board meeting, that meeting shall be adjourned to a stated date and time, whereupon notice shall be reissued to all Trustees in accordance with Section 6 above. At each Board meeting, all questions requiring a vote shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Restrictions or in these Regulations.

Section 8. Removal of Trustees. At any regular or special meeting of members of the Association duly called, at which a quorum shall be present, any one or more of the Elected Trustees may be removed with or without cause by the vote of members of the Village which elected said Trustee entitled to exercise at least seventy-five percent (75%) of the voting power of such Village and a successor or successors to such Trustee or Trustees so removed shall then and there be elected to fill the vacancy or vacancies thus created. Any Trustee whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting. The Trustees designated by Grantor may only be removed with cause, which removal shall be by the vote of members entitled to exercise at least seventy-five percent (75%) of the voting power of the Association, provided, however, in the event of removal of a Trustee designated by Grantor, the successor of such Trustee shall be designated by Grantor.

Section 9. Compensation. The Trustees shall receive no salary or compensation for their services; provided that nothing herein contained shall be construed to preclude any Trustee from having dealings with the Association in any other capacity and receiving compensation therefor.

Section 10. By-Laws. The Board may adopt such By-Laws for its ongoing operation as are consistent with the Restrictions and these Regulations and appropriate for the government of its operations and actions.

Section 11. Powers and Duties. Except as otherwise provided by law, the Restrictions or these Regulations, all power and authority of the Association shall be exercised by the Board. In carrying out the purposes of the Association, the Board, though subject to the limitations prescribed by law, the Restrictions or these Regulations, shall be empowered to:

- (a) Purchase or otherwise acquire, lease as lessor or lessee, hold, use, exchange, transfer, and dispose of property of any description or any interest therein;
- (b) Make contracts;
- (c) Effect insurance;

(d) Pay all real estate taxes and assessments for the Common Areas.

(e) Borrow money, issue, sell and pledge notes, bonds, and other evidences of indebtedness of the Association;

(f) Levy and collect assessments against Home Owners;

(g) Employ a managing agent to perform such duties and services as the Board may authorize;

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

(i) Do all things permitted by law and exercise all power and authority within the purposes stated in the Restrictions or incidental thereto.

Section 12. Conflicts of Interest. Matters relating to any business dealings between the Association and any Home Owner or Trustee or company owned thereby for which said person or company is compensated by the Association, shall be subject to approval by a majority vote of the Board.

Section 13. Executive Committee. The Board of Trustees may designate and appoint an Executive Committee which shall consist of at least three (3) Trustees and which shall have, subject to law, all the authority of the Board of Trustees.

Section 14. Other Committees. The Board of Trustees may designate and appoint committees, other than the Executive Committee, and shall fix the duties, power and authority of any such committee.

ARTICLE IV

OFFICERS

Section 1. General Provisions. The Board shall elect a Chairman, a President, such number of Vice Presidents as the Board from time to time may determine, a Secretary and a Treasurer. The Board may create such offices and appoint other officers, subordinate officers and assistant officers as it may determine. The Chairman, the President and any Vice President who succeeds to the office of President shall be, but the other officers need not be, chosen from among the members of the Board. Any two of such offices, other than that of President and Vice President, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

Section 2. Term of Office. Officers of the Association shall serve at the pleasure of the Board, and, unless sooner removed by the Board, until the organizational meeting of the Board following the next annual meeting of Association members and until the successors of such officers are chosen and qualified. No person shall hold one office for more than three (3) successive terms. By majority vote, the Board may remove any officer, with or without cause, and may fill that vacancy by election of a new officer who shall serve at the pleasure of the Board until the next organizational meeting.

Section 3. No Compensation to Officers. None of the Association officers shall receive compensation for services rendered in such capacity.

ARTICLE V

DUTIES OF OFFICERS

Section 1. Chairman. The Chairman shall be the chairman of the Board and he shall preside at all Association and Board meetings.

Section 2. President. The President, as chief executive officer of the Association, shall supervise the affairs of the Association and its several officers, subject, however, to the control of the Board. The President shall have all the powers and duties delegated to him by the Board.

Section 3. Vice Presidents. Vice Presidents shall perform such duties as are conferred upon them by these Regulations or assigned to them by the Board or the President. At the request of the President, or in his absence or disability, the Vice President designated by the President (or in the absence of such designation, the Vice President designated by the Board) shall perform all the duties of the President, and when so acting, shall have all the power of the President. The authority of Vice Presidents to sign contracts, notes and other instruments in the name of the Association shall be coordinate with that of the Chairman and the President and shall be exercised only in the absence or unavailability of the President.

Section 4. Secretary. The Secretary shall keep minutes of all Association and Board meetings and shall have authority to sign all contracts, notes, and other instruments executed by the Association and requiring his signature. He shall be responsible for issuing notice of Association and Board meetings and for keeping such books and records as may be required by these Regulations and by the Board, and shall perform such other and further duties as may from time to time be assigned to him by the Board.

Section 5. Treasurer. The Treasurer shall have general supervision of all finances. He shall receive and keep in his charge all money, bills, notes, documents and similar property belonging to the Association and shall do with the same as from time to time may be required by the Board. He shall cause adequate and correct accounts of the Association business transactions to be kept, including accounts of its assets, liabilities, receipts, expenditures, profits and losses, and such other accounts as may be required. Upon expiration of his term, he shall deliver to his successor or to the Board all property, books, documents and money of the Association in his hands. He shall perform such other duties as may be assigned to him by the Board.

Section 6. Assistant and Subordinate Officers. The Board may appoint such assistant and subordinate officers as it may deem desirable. Each such officer shall serve at the pleasure of the Board, and each shall perform such duties as the Board may prescribe. The Board from time to time may authorize any officer to appoint or remove subordinate officers as well as prescribe their authority and duties.

Section 7. Delegation of Authority and Duties; Control of Officers. In the absence or disability of any officer(s) of the Association, or for any other reason the Board may deem sufficient, the Board may delegate the powers or duties of such officers to any other officer, to any Trustee, or to the managing agent. The Board generally shall control the action of its officers and may require the performance of duties in addition to those enumerated herein.

Section 8. Fidelity Bonds. The Board may require that all Association officers and employees 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 an Association Expense.

ARTICLE VI

INDEMNIFICATION

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 wilful misconduct or gross negligence in the performance of his duty as such Board member or officer.

ARTICLE VII

FISCAL YEAR

The Fiscal Year of the Association shall end on the 31st day of December of each year or on such other day as may be fixed from time to time by the Board.

ARTICLE VIII

GENERAL POWERS OF THE ASSOCIATION

Section 1. Association Expenses. The Association shall administer and govern the performance of the terms and conditions of the Restrictions and any expenses incurred in connection therewith shall be deemed to be Association Expenses.

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 all the Home Owners or any of them.

Section 3. Special Services. The Association may arrange for the provision of any special services and facilities for the benefit of such Home Owners and/or occupants as may desire to pay for the same. Fees for such special services and facilities shall be determined by the Board and may be charged directly to participating Home Owners.

Section 4. Delegation of Duties. Nothing herein contained shall be construed to preclude the Association, through its Board or officers, from delegating to persons, firms or corporations of its choice, including any manager or managing agent, such duties and responsibilities of the Association as the Board from time to time shall specify, and to provide for reasonable compensation for the performance of such duties and responsibilities, provided that no contract for such services shall have a term of more than three (3) years.

Section 5. Applicable Laws. The Association shall be subject to and governed by the provisions of any statute adopted at any time applicable to a planned unit development and, including without limitation, Chapter 1702 of the Ohio Revised Code. In the event of any conflict or inconsistency between the provisions of the Restrictions and the Regulations of the Association, the terms and provisions of the Restrictions shall prevail, and the Home Owners and all persons claiming under them covenant to vote in favor of such amendments in the Articles, Restrictions or Regulations as will remove such conflicts or inconsistencies.

ARTICLE IX

RULES AND REGULATIONS

At an annual or special meeting of the Association or Board, either body may adopt and/or amend Rules and Regulations which supplement the Restrictions and these Regulations. Written notice setting forth any Rules and Regulations so adopted or amended shall be given to all Home Owners and occupants prior to the effective date of such Rules and Regulations. In the event such supplemental Rules and Regulations shall conflict with any provisions of the Restrictions or these Regulations, the provisions of the Restrictions or these Regulations shall govern.

ARTICLE X

ASSESSMENTS

Section 1. Power of Board. The Board is empowered to fix the annual operating budgets and collect assessments to pay those Association Expenses resulting from the maintenance, repair, remodeling, and restoration of the Common Areas. Funds for the payment of Association Expenses shall be assessed each Home Owner equally. The profits of the Association ("Association Profits") shall be divided equally among each Owners.

Section 2. Notice and Payment of Assessments. When the Board has determined the amount of any assessment, the Secretary or Treasurer of the Association shall mail or present a statement of the assessment to each Owner. All assessments shall be payable to the Association, and upon request, the Secretary or Treasurer shall give a receipt for each payment made. Regular assessments shall be made against Home Owners as herein provided in an amount no less than required to provide funds in advance for payment of all anticipated current Association Expenses and of all unpaid Association Expenses previously incurred. It shall be the duty of each Home Owner to pay his proportionate share of the Association Expenses as assessed against Home Owners. Payment of assessments shall be made in such amounts and at such times as may be determined by the Board.

Section 3. Preparation of Budget, Assessments. On or before the first day of November of each year, the Board shall prepare a budget based on an estimate of the total amount ("the estimated cash requirement") that will be required during the ensuing calendar year to pay the Association Expenses and to provide a reserve for contingencies and replacements. The Board shall submit such budget in writing to each Home Owner no later than December 1st of each year, including therein the said "estimated cash requirement",

together with a reasonable itemization thereof. Promptly thereafter an assessment shall be made by the Board against the Home Owners in the aggregate amount of the "estimated cash requirement", the assessment against each Home Owner to be his proportionate share thereof. Such assessment shall be due and payable by each Home Owner commencing on January 1, and on the first day of each succeeding calendar month of such ensuing year in monthly installments (which may or may not be equal) as stipulated by the Board. If the amount of such assessment proves to be inadequate for any reason, including nonpayment of any Home Owner's assessment, the deficiency shall be assessed against the respective Home Owners. The Board shall give written notice of such additional assessment to all Home Owners indicating therein the reasons therefor, the amounts payable by each and the adjusted monthly amounts reflecting such additional assessment thereafter payable by each Home Owner. If at any time the Board determines that the Association has collected an amount in excess of the amount required for actual Association Expenses and reserves in any year, such amount shall be credited promptly after the same has been determined, to the monthly installments next due from Home Owners under the current year's assessment until exhausted.

Section 4. Reserve for Contingencies. The Board may, but shall not be obligated to, establish and maintain for the Association a reasonable reserve for contingencies. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall be charged first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including nonpayment of any owner's assessment, the Association shall prepare an estimate of the additional cash requirements then necessary, or necessary for the balance of the year, which additional amount of cash requirements shall be assessed to the Home Owners in their applicable pro rata shares. The Association 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 not more than ten (10) days after the delivery or mailing of such notice of further assessments. Upon the sale of a Home by any Home Owner, such Home Owner shall have no right to any portion of the funds in the reserve account; nor shall such Home Owner have any claim against the Association with respect thereto. Extraordinary expenditures incurred in any year which were not originally included in the estimated cash requirement for such year shall be charged first against such reserve.

Section 5. Failure to Prepare Annual Budget or Make Current Assessments. The failure or delay of the Board in the preparation of any budget or in the giving of notice thereof to Home Owners or any delay in the making of assessments against Home Owners or any of them shall not constitute a waiver or release in any manner of the obligation herein imposed upon each Home Owner to pay his proportionate share of the Association Expenses and reserves, whenever

the same shall be determined and assessed. In the absence of any annual estimate of Association Expenses and required reserves, or of any budget or assessments based thereon, Home Owners shall continue to pay the monthly assessments at the existing monthly rate established for each Home Owner then in effect until the first monthly maintenance payment becomes due pursuant to a new assessment covering the current period duly made by the Board in the manner above provided in Article X, Section 3.

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 against less than all of the Home 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 Home Owners in accordance with the provisions of the Restrictions. All sums collected by the Association from assessments may be commingled in a single fund or divided into more than one fund, as determined by the Board. All assessment payments by a Home Owner shall be applied as provided herein and in the Restrictions.

Section 7. Books and Records of Association. The Association shall keep full and correct books of account and records, and the same shall be open for inspection by any Home Owner or his mortgagee, or by any representative of a Home Owner duly authorized in writing, at reasonable times and upon request by a Home Owner. Upon ten (10) days' notice to the Board and upon payment of a reasonable fee, any Home 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 Home Owner.

Section 8. Annual Statements. At or before each annual meeting of Association members, the Board shall furnish each Home Owner with a financial statement consisting of (a) a balance sheet containing a summary of the assets and liabilities of the Association as of a date not more than four (4) months before such meeting and (b) a statement of the income and disbursements for the period commencing with the date marking the end of the period for which the last preceding statement of income and disbursements required hereunder was made and ending with the date of said balance sheet. The financial statement shall have appended thereto a certificate signed by the Chairman, the President or a Vice President and the Treasurer or an Assistant Treasurer of the Association or by a certified public accountant to the effect that the financial statement presents fairly the financial position of the Association and the results of its operations in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period except as specified therein.

Section 9. Annual Audit. The books of the Association shall be reviewed once a year by the Board, and such review shall be

completed prior to each annual meeting. If requested by three members of the Board, such review shall be made by a Certified Public Accountant.

Section 10. Remedies for Failure to Pay Assessments. If an owner is in default in the monthly payment of the aforesaid charges or assessments for ten (10) days, the Board may bring suit for and on behalf of themselves and as representatives of all Owners, to enforce collection thereof or to foreclose the lien therefor as provided in the Restrictions; and, there shall be added to the amount due the costs of said suit, together with highest rate of interest which may be charged to an individual, or 12%, whichever is lesser, and reasonable attorneys' fees to be fixed by the Court. To the extent permitted by the Restrictions, any decision or any statute or law now or hereafter effective, 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 Home and any improvements thereon owned by such Home Owner involved when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of liens against real estate, as provided in the Restrictions. As provided in the Restrictions, the members of the Board and their successors in office, acting on behalf of the other Home Owners, shall have the power to bid in the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Any mortgagee shall be entitled to written notice of such failure to pay such assessment. The Board shall have the power to suspend the voting rights and the right to use of the Common Areas of a Home Owner during any period of which such Home Owner shall be in default in the payment of any assessment levied by the Association. Any payment for assessments not made when due shall bear interest at the highest legal rate of interest which may be charged to individuals, or 12%, whichever is lesser, per annum from the date the same was due until the same is paid.

Any encumbrancer may from time to time request in writing a written statement from the Board setting forth the unpaid Association Expenses with respect to the Home covered by his or its encumbrance and unless the request shall be complied with within twenty (20) days, all unpaid Association Expenses which become due prior to the date of the making of such request shall be subordinate to the lien of such encumbrance. Any encumbrancer holding a lien on a Home may pay any unpaid Association Expenses payable with respect to such Home and upon such payment such encumbrancer shall have a lien on such Home for the amounts paid at the same rank as the lien of his encumbrance.

ARTICLE XI

AMENDMENT

Section 1. Requirements for Adoption. These Regulations may only be altered, amended or added to at any duly called meeting of the Association members, provided that notice of such meeting shall contain a full statement of the proposed amendment. It shall be necessary that there be an affirmative vote of members entitled to exercise seventy-five percent (75%) of the voting power of the Association to amend these Regulations. No amendment to these Regulations shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgagee.

Section 2. Form of Amendment Proposals. No Regulations shall be revised or amended by reference to its title or number only. Proposals to amend existing Regulations shall contain the full text of the Regulations to be amended. New words shall be inserted in the text underlined, and words to be deleted shall be lined through. If the proposed change is so extensive that the above procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and interlining as indicators of words added or deleted, but a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of Regulation. See Regulation Article _____, Section _____ for present text."

