

EXHIBIT "C"

**BYLAWS
OF
KENSINGTON COURT CONDOMINIUM ASSOCIATION**

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**BYLAWS
OF
KENSINGTON COURT CONDOMINIUM ASSOCIATION**

PREAMBLE

These Bylaws are executed by The Lakes of Aurora, A Limited Partnership, and are attached to the Declaration of KENSINGTON COURT CONDOMINIUMS to establish a Unit Owners Association as defined in Section 5311.01(L) of the Act for the administration of the Condominium Property (as defined in the Declaration).

**ARTICLE I
THE ASSOCIATION**

1.1 Name and Nature of the Association

The Association shall be an Ohio non-profit corporation formed under the laws of the State of Ohio and shall be called KENSINGTON COURT CONDOMINIUM ASSOCIATION.

1.2 Conformance with Internal Revenue Code Section 528

The Association is hereby established as a home owners' association (as defined in Section 528 of the Internal Revenue Code). Notwithstanding anything contained herein to the contrary,

(a) this Association is organized and operated to provide for the acquisition, construction, management, maintenance and care of the Condominium Property; and

(b) no part of the net earnings of this Association shall inure (other than by acquiring, constructing or providing management, maintenance and care of the Condominium Property and other than by a rebate of excess membership dues, fees or assessments) to the benefit of any private shareholder, any member of the Association or any other individual.

1.3 Definitions

Certain of the terms used in these Bylaws have been defined in the Declaration and, when used herein, shall have the same meaning as set forth in the Declaration, unless the context clearly indicates a different meaning; providing, however, that the term "Act" as used herein, shall mean Chapter 1702 and/or Chapter 5311 of the Ohio Revised Code, as the context shall indicate.

1.4 Membership

Each Unit Owner upon acquisition of a Condominium Ownership Interest shall automatically become a member of the Association. Membership may be held in the names of more than one individual or entity but collectively they shall constitute a single Unit Owner. Such membership shall terminate upon the sale or other disposition by such Unit Owner of his Unit, at which time the new Unit Owner of said Unit shall automatically become a member of the Association. Declarant shall be a member of the Association with respect to all Units owned by Declarant and shall have the right to exercise the voting power appurtenant to each of said Units subject, however, to any limitation imposed in the Act, in the Declaration or herein.

ARTICLE II
VOTING

2.1 Voting Members

Each Unit Owner may exercise that percentage of the total voting power of all Unit Owners on any question for which a vote is permitted or required that is equivalent to the percentage of interest in the Common Areas and Facilities appurtenant to his Unit. In the case of a Unit owned or held in the name of a corporation or a partnership, a certificate signed by said Unit Owners shall be filed with the Secretary of the Association naming the person authorized to cast votes for such Unit, which 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 corporation or partnership shall not be considered nor shall the presence of such Unit Owner at a meeting be considered in determining whether the quorum requirement for such meeting has been met. Fiduciaries and minors who are owners of record of a Unit may vote their respective interest as a Unit Owner. If two or more persons, whether fiduciaries, tenants in common or otherwise, own undivided interest in a Unit, each may exercise that proportion of the voting power of all the Unit Owners of said Unit that is equivalent to their respective proportionate interest in said Unit. When any fiduciary or other legal representative of a Unit Owner has furnished to the Association proof, satisfactory to it, of his authority, he may vote as though he were the Unit Owner. The Declarant or its nominee shall be the voting member with respect to any Unit owned by the Declarant. The vote of the Association with respect to any Units owned by the Association shall be determined by the Board.

2.2 Majority

Except as otherwise provided in the Act or the Declaration, all actions taken by the Unit Owners shall require the affirmative vote of the voting power of the Association present at a meeting at which a quorum is present.

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2.3 Quorum

Except as otherwise provided by the Act, the Declaration or herein, the presence in person or by proxy of a majority of Unit Owners shall constitute a quorum. No action may be authorized or taken by a lesser percentage than required by the Act, by the Declaration or these Bylaws. A majority of the voting power of the Association present at a meeting, whether or not a quorum is present, may adjourn such meeting from time to time.

2.4 Proxies

Unit 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 a Unit Owner of a proxy to vote or to act on his behalf shall be made in writing to the Board, shall be filed with the Secretary, and shall be revocable at any time by actual notice to the Board given by said Unit Owner. Notice to the Board in writing or in open meeting of the revocation of the designation of a proxy shall not affect any vote or act previously taken or authorized.

ARTICLE III **MEETINGS**

3.1 Place of Meetings

Meetings of the Association shall be held, if possible, at such suitable place on the Condominium Property as may be designated by the Board. If sufficient space is not available, then the meeting shall be held at some other suitable place located in Portage, Ohio which is selected by the Board.

