

EXHIBIT "A"

BY-LAWS
OF
HOMEOWNERS ASSOCIATION OF ARROWHEAD BAY

This instrument prepared by:

GLENN J. SCHWARTZ, ESQ.
Fleck, Mostov & Schwartz
1000 Realty Building
Youngstown, Ohio 44503
216/ 743-3344

I N D E X

<u>Heading</u>	<u>Page No.</u>
Article I THE ASSOCIATION	4
1. Name and Nature of Association	4
2. Membership	4
3. Voting Rights	4
4. Proxies	4
5. Meetings of Members	4
6. Actions Without a Meeting	6
Article II BOARD OF TRUSTEES	6
1. Number and Qualifications	6
2. Nominations	6
3. Election	6
4. Removal	7
5. Organization Meeting	7
6. Regular Meeting	7
7. Special Meeting	7
8. Quorum	7
9. Powers and Duties of the Board of Trustees	8
10. Compensation	9
11. Fidelity Bonds	9
Article III OFFICERS AND THEIR DUTIES	9
1. Enumeration of Offices	9
2. Election of Officers	9
3. Term	9
4. Special Appointments	9
5. Resignation and Removal	10
6. Vacancies	10
7. Multiple Offices	10
8. Duties	10
9. Delegation of Authority and Duties	11
Article IV COMMITTEES	11
Article V GENERAL POWERS OF THE ASSOCIATION	11
1. Common Expenses	11
2. Association's Right to Enter Units	13
3. Capital Additions and Improvements	13
4. Rules and Regulations	14
5. Delegation of Duties	14
Article VI FINANCES OF ASSOCIATION	14
1. Preparation of Estimated Budget	14
2. Replacements	15
3. Budget for First Year	15
4. Failure to Prepare Annual Budget	15

I N D E X
(Cont'd)

<u>Heading</u>	<u>Page No.</u>
5. Books and Records of Association . . .	16
6. Status of Funds Collected by Association	16
7. Annual Audit	16
8. Security Deposits from Certain Unit Owners	16
Article VII GENERAL PROVISIONS.	17
1. Conflict of Interest	17
2. Indemnification	18
3. Amendments	19
4. Definitions	19

BY-LAWS OF
HOMEOWNERS ASSOCIATION OF ARROWHEAD BAY

ARTICLE I
THE ASSOCIATION

Section 1. Name and Nature of Association. The Association shall be an Ohio corporation not for profit and shall be called HOMEOWNERS ASSOCIATION OF ARROWHEAD BAY.

Section 2. Membership. Every person or entity who is a record owner of a Unit which is subject to assessment by the Association, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association. Ownership of such Unit shall be the sole qualification for membership. Such membership shall terminate upon the sale or other disposition by such Unit Owner of his Ownership Interest, at which time the new Unit Owner shall automatically become a member of the Association.

Section 3. Voting Rights. Each member owning the entire Ownership interest in a Unit shall be entitled to exercise that percentage of the total voting power of the Association which is equivalent to the percentage of interest of such member's Unit in the Common Areas and Facilities. If two or more persons, whether fiduciaries, tenants in common or otherwise, own undivided interests in the Ownership Interest in a Unit, each shall be entitled to exercise such proportion of the voting power for such Unit as shall be equivalent to such person's proportionate interest in the Ownership Interest of such Unit.

Section 4. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Ownership Interest. The person appointed as proxy need not be a member of the Association.

Section 5. Meetings of Members.

A. Annual Meeting. The annual meeting of members of the Association shall be held at a place designated by the Board and specified in the notice of such meeting, at 8:00 P.M., or at such other time as may be designated by the Board and specified in the notice of the meeting. The location of such meeting

shall be on the Condominium premises if there is a building available to accommodate such meeting or at a place within a five (5) mile radius of the Condominium Property. The annual meeting of members of the Association shall be held on the first Tuesday of April of each year. The Declarant shall call and designate the location of the first meeting sixty (60) days after the time that Condominium Ownership interest, equalling twenty-five percent (25%) of the total potential maximum undivided interest after expansion in the Common Areas and Facilities have been sold and conveyed by Declarant; provided, however, that the percentage of interest shall be computed by comparing the number of Units sold and conveyed to the maximum number of Units that may be created in accordance with Article XV of the Declaration.

B. Special Meeting. Special meetings of the members shall be called upon the written request of the President of the Association, the Board by action at a meeting, or of members entitled to exercise at least twenty-five percent (25%) of the voting power. Calls for such meetings shall specify the time, place and purpose thereof. No business other than that specified in the call shall be considered at any special meeting.

C. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least seven (7) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Said notice may also be personally served upon the members. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. The attendance of any member of the Association at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed a waiver by him of notice of such meeting.

D. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, a majority of the voting power of the Association shall constitute a quorum for an action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, a majority of the voting power thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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

- (1) Calling of meeting to order;
- (2) Proof of notice of meeting or waiver of notice;
- (3) Reading of minutes of preceding meeting;
- (4) Reports of officers;
- (5) Reports of committees;
- (6) Election of inspectors of election;
- (7) Election of members of Board;
- (8) Unfinished and/or old business;
- (9) New business;
- (10) Adjournment.

Section 6. Actions Without a Meeting. All actions, of the Board of Association, which may be taken at a meeting of the Association or Board, may be taken without a meeting with the unanimous approval of, and in a writing or writings signed by all members of the Association or Board, as the case may be. Such writings shall be filed with the Secretary of the Association.

ARTICLE II

BOARD OF TRUSTEES

Section 1. Number and Qualification. The affairs of this Association shall be managed by a Board of not less than three (3) Trustees nor more than five (5), of which at least two (2) must be members of the Association.

Section 2. Nomination. Nomination for election to the Board of Trustees shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. At the first meeting of the Association for owners other than the Declarant, all nominations shall be made from the floor. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Trustees, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Trustees prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the new annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Trustees as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 3. Election. At the first annual meeting, and in the event the Association designates only three Trustees, the members shall elect one Trustee for a term of one year, one Trustee for a term of two years and one Trustee for a term of three years; and at each annual meeting thereafter the members shall elect one Trustee for a term of three years. Election the Board of Trustees shall be by secret written ballot. At such

election the members or the proxies may case, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Notwithstanding the above, at the first meeting of the members, where members other than Declarant are present, and twenty-five percent (25%) of the total potential undivided interest in the Common Areas and Facilities after all re-expansion of the Condominium is sold and conveyed by Declarant (computed as set forth in Article I, Section 5(a) hereof) the Unit Owners, other than Declarant shall elect at least twenty-five percent (25%) of the members of the Board of Trustees; at such time as total potential condominium ownership interests to which fifty percent (50%) of the undivided interest has been sold and conveyed by Declarant (computed as set forth in Article I, Section 5(a) hereof), the Unit Owners, other than Declarant, shall elect thirty-three and one-third percent (33-1/3%) of the members of the Board of Trustees when seventy-five percent (75%) of the total maximum potential condominium common interests have been sold, the Unit Owners, other than Declarant, will elect all Trustees.

Section 4. Removal. Any Trustee may be removed from the Board, with or without cause, by a majority vote of the voting power of the Association. In the event of death, resignation or removal of a Trustee, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor, even though less than a majority of its authorized members or Board members are in office.

Section 5. Organization Meeting. Immediately after each annual meeting of members of the Association, the newly elected Board members and those Board members whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 6. Regular Meeting. Regular meetings of the Board may be held at such times and places as shall be determined by a majority of the Board, but at least four such meetings shall be held during each fiscal year.

Section 7. Special Meetings. Special meetings of the Board of Trustees shall be held when called by the President of the Association, or by any two Trustees, after not less than two (2) days notice to each Trustee.

Section 8. Quorum. A majority of the number of Trustees shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Trustees present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 9. Powers and Duties of the Board of Trustees.

A. Powers. The Board of Trustees shall have the power to:

- i. adopt and publish rules and regulations governing the use of the Common Areas and Facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- ii. exercise for the Association all powers, duties and authority vested or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- iii. declare the office of a member of the Board of Trustees to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Trustees;
- iv. employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and
- v. to do all things permitted by law and exercise all power and authority within the purposes stated in these By-Laws or the declaration or incident thereto.

B. Duties. It shall be the duty of the Board of Trustees to:

- i. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the voting power of the members who are entitled to vote;
- ii. supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- iii. as more fully provided herein, and in the Declaration, to:
 - (a) fix the amount of the annual assessment against each Unit; and
 - (b) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period.

- iv. issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- v. procure and maintain adequate liability and hazard insurance on all of the Common Areas and Facilities.
- vi. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- vii. cause the Common Areas and Facilities to be maintained; and
- viii. cause the exterior of the dwelling to be maintained.

Section 10. Compensation. No Trustee shall receive compensation for any service he may render to the Association. However, any Trustee may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 11. Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate Fidelity Bonds. The premiums on such bonds shall be paid by the Association and shall be a Common Expense.

ARTICLE III

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Trustees, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Trustees following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such

authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation or Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

- (a) The president shall preside at all meetings of the Board of Trustees; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

- (b) The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

- (d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Trustees; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

Section 9. Delegation of Authority and Duties. The Board is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

ARTICLE IV

COMMITTEES

Section 1. The Board of Trustees may appoint an Architectural Control Committee and a Nominating Committee, as provided by these By-Laws. In addition, the Board of Trustees shall appoint other committees as deemed appropriate in carrying out its purposes, such as a Maintenance Committee to advise the Trustees on matters pertaining to the maintenance, repair or improvement of the Properties.

Section 2. It shall be the duty of the Board of Trustees to act as a Committee of the whole to receive complaints from members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such Trustee, officer or Committee of the Association as is further concerned with the matter presented.

ARTICLE V

GENERAL POWERS OF THE ASSOCIATION

Section 1. Common Expenses. The Association, for the benefit of all the Unit Owners, shall pay all Common Expenses arising with respect to, or in connection with, the Condominium Property, including, without limitation, the following:

- A. Utility Service for Common Areas and Facilities. The cost of water, waste removal, electricity, telephone, heat, power or any other utility service for the Common Areas and

Facilities excluding the Limited Common Areas and Facilities. Upon determination by the Board that any Unit Owner is using excessive amounts of any utility services which are Common Expenses, the Association shall have the right to levy special assessments against such Unit Owner to reimburse the Association for the expense incurred as a result of such excessive use.

B. Casualty Insurance. The premium upon a policy or policies of Casualty Insurance insuring the Common Areas and Facilities, with extended coverage, vandalism and malicious mischief endorsements, as provided in the Declaration, the amount of which insurance shall be reviewed annually;

C. Liability Insurance. The premium upon policy or policies insuring the Association, the members of the Board, the Unit Owners and the Occupants against liability for personal injury disease, illness or death or for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Common Areas and Facilities, as provided in the Declaration, the limits of which policy shall be reviewed annually;

D. Worker's Compensation. Worker's compensation insurance to the extent necessary to comply with applicable laws;

E. Wages and Fees for Services. The wages and/or fees for services of any person or firm employed by the Association, including, without limitation, the services of a person or firm to act as a manager or managing agent for the Condominium Property, the services of any person or persons required for the maintenance or operation of the Condominium Property and legal and/or accounting services necessary or proper in the operation of the Condominium Property or the enforcement of the Declaration and these By-Laws and for the organization, operation and enforcement of the rights of the Association;

F. Care of Common Areas and Facilities. The cost of landscaping, gardening, snow removal, painting, cleaning, maintaining, decorating, repairing and replacing of the Common Areas and Facilities, excluding the Limited Common Areas and Facilities.

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

first class Condominium Project or for the enforcement of the Declaration and these By-Laws;

H. Discharge of Mechanic's Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance which may in the opinion of the Association constitutes a lien against the Condominium Property or against the Common Areas and Facilities, rather than merely against the interests therein of such Unit Owner responsible for the existence of such lien or encumbrances provided, however, that the Association shall levy a special assessment against such Unit Owner to recover the amount expended in discharging such lien or encumbrance.

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

Section 2. Association's Right to Enter Units. The Association or its agents may enter any Unit or portion of the Limited Common Areas and Facilities when necessary in connection with any maintenance, repair or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Association. The Association reserves the right to retain a pass key to each Unit and no locks or other devices shall be placed on the doors to the Units to obstruct entry through the use of such pass key, except for inside bolt type locks. In the event of any emergency originating in or threatening any Unit at a time when required alterations or repairs are scheduled, the managing agent or his representative or any other person designated by the Board may enter the Unit immediately, whether the Unit Owner is present or not.

Section 3. Capital Additions and Improvements. Whenever in the judgement of the Board the Common Areas and Facilities shall require additions, alterations or improvements (as opposed to maintenance, repair and replacement) costing in excess of \$1,500.00 and the making of such additions, alterations or

improvements shall have been approved by Unit Owners entitled to exercise not less than a majority of the voting power, the Board shall proceed with such additions, alteration or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any addition, alterations or improvements costing \$1,500.00 or less may be made by the Board without approval of the Unit Owners, and the cost thereof shall constitute a Common Expense.

Section 4. Rules and Regulations. The Association, by vote of the members entitled to exercise a majority of the voting power of the Association, or the Board may adopt such reasonable Rules and from time to time amend the same as it or they may deem advisable for the maintenance, conservation and beautification of the Condominium Property, and for the health, comfort, safety and general welfare of the Unit Owners and Occupants. Written notice of such Rules shall be given to all Unit Owners and Occupants and the Condominium Property shall at all times be maintained subject to such Rules. In the event such Rules shall conflict with any provisions of the Declaration or of these By-Laws, the provisions of the Declaration and of these By-Laws shall govern.

