

CODE OF REGULATIONS

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CODE OF REGULATIONS
OF
BROOKSTONE COMMUNITY ASSOCIATION, INC.

Article I

Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be Brookstone Community Association, Inc., (hereinafter sometimes referred to as the "Association").

Section 2. Membership. The Association shall have one class of membership as more fully set forth in the General Warranty Deed from Raven Development Company to Sara L. Todd, Trustee of record at O.R. 9136119, in the Recorders Office, Franklin County, Ohio (said deed is hereinafter sometimes referred to as the "Deed"), the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 3. Definitions. The words used in this Code of Regulations shall have the same meaning as set forth in the Deed, unless the context shall prohibit.

Article II

Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Trustees either in Brookstone or as convenient thereto as possible and practical.

Section 2. Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association and not later than six (6) months after conveyance of the Community Area to the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members shall

be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board of Trustees. The annual meeting of the Members shall be held at a date and time as set by the Board of Trustees.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Trustees or upon a petition signed by at least five percent (5%) of the total voting power of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meeting. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Lot a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Residential Unit, he or she shall designate such other address by notice in writing to the Secretary. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) days nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed a waiver of notice of the time, date, and place thereof, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at that meeting unless objection to the calling or convening of the meeting is raised before the business is put to a vote.

Section 6. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at the meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such reconvened adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting

originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that at least twenty-five percent (25%) of the total voting power of the Association remains present in person or by proxy, and provided further that any action taken shall be ratified by at least a majority of the Members required to constitute a quorum.

Section 7. Voting. The voting rights of the Members shall be as set forth in the Deed, and such voting rights provisions are specifically incorporated herein.

Section 8. 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 before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot, upon receipt by the Secretary of the Board of notice of the death or judicially declared incompetence of a member, or upon the expiration of eleven (11) months from the date of the proxy. Every form of proxy or written ballot that provides an opportunity to specify approval or disapproval with respect to any proposal shall also contain a space marked "abstain".

Section 9. Majority. As used in this Code of Regulations, the term "majority" shall mean those votes, Owners, or such other group, as the context may indicate, totaling more than fifty percent (50%) of the total number.

Section 10. Quorum. Except as otherwise provided in this Code of Regulations or in the Deed, a quorum at any meeting of the Association shall consist of 51% of the Members, whether present in person or by proxy. If a quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-third (1/3) of the total votes. Any provision in the Deed concerning quorums is specifically incorporated herein.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary

shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all Association business that occurs at a meeting or otherwise.

Section 12. Action Without a Meeting. Any action that may be taken by the vote of Members at a regular or special meeting, except the election of Board Members, may be taken without a meeting, if done in compliance with Section 1702 of the Ohio Nonprofit Corporation Law.

Article III

Board of Trustees: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Trustees. Except as provided in Section 3 of this Article, the Trustees shall be Members or spouses of Members; provided, however, that no person and his or her spouse may serve on the Board at the same time unless appointed by Developer.

Section 2. Number of Trustees. The number of Trustees shall be not less than three (3) nor more than nine (9), as the Board of Trustees may from time to time determine by resolution, subject to the schedule of elections and the other limitations set forth in Section 4 of this Article. The initial Board shall consist of the three (3) Trustees who are identified in the Association's Articles of Incorporation.

Section 3. Trustees Appointed by Developer. Developer shall appoint three (3) Trustees, and they or their successors, who also shall be appointed by Developer, shall serve at the pleasure of Developer until replaced as provided in Section 4 of this Article or until construction of all Residential Units is completed and the last Lot in the Development Area has been sold by Developer (the "Period of Developer Appointment"), unless at some earlier time Developer relinquishes the right to appoint any or all of the three. Trustees appointed by Developer need not be Owners or residents in Brookstone, and may not be removed by Members other than Developer. If Developer elects to relinquish the right to appoint any Trustee, Developer shall deliver to the Secretary of the Association written notice stating which Trustee or Trustees will be removed, and the date on which their terms

will expire. Within thirty (30) days before or after the date specified, the Association shall elect a successor Trustee as provided in Section 4(c) of this Article.

Section 4. Election and Term of Office.

(a) Within sixty (60) days after the number of Members other than Developer first becomes equal to or greater than forty-three (43), the Association shall call a special meeting at which the Members other than Developer shall elect one Trustee, who shall serve in addition to the Trustees appointed by Developer. The Trustee so elected shall serve for a three year term, and the Board shall consist of four (4) Trustees until it is expanded as further provided in this Section.

(b) Within sixty (60) days after the number of Members other than Developer first becomes equal to or greater than ninety (90), the Association shall call a special meeting at which the Members other than Developer shall elect a second Trustee, who also shall serve in addition to the Trustees appointed by Developer. The Trustee so elected shall serve for a three year term or for such shorter period as will cause the term to expire one year after the term of the first elected Trustee (or that Trustee's successor, as the case may be). Thereafter, the Board shall consist of five (5) Trustees until further expanded or reduced as provided in this Section.

(c) Within sixty (60) days after the number of Members other than Developer first becomes equal to or greater than one hundred thirty (130), the Association shall call a special meeting at which the Members other than Developer shall elect a third Trustee, who shall serve instead of one of the Trustees appointed by Developer. Developer shall determine which of the appointed Trustees shall be replaced. The third elected Trustee also shall serve for a three year term, or for such shorter period as will cause the term to expire one year after the term of the second elected Trustee (or that Trustee's successor, as the case may be). The Board shall continue to consist of five (5) Trustees.

