

CODE OF REGULATIONS (BY-LAWS)

OF

STONE LAKE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Name and Location

The name of the corporation is STONE LAKE ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at such place in Montgomery County, Ohio as the Board of Trustees may from time to time determine. Meetings of members of the Board of Trustees shall be held at such places within Montgomery County, Ohio, as may be designated by the Board of Trustees.

ARTICLE II

Definitions

All of the terms used herein shall have the same meanings as set forth in the Articles of Incorporation of the Association (the "Articles"), and in the Declaration described therein.

ARTICLE III

Meeting of Members

Section 1. Annual Meetings. Meetings of the members shall be held in the first calendar quarter of each year thereafter, on a date and at an hour established, from time to time, by the Trustees.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Trustees or upon written request of the members entitled to exercise one-fourth (1/4) of the voting power of members.

Section 3. Notice of Meetings. Written notice of each meeting of members shall be given by, or at the direction of, the secretary or persons authorized to call the meeting by mailing a copy of such notice, postage prepaid, at least fifteen (15) 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. 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. Upon the written request of the holder of any first mortgage lien on a Lot, mailed or delivered to the principal office of the Association, the aforesaid written notice of meetings of members shall be given to such lien holder, who shall have the right to designate a representative who shall be entitled to attend all such meetings.

Section 4. Quorum. The members present at any duly called and noticed meeting shall constitute a quorum for such meeting.

Section 5. 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 prior to the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his, her, or its lot.

Section 6. Voting Power. Except as otherwise provided in the Declaration, this Code of Regulations, the Articles of Incorporation, or By-Laws, a majority of the voting power of members voting on any matter may be determined by the members at a duly called and noticed meeting shall be sufficient to determine that matter. The rules of Roberts Rules of Order shall apply to the conduct of all meetings of members except as otherwise specifically provided herein or in the aforesaid documents. Any action that could be taken by members at a meeting by vote of a majority of the voting power of members present, may be taken without a meeting with the affirmative vote or approval, in a writing or writings, of the voting power of members having not less than a majority of voting power of members.

ARTICLE IV

Board of Trustees—Selection—Term of Office

Section 1. Initial Trustees. At the annual meeting of members, called in June, the members, for term commencing July 1, shall elect five Trustees, one for one year, two for two years and two for three years, and at each annual meeting thereafter, the members shall elect Trustees for a term of three years to replace the Trustees whose terms then expired. From, and after the time the members first elect Trustees, the members, by vote of those exercising a majority of the voting power of members, may change the number and terms of office of the Trustees.

Section 2. Selection of President. Following the election of Trustees, a second election shall be held, by the members, to elect the President from the panel of Trustees.

Section 3. Removal. Any Trustee may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Trustee, that Trustee's successor shall be selected by the remaining members of the Board and shall serve until the next annual meeting of members, when a Trustee shall be elected to complete the term of such deceased, resigned or removed Trustee.

Section 4. Compensation. Unless otherwise determined by the members at a meeting duly called and noticed for such purpose, no Trustee shall receive compensation for any service rendered to the Association as a Trustee. However, any Trustee may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 5. Action Taken Without a Meeting. The Board of Trustees shall have the right to take any action in the absence of a meeting which they could take at a meeting obtaining the written approval of all of the Trustees. Any action so approved shall have the same effect as though taken at a meeting of the Trustees.

ARTICLE V

Nomination and Election of Trustees

Section 1. Nomination. Nomination for the election of Trustees to be elected by the members shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. 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 appointed by the Board of Trustees. The Nominating Committee shall make as many nominations for election to the Board

of Trustees as it shall, in its discretion, determine, but no less than the number of vacancies that are to be filled. These nominations may be made from among members.

Section 2. Election. Election to the Board of Trustees by the members shall be by secret written ballot. At such elections, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles and the Declaration. The person or persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

Meetings of Board of Trustees

Section 1. Regular Meetings. Regular meetings of the Board of Trustees shall be held no less than quarterly, without notice, on such date and at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Trustees shall be held when called by the President of the Board of Trustees, or by any two (2) Trustees, after not less than three (3) days notice to each Trustee.

Section 3. Quorum. A majority of the number of Trustees shall constitute a quorum for the transaction of business. Every act taken or decision made by a majority of the Trustees present at a duly held meeting at which a quorum is present shall constitute a binding act or decision of the Board.

ARTICLE VII

Power and Duties of Board of Trustees

Section 1. Powers. The Board of Trustees shall exercise all powers and authority under the provisions of the Articles, this Code of Regulations, and the Declaration, that are not specifically and exclusively reserved to the membership by law or by other provisions thereof, and without limiting the generality of the foregoing, shall have the right, power and authority to:

- A. Take all actions deemed necessary or desirable to comply with all requirements of law;
- B. Obtain insurance coverage no less than that required pursuant to the aforesaid document;
- C. Enforce the covenants, conditions and restrictions set forth in the Declaration;
- D. Repair, maintain and improve the Common Area and perform other maintenance as provided in the Declaration;
- E. Establish, enforce, levy and collect assessments as provided for in the Declaration;
- F. Adopt and publish rules and regulations governing the use of the Property and the personal conduct of the members and their guests thereon; and such other matters it

deems appropriate, including establishing penalties for violation of such rules and regulations and for violations by the Declaration's provisions;

G. Suspend the right to serve or be elected as an officer or Trustee during any period in which such member shall be in default in the payment of any assessment levied by the Association (such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations or of any provision of the aforesaid documents);

H. 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 meetings of the Board of Trustees;

I. Authorize the officers to enter into one or more management agreements with third parties in order to facilitate the efficient operation of the property subject to the Association's scope of authority (it shall be the primary purpose of such management agreements to provide for administration, management, repair, and maintenance as provided in the Declaration, and the receipt and disbursement of funds as maybe be authorized by the Board of Trustees. The terms of any management agreements shall be as determined by the Board of Trustees to be in the best interest of the Association, subject, in all respects, to the provisions of the aforesaid documents);

J. Employ as the Trustees deem necessary any manager, attorney, accountant, contractor, employee or agent;

K. To do all things and take all actions permitted to be taken by the aforesaid documents and by law not specifically reserved thereby to others.