3.2 Establishment of the Association

The Association shall be established not later than the date the deed or other evidence of ownership is filed for record following the first sale of a Condominium Ownership Interest.

3.3 Annual Meetings

The First Annual Meeting (herein defined) of the Unit Owners shall be held in accordance with the provisions of Section 4.4 herein. Subsequent annual meetings shall be held at such place and time as the Board selects (but not later than thirty (30) days before or after the anniversary of the First Annual Meeting) by so notifying the Unit Owners not less than ten (10) days prior to the date fixed for said annual meeting. Any business which may be properly brought before any meeting of the Association, including the election and/or designation of members of the Board, may be considered and transacted at the annual meetings.

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3.4 Special Meetings

Special meetings of the Unit Owners may be held on any business day when called by the President of the Association, by the Board or by the Unit Owners 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 President or the Secretary of the Association by any persons entitled to call a meeting of the Unit Owners, such officers shall forthwith notify the Unit Owners of such special meeting. 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 shall be held at such place on the Condominium Property or at such place within Cuyahoga County, Ohio as shall be specified in the notice of meetings. Calls for such meetings shall specify the purposes of which such meeting is requested. No business other than that specified in the call and set forth in the notice shall be considered at any special meeting.

3.5 Notice of Meetings

Not less than seven (7) nor more than thirty (30) days before the day fixed for a meeting of the Unit Owners, 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 herein to give such notice. such notice shall be given by personal delivery (which personal delivery shall be effective if hand delivered to the Occupant of a Unit, deposited in an Occupant's mail box or attached to or placed under the door to the Unit he occupies) or by mail to a Unit Owner. If mailed, such notice shall be addressed to the Unit Owners and other such as mortgagees of Units (if entitled to such notice) at their respective addresses as they appear on the records of the Association or to the Unit Owner's Unit if no address has been given to the Association. Notice of the time, place and purpose of any meeting of the Unit Owners may be waived in writing by any Unit Owner, either before or after the holding of such meeting, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Unit at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice, shall be a waiver of said Unit Owner of notice of such meeting.

3.6 Adjourned Meetings

If any meeting of Unit Owners cannot be organized due to the failure to obtain a quorum, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. If any meeting is adjourned, the notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

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3.7 Order of Business at Meetings

The order of the business at all regular meetings of Unit Owners 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) Appointment of inspectors of election (at annual meetings)
- (7) Election of members of the Board (at annual meetings)
- (8) Unfinished and/or old business
- (9) New business
- (10) Adjournment

3.8 Order of Business at Special Meetings

The business at each special meeting shall be that business specified in the notice therefor.

3.9 Actions Without a Meeting

All actions, except removal of a Board member, which may be taken at a meeting of the Association may be taken without a meeting with the approval of and in a writing or writings signed by Unit Owners having the percentage of voting power required to take such action if the same were taken at a meeting. Such writings shall be filed with the Secretary of the Association.

ARTICLE IV
BOARD OF MANAGERS

4.1 Qualifications

All members of the Board (hereinafter sometimes called "Board Members") shall be Unit Owners; spouses of Unit Owners; mortgagees of Units; partners, agents, or employees of a partnership owning a Unit; officers, directors, agents or employees of a corporation or an

association owning a Unit; or fiduciaries, officers, agents or employees of fiduciaries owning a Unit. In accordance with Article VIII of the Declaration, members of the Board elected or designated by Declarant, however, may be any individuals Declarant selects whether or not such individuals are Unit Owners, or partners, agents or employees of Declarant. Board Members elected or designated by Declarant may be removed only by Declarant or as otherwise provided herein.

4.2 Number of Board Members

Except for power and authority vested in the Declarant or in the Unit Owners by the Declaration, the Act or these Bylaws, all power and authority of this Association shall be exercised by the Board which shall consist of five (5) persons.

4.3 Election of Board Members by Declarant and Unit Owners Prior to the First Annual Meeting

Until such time as Condominium Interests to which less than twenty-five percent (25%) of the undivided interest in the Common Areas and Facilities of the Condominium Property and the Additional Condominium Property appertain have been sold and conveyed by Declarant, Declarant shall have the right to elect or designate all five (5) Board Members. Not later than the time that Condominium Ownership Interests to which twenty-five percent (25%) of the undivided interest in the Common Areas and Facilities of the Condominium Property and the Additional Condominium Property appertain have been sold and conveyed by Declarant, shall elect a total of two (2) Board Members who shall replace two (2) of the Board Members previously elected or designated by Declarant. Declarant shall have the sole right to designate the two (2) Board Members who will be replaced.