(d) Within sixty (60) days after the number of Members other than Developer first becomes equal to or greater than one hundred ninety-eight (198), the Association shall call a special meeting at which the Members, including Developer, shall elect one (1) Trustee, who shall serve instead of one of the Trustees appointed by Developer. Developer shall determine which of the appointed Trustees shall be replaced. The fourth elected Trustee also shall serve for a three year term, or for

such shorter period as will cause the term to expire at the expiration of the term of the most recently previously elected Trustee. The Board shall continue to consist of five (5) Trustees.

(e) As soon as practicable after the election held pursuant to subsection (d) above, the five member Board shall vote to determine the number of Trustees who shall serve on the Board after the Period of Developer Appointment expires. As soon as practicable after expiration of the Period of Developer Appointment, the Association shall call a special meeting to elect as many Trustees as may be necessary to fill all vacant seats on the Board. Each Trustee shall serve for a three year term, or for such shorter term as will cause all of the terms to be staggered so that they will expire on the same date of the same month in three successive years. Thereafter, the Association shall hold annual elections at its annual meetings to fill vacancies that will arise upon expiration of terms during the coming fiscal year. As long as there are six or fewer Trustees, not more than two (2) Trustees shall be elected at any annual election. If the number of Trustees exceeds six, no more than three (3) Trustees shall be elected at any annual election.

(f) Elected Trustees may not be removed by Developer acting alone, either during the Period of Developer Appointment or otherwise.

Section 5. Nomination of Trustees. Except with respect to Trustees selected by the Developer, nominations for election to the Board of Trustees shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Trustees, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Trustees not less than thirty (30) days prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such 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 in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6. Removal of Trustees and Vacancies. Unless the entire Board is removed from office by the vote of the Members, an individual Trustee shall not be removed prior to

the expiration of his or her term of office if the number of votes cast against his or her removal would be sufficient to elect him or her if voted at an election at which the same total number of votes were cast. In the event of death, removal, or resignation of a Trustee, his or her successor shall be selected by a majority of the remaining members of the Board of Trustees and shall serve for the unexpired term of the predecessor.

Section 7. Voting Procedure for Trustees. At each election, 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 Deed. The persons receiving the largest numbers of votes shall be elected. Voting for Trustees shall be by secret written ballot.

B. Meetings.

Section 1. Organization Meetings. The first meeting of the members of the Board of Trustees following each annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 2. Regular Meetings. Regular meetings of the Board of Trustees may be held at such time and place as shall be determined from time to time by a majority of the Trustees, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be posted at a prominent place within the Community Area and shall be communicated to the Trustees not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Trustee who has signed a waiver of notice or a written consent to holding the meeting.

Section 3. Special Meetings. Special meetings of the Board of Trustees shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Trustees. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Trustee by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Trustee or to a person at the Trustee's office who would reasonably be expected to communicate such notice promptly to the Trustee; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Trustee's

address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited in a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned or given to the telegraph company at least seventy-two (72) hours before the time set forth for the meeting. Notices shall be posted at a prominent place within the Community Area not less than seventy-two (72) hours prior to the scheduled time of the meeting.

Section 4. Waiver of Notice. The transactions of any meeting of the Board of Trustees, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Trustees not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Trustee who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 5. Quorum of Board of Trustees. At all meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business, and the votes of a majority of the Trustees present at a meeting at which a quorum is present shall constitute the decision of the Board of Trustees. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Trustees, if any action taken is approved by at least a majority of the required quorum for that meeting. At a reconvened adjourned meeting at which a quorum initially was present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

Section 6. Compensation. No Trustee shall receive any compensation from the Association for acting as such unless compensation was approved by a majority of the total vote of the Association at a regular or special meeting of the Association.

Section 7. Conduct of Meetings. The President shall preside over all meetings of the Board of Trustees, and the Secretary shall keep a minute book of the Board of Trustees, recording therein all resolutions adopted by the Board of Trustees and a record of all transactions and proceedings occurring at such meetings.

Section 8. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Trustees may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 9. Executive Session. The Board may, with approval of a majority of a quorum of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The general nature of any and all business to be considered in executive session shall first be announced in open session.

Section 10. Action Without a Formal Meeting. Any action to be taken at a meeting of the Trustees or any action that may be taken at a meeting of the Trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees. An explanation of the action taken shall be posted at a prominent place or places within the Community Area within three (3) days after the written consents of all the Board members have been obtained.

C. Powers and Duties.

Section 1. Powers. The Board of Trustees shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things that are not directed by the Deed, Articles, or this Code of Regulations to be done and exercised exclusively by the Members.

The Board of Trustees shall delegate to one of its members the authority to act on behalf of the Board of Trustees on all matters relating to the duties of the Managing Agent or Manager, if any, that might arise between meetings of the Board of Trustees.

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

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;

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

(c) providing for the operation, care, upkeep, and maintenance of the Community Area;

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

(e) collecting assessments and fees, depositing the proceeds thereof in a bank depository that the Board shall approve, and using the proceeds to administer the Association;

(f) making and amending rules and regulations;

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

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Community Area in accordance with the other provisions of the Deed and this Code of Regulations after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Deed, this Code of Regulations, and the rules and regulations adopted by it and bringing any proceedings that may be instituted on behalf of or against an Owner concerning the Association;

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

(k) paying any and all taxes and assessