

CODE OF REGULATIONS
OF
HERITAGE LAKES HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND PURPOSE

Section 1. The name of this association shall be Heritage Lakes Homeowners Association (the "Association").

Section 2. The purposes for which the corporation was formed are to (1) oversee improvements to property constituting, and to own, administer and maintain the common property of, Heritage Lakes, a residential development situated in the City of Hilliard, Franklin County, Ohio, as more particularly described in the Declaration of Covenants, Conditions, and Restrictions for Heritage Lakes, recorded in the Office of the Recorder, Franklin County, Ohio (the "Declaration"; all capitalized terms in this Code of Regulations shall have the same meaning as ascribed in the Declaration, unless otherwise defined herein), and to provide certain maintenance and other services to the Owners and occupants of Lots in Heritage Lakes, all in accordance with and subject to (a) various easements, conditions, restrictions, reservations, agreements and liens for assessments affecting the development and the Lots and Common Property therein as more particularly described in the Declaration, plats and other instruments heretofore or hereafter filed of record to describe and convey any such Lots and/or to create, modify or rescind any such easements, covenants, conditions, restrictions, reservations and liens, (b) the Articles of Incorporation of the Association,

(c) this Code of Regulations (the "Regulations"), and (d) any administrative rules and regulations adopted pursuant to the foregoing, as any of the same may be lawfully amended from time to time; to provide for the acquisition, construction, management, maintenance and care of the Property of the Association; to bring about civic betterment and social improvements by the beautification and maintenance of Heritage Lakes; and to perform the duties and services required of the Association by the Declaration.

In carrying out the foregoing purposes, the Association may purchase, lease, exchange, acquire, own, hold, mortgage, pledge, hypothecate, borrow money upon, sell and otherwise deal in and with real and personal property of every kind, character and description whatsoever and all estates and interests therein, and otherwise may engage in any lawful act or activity for which corporations may be formed under Chapter 1702 of the Revised Code of Ohio. The foregoing purposes shall be accomplished on a nonprofit basis, and not for pecuniary profit or financial gain. No part of the net earnings of the Association shall inure to the benefit of, or be distributable to any private person, firm, corporation, association or organization, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article I hereof.

While it is recognized that the Association may, from time to time, have an interest in pending or proposed legislative matters, no substantial part of the activities of the Association shall be carrying on of propaganda, or otherwise attempting to influence legislation unless an election pursuant to Section 501(h) of the Internal Revenue Code of 1986 (or the corresponding provision of any successor statute) (the "Code") has been made, and then such activities will only be to the extent permitted by that section and Section 4911 of the Code. Further, no substantial part of the activities of the Association shall be the carrying on or otherwise attempting to influence any political campaign on behalf of any candidate for public office. Notwithstanding any provision of the Articles or these Regulations, the Association shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501(C)(4) of the Code.

The Association shall have the power, either directly or indirectly, either alone or in conjunction or in cooperation with others, to do any and all lawful activities which may be necessary, useful, suitable, desirable, or proper for the furtherance, accomplishment, or attainment of any or all of the purposes for which the Association is organized, and to aid or assist other organizations whose activities are such as to further accomplish, foster or attain any such purposes.

If there is a conflict between the terms and conditions set forth in this Code of Regulations and the Declaration, the

conflict shall be resolved in favor to the terms and conditions as provided in the Declaration.

ARTICLE II

MEMBERS AND VOTING

Section 1. Each Owner of a Lot shall be a Member of the Association. The membership of each Owner shall terminate when he ceases to own his undivided fee simple interest[s], and upon the sale, transfer or other disposition of each undivided fee simple interest, the membership in the Association which is appurtenant to that interest shall automatically be transferred to the new Owner[s] of the interest. No Member may otherwise terminate his membership in the Association or sever that membership interest.

Section 2. The total number of votes on any question for which the vote of Members is permitted or required shall be equal to the number of Lots comprising Heritage Lakes at the time of the vote. Each Member shall be entitled to one vote per Lot owned by such Member on any question for which the vote of Members is permitted or required. At all elections for members of the Board, the candidate receiving the greatest percentage of votes cast shall be elected. All other questions shall be determined by the vote of those Members entitled to exercise not less than a majority of the voting power of the Members present or represented by proxy at a meeting, unless for any particular purpose the vote of a greater percentage of all Members is

required by the Declaration, the Articles, this Code of Regulations, by law or otherwise.