4.4 First Annual Meeting

Within the earlier of (a) five (5) years following the date of the establishment of the Association or (b) thirty (30) days after the sale and conveyance of Condominium Ownership Interests to which appertain seventy-five percent (75%) or more of the undivided interests in the Common Areas and Facilities of the Condominium Property and the Additional Condominium Property to purchasers in good faith for value, the Association shall meet (herein referred to as the "First Annual Meeting") and elect all five (5) Board Members and all officers of the Association and all persons previously elected or designated whether by Declarant or by the other Unit Owners shall immediately resign; provided, however, that such persons shall be eligible for re-election to the Board. The persons so elected at the First Annual Meeting shall take office upon such election and shall served for the respective terms specified in Section 4.5.

4.5 Election of Board Members from and after the First Annual Meeting

Except as otherwise provided in Section 4.13 herein, Board Members shall be elected at the annual meeting of the Unit Owners, but if the annual meeting is not held for Board

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Members or not elected thereat, they may be elected at a special meeting called and held for that purpose. Such election shall be by written secret ballot whenever requested by any Unit Owner; but, unless such request is made, the election may be conducted in a manner determined by the Board.

Subject to Section 4.3 and 4.4 herein, any Board Member elected or designated prior to the First Annual Meeting shall hold office for a term not to exceed one (1) year after his election or designation. At the First Annual Meeting of the Association, two (2) Board Members shall be elected for a term of three (3) years, two (2) Board Members for a term of two (2) years and one (1) Board Member for a term of one (1) year. At meeting of the Association subsequent to the First Annual Meeting which are called for the purpose of electing Board Members, Board Members shall be elected for terms of three (3) years or to complete unfinished terms.

Except as otherwise provided herein, each Board Member shall hold office until the expiration of his term and until his successor is elected, or until his earlier resignation, removal from office or death. Any Board Member may resign at any time by oral statement to that effect made at a meeting of the Board or 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 Board Member may specify.

The candidates receiving the votes of the greatest percentages of the voting power of the Association shall be elected and those receiving the highest percentages of the total votes cast shall serve for the longest terms. Tie votes shall be decided by drawing of lots.

4.6 Removal of Board Members

Except as otherwise provided herein or in the Act, the Board may remove any Board Member and thereby create a vacancy in the Board if by order of court he has been found to be of unsound mind, or if he is physically incapacitated, adjudicated a bankrupt, or fails to attend at least one of any three (3) consecutive meetings of the Board. At any regular or special meeting of the Unit Owners duly called at which a quorum shall be present, any one or more of the Board Members may be removed, with or without cause, by the vote of the Unit Owners entitled to exercise a majority of the voting power of the Association, and a successor or successors to such Board Member so removed may be elected at the same meeting for the unexpired term for each such removed Board Member. Any Board Member whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at such meeting prior to the vote on his removal.

4.7 Vacancies

Vacancies in the Board may be filled by a majority vote of the remaining Board Members for the unexpired portion of the term of the Board Member whose place shall be vacant and until the election of a duly qualified successor.

4.8 Powers and Duties

The Board shall have the powers, duties and authorities specifically conferred upon it by the Act, the Declaration and these Bylaws and shall have the powers, duties, and authority necessary for the **administration of the affairs of the Association including the adoption from time to time of Rules, a copy of which shall be furnished in writing to all Unit Owners,** and may do all such acts and things as are not by the Act, the Declaration, or by these Bylaws directed to be exercised and done by the Unit Owners or by Declarant. Board Members shall serve without compensation for their services, as such; provided, that nothing contained herein shall be construed to preclude any Board Members from having dealings with the Association in any other capacity and receiving compensation therefor. In addition, the Association shall have all rights and duties set forth in its Articles of Incorporation and the Act.

4.9 Other Duties

In addition to the duties imposed by the Declaration, these Bylaws or by resolutions of the Association, the Board shall:

- (a) Maintain the Common Areas and Facilities in good order, condition, replacement and repair, except as otherwise provided in Article XIV of the Declaration;
- (b) Provide electricity, water, and other utility services to the Common Areas and Facilities, it being understood and agreed, however, that the cost for electricity and utility services furnished to any Limited Common Areas and Facilities appertaining to a Unit shall be borne solely by the Unit Owner entitled to the exclusive use of said Limited Common Areas and Facilities;
- (c) Maintain and repair any Unit or any portion of the Condominium Property required by the provisions of the Declaration or these Bylaws to be maintained and repaired by a Unit Owner, **if in the judgment of the Association such repair or maintenance is necessary to protect any other part of the Condominium Property, or to retain the overall appearance of the Condominium Property,** and the Unit Owner shall have failed after reasonable notice to make such repairs or perform such maintenance, provided, however, that such Unit Owner shall be liable or incurred for it, and the Association shall impose a Special Charge for such costs against each Unit Owner;
- (d) Pay the Share of Common Facilities Costs (as defined in the Declaration) allocable to the Unit Owners pursuant to said General Provisions;
- (e) Dispose of all rubbish and garbage attributable to the Units and to the Common Areas and Facilities;
- (f) Levy and collect Assessments and Special Charges;

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(g) Employ and discharge all personnel necessary for the operation of the Condominium Property.

Notwithstanding any contrary provision herein or in the Declaration, the Board shall not borrow any amounts which in the aggregate exceed at any one time the sum of Twenty-Five Thousand Dollars (\$25,000.00) without the prior approval of the Unit Owners entitled to exercise a majority of the voting power of the Association. The procedure by which the Board shall authorize the maintenance, repair and replacement of the Common Areas and Facilities shall be that procedure by which the Board is authorized to act pursuant to this Article IV.

4.10 Managing Agent

Subject to the provisions of the Act and the Declaration, the Board may employ for the Association a Managing Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize.

4.11 Organizational Meeting

Immediately after each annual meeting of the Unit Owners or special meeting held in lieu thereof, the newly elected Board Members and those Board Members whose terms have not expired shall hold an organizational meeting for the purpose of electing officers and transacting any other business. Notice of such meeting of the Board need not be given.

4.12 Regular Meetings

Regular meetings of the Board may be held at such time and place in Cuyahoga County, Ohio as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held during each calendar year. Notice of regular meetings of the Board shall be given to each Board Member, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meetings. At such meetings, any and all business within the power of the Board may be transacted.

4.13 Special Meetings

Special meetings of the Board may be held at any time upon call by the President or any two (2) Board Members. Notice of the time, place and purposes of each special meeting shall be given to each Board Member by the Secretary or by the person or persons calling such meeting. Such notice shall state the purpose or purposes of the meeting and may be given in any manner or method and at such time so that the Board Member receiving it may have reasonable opportunity to attend the meeting. Such notice shall, in all events, be deemed to have been properly and duly given if delivered or mailed at least forty-eight (48) hours prior to the meeting and directed to the residence of the Board Members shown upon the Secretary's records. Unless otherwise indicated in the notice thereof, any business may be transacted at any special meeting of the Board.

4.14 Waiver of Notice

Before or at any meeting of the Board, any Board Member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board Member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board Members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4.15 Quorum

At all meetings of the Board, a majority of the Board shall constitute a quorum for the transaction of business, and the acts of the majority of the Board Members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.16 Open Meetings

Meetings of the Board shall be open to all Unit Owners.

4.17 Action Without a Meeting

Any action required to be taken, or any action which may be taken, at a meeting of the Board, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Board Members.

4.18 Committees

The Board may by resolution provide for such standing or special committee as it deems desirable, and discontinue the same at its discretion. Each such committee, consisting of at least two (2) Board Members shall have such powers and perform such duties, not inconsistent with the Act, the Declaration, or the Bylaws, as may be delegated to it by the Board. Each such committee shall keep full records and accounts of its proceedings and transactions. All action by any such committee shall be reported to the Board at its meeting next succeeding such action and shall be subject to control, revision and alteration by the Board; provided that no rights of third persons shall be prejudicially affected thereby. Each such committee shall fix its own rules of procedure and shall meet as provided by such rules or by resolutions of the board, and it shall also meet at the call of the President of the Association or of any two members of the committee. Unless otherwise provided by such rules or by such resolutions, the provisions of Section 4.13 relating to the notice required to be given of special meetings of the Board shall also apply to meetings of each such committee. A majority of the members of a committee shall constitute a quorum, and the acts of the

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majority present at a meeting at which a quorum is present shall be the acts of the committee. Each such committee may act in writing or by telephone with written confirmation, without a meeting, but no such action shall be effective unless concurred in by all members of the committee. Vacancies in such committees shall be filled by the Board or as it may provide.

4.19 Fidelity Bonds

The Board may require that all officers, employees, volunteers and agents of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds or insurance. The premiums on such bonds or insurance shall be paid by the Association, and shall be a Common Expense.

ARTICLE V OFFICERS

5.1 Designation

The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board, except that officers appointed by Declarant pursuant to Section 10.5 hereof shall not be required to be Board Members. The Board may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary who are not Board Members, but are Unit Owners. Each such officers shall hold office during the pleasure of the Board, and perform such duties as the Board may prescribe.

5.2 Election of Officers

The officers of the Association shall hold office during the pleasure of the Board, and, unless sooner removed by the Board, shall hold office until the first meeting of each new Board or until their successors are duly elected.

5.3 Removal of Officers

Upon an affirmative vote of a majority of the Board Members, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. A vacancy in any office, however created, shall be filled by the Board.

5.4 President

The President shall be the chief executive officer of the Association. He shall have all of the general powers and duties which are usually vested in the office of President of an Ohio non-profit corporation, and such further powers and duties as the Board may from time to time assign to him.

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5.5 Vice President

The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board.