Section 5. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board and officers, from delegating in accordance with the Declaration, to persons, firms or corporations, including any manager or managing agent, such duties and responsibilities of the Association as the Board shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

ARTICLE VI

FINANCES OF ASSOCIATION

Section 1. Preparation of Estimated Budget. Each year on or before December 1st, the Association shall estimate the total amount necessary to pay all the Common Expenses for the next calendar year together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements, and shall on or before December 15th notify each Unit Owner in writing as to the amount of such estimate, with reasonable itemization thereof. The "estimated cash requirement" shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. On or before January 1st of the ensuing year, and the 1st of each and every month of said year, each Unit Owner shall be obligated to pay to the Association as it may direct one-twelfth (1/12) of the assessment made pursuant to this Section. On or before the date of each annual meeting, the Association shall supply to all Unit Owners an itemized

accounting of the Common Expenses for the preceding calendar year actually incurred and paid together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to each Unit Owner's percentage of ownership in the Common Areas and Facilities to the next monthly installments due from Unit Owners under the current year's estimate, until exhausted, and any net shortage shall be added according to each Unit Owner's percentage of ownership in the Common Areas and Facilities to the installments due in the succeeding six months after rendering the accounting.

Section 2. Replacements. The Association shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall be charged first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including non-payment of any Unit Owner's assessment, such extraordinary expenditures shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Areas and Facilities. The Association shall serve notice of such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall be payable with the next regular monthly payment becoming due to the Association not less than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.

Section 3. Budget for First Year. When the first Board elected hereunder take office, the Association shall determine the "estimated cash requirement" as hereinabove defined, for the period commencing thirty (30) days after said election and ending on December 31st of the calendar year in which said election occurs. Assessments shall be levied against and paid by, the Unit Owners during said period as provided in Section 1 of this Article VI.

Section 4. Failure to Prepare Annual Budget. The failure or delay of the association to prepare or deliver to the Unit Owner the annual or adjusted estimate shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Unit Owner shall continue to pay the monthly maintenance charge at the existing monthly rate established for the previous period until the monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have

been mailed or delivered.

Section 5. Books and Records of Association. The Association shall keep full and correct books of account as required by Section 5311.09(A) of the Ohio Revised Code and the same shall be open for inspection by any Unit Owner or his representative duly authorized in writing, at such reasonable time or times during normal business hours as may be required by such Unit Owner. Upon ten (10) days notice to the Board and payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner. At such time as elected members of the Board take control, the Declarant shall deliver to the officers correct and complete books and records of account containing the information which must be maintained by the Association.

Section 6. Status of Funds Collected by Association. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all of the Unit Owners, and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the use, benefit and account of all of the Unit Owners in proportion to each Unit Owner's percentage of ownership in the Common Areas and Facilities.

Section 7. Annual Audit. The books of the Association shall be audited once a year by the Board and such audit shall be completed prior to each annual meeting. If requested by two members of the Board, such audit shall be by a Certified Public Accountant. In addition and at any time requested by ten or more Unit Owners or by the Association, the Board shall cause an additional audit to be made.

Section 8. Security Deposits from Certain Unit Owners. If in the judgment of the Board the equity of the persons owning the Ownership Interest in any Unit at any time is not sufficient to assure payment (whether by foreclosure of the lien in favor of the Association, or otherwise) of all assessments, charges or other sums which may be levied by the Association, then whether or not such Unit Owner shall be delinquent in the payment of such levies, the Association shall have the right to require such Unit Owner to pay to the Association a security deposit in an amount which the Board deems necessary for such purposes, provided, however, that such security deposit shall in no event exceed an amount which, when added to such Unit Owner's equity interest in his Unit, will equal twenty-five percent (25%) of the purchase price of the Unit in question. In the event that any Unit Owner shall fail to pay any assessments, charges or other sums which may be due hereunder or shall otherwise violate any covenants, terms and conditions of the Declaration or of