Section 3. Fiduciaries and minors who are Owners of record of a Lot or Lots may vote their respective interests as Members. If title is held by more than one Person, such multiple Owners shall together constitute one Member of the Association. In any such case of multiple ownership, such multiple Owners must combine their respective interests into one vote or their vote shall not be permitted. Membership shall be appurtenant to and may not be separated from ownership of the Lot and simultaneously with the transfer of ownership (whether voluntarily or by operation of law), the membership shall automatically transfer to the new Owner. No Person shall become a Member of the Association by reason of holding an interest in a Lot as security for performance of an obligation.

Section 4. A corporation which is a Member of the Association may exercise its right to vote by its president, its secretary or its treasurer, and any such officer shall conclusively be deemed to have authority to vote and to execute any proxies and written waivers and consents relative thereto, unless, before a vote is taken or a consent or waiver is acted upon, it shall be made to appear by a certified copy of the regulations or bylaws or of a resolution adopted by the board of directors or board of trustees of said corporation that such authority does not exist or is vested in some other officer or person. A partnership which is a Member of the Association may

exercise its right to vote only by a partner or agent thereof specifically designated in a written document executed by all general partners of the partnership and delivered to the secretary of the Association before a vote is taken or a consent or waiver is acted upon.

Section 5. At meetings of the Members or otherwise, any Member entitled to vote or take action may be represented and may vote or take action by a proxy or proxies appointed by an instrument in writing. Each such instrument shall be filed with the secretary of the meeting before the person holding the proxy shall be allowed to vote thereunder at the meeting or with the Secretary of the Association before the person holding the proxy may take action thereunder without a meeting. No proxy shall be valid after the expiration of six (6) months from its date of execution unless the Member executing it shall have specified therein the length of time that it is to continue in effect.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. An annual meeting of the Members for the election of trustees, for the consideration of reports to be made at the meeting and for the transaction of such other business as may properly come before the meeting shall, beginning with the year 1994, be held on the second Monday in March of each year, or within 30 days thereof, on such other date within one month thereafter as may be designated by the Board from time to time.

Section 2. Special meetings of the Members may be called by the President, by a majority of the Board acting with or without a meeting, or by Members entitled to exercise not less than twenty-five percent (25%) of the total voting power of all Members of the Association. Upon delivery of a request in writing to the President or Secretary of the Association by Persons entitled to call such a meeting, it shall be the duty of the President or Secretary to give notice to the Members in accordance with these Regulations, but if such a request is refused, then the Persons making the request may call a meeting by giving the notice.

Section 3. All meetings of Members shall be held in Franklin County, Ohio at such places as may be specified by the Board or the Persons calling the meetings.

Section 4. A written or printed notice of every meeting of Members, whether annual or special, stating the time, place and purpose or purposes for which the meeting is called, shall be given by the President or Secretary of the Association by personal delivery or by mail not more than thirty (30) nor less than five (5) days before the meeting to each Member entitled to notice thereof. If mailed, such notice shall be addressed to the Member at his address as it appears on the records of the Association. If a meeting is adjourned to another time or place, no further notice of the adjourned meeting need be given if the time and place to which it is adjourned are fixed and announced at the meeting. In the event of a transfer of ownership of a Lot after notice has been given and prior to the

holding of the meeting, it shall not be necessary to serve notice on the transferee. The Board may set a record date for the determination of the Members who are entitled to receive notice of or to vote at any meeting of Members, which record date shall not be earlier than forty-five (45) days preceding the meeting. If no record date is fixed therefor, the record date for determining the Members who are entitled to receive notice of or who are entitled to vote at a meeting of Members shall be the date next preceding the day on which notice is given or the meeting is held, as the case may be.

Section 5. Notice of the time, place and purpose or purposes of any meeting of Members may be waived in writing either before or after the holding of the meeting by any Member, which writing shall be filed with or entered upon the records of the meeting. The attendance of a Member at any meeting in person or by proxy without protesting the lack of proper notice prior to or at the commencement of the meeting shall be deemed to be a waiver by that Member of notice of the meeting.

Section 6. A quorum for any meeting of Members shall be that number of Members who are entitled to exercise not less than 15% of the voting power of all Members and who are present in person or represented by proxy, but no action required by law, the Articles, these Regulations, the Declaration or otherwise to be authorized or taken by those Members exercising not less than a designated percentage of the total voting power may be authorized or taken by a lesser percentage. Those Members

entitled to exercise not less than a majority of the voting power of the Members present in person and represented by proxy at a meeting may adjourn the meeting from time to time, and at the adjourned meeting any business may be transacted as if the meeting had been held as originally called.

Section 7. The order of business of any meeting of Members shall be determined by the presiding officer, unless otherwise determined by a vote of those Members entitled to exercise not less than a majority of the voting power of the Members present in person or represented by proxy at the meeting.

Section 8. At all elections of members of the Board the candidates receiving the greatest percentage of the votes cast shall be elected. All other questions shall be determined by the vote of those Members entitled to exercise not less than a majority of the voting power of the Members present in person or represented by proxy at a meeting, unless for any particular purpose the vote of a greater percentage of the voting power of all Members is required by law, the Articles, these Regulations, the Declaration or otherwise.

Section 9. Any action which may be authorized or taken at a meeting of Members may be authorized or taken without a meeting in a writing or writings signed by Members exercising a majority of the voting power of all Members or such greater proportion thereof as the Articles, these Regulations, the Declaration or any provision of law may otherwise require. Said writing or writings shall be filed with or entered upon the

records of the Association. Any vote which may be taken at a meeting of Members may also be conducted by mail. In that event, ballots shall be mailed to all Persons who are Members of the Association at the time of the mailing and approval shall be required from a majority of the voting power of all Members or from such greater (or lesser, in the case of electing members of the Board) proportion thereof as the Articles, these Regulations, the Declaration or any provision of law may otherwise require. Adequate records of the manner and results of each vote conducted by mail shall also be filed with or entered upon the records of the Association.

ARTICLE IV

BOARD OF TRUSTEES

Section 1. Subject to such limitations as have been or may hereafter be imposed by the Declaration, the Articles or these Regulations, as any of the same may be lawfully amended from time to time, all power and authority of the Association shall be vested in and exercised by a Board consisting of three (3) persons. Said persons shall manage and conduct the business and affairs of the Association and exercise the powers and duties established by the Declaration, the Articles and these Regulations until their successors are elected and qualified. Members of the Board need not be Members of the Association. The initial members of the Board (hereinafter the "first Board") shall be composed of the initial trustees named in the Articles.

Thereafter trustees shall be elected at the regular annual meeting of Members of the Association or at special meetings called for that purpose, beginning with the annual meeting held in 1995. One member of the first Board shall serve until his successor is elected at the annual meeting of Members held in the year 1995, one other member of the first Board shall serve until his successor is elected at the annual meeting of Members held in the year 1996, and the remaining member of the first Board shall serve until his successor is elected at the annual meeting of Members held in the year 1997. The Board shall designate by a resolution enacted at its first meeting which members of the first Board shall serve the terms expiring at the annual meetings of Members held in the years 1995, 1996 and 1997. Beginning with the annual meeting in 1995, each trustee who is elected shall serve for a term of three (3) years and until his successor is elected and qualified. Any trustee, except the members of the first Board, may be removed at a special meeting of the Members of the Association called for that purpose by the affirmative vote of those Members entitled to exercise not less than seventy-five percent (75%) of the voting power of all Members. Any member of the first Board may be removed at a special meeting of Members of the Association called for that purpose by the affirmative vote of all Members.

Section 2. Candidates for election as trustees shall be selected by a Nominating Committee formed in accordance with Section 5 of Article V hereof. Candidates may also be nominated

from the floor of any meeting held for the purpose of electing a trustee or trustees. The Nominating Committee may nominate as many candidates as it wishes, provided that it shall nominate not less than the number of trustees to be elected.

Section 3. If any member of the first Board vacates his membership on the Board as a result of death, resignation or any other act or reason, Planned Development Company of Ohio, an Ohio corporation and the developer of Heritage Lakes (the "Developer"), shall appoint a new trustee to fill that vacancy. In the case of any other vacancy in the Board, the remaining members thereof may elect a new trustee to fill the vacancy. If the remaining trustees cannot agree upon a person to fill the vacancy within ten (10) days after it is created, said remaining trustees shall call a special meeting of Members of the Association to fill the vacancy, such meeting to be held within thirty (30) days after the vacancy is created. Any trustee appointed or elected to fill a vacancy shall hold office for the unexpired term of the trustee he succeeds and until his successor is elected and qualified.

Section 4. The Board shall hold such meetings from time to time as it deems necessary and such meetings as may be called by the President from time to time. However the Board shall meet not less than once in each calendar year. Meetings shall be held at such place in Franklin County, Ohio as the President or a majority of the trustees may determine, or by a

joint telephone connection if so requested by the President or a majority of the trustees.