5.6 Secretary

The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct, and he shall, in general, perform all the duties incident to the office of Secretary and such duties as the Board may prescribe. A copy of such minutes shall be posted in a place designated by the Board.

5.7 Treasurer

The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of, the Association in such depositories as may from time to time be designated by the Board, and he shall perform such other duties as from time to time may be assigned to him by the Board.

5.8 Duties of Officers May be Delegated

In the absence of any officer of the Association, the Board may delegate any of the powers or duties of such officer to any other officer or to any Board Member or to the Managing Agent, if any.

ARTICLE VI
COMMON EXPENSES AND PROFITS

6.1 Common Expenses

The cost of maintenance and repair of the Common Areas and Facilities, landscaping, snow removal, all insurance and bonds procured by the Association, salaries and fees of any Managing Agent, independent contractors and employees, utilities not separately metered to individual Units, the cost of equipment and supplies, together with the allocable share of the Common Facilities Costs imposed pursuant to the General Provisions, and all costs considered necessary or appropriate to the proper administration of the Condominium Property shall be Common Expenses. The cost of such Common Expenses shall be defrayed by Assessments levied against the Units.

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6.2 Limitation on Expenditures

Except for expenditures made for the maintenance, repair or replacement of the Common Areas and Facilities and expenditures identified in the annual budget, the Association shall not make expenditures for any single item in excess of Ten Thousand Dollars (\$10,000.00) nor aggregate expenditures in any one (1) year in excess of Twenty-Five Thousand Dollars (\$25,000.00) without in each case having the prior approval of the Unit Owners entitled to exercise a majority of the voting power of all the Unit Owners present in person or by proxy at an annual or a special meeting duly held for such purpose. The limitations on expenditures by the Association contained in this Section 6.2 shall not apply to repair of the Condominium Property due to casualty loss, emergency repairs immediately necessary for the preservation and safety of the Condominium Property or for the safety of persons or to avoid suspension of any necessary services. The foregoing provisions of this Section 6.2 also shall not apply to the rehabilitation and renewal of obsolete property which shall be governed by the Declaration.

6.3 Dispute as to Common Expenses and Special Charges

Any Unit Owner who believes that all or any part of the Common Expenses or Special Charges chargeable to his Unit, for which a certificate of lien has been filed by the Association, has been improperly charged against him or his Unit, may bring an action to the Common Pleas Court of Cuyahoga County, Ohio, for the discharge of such lien. In any such action, if it is finally determined that any portion of the Common Expenses or Special Charges has been improperly charged to such Unit Owner or his Unit, 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.

6.4 Common Profits

Any Common Profits shall be disbursed to the Unit Owners, added to a reserve fund, or credited to reduce Assessments, as the Board may determine, but in each case according to the respective percentages of interest held by each Unit Owner in the Common Areas and Facilities.

ARTICLE VII **ASSESSMENTS AND SPECIAL CHARGES**

7.1 Obligation of Unit Owners

Every Unit Owner shall pay his proportionate share of the Common Expenses. Payment thereof shall be in such amounts and at such times as may be designated by the Board in accordance with these Bylaws. In addition, each Unit Owner shall promptly pay to the Association any Special Charges imposed by the Association in respect to his Unit.

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7.2 Preparation of Estimated Budget

On or before the 1st day of December of each year, the Board shall estimate the total amount necessary to pay the Common Expenses for the next calendar year, together with reasonable amounts for reserves if so determined by the Board, and other amounts necessary or required for the administration of the Condominium Property as authorized by the Act, the Declaration and these Bylaws. On or before the December 1st of following the First Annual Meeting and on or before December 1st of each year thereafter, the Board shall notify each Unit Owner in writing of the amount of such estimate (the "estimated cash requirement"), with reasonable itemization thereof. Said "estimated cash requirement shall be assessed to the Unit Owners according to each Unit Owner's percentage of interest in the Common Areas and Facilities. On or before January 1 of the ensuing year, and on the first of each month thereafter, each Unit Owner shall be obligated to pay the Association one-twelfth (1/12) of the Assessments made pursuant to this Section. If the "estimated cash requirement" is insufficient for any reason, including the non-payment of any Unit Owner of his share of the Assessments, the Association may at any time prepare an adjusted estimate and levy additional Assessments, which shall be assessed to Unit Owners according to each Unit Owner's percentage of interest in the Common Areas and Facilities. The Association shall give written notice of any such additional Assessments to all Unit Owners stating the amount thereof, the reasons therefor and time when the same shall be payable, which shall not be less than ten (10) days after the mailing of such notice, or, if the same is not mailed, the delivery thereof. All Unit Owners shall be obligated to pay the monthly amount, as adjusted. Any amount collected by the Association in excess of the amount required for actual expenses and reserves in any year shall be credited promptly (after the same has been determined according to each Unit Owner's percentage of interest in the Common Areas and Facilities) to the installments due in the succeeding six (6) months after rendering of the accounting.

