

REVISED CODE OF REGULATIONS

OF

LAKE ERIE SHORES HOMEOWNERS ASSOCIATION, INC.

I. Name, Principal Office and Definitions

A. Name. The name of the Association shall be LAKE ERIE SHORES HOMEOWNERS ASSOCIATION, Inc. an Ohio non-profit corporation (hereinafter referred to as the “Association” or the “Corporation”).

B. Principal Office. The principal office of the Corporation in the State of Ohio shall be located at 32100 Solon Road, Suite 202, Solon, Ohio 44139, County of Cuyahoga. The Corporation may have such other offices, either within or without the State of Ohio, as the Board of Trustees may determine or as the affairs of the Corporation may require from time to time.

C. Developer. As used herein, “Developer” shall mean the duly authorized representative or agent of Lake Erie Shores Development, LLC, an Ohio limited liability company, or its successors or assigns engaged in the construction and development of Lake Erie Shores Subdivision in Painesville Township, Lake County, Ohio.

D. Definitions. Terms used in this Code of Regulations (“Code”) shall have the same meaning as defined in that Declaration of Covenants, Conditions, Easements and Restrictions for Lake Erie Shores Homeowners Association, Inc., of even or approximately even date herewith (said declaration, as amended, restated, or extended from time to time, is hereinafter sometimes referred to as the “Declaration”). In the event of any conflict between the provisions of this Code and the Declaration, the Declarations shall govern and be deemed controlling.

II. Members

A. Membership. Pursuant to the provisions of the Declaration, every person or entity who is a record owner of the fee or undivided fee interest in any lot or parcel in Lake Erie Shores Subdivision shall be a Member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of any obligation shall not be a Member. The membership of the Association shall be divided into two classes, Class “A” and Class “B”, entitled to the rights set forth in the Declaration and as hereinafter set forth with respect to such classifications. Class “A” Members shall be all Owners with the exception of Developer. The only Class “B” member shall be the Developer.

B. Annual Meetings. The first annual meeting of the Members shall be held within 30 days after the conversion of the Class “B” membership as provided in the Declaration. Each subsequent annual meeting shall be set by the Board of Trustees of the Association (the “Board”) so as to occur within 90 days after the close of the Corporation’s fiscal year. Subject to the foregoing,

the annual meeting of the Members shall be held at a date and time as set by the Board. Announcement of such meetings shall be issued by the Secretary upon not less than seven (7) days notice.

C. Special Meetings. The Developer or the President of the Corporation may call special meetings. In addition, after the Developer is no longer a Class “B” Member, it shall be the duty of the President of the Corporation to call a special meeting of the Corporation if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by holders of at least 66²/₃% of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

D. Notice of Meetings. A written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than seven (7) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

E. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

F. Quorum. Except as otherwise provided in this Code or in the Declaration, the presence in person or by proxy of at least one-half (1/2) of the voting power of the Members of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

G. Proxy. Any Member may, by letter, telegram, cable, facsimile, e-mail, or other written instrument, appoint a proxy to act or consent at any meeting. Designation by a Member of a proxy to vote or act on his or her behalf shall be made in writing to the Secretary (or other person conducting the meeting for which the proxy is given) at or before the meeting and shall be revocable at any time by actual notice to the Secretary. The presence at a meeting of the person appointing a proxy does not revoke the appointment.

III. Board of Trustees

A. General Powers. The affairs of the Association shall be governed and managed by its Board of Trustees, each of whom shall have one vote. Except with respect to Trustees appointed by the Developer, all Trustees shall be Members or spouses of Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

B. Number. The number of Trustees shall be no less and no more than three (3). The initial Board shall consist of the three (3) members as identified in the Articles of Incorporation.

C. Election of Trustees and Term of Office. Each Trustee shall be elected for a three (3) year term to be elected annually by majority vote at the annual meeting of the Association.