Section 3. Nonmaterial Errors or Omissions. Nonmaterial errors or omissions in the Regulation amendment process shall not invalidate an otherwise properly promulgated amendment.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1. Copies of Notice to Mortgagees. Upon written request to the Board, the holder of any duly recorded mortgage against any Home shall be given a copy of any and all notices permitted or required by the Restrictions or these Regulations to be given to the Home Owner whose Home is subject to such mortgage.

Section 2. Service of Notices on the Board. Notices required to be given to the Board or to the Association may be delivered to any member of the Board or the Chairman, the President, Vice President or Secretary of the Association either personally or by mail addressed to such Trustee or officer.

Section 3. Service of Notices on Devisees and Personal Representatives. Notices required to be given any devisee or per-

sonal representative of a deceased Home Owner may be delivered either personally or by mail to such party at his, her or its address appearing on the records of the Court wherein the estate of such deceased Home Owner is being administered.

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

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

Section 6. Notices of Mortgages. Any Home Owner who mortgages his Home shall notify the Association, in such manner as the Association may direct, of the name and address of his Mortgagee and thereafter shall notify the Association of the full payment, cancellation or other alteration in the status of such mortgage. The Association shall maintain such information in a book entitled "Mortgages of Homes".

Section 7. Rights of Mortgagee. A Mortgagee of a Home shall be entitled to written notice from the Association of any default by the mortgagor which is not cured in thirty (30) days. Any Mortgagee from time to time may request in writing a written statement from the Board setting forth any and all unpaid assessments due and owing from its mortgagor Home Owner with respect to the Home subject to the lien of its mortgage, and such request shall be complied with within twenty (20) days from receipt thereof. Any Mortgagee holding a mortgage on a Home may pay any unpaid Association Expenses assessed with respect to such Home and upon such payment, such Mortgagee shall have a lien on such Home for the amounts so paid at the same rank as the lien of its mortgage.

Section 8. Owner's Agreement. Each Home Owner, for himself, his heirs, successors and assigns, agrees to the provisions contained in the Restrictions relating to default, regardless of the harshness of the remedy available to the Association and regardless of the availability of other equally adequate legal procedures. It is the intent of all Home Owners to give to the Association rights and procedures which will enable it at all times to operate on a businesslike basis, to collect those monies due and owing from the Home Owners, and to preserve each Home Owner's right to enjoy his Home, free from unreasonable restraint and nuisance.

Section 9. Severability. The invalidity of any covenant, restriction, condition, limitation, or any other provision of these Regulations, or of any part of the same, shall not impair or affect

in any manner the validity, enforceability or effect of the balance of these Regulations.

Section 10. Construction. Wherever the masculine singular form of the pronoun is used in these Regulations, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Section 11. Captions. The captions used in these Regulations are inserted solely as a matter of convenience and shall not be relied upon and/or used in construing the effect or meaning of any of the text hereof.

ARTICLE XIII

GRANTOR

Section 1. Rights of Grantor. Pursuant to the terms and conditions of the Restrictions, and subject to any amendments thereto, for the period commencing with the formation of the Association and ending on May 27, 2007:

1.1 Election of Trustees. Grantor has the right to elect a majority of the members of the Board of Trustees;

1.2 Approval of Action by Members. No action of the Association shall be valid without the prior written consent and approval of the Grantor.

1.3 Non-Payment of Association Expenses. Grantor shall not be required to pay any part of the Association Expenses for any Home owned by Grantor unless the Home is occupied; provided, however, that once a Home has been occupied the obligation of the Owner to pay Association Expenses attributable to that property shall continue even if the Home becomes vacant at a later date.

Section 2. Grantor Not an Owner. Pursuant to the terms and conditions of the Restrictions, the term Owner does not include the Grantor.

Section 3. Additional Reservation of Rights. All actions pertaining to the development of the Villages are reserved under the terms of the Restrictions to the Grantor.