7.3 Fiscal Year

The fiscal year of the Association shall end on the thirty-first (31st) day of December in each year, or on such other day as may be fixed from time to time by the Board.

7.4 Budget for First Year

The Board shall determine the estimated cash requirement for the period commencing at the beginning of the second full month after its election and ending on December 31st of the calendar year in which said election occurs. Assessments shall be levied against the Unit Owners during said period as provided in Section 7.2.

7.5 Failure to Prepare Annual Budget

The failure or delay of the Board to prepare or to serve a copy of the annual or adjusted budget on any Unit Owner shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay his share of the Common Expenses and any reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual budget or

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adjusted budget, each Unit Owner shall continue his monthly payment of Assessments at the then existing monthly rate established for the previous period until the amount of the monthly payments of Assessments is changed as herein provided.

7.6 Reserve Fund

The Board shall establish and maintain for the Association a reasonable reserve fund for contingencies and replacements in such amount as the Board may deem necessary. Upon the sale of a Unit by any Unit Owner, such Unit Owner shall have no right to any portion of the funds in the reserve account; nor shall such Unit 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 fund. The amount of the reserve fund shall be reviewed annually by the Board.

7.7 Estimated Assessments

Following the establishment of the Association and prior to the preparation of the estimated budget in accordance with Section 7.2, monthly payments of Assessments shall be made by Unit Owners, including Declarant in its capacity as owner of any unsold Units, in an amount estimated by the Board as being sufficient to cover the initial working capital requirements for the Association (the respective amounts payable by each Unit Owner being in accordance with each Unit Owner's percentage of interest in the Common Areas and Facilities), and if such monthly payments shall be less than are required to meet current Common Expenses, all Unit Owners, including Declarant in its capacity as owner of any unsold Units, shall promptly make up any deficiency by payments allocated in accordance with their respective percentages of interest in the Common Areas and Facilities.

7.8 Initial Capital Contribution

In addition to the regular monthly payments of Assessments, each purchaser of a Unit from Declarant (other than the Association) will be required to make, at the time such purchaser acquires title to a Unit, an initial capital contribution to the Association in the amount of \$150.00 for each Unit purchased. The general purpose of this contribution is to provide the Association with a portion of the necessary initial working capital and a contingency reserve. Such funds may be used for certain prepaid items (e.g., insurance premiums, utility deposits, organizational expenses, equipment and supply costs) and for such additional purposes as the Board may determine. This initial capital contribution is not an escrow or advance and is not refundable.

7.9 Status of Funds Collected by Association

All funds collected by the Association shall be held and expended solely for the purposes designated in the Act, the Declaration and these Bylaws. Except for Special Charges as may be levied against less than all of the Unit Owners and except further for such

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adjustments as may be required to reflect delinquent or prepaid Assessments, funds collected by the Association shall be held for the use, benefit and account of all Unit Owners in accordance with each Unit Owner's percentage of interest in the Common Areas and Facilities. All sums collected by the Association may be commingled in a single fund or divided into more than one fund as determined by the Board.

All funds collected by the Association shall be deposited when received by the Association in one or more accounts established in the name of the Association at one or more banks or savings and loan associations in Cuyahoga County, Ohio.

7.10 Lien of Unpaid Assessments

Assessments and Special Charges shall be a lien upon the Unit in the manner specified in the Declaration. The Board may charge interest as provided in the Declaration.

7.11 Remedies for Failure to Pay Assessments

If a Unit Owner is in default in the payment of any Assessments or Special Charges for ten (10) days, the Association, upon authorization of the Board, may bring suit to enforce collection thereof or to foreclose the lien thereof as provided in the Declaration, and reasonable Attorneys' fees if permitted by law. The amount of any delinquent Assessments or Special Charges and interest, costs and fees, as above provided, shall constitute a lien and may be foreclosed by an action brought by the Association if authorized by the Board as in the case of foreclosure of liens against real estate.

7.12 Books and Records of Association

The Association shall keep full and correct books of account, and the same shall be open for inspection by any Unit Owner or his mortgagee, or by any representative of a Unit Owner duly authorized in writing, at reasonable times and upon request by a Unit Owner. Upon fifteen (15) days' prior written notice to the Board and upon payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid Assessments or Special Charges due and owing from such Unit Owner.