When 33% of the Units are sold, the Class “A” Members shall elect one (1) Trustee to serve a term which shall terminate on the first annual or special meeting after which the Developer is no longer a Class “B” Member. At such first annual or special meeting after which the Developer is no longer a Class “B” Member, the Class “A” Members shall elect the three (3) Trustees. One Trustee shall be elected to serve a term of three years, one Trustee shall be elected for a term of two years, and one Trustee shall be elected to serve a term of one year. Upon the expiration of the initial term of office of each such Trustee, a successor shall be elected to serve a term of three years. Thereafter, all Trustees shall be elected to serve three year terms.

D. Regular Meetings. The Board shall meet as often of the Board deems appropriate, but not less than once per calendar quarter.

E. Special Meetings. Special meetings of the Board shall be called by the Secretary upon request by any officer of the Corporation or by any two Trustees. The action of a majority of the Board, although not at a regularly called meeting, shall be valid and effective in all respects if the record of the meeting shall be assented to in writing by all members of the Board.

F. Notice. Notice of any special meeting of the Board shall be given at least seven (7) days previously thereto by written notice delivered personally or sent by regular U.S. mail or telegram to each Trustee at his/her address as shown by the records of the Association. Any Trustee may waive notice of any meeting. The attendance of a Trustee at any meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Regulations.

G. Quorum. A majority of the Board shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Trustees are present at said meeting, a majority of the Trustees present may adjourn the meeting.

H. Manner of Acting. The act of a majority of the Trustees present at a meeting at which a quorum is present shall be the act by the Board, unless the act of a greater number is required by law or by this Code of Regulations.

I. Removal of Trustees and Vacancies. Any Trustee elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such Trustee. Any Trustee whose removal is sought shall be given notice prior to any meeting called for that purpose. A Trustee who was elected solely by the votes of Class “A” Members may be removed from office prior to the expiration of his or her term only by the votes of a majority of Class “A” Members. Upon removal of a Trustee, a successor shall then and there be elected by the Class “A” Members entitled to elect the Trustee so removed to fill the vacancy for the remainder of the term of such Trustee. Upon the resignation of a Trustee, a successor shall then and there be appointed by the Board to fill the vacancy of the remainder of the term of such Trustee. A Trustee designated to fill a vacancy shall be elected or appointed (in

accordance with the preceding provisions hereof) for the unexpired terms of his/her predecessor in office.

J. Compensation. Trustees, as such, shall not receive any stated salaries for their services.

K. Informal Action by Trustees. Any action required by law to be taken at a meeting of Trustees, or any action which may be taken at a meeting of Trustees, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Trustees. Such consent shall have the same force and effect as a unanimous vote.

L. Proxy. Any Trustee may, by letter, telegram, cable, e-mail, or other written instrument, appoint a proxy to act or consent at any meeting.

M. Powers and Duties. Except as set forth in the Declaration and in this Code, the Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation, or this Code directed to be done and exercised exclusively by the Members.

In addition to the duties imposed by this Code or by any resolution of the Association that may be hereafter adopted, the Board shall have the power to and be responsible for, but not limited to, the following:

(1) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses associated with the maintenance of the Common Areas of Lake Erie Shores Subdivision ("Common Expenses");

(2) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessments; provided, however, that unless otherwise determined by the Board, the annual assessment against the proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(3) providing for the operation, care, upkeep, and maintenance of the Common Areas;

(4) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(5) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, however,

that any reserve fund may be deposited, in the Trustees' best business judgment, in depositories other than banks;

(6) making and amending rules and regulations;

(7) opening of bank accounts on behalf of the Association and designating the signatories required;

(8) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the provisions of the Declaration and this Code after damage by fire or other casualty;

(9) enforcing by legal means the provisions of the Declaration, this Code and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(10) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(11) paying the cost of all services rendered to the Association or its Members and not chargeable directly to individual Owners;

(12) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. These books and vouchers shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours to be established by the Trustees. All books and records shall be kept in accordance with generally accepted accounting practices;

(13) make available to any prospective purchaser of any Parcel, any Owner, or any first mortgagee, current copies of the Declaration, the Articles, this Code, rules and regulations governing the Association, and all other books, records, and financial statements of the Association. The Association may impose a reasonable charge for the foregoing in order to defray duplication costs.