Section 2. Duties. It shall be the duty of the Board of Trustees to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereto to the members of the annual meeting of the members, or at any special meeting when such statement is requested in writing by members representing one-fourth (1/4) or more of the voting power of members;

B. Select, supervise and remove all officers, agents and employees of the Association and see that their duties are properly performed;

C. As more fully provided in the Declaration, to:

(1) Fix the amount of assessments against each Lot as provided herein;

(2) Give written notice of each assessment to every Owner subject thereto within the time limits set forth therein; and

(3) Foreclose the lien against any property for which assessments are not paid within a reasonable time after they are authorized by the Declaration to do so, or bring an action at law against the Owner personally obligated to pay the same, or both;

- D. 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;
- E. Procure and maintain adequate liability and hazard insurance on property owned by the Association, as provided in the Declaration;
- F. Cause all officers or employees having fiscal responsibilities to be bonded;
- G. Cause the property subject to the Association's scope of authority to be maintained within the scope of authority provided in the Declaration;
- H. Cause the restrictions created by the Declaration to be enforced; and
- I. Take all other actions required to comply with all requirements of law and the aforesaid documents.

ARTICLE VIII

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 establish.

Section 2. Selection and Term of Officers. The officers of the Association shall be selected by the Board of Trustees, from time to time, to serve until the Trustees select their successors.

Section 3. Special Appointments. The Trustees 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 Trustees may, from time to time determine.

Section 4. Resignation and Removal. Any officers may be removed from office with or without cause by the Trustees. Any officer may resign at any time, giving written notice to the Trustees, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Duties. The duties of the officers shall be such duties as the Board of Trustees may, from time to time, determine. Unless the Board of Trustees otherwise determines, the duties of the officers shall be as follows:

- A. **President.** The president shall preside at all meetings of the Board of Trustees, shall see that orders and resolutions of the Trustees are carried out, shall sign all leases, mortgages, deeds and other written instruments, and shall approve all checks and promissory notes.

B. Vice President. 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 or her by the Trustees.

C. Secretary. The secretary shall record the votes and keep the minutes and proceedings of the Trustees and of the members, serve notice of meetings of the Trustees 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 Trustees.

D. Treasurer. 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 Trustees, shall sign all checks and promissory notes of the Association, keep proper books of account, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver or mail a copy of each to each of the members. Additionally, any holder of a first mortgage lien who so requests in writing, mailed or delivered to the Association at its principal office, shall be sent, by the treasurer, within ninety (90) days following the end of the Association's fiscal year, a financial statement of the Association.

ARTICLE IX

Boards and Committees

The Trustees shall appoint a Design Control Board, as provided in the Declaration, and shall appoint a Nominating Committee, as provided in this Code of Regulations. In addition, the Board of Trustees shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

Fidelity Bonds

The Association shall obtain and maintain fidelity coverage insurance against dishonest acts on the part of managers, trustees, officers, employees, or volunteers responsible for handling funds collected and held for the benefit of the members, which insurance names the Association as the named insured, and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

ARTICLE XI

Books and Records

The books, records and papers of the Association shall at all times, during normal business hours, be subject to inspection by any member and by the duly authorized representative of any holder of a first mortgage lien on a Lot. The Declaration, the Articles, the Code of Regulations, and management agreements shall be available for inspection by any member of any such lien holder's representative at the principal office of the Association where copies may be purchased

at reasonable cost. The books and records of the Association shall include capital accounts showing assessments for capital improvements and contributions to capital with respect to the Lot for which the contribution is made.

ARTICLE XII

Corporate Seal

The Association shall have no seal.

ARTICLE XIII

Amendments

This Code of Regulations may be amended, at a regular or special meeting of the members, by a vote of members exercising a majority of the voting power of members, and, if material to the rights of a mortgagee, the approval of all holders of first mortgage liens on Lots.

ARTICLE XIV

Miscellaneous

Section 1. Fiscal Year. Unless otherwise changed by the Board of Trustees, the fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of this Association.

Section 2. Conflict Among Organization Documents. The Articles shall control any conflict between the Articles and this Code; the Declaration shall control any conflict between the Declaration and the Articles or this Code.

ARTICLE XV

Order of Business

The order of business at all meetings of members and Trustees shall be: (1) call the meeting to order; (2) designate chairman and secretary of the meeting; (3) proof of notice of meeting or waiver of notice; (4) roll call and submission of process to the secretary; (5) approval of minutes of previous meeting; (6) reports of officers and committees; (7) election of trustees and/or officers if the meeting is for this purpose; (8) unfinished business; (9) new business; and (10) adjournment.

IN TESTIMONY WHEREOF, the undersigned Declarant has caused these By-Laws to be duly adopted on or as of the _____ day of _____, _____.

STONE LAKE ASSOCIATION, INC.

By: _____