Section 5. The President or Secretary shall cause telegraphic or written notice of the time and place of all meetings of the Board, regular and special, to be duly served upon or sent to each Trustee not less than three (3) nor more than twenty (20) days before the meeting, except that a regular meeting of the Board may be held without notice immediately after the annual meeting of the Members of the Association at the same place as the annual meeting was held for the purpose of electing or appointing officers for the ensuing year and for the transaction of such other business as may properly come before said meeting. No notice of adjourned meetings need be given. Notice of the time and place of any meeting of the Board may be waived by any trustee in writing either before or after the holding of the meeting, which writing shall be filed with or entered upon the records of the meeting. The attendance of any trustee at any Board meeting without protesting the lack of proper notice prior to or at the commencement of the meeting shall be deemed to be a waiver by him of notice of the meeting.

Section 6. At all meetings of the Board a majority of the members thereof shall constitute a quorum, but less than a quorum may adjourn a meeting from time to time, and at adjourned meetings any business may be transacted as if the meeting had been held as originally called. The act of a majority of the trustees present at any meeting at which there is a quorum shall

be the act of the Board, except as otherwise required by law, the Declaration, the Articles or these Regulations.

Section 7. Members of the Board shall not receive any compensation for their services as such, but any trustee may serve the Association in any other capacity and may receive compensation therefor, subject to the requirements and limitations of Article Seventh of the Articles.

Section 8. Any action which may be authorized or taken at a meeting of the Board may be authorized or taken without a meeting in a writing or writings signed by all of the trustees, which writing or writings shall be filed with or entered upon the records of the Association.

Section 9. The Board may employ or engage the services of a manager or managing agent and such other Persons, firms or corporations as it deems necessary or advisable in order to perform the duties imposed upon it, and may pay such manager, managing agent, Person, firm or corporation such administrative or ministerial duties as it determines. However, any agreement for the professional management of this Association and/or the Property of Heritage Lakes and any other agreement with Developer, its affiliates or successors shall not provide for a contract term in excess of three (3) years. Further, any such agreement shall be subject to termination pursuant to the vote of a majority of the total voting power of the Members of the Association at a meeting called for that purpose at any time.

ARTICLE V

OFFICERS AND COMMITTEES

Section 1. The officers of the Association shall be a President, Vice President, a Secretary, a Treasurer and such other officers as may be elected. The same person may hold the office of Vice President and Secretary, Vice President and Treasurer, and Secretary and Treasurer. All officers shall be elected by the Board and the President must be a member of the Board. Officers need not be Members of the Association and shall hold office at the pleasure of the Board.

Section 2. It shall be the duty of the President to preside at all meetings of Members of the Association and the Board, to exercise general supervision over the affairs of the Association and in general to perform all duties incident to the office or which may be required by the Members or the Board. It shall be the duty of the Vice President to perform the duties of the President in the event of his absence or disability and such other duties as may be assigned to him by the Board.

Section 3. It shall be the duty of the Secretary to keep or cause to be kept under his supervision an accurate record of the acts and proceedings of the Members and the Board, including records of the names and addresses of the Members. The Secretary shall further perform all duties incident to the office and such other duties as may be required by the Members or the Board. Upon the expiration or termination of his term of office, the Secretary shall deliver all books, records, documents and

other property of the Association in his possession or control to his successor or to the President.

Section 4. The Treasurer shall receive and safely keep all money, securities and other intangible property belonging to the Association, or evidence thereof, and shall disburse the same under the direction of the Board; shall keep or cause to be kept under his supervision correct and complete books and records of account specifying the receipts and expenditures of the Association, together with records showing the allocation, distribution and collection of the assessments, fees, revenues and expenses among and from the Members, shall hold the same open for inspection and examination by the Board and the Members, and shall present abstracts of the same at annual meetings of the Members or at any other meeting when requested; shall give bond in such sum with such surety or sureties as the Board may require for the faithful performance of his duties; shall perform any other duties which may be required of him by the Members or the Board; and, upon the expiration or termination of his term of office, shall deliver all money and other property of the Association in his possession or control to his successor or to the President.

Section 5. The Board may create a committee or committees, each to be composed of not less than three (3) persons including at least one Board member, and may delegate to any such committee any of the authority and power of the Board, however derived. Each committee shall serve at the pleasure of

the Board and shall be subject to the control and direction of the Board. Any committee may act pursuant to the vote of a majority of its members at a meeting of the committee or by a writing or writings signed by all of its members. Any act or authorization by any such committee within the authority delegated to it shall be as effective for all purposes as the act or authorization of the Board. Each committee shall establish its own procedures for scheduling and giving notice of its meetings, establishing agendas, maintaining records of its meetings and actions, and other administrative matters, subject to any such procedures which may be established for that committee or all committees by the Board.