(14) permit utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development and/or operation of the property; and

(15) enter into easement agreements, license agreements and other agreements with utility companies (both private and public), with Owners within the property, and with the owners of neighboring properties.

IV. **Officers**

A. **Officers.** The officers of the Corporation shall be a President, one or more Vice

Presidents (the number thereof to be determined by the Board), a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article.

B. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board after the annual meeting of Members as set forth in Article II (B). If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. New offices may be created and filled at any meeting of the Board. Each officer shall hold office until his successor shall have been duly nominated and elected by the membership of the Corporation.

C. Vacancies. A vacancy in any office because of death, resignation, disqualification, or otherwise, may be filled by the Board for the unexpired portion of the term.

D. President. The President shall preside at all meetings of the Board. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Association. He/she may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Regulations or by statute to some other officer or agent of the Corporation; and in general he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

E. Vice President. In the absence of the President or in the event of his/her inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice President in the order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him/her by the President or the Board.

F. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Regulations; he/she shall keep proper books of account and other books showing at all times the amount of funds and other property belonging to the Corporation, all of which books shall be open at all time to the inspection of the Board; he/she shall also submit a report of the accounts and financial condition of the Corporation at each meeting of the Board, and at the annual meeting of the Corporation, and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board.

G. Secretary. The Secretary shall keep the minutes of the meetings of the Board and of meetings of the Corporation in one or more books provided for that purpose; give all notices in accordance with the provisions of these Regulations or as required by law; be custodian of the

corporate records and of the seal of the Corporation, and affix the seal of the Corporation to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Regulations; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board.

V. **Committees**

A. **Committees.** The Board, by resolution adopted by a majority of the Trustees in office, may designate and appoint one or more committees, each of which shall consist of two or more persons, a majority of whom shall be Trustees. The Committees shall be advisory in role only, and no such committee shall have the authority of the Board in reference to amending the Code or the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another Corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Corporation; amending, altering, or repealing any resolution of the Board; or otherwise exercise any authority on behalf of the Association.

B. **Meetings of Committees.** Each committee created by the Board shall meet as often as the Board deems appropriate. The Board alone has the authority to declare a Committee meeting.

C. **Term of Office.** Each member of a committee shall continue as such until his/her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

D. **Chairperson.** One member of each committee shall be appointed Chairperson by the Board.

E. **Membership in Committees.** Any Committee shall be composed of three (3) to ten (10) members. Members shall be nominated by the Chairperson of each Committee subject to election by a majority of the Board of Trustees. All members of Committees must be Members of the Corporation.

F. **Vacancies.** Vacancies in the membership of any Committee may be filled by the Board.

G. **Quorum.** Unless otherwise provided in the resolution of the Board designating a Committee, a majority of the Committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the Committee.

H. **Rules.** Each Committee may adopt rules for its own government not inconsistent with this Code or with rules adopted by the Board.

VI. Hearing Procedure

A. Enforcement. In the event of a violation by any Member or any Occupant (other than the nonpayment of Assessments or charges, which is governed by the Declaration) of any of the provisions of the Declaration, this Code, or the rules of the Association, the Board shall notify the Member and any Occupant of the violation, by written notice. If such violation is not cured as soon as is reasonably practical and in any event within fifteen (15) days after such written notice, or if the violation is not capable of being cured within such fifteen day period, if the Member or Occupant fails to commence and diligently proceed to completely cure such violation as soon as is reasonably practical within **fifteen** days after written demand by the Association or such committee, or if any similar violation is thereafter repeated, the Association or such committee may, at its option:

(1) impose a fine against the Member or Occupant as provided in Subsection (B) of this Section; and/or

(2) commence an action to enforce performance on the part of the Member or Occupant, and to require the Member to correct such failure, or for such other relief as may be necessary under the circumstances, including injunctive relief; and/or

(3) the Association may itself perform any act or work required to correct such failure and, either prior to or after doing so, may charge the Member with all reasonable costs incurred or to be incurred by the Association in connection therewith, plus a service fee equal to 15% of such costs. In connection with the foregoing, the Association may perform any maintenance or repairs required to be performed, may remove any change, alteration, addition or improvement which is unauthorized or not maintained in accordance with the provisions of the Declaration, and may take any and all other action reasonably necessary to correct the applicable failure; and/or

(4) commence an action to recover damages or any other remedy available at law or in equity.