7.13 Annual Statements

Within one hundred twenty (120) days after the end of each fiscal year of the Association, the Board shall furnish to each Unit Owner a financial statement consisting of (a) a balance sheet containing a summary of the assets and liabilities of the Association as of the date of such balance sheet and (b) a statement of the income and expenses for the period commencing with the date marking the end of the period for which the last preceding statement of income and expenses required hereunder was made and ending with the date of said statement, or in the case of the first such statement, from the formation of the Association to the date of said statement. The financial statement shall have appended thereto a certificate signed by the President or a Vice President and the Treasurer or an Assistant Treasurer of the

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Association or by a public accountant or firm of public accountants to the effect that the financial statement present fairly the financial position of the Association and the results of its operations in conformity with general accepted accounting principles applied on a basis consistent with that of the preceding period except as specified therein.

7.14 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. At any time upon the request of the Unit Owners holding more than fifty percent (50%) of the voting power of the Association, or upon request of five (5) Board Members, the Board shall cause a review of the books of the Association to be made by a Certified Public Accountant, the cost therefor to be included as part of the Common Expenses.

7.15 Special Services

The Association may arrange for special services and facilities for the benefit of such Unit Owners and/or Occupants as may desire to pay for same. The cost of any such special services or facilities shall be determined by the Association and may be charged directly to participating Unit Owners and/or Occupants or paid through Special Charges levied against such participating Unit Owners and/or Occupants.

7.16 Mortgagee's Collection of Assessments

The holder of a first mortgage encumbering a Unit shall be permitted to collect Assessments from the Unit Owner of said Unit and upon such collections shall promptly remit the amount so collected to the Association.

ARTICLE VIII MORTGAGEES

8.1 Notices of Mortgagees

A Unit Owner who mortgages his Unit shall notify the Association through the Managing Agent, if any, or the President of the Board in the event there is no Managing Agent, 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 "Mortgagees of Units".

8.2 Rights of Mortgagees

A mortgagee of a Unit shall be entitled to a written notice from the Association of any default by its mortgagor Unit Owner which is not cured within sixty (60) days. Any mortgagee may from time to time request in writing a written statement from the Board setting forth any and all unpaid Assessments and Special Charges due and owing to the Association

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with respect to the Unit 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 Unit may pay any unpaid Common Expenses or Special Charges, imposed with respect to such Unit and upon such payment, such mortgagee shall have a lien on such Unit for the amounts so paid at the same rate as the lien of its mortgage, to the extent provided for an consistent with its mortgage loan documents.

ARTICLE IX INDEMNIFICATION

9.1 General

The Association shall indemnify any present or former Board Member or officer of the Association and their respective heirs, executors and administrators, and, in its discretion, the Association may indemnify any present or former agent or employee of the Association, and their respective heirs, executors, administrators and successors, from and against reasonable expenses, including attorneys' fees, judgments, decrees, fines, penalties or amounts paid in settlement actually and necessarily incurred in connection with the defense of any pending or threatened action, suit, or proceeding, criminal or civil, to which any of the foregoing is or may be made a party by reason of being or having been a Board Member, officer, employee or agent of the Association, provided it is determined in the manner hereinafter set forth (a) that such Board Member, officer, employee or agent of the Association was not, and is not adjudicated to have been, negligent or guilty of misconduct in the performance of his duty to the Association, (b) that he acted in good faith in what he reasonably believed to be in the best interest of the Association, (c) that, in any matter the subject of a criminal action, suit, or proceeding, he had no reasonable cause to believe that his conduct was unlawful, and (d) in case of settlement, that the amount paid in the settlement was reasonable. Such determination shall be made by the Board Members.

9.2 Advance of Expenses

Funds to cover expenses, including attorney's fees, with respect to any pending or threatened action, suit or proceeding, may be advanced by the Association prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amounts unless it shall ultimately be determined that he is entitled to indemnification hereunder.

9.3 Indemnification Not Exclusive: Insurance

The indemnification provided for in this Article IX shall not be exclusive, but shall be in addition to (a) any other rights to which any person may be entitled under the Articles of Incorporation, these Bylaws, vote of the Unit Owners or disinterested Board Members, any agreement, any insurance provided by the Association, the provisions of Section 1701.12(e) of the Act, or otherwise. The Association may purchase and maintain insurance on behalf of any person who is or was a Board Member, officer, agent or employee of the Association against

any liability asserted against him or incurred by him in any such capacity or arising out of his status, as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article IX.

9.4 Exoneration from Liability

Neither any Board Member nor any officer of the Association shall be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for his own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the Board Members and officers of the Association against all contractual liability to other parties arising out of contracts made on behalf of the Association except with respect to any such contracts made in bad faith or contrary to the provisions of the Act, the Declaration or these Bylaws. It is intended that neither the Board Members, officers of the Association or the Unit Owners shall be personally liable with respect to contracts entered into on behalf of the Association.

9.5 Cost of Indemnification

Any sum paid or advance by the Association under this Article IX shall constitute a Common Expense, and the Association and the Board shall have the power to raise and the responsibility for collecting, by way of Assessments, any sums required to discharge the obligations of the Association under this Article IX.