these By-Laws, the Association shall have the right, but not the obligation, to apply such security deposit in reduction of its alleged damages resulting from such failure of violation, which right shall be in addition to all other remedies provided for in the Declaration or these By-Laws. Upon any sale by such Unit Owner of his Unit, or at any such time as such Unit Owner's equity in his Unit is sufficiently great to dispense with the necessity of such security deposit, any unapplied balance of said security deposit remaining to the credit of said Unit Owner shall be refunded, provided that such Unit Owner shall not be in default under any of his obligations under the Declaration or these By-Laws. The Association shall have the right to maintain all security deposits held by it as aforesaid in a single bank account and shall not be required to credit interest thereon to any Unit Owner; such interest, if any, to be paid to and retained by the Association. Said security deposit shall at all times be subject and subordinate to the lien in favor of the Association as described in the Declaration and all rights thereto shall inure the benefit of the lienor.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Conflict of Interest. A Trustee or officer of the Association shall not be disqualified by his office from dealing or contracting with the Association as a vendor, purchaser, employee, agent, or otherwise. No transaction or contract or act of the Association shall be void or voidable or in any way affected or invalidated by reason of the fact that any Trustee or officer of any firm of which any Trustee or officer is a member or any corporation of which any Trustee or officer is a shareholder, director, or trustee, or any trust of which any Trustee or officer of the Association is a trustee or beneficiary, is in any way interested in such transaction or contract or act. No Trustee or officer shall be accountable or responsible to the Association for or in respect to any transaction or contract or act of the Association or for any gains or profits directly or indirectly realized by him by reason of the fact that he or any firm of which he is a member or any corporation of which he is a shareholder, director, or trustee, or any trust of which he is a trustee or beneficiary, is interested in such transaction or contract or act, provided the fact that such Trustee or officer or such firm or such corporation or such trust is so interested shall have been disclosed or shall have been known to the Board of Trustees or such members thereof as shall be present at any meeting of the Board of Trustees at which action upon such contract or transaction or act shall have been taken. Any Trustee may be counted in determining the existence of a quorum at any meeting of the Board of Trustees which shall authorize or take action in respect to any such contract or transaction or act, and may vote

thereat to authorize, ratify, or approve any such contract or transaction or act, and any officer of the Association may take any action within the scope of his authority respecting such contract or transaction or act, with like force and effect as if he or any firm of which he is a member, or any corporation of which he is a shareholder, director, or trustee, or any trust of which he is a trustee or beneficiary were not interested in such transaction or contract or act. Without limiting or qualifying the foregoing, if in any judicial or other inquiry, suit, cause or proceeding, the question of whether a Trustee or officer of the Association has acted in good faith is material, and notwithstanding any statute or rule of law or of equity to the contrary (if any there be), his good faith shall be presumed, in the absence of proof to the contrary by clear and convincing evidence.

Section 2. Indemnification. Except as otherwise provided herein, every person who is or has been a Trustee or officer of the Association and his heirs and legal representatives is hereby indemnified by the Association against expenses and liabilities actually and necessarily incurred by him in connection with the defense of either (1) any action, suit or proceeding to which he may be a part defendant, or (2) any claim of liability asserted against him, by reason of his being or having been a Trustee or officer of the Association. Without limitation, the term "expenses" includes any amount paid or agreed to be paid in satisfaction of a judgment or in settlement of a judgment or claim of liability other than any amount paid or agreed to be paid by the Association itself. The Association does not, however, indemnify any Trustee or officer in respect to any matter as to which he shall be finally adjudged liable for negligence or misconduct in the performance of his duties as such Trustee or officer, nor in the case of a settlement, unless such settlement shall be found to be in the interest of the Association by (1) the court having jurisdiction of the action, suit or proceeding against such Trustee or officer of a suit involving his right to indemnification or (2) a majority of the Trustees of the Association then in office other than those involved in such matter (whether or not such majority constitutes a quorum), or if there be no Trustees who are not involved in the matter, then by disinterested Association members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the Association, approve such settlement and the reimbursement to such Board member or officer of such costs and expenses. The phrase "disinterested members" shall mean all members of the Association other than (i) any Board member or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such Board member or officer owns of record or beneficially ten percent (10%) or more of any class of voting securities, (iii) any firm of which such

Board member or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such Board member or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representatives of each such Board member or officer, and shall not be exclusive of other rights to which any Board member or officer may be entitled as a matter of law or under the Declaration, any vote of Association members or any agreement.

Section 3. Amendments. Provisions of these By-Laws may be amended by the Unit Owners at a meeting held for such purpose by the affirmative vote of those entitled to exercise not less than a majority of the voting power. No such amendment shall conflict with the provisions of the Declaration or of Chapter 5311 of the Ohio Revised Code.

Section 4. Definitions. The terms used in these By-Laws (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of these By-Laws and of any amendment hereto shall have the respective meanings specified in Article I of the Declaration.

EXHIBIT "D"

In compliance with Section 5311.25 of the Ohio Revised Code, the Declarant hereby makes the following representations:

(A) Any deposits or downpayment made in connection with the sale will be held in trust or escrow until delivered at settlement or returned to or otherwise credited to the purchaser, or forfeited to the Developer, and that if a deposit or downpayment of Two Thousand Dollars (\$2,000.00) or more is held for more than ninety (90) days, interest at the rate of at least four percent (4%) per annum for any period exceeding ninety (90) days shall be credited to the purchaser, or added to any forfeiture to the Developer.