B. Fines. The amount of any fine shall be a reasonable amount as determined by the Board. Prior to imposing any fine, the Member or Occupant shall be afforded an opportunity for a hearing after reasonable notice to the Member or Occupant of not less than 10 days, which notice shall include (i) a statement of the date, time and place of the hearing, (ii) a statement of the provisions of the Declaration, the Code or other adopted rules which have allegedly been violated, and (iii) a short and plain statement of the matters asserted by the Association. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery is entered by the officer, Board member or agent who delivers such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the hearing. The minutes of the hearing shall contain a written statement of the hearing and the sanction, if any, imposed. The Member or Occupant shall have an opportunity to respond, to present evidence, and to provide written and oral arguments on all issues

involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Association. At the hearing, the Board shall conduct a reasonable inquiry to determine whether the alleged violation in fact occurred, and if the Board so determines, it may impose such fine as it deems appropriate by written notice to the Member or Occupant. If the Member or Occupant fails to attend the hearing as set by the Board or committee, the Member or Occupant shall be deemed to have admitted the allegations contained in the notice to the Member or Occupant. Any fine imposed by the Board shall be due and payable within 10 days after written notice of the imposition of the fine, or if a hearing is timely requested, within 10 days after written notice of the Board's decision at the hearing. Any fine levied against a Member or Occupant shall be deemed an Assessment against Owner, and if not paid when due all of the provisions of the Declaration relating to the late payment of Assessments shall be applicable. If any fine is levied against an Occupant and is not paid within 10 days after same is due, the Association shall have the right to evict the Occupant as hereinafter provided.

C. Responsibility of Members for Occupants. Each Member shall be responsible for the acts and omissions, whether negligent or willful, of any Occupant, and for all employees, agents and invitees of the Member or any such Occupant, and in the event the acts or omissions of any of the foregoing shall result in any damage to the Common Area, or any liability to the Association, the Member shall be charged for same, limited where applicable to the extent that the expense or liability is not met by the proceeds of insurance carried by the Association. Furthermore, any violation of any of the provisions of the Declaration, this Code or any rule, by any Occupant, or any employees, agents or invitees of a Member or any Occupant of a Parcel, shall also be deemed a violation by the Member, and shall subject the Member to the same liability as if such violation was that of the Member.

D. Costs and Attorney's Fees. In any legal proceedings commenced by the Association to enforce the Declaration, this Code and or any other rules later adopted by the Association, as said documents may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and reasonable attorneys' and paralegal fees. Any such costs or attorneys' or paralegals' fees awarded to the Association in connection with any action against any Member or Occupant shall be charged to the Member.

VII. Finances of Association and Assessments

A. Preparation of Annual Budget. On or before the filing with the Cuyahoga County Recorder of the Declaration, and on or before December 14th of each year thereafter, the Association shall estimate the total amount necessary to pay the Assessments referred to in the Declaration for the balance of the calendar year in which the Declaration is filed and, thereafter, for each succeeding calendar year together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements, and the amounts, if any, which may be received from special assessments, concessions, contracts for special services and facilities, and other sources. On or about December 21st, the Association shall notify each Member in writing as to the amount of such estimates, and shall send a copy of such notice to each holder of a first mortgage upon the ownership interest of a Member who has made a request in writing for such notification. The failure of the Association to comply strictly with the above time requirements

shall not be deemed to be a waiver and shall not prevent the Association from collecting Assessments. The net of the aggregate amounts of such estimates (herein called the “Estimated Cash Requirements”) of the next calendar year shall be assessed to those Members required to pay the Assessments according to and as specifically set forth in the Declaration. Each Member required to pay Assessments shall pay to the Association or as it may direct, the Assessment made pursuant to this Section on or before the first day of each calendar year. On or before the date of each annual meeting, the Association shall furnish to all Members an itemized accounting of the expenditures for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, by special Assessments, or otherwise, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited to the last maturing monthly installments due from the Members under the current year’s estimate, pro rata. Any net shortage shall be added pro rata to the next installment due after the rendering of the accounting.