ARTICLE X **GENERAL PROVISIONS**

10.1 Right of Entry

Each Unit shall be subject to the right of access for emergency purposes only by persons authorized by the Board. No entrance to a Unit shall be authorized, however, unless it is necessary in the opinion of the Board for public safety or in order to prevent damage or destruction to any part of the Condominium Property.

10.2 Employees and Independent Contractors

The Board or the Managing Agent, if any, shall have the authority to hire employees, to engage independent contractors, to purchase equipment and supplies, and to take any and all action on behalf of the Association which may be necessary or appropriate to the proper administration of the Condominium Property. The execution of a management agreement with a Managing Agent or management company which authorizes or requires the Managing Agent or management company to perform certain duties shall be deemed to be a delegation and authorization to such Managing Agent or management company of such duties and of such power and authority necessary to carry out such duties.

10.3 Acquisition, Lease, Sale or Exchange of Property

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Notwithstanding any contrary provisions herein, whenever the Board determines to acquire, lease, sell or exchange real property or any interest therein, including any Unit, the Board shall submit such acquisition, lease or exchange to the vote of the Unit Owners, and, upon the affirmative vote of the Unit Owners entitled to exercise not less than seventy-five percent (75%) of the voting power of the Association present in person or by proxy at an annual meeting or a special meeting duly held for such purpose, the Board may proceed with such acquisition, lease, sale or exchange, in the name of the Association and on behalf of all Unit Owners, and the costs and expenses incident thereto shall constitute part of the Common Expenses.

10.4 Rules and Regulations

The Association, by the affirmative vote of the Unit Owners entitled to exercise a majority of the voting power of the Association, or the Board, by a vote of a majority of the Board Members, may adopt such reasonable Rules from time to time (or amend or supplement the same) as may be advisable for the operation, use, maintenance, conservation and enhancement of the Condominium Property or any portion thereof, or for the health, comfort, safety and general welfare of the Unit Owners and such Occupants of the Condominium Property. Written notice of such Rules shall be given to all Unit Owners and Occupants, and the Condominium Property shall at all times be maintained subject to the Rules.

10.5 Declarant's Rights Pending First Annual Meeting

During the period specified in Section 21.3 of the Declaration, Declarant or persons designated by Declarant shall have the right to appoint and remove all Board Members and officers of the Association and to exercise the powers and responsibilities otherwise assigned to the Association by the Act, the Declaration or these Bylaws, so long as such rights are exercised in accordance with the provisions of the Act.

10.6 Severability

The invalidity of any covenants, restrictions, conditions, limitations or any other provisions of these Bylaws, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of any other provision contained in these Bylaws or in the Declaration.

10.7 Ratification

All present and future Unit Owners and their Occupants shall be subject to the Act and the provisions set forth in the Declaration and in these Bylaws and the Rules. The acquisition, rental or occupancy of any of the Units shall constitute acceptance and ratification of the Declaration, these Bylaws and the Rules.

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10.8 Conflict Between Declaration, Articles of Incorporation, Bylaws and Rules

In the event of conflict or inconsistency between any of the provisions of the Declaration and the Articles of Incorporation of the Association or these Bylaws or the Rules, as the case may be, it is hereby agreed that the provisions of the Declaration shall be paramount, and the Unit Owners and all persons claiming under them covenant to vote in favor of such amendments to the Articles of Incorporation or the Bylaws or the Rules, as the case may be, as will remove such conflicts or inconsistencies.

10.9 Agreements Binding

All agreements and determination lawfully made by the Association in accordance with the procedure established in the Declaration and these Bylaws shall be deemed to be binding upon all Unit Owners, and their respective heirs, executors, administrators, successors and assigns.

10.10 Gender

The use of the masculine gender in these Bylaws shall be deemed to include the feminine and the neuter genders, as the case may be, and the use of the singular shall be deemed to include the plural, wherever the context so requires.

10.11 Marginal References

The heading of each Article of these Bylaws is inserted for convenience and reference only and in no way shall be held to explain, modify, amplify or limit the meaning of such Article.

10.12 Amendment

These Bylaws may only be amended in the manner provided in the Declaration.

IN WITNESS WHEREOF, THE LAKES OF AURORA, A LIMITED PARTNERSHIP, By ROYALTON ACRES DEVELOPMENT CORP., its General Partner, has executed these Bylaws on this 27th day of June, 1998.

In the Presence of:

THE LAKES OF AURORA, A LIMITED PARTNERSHIP
by **ROYALTON ACRES DEVELOPMENT CORP., its General Partner**

Carmela D. Masanen
CARMELA D. MASSANEN
Gayle M. Zevchik
GAYLE M. ZEVCHIK

by: Paul Madow
Paul Madow, Asst. Treasurer
by: Stuart Steiger
Stuart Steiger, Asst. Vice President

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