ARTICLE VI

INDEMNIFICATION

Section 1. This Association shall indemnify each present and former member of the Board, officer, agent and employee of the Association against all expenses, including attorneys' fees, actually and necessarily incurred or paid by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of being or having been a trustee or such an officer, agent or employee. No such indemnification may be made unless it is determined that the person to be indemnified:

(a) Was not and has not been adjudicated to have been grossly negligent or guilty of willful or wanton misconduct in the performance of his duty to the Association;

(b) Acted in good faith in what he reasonably believed to be the best interest of the Association; and

(c) In any matter the subject of a criminal action, suit or proceeding, has no reasonable cause to believe that his conduct was unlawful.

Such determination, if made, shall be made by the members of the Board at a meeting at which a quorum consisting of all trustees qualified to vote on the determination is present. Any trustee who is not a party to or threatened with the subject action, suit or proceeding shall be qualified to vote on the determination. If a quorum of trustees qualified to vote on the determination cannot be obtained, the determination, if made, shall be made by a majority of a special committee of three (3) persons who are not parties to or threatened with the subject action, suit or proceeding who shall be selected by a majority of the Members at a regular or special meeting called for such purpose. The persons selected to serve on such special committee need not be Members of the Association.

Section 2. The Board may secure and maintain any policy or policies of insurance that it may consider appropriate

to insure any person who is serving or has served as a trustee, officer, agent or employee of the Association against liability and expense arising out of any claim of breach of duty, error, misstatement, misleading statement, omission or other act done, made or attempted by him by reason of his being such a trustee, officer, agent or employee. The cost of that insurance shall be a common expense of administration of the Association.

ARTICLE VII

ADMINISTRATIVE RULES AND REGULATIONS

Section 1. Subject to the provisions of the Declaration, the Articles and these Regulations, as any of the same may be lawfully amended from time to time, the Board may from time to time adopt, amend or repeal such administrative rules and regulations as it deems necessary or advisable governing the operation and use of the Property of Heritage Lakes or any part thereof and all other matters which the Declaration, the Articles and these Regulations require or permit the Board to regulate. In addition to any remedies provided by law or the Declaration, the Board has the right and authority to impose a reasonable fine upon any Member and/or to suspend voting rights in the Association and/or to suspend use of all or part of the Common Property of Heritage Lakes by the Owner and/or occupant of any Lot as a penalty or sanction for the violation of any of said rules and regulations. A copy of each rule, regulation, fine and other sanction or written notification of its repeal, as the case

may be, shall be mailed or delivered to each Member not less than three (3) days prior to the effective date of its adoption, amendment or repeal.

Section 2. The Board shall not impose a fine or suspend voting rights or use of the Common Property for violations of its rules or regulations unless and until the following procedure is followed.

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying the alleged violation, the action required to abate the violation and a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if the violation is a continuing one. If the violation is not a continuing violation, the written demand shall instead state that any further violation of the same rule or regulation may result in the imposition of a fine or other sanction after notice and hearing.

(b) Notice. Within thirty (30) days after said demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule or regulation is subsequently violated, the Board may, in its discretion, hold a hearing on the matter in closed session. The alleged violator shall be given written notice of the hearing which shall describe the nature of the alleged violation, the time and place of the hearing, which

time shall be not less than ten (10) days after the giving of the notice, an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf, and a description of the fine or other sanction which may be imposed. A duplicate copy of said written notice shall also be mailed or delivered to the mortgagee holding a first mortgage lien on the lot owned and/or occupied by the alleged violator if that mortgagee has requested that it be given such written notices by the Association.

(c) Hearing. At the hearing held by the Board in closed session pursuant to said notice, the alleged violator shall be afforded a reasonable opportunity to be heard. The rules of evidence shall not apply at the hearing. Proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of its delivery is entered by the person who delivered the notice. The notice requirement shall also be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the fine or other sanction, if any, which was imposed, or at the discretion of the Board the matter may be taken under advisement. In that event a decision shall be made and such a written statement shall be filed with or entered upon the

records of the Association and also delivered to the alleged violator not later than fifteen (15) days after the date of the hearing.

ARTICLE VIII

NOTICES AND DEMANDS

Any notice or demand which is required to be given or delivered to or served upon a Member of the Association shall be in writing and shall be deemed to have been given, delivered or served when delivered personally to him or mailed to him at his address as it appears on the records of the Association.

ARTICLE IX

AMENDMENTS

This Code of Regulations may be amended or new Regulations may be adopted at a meeting of Members held for that purpose or in a vote conducted by mail by the affirmative vote of those Members entitled to exercise not less than seventy-five percent (75%) of the total voting power of the Members.