B. Initial Capital Contribution. In addition to such regular monthly assessments, each Class “A” Member shall be required to make, at the time such Member acquires title to a Parcel, an initial capital contribution to the Association equal to two times the estimated monthly Assessment for common expenses for each Parcel purchased. The general purpose of this contribution is to provide the Association with a portion of the necessary initial working capital and/or a contingency reserve. Such funds may be used for certain prepaid items (e.g., insurance premiums, utility deposits and organization, equipment and supply costs) and for such other purposes as the Board may determine. This initial capital contribution is not an escrow or advance, is not refundable and shall not be required of the Developer, but only from those persons who or which purchase a Parcel or Parcels from Developer.

C. Reserve for Contingencies and Replacements; Special Assessments. The Association shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall be charged first against such reserve. If the “Estimated Cash Requirements” prove inadequate for any reason, including nonpayment of any Member’s Assessment, the deficiency and any extraordinary expenditures in excess of the reserves therefor shall be assessed to the Members required to pay assessments, pro rata. The Association shall also make any necessary or desirable special Assessments, from time to time which shall be payable at the time or times the Board deems necessary or desirable. The Association shall serve notice of such further Assessments on Members required to pay Assessments, by a statement in writing giving the exact amount and reasons therefor, and such further Assessment shall be payable with the next regular monthly payment becoming due to the Association but not less than 10 days after the delivery or mailing of such notice of further Assessment

D. Failure to Prepare Annual Budget. The failure or delay of the Association to prepare or deliver to a Member any annual or adjusted estimate shall not constitute a waiver or release in any manner of such Member’s obligation to pay his share of the Assessments, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Member required to pay Assessments pursuant to the terms of the Declaration shall

continue to pay the monthly charge at the existing monthly rate established for the previous period until the Association mails or delivers notice of the new monthly payment due as a result of the determination of the new annual or adjusted estimate.

E. Status of Funds Collected. All funds collected hereunder shall be held and expended solely for the purposes designated herein and (except for such special Assessments as may be levied hereunder against less than all of the Members 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 Members required to pay Assessments pursuant to the terms of the Declaration.

F. Annual Review. 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 a majority of the members of the Board, such review shall be made by a certified public accountant. In addition and at any time requested by the Members or by holders of first mortgages on ownership interests possessing in aggregate 50% or more of the voting power in the Association, the Board shall cause an additional review to be made at the expense of the requesting party.

G. Remedies for Failure to Pay Assessments. If a Member or Owner of a Parcel shall be in default in the payment of any of the aforesaid Assessments, the Association (or Developer if such Assessment was to be paid directly to Developer) shall have all of the remedies set forth anywhere in the Declaration, in this Code or at law or equity to collect such Assessments and all costs associated therewith. The exercise by the Association or Developer of any right or remedy hereunder shall not be deemed to be exclusive of any of its other or additional rights or remedies hereunder or at law.

VIII. Indemnification and Insurance

A. Authorization. In the event that any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, seeks indemnification from the Corporation against expenses (including attorneys' fees), and in the case of actions other than those by or in the right of the Corporation, judgments, fines and amounts paid in settlement, incurred by such person in connection with such action, suit or proceeding by reason of the fact that such person is or was a trustee, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a trustee, director, officer, employee or agent of another Corporation (domestic or foreign, non-profit or for profit), partnership, joint venture, trust, or other enterprise, then, unless such indemnification is ordered by a court, the Corporation shall determine or cause to be determined in the manner provided in Section 1702.12(E) of the Ohio Revised Code whether or not indemnification is proper in the circumstances because the person claiming such indemnification has met the applicable standards of conduct set forth in Section 1702.12(E)(2) of the Ohio Revised Code and, to the extent that it is determined that such indemnification is proper, the person claiming indemnification shall be indemnified.