(B) Except in his capacity as a Unit Owner of unsold condominium ownership interest, the Developer or Agent will not retain a property interest in any of the Common Areas and Facilities after control of the condominium development is assumed by the Unit Owners Association, except that, in the case of a leasehold condominium development, he may retain the same interest in the Common Areas and Facilities as he retains in the entire condominium development and except that he may retain a property interest in recreational facilities furnished to Unit Owners or to Unit Owners and others under a contract entered into or renewed by the Unit Owners Association after Unit Owners other than the Developer have assumed control of the Association and except that the Developer may retain an interest consistent with the Declaration to insure ingress and egress, from and to the Common Areas and Facilities by the prospective Unit Owners in the Additional Property.

(C) The Developer and/or seller of the Units will minimally warrant for a two (2) year period the full cost of labor and materials or any repair or replacement of roof and structural components, and mechanical, electrical, plumbing and common service elements serving the Condominium Property as a whole, occasioned or necessitated by a defect in material or workmanship and for a one (1) year period the full cost of labor and materials for any repair or replacement of structural, mechanical, or other elements pertaining to the Unit, occasioned or necessitated by a defect in material or workmanship commencing as follows:

- (1) The two (2) year warranty shall commence for property submitted by the original Declaration on the date the deed is filed for record following the sale of the first condominium ownership interest in the property and for any Additional Property submitted by Amendment to the Declaration on the date the deed is filed for record following the sale of the first condominium ownership interest in the Additional Property; in either case, to a purchaser in good faith for value.
- (2) The one (1) year warranty shall commence on the date the deed is filed for record following the first sale of a condominium ownership interest to a purchaser in good faith for value.

IN the case of ranges, refrigerators, washing machines, clothes dryers, hot water heaters, and other similar appliances, if any, installed and furnished as part of the Unit by seller, seller hereby assigns to purchaser all of seller's right, title and interest in and to all express and implied warranties, if any, or the manufacturer in satisfaction of seller's obligation with respect to such appliances, and seller's warranty is limited to the installation, if any, of such appliances. All warranties made to the Developer or seller that exceed time periods specified above with respect to any part of the Unit or Common Areas and Facilities shall be assigned to the purchaser.

(D) The Developer will assume the rights and obligations of a Unit Owner in his capacity as owner of condominium ownership interests not yet sold, including, without limitation, the obligation to pay common expenses attaching to such interests, from the date the Declaration is filed for record.

LEGAL DESCRIPTION

PHASE NO. 1

BEING SITUATED IN THE VILLAGE OF COLUMBIANA, COUNTY OF MAHONING, STATE OF OHIO, AND BEING PART OF SECTION 33 IN THE ORIGINAL SUBDIVISION OF BEAVER TOWNSHIP BUT BEING MORE FULLY BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING ON THE INTERSECTION OF THE EASTERLY LINE OF SOUTH AVENUE AND THE SOUTH LINE OF BAYSHORE AVENUE. THENCE NORTHEASTERLY ALONG THE SAID SOUTH LINE OF BAYSHORE AVENUE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 25.0 FEET AND AN ARC LENGTH OF 34.91 FEET TO A POINT. THENCE CONTINUING ALONG THE SAID SOUTH LINE OF BAYSHORE AVENUE S 80° 45' 00" E A DISTANCE OF 27.27 FEET TO AN IRON PIN SET, SAID IRON PIN BEING THE TRUE PLACE OF BEGINNING FOR THE PARCEL HEREIN DESCRIBED. THENCE CONTINUING ALONG THE SAID SOUTH LINE OF BAYSHORE AVENUE THE FOLLOWING FOUR COURSES:

- 1) S 80° 45' 00" E A DISTANCE OF 70.54 TO A POINT.
- 2) ON A CURVE TO THE RIGHT HAVING A RADIUS OF 125.0 FEET AND AN ARC LENGTH OF 50.52 FEET TO A POINT.
- 3) S 57° 35' 35" E A DISTANCE OF 54.94 FEET TO A POINT.
- 4) ON A CURVE TO THE RIGHT HAVING A RADIUS 25.0 FEET AND AN ARC LENGTH OF 34.91 FEET TO A POINT, SAID POINT BEING ON THE WEST LINE OF SOUTH BAYSHORE DRIVE.

THENCE ALONG THE SAID WEST LINE OF SOUTH BAYSHORE DRIVE THE FOLLOWING TWO COURSES:

- 1) S 22° 24' 25" W A DISTANCE OF 15.63 FEET TO A POINT.
- 2) ON A CURVE TO THE LEFT HAVING A RADIUS OF 475.0 FEET AND AN ARC LENGTH OF 208.51 FEET TO AN IRON PIN SET.

THENCE S 87° 15' 20" W A DISTANCE OF 107.54 FEET TO AN IRON PIN SET. THENCE N 9° 16' 21" W A DISTANCE OF 14.73 FEET TO AN IRON PIN SET. THENCE N 54° 20' 08" W A DISTANCE OF 70.21 FEET TO AN IRON PIN SET, SAID IRON PIN BEING ON THE EAST LINE OF LANDS NOW OR FORMERLY OF HOME SAVING AND LOAN COMPANY. THENCE ALONG THE SAID EAST LINE OF LANDS NOW OR FORMERLY OF HOME SAVINGS AND LOAN COMPANY N 7° 51' 22" E A DISTANCE OF 259.63 FEET TO THE PLACE OF BEGINNING FOR THE PARCEL HEREIN DESCRIBED.

CONTAINING 1.095 ACRES OF LAND WITHIN SAID BOUNDS BUT SUBJECT TO ALL LEGAL HIGHWAYS AND EASEMENTS OF RECORD.

EXHIBIT C1

LEGAL DESCRIPTION

BEING SITUATED IN THE VILLAGE OF COLUMBIANA, TOWNSHIP OF BEAVER, COUNTY OF MAHONING, STATE OF OHIO AND BEING KNOWN AS PART OF SECTION 33 AND 34 OF THE ORIGINAL SURVEY OF SAID TOWNSHIP BUT BEING MORE FULLY BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE CENTERLINE OF SOUTH AVENUE, SAID POINT BEING THE NORTHWEST CORNER OF THE KOCH MOTOR COMPANY AS RECORDED IN VOLUME 1261, PAGE 289 AS RECORDED IN THE MAHONING COUNTY RECORD OF DEEDS, SAID POINT ALSO BEING THE TRUE PLACE OF BEGINNING FOR THE PARCEL HEREIN DESCRIBED.

THENCE ALONG THE CENTERLINE OF SOUTH AVENUE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1432.39 FEET AND AN ARC LENGTH OF 114.71 FEET TO A POINT.

THENCE S 80° 45' 51" E A DISTANCE OF 30.0 FEET TO A POINT. THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 25.0 FEET AND AN ARC LENGTH OF 40.49 FEET TO A POINT.

THENCE S 83° 33' 05" E A DISTANCE OF 2.06 FEET TO A POINT. THENCE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 225.0 FEET AND AN ARC LENGTH OF 15.98 FEET TO A POINT. THENCE S 74° 23' 20" E A DISTANCE OF 179.41 FEET TO A POINT.

THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 375.0 FEET AND AN ARC LENGTH OF 49.49 FEET TO A POINT.

THENCE N 3° 16' 21" E A DISTANCE OF 178.08 FEET TO A POINT. THENCE N 7° 50' 10" W A DISTANCE OF 263.24 FEET TO A POINT.

THENCE N 4° 23' 24" W A DISTANCE OF 123.58 FEET TO A POINT. THENCE N 7° 51' 22" E A DISTANCE OF 259.63 FEET TO A POINT.

THENCE N 80° 45' 00" W A DISTANCE OF 27.27 FEET TO A POINT. THENCE ON A CURVE TO THE LEFT HAVING A RADIUS OF 25.0 FEET AND AN ARC LENGTH OF 34.91 FEET TO A POINT.

THENCE N 70° 45' 00" W A DISTANCE OF 30.0 TO A POINT ON THE AFOREMENTIONED CENTERLINE OF SOUTH AVENUE.

THENCE ALONG THE SAID CENTERLINE OF SOUTH AVENUE N 19° 15' 00" E A DISTANCE OF 137.39 FEET TO A POINT.

THENCE CONTINUING ALONG THE SAID CENTERLINE OF SOUTH AVENUE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 5729.58 AND AN ARC LENGTH OF 370.00 FEET TO A POINT.

THENCE CONTINUING ALONG THE SAID CENTERLINE OF SOUTH AVENUE N 27° 57' E A DISTANCE OF 368.02 FEET TO A POINT.

THENCE CONTINUING ALONG THE SAID CENTERLINE OF SOUTH AVENUE ON A CURVE TO THE LEFT HAVING A RADIUS OF 5729.58 FEET AND AN ARC LENGTH OF 241.42 FEET TO A POINT.

THENCE S 68° 38' 00" E A DISTANCE OF 857.32 FEET TO A POINT. THENCE N 9° 37' 20" W A DISTANCE OF 374.56 FEET TO A POINT.

THENCE S 83° 58' 55" E A DISTANCE OF 913.67 FEET TO A POINT. THENCE S 5° 14' 00" W A DISTANCE OF 322.93 FEET TO A POINT.

THENCE S 85° 08' 00" E A DISTANCE OF 1308.80 FEET TO A POINT. THENCE S 5° 27' 05" W A DISTANCE OF 46.20 FEET TO A POINT.

THENCE S 32° 44' 20" W A DISTANCE OF 1918.29 FEET TO A POINT. THENCE N 84° 40' 00" W A DISTANCE OF 1342.55 FEET TO A POINT.

THENCE N 83° 33' 05" W A DISTANCE OF 1201.51 FEET TO THE TRUE PLACE OF BEGINNING FOR THE PARCEL HEREIN DESCRIBED.

CONTAINING 117.3 ACRES OF LAND MORE OR LESS WITHIN SAID BOUNDS

BUT SUBJECT TO ALL LEGAL HIGHWAYS AND EASEMENTS OF RECORD.
EXCEPTING THEREFROM THE ABOVE DESCRIBED PARCEL THE RIGHTS OF
WAY OF SOUTH AVENUE, SOUTH ARROWHEAD DRIVE, SOUTH BAYSHORE DRIVE,
BAYSHORE AVENUE, AND NORTH BAYSHORE DRIVE INCLUSIVE. ALSO
EXCEPTING THEREFROM THE ABOVE DESCRIBED PARCEL EXISTING ARROWHEAD
BAY VILLAGE CONDOMINIUMS AS PLATTED IN VOLUME 82, PAGE 80, VOLUME
83, PAGE 4, AND VOLUME 83, PAGE 206 IN THE MAHONING COUNTY RECORD
OF PLATS.

EXHIBIT "D"

In compliance with Section 5311.25 of the Ohio Revised Code,
the Declarant hereby makes the following representations:

(A) Any deposit or downpayment made in connection with the sale
will be held in trust or escrow until delivered at settlement or returned
to or otherwise credited to the purchaser, or forfeited to the Developer,
and that if a deposit or downpayment of Two Thousand Dollars (\$2,000.00)
or more is held for more than ninety (90) days, interest at the rate of
at least four percent (4%) per annum for any period exceeding ninety (90)
days shall be credited to the purchaser at settlement or upon return or
other credit made to the purchaser, or added to any forfeiture to the
Developer.

(B) Except in his capacity as a Unit Owner of unsold condominium
ownership interest, the Developer or Agent will not retain a property inter-
est in any of the Common Areas and Facilities after control of the condomin-
ium development is assumed by the Unit Owners Association, except that, in
the case of a leasehold condominium development, he may retain the same
interest in the Common Areas and Facilities as he retains in the entire
condominium development and except that he may retain a property interest
in recreational facilities furnished to Unit Owners or to Unit Owners and
others under a contract entered into or renewed by the Unit Owners Associa-
tion after Unit Owners other than the Developer have assumed control of
the Association and except that the Developer may retain an interest con-
sistent with the Declaration to insure ingress and egress, from and to the
Common Areas and Facilities by the prospective Unit Owners in the Additional
Property.

(C) The Developer and/or seller of the Units will minimally war-
rant for a two (2) year period the full cost of labor and materials for any
repair or replacement of roof and structural components, and mechanical,
electrical, plumbing and common service elements serving the Condominium
Property as a whole, occasioned or necessitated by a defect in material or
workmanship and for a one (1) year period the full cost of labor and mater-
ials for any repair or replacement of structural, mechanical, or other
elements pertaining to the Unit, occasioned or necessitated by a defect in
material or workmanship commencing as follows:

- (1) The two (2) year warranty shall commence for
property submitted by the original Declaration
on the date the deed is filed for record fol-
lowing the sale of the first condominium owner-
ship interest in the property and for any Addi-
tional Property submitted by Amendment to the
Declaration on the date the deed is filed for
record following the sale of the first condo-
minium ownership interest in the Additional
Property; in either case, to a purchaser in
good faith for value.

- (2) The one (1) year warranty shall commence on the date the deed is filed for record following the first sale of a condominium ownership interest to a purchaser in good faith for value.

In the case of ranges, refrigerators, washing machines, clothes dryers, hot water heaters, and other similar appliances, if any, installed and furnished as part of the Unit by seller, seller hereby assigns to purchaser all of seller's right, title and interest in and to all express and implied warranties, if any, or the manufacturer in satisfaction of seller's obligation with respect to such appliances, and seller's warranty is limited to the installation, if any, of such appliances. All warranties made to the Developer or seller that exceed time periods specified above with respect to any part of the Units or Common Areas and Facilities shall be assigned to the purchaser.

- (0) The Developer will assume the rights and obligations of a Unit Owner in his capacity as owner of condominium ownership interests not yet sold, including, without limitation, the obligation to pay common expenses attaching to such interests, from the date the Declaration is filed for record.