B. Expenses. All expenses, including attorneys' fees, incurred in defending any action,

suit or proceeding referred to in Paragraph A of this Section may be paid by the Corporation in advance of the final disposition of such action, suit or proceedings, as authorized by the trustees in the specific case, upon receipt of an undertaking by or on behalf of the trustee, officer, employee or agent to repay such amount, in the event it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

C. Scope of Indemnification. The indemnification provided by Paragraph A of this Section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the law or any agreement, vote of members or of disinterested trustees, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

D. Insurance. The Corporation, to the extent permitted by Section 1702.12(E) of the Ohio Revised Code, may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a trustee, director, officer, employee or agent of another Corporation (domestic or foreign, non-profit or for profit), partnership, joint venture, trust or other enterprise.

IX. Contracts and Administration of Funds

A. Contracts. The Board may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by this Code to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. In the absence of a separate determination, authorization is generally granted to the President to enter into negotiations with a third party, however, no contract shall be binding unless signed by no less than two (2) officers of the Corporation, one of whom shall be the President.

B. Checks and Drafts. All checks, drafts, loan agreements, bonds, leases or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such separate determination by the Board, all such instruments shall be signed by no less than two (2) officers of the Corporation, one of whom shall be the President.

C. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

D. Investments. The Board may retain and hold property of any kind or nature without incurring any liability to any person for any subsequent depreciation thereof, and may manage and control any funds, money, property, or proceeds of property or proceeds of the sale of property coming into the hands of the corporation from any source and may invest and reinvest the same in

such loans, stocks, bonds, securities, or other property of any character or kind as the Board may from time to time determine, notwithstanding any rule of court or statute now or hereafter in force to the contrary, and in so doing shall incur no liability to any person for any act taken or omitted in good faith.

E. Management of Assets. The Board may compromise, settle, and adjust any claims on behalf of or against the Corporation on such terms and conditions and at such time or times as it may decide, without liability to any person or persons whomsoever for any such compromise, settlement, or adjustment of any claim made by the Board in good faith. No person or organization, being or claiming to be a beneficiary of any of the purposes of the Corporation, shall, as such, have or be given any claim or right of action against the Corporation by reason thereof.

F. Accounts. The Board shall cause to be kept adequate and correct accounts and records of its assets, liabilities, receipts, disbursements, gifts, and donations.

X. **Books and Records**

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees and meetings of the Corporation. All books and records of the Corporation may be inspected during regular business hours by any Trustee or member of the Corporation for any purpose upon reasonable notice.

XI. **Fiscal Year**

The fiscal year of the Corporation shall be determined by the Board.

XII. **Dissolution and Liquidation**

The Corporation may be dissolved, upon the affirmative vote of a majority of Members present at any meeting of the Members at which a quorum is present and acting, or upon the written consent of all Members. The Board shall thereupon take such actions as may be necessary to wind up the affairs of the Corporation and to effect the termination of its corporate existence, and shall distribute the property of the Corporation to such one or more corporations, trusts, community chests, funds, or foundations, organized and operated exclusively as charitable, educational, and scientific instrumentalities conducive to public welfare, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence the legislation, or participating in, or intervening in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office (except to the extent an organization is permitted to do so under Section 501(h) of the Internal Revenue code of 1954, as amended, without jeopardizing the tax-exempt status of such organization under Section 501(a) of such Code), and which the Corporation is empowered to do in accordance with the purposes set forth in the Articles of Incorporation, as the Board may elect.

XIII. Amendments to Regulations

The Developer may unilaterally amend this Code so long as it owns any portion of the property or adjacent lands shown on the Plat (as defined in the Declaration) for development and so long as the amendment has no material adverse effect upon the rights of any Member. Thereafter and otherwise, this Code may be amended only by the affirmative vote or written consent of a majority of the Member votes of the Association. No amendment may remove, revoke, or modify any right or privilege of Developer without the written consent of Developer or the assignee of such right or privilege.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the Code of Regulations of LAKE ERIE SHORES HOMEOWNERS ASSOCIATION, INC. an Ohio non-profit corporation as adopted by the Board of Trustees and in effect on the date hereof.

IN WITNESS WHEREOF, I hereunto set my hand this _____ day of _____,
2006.

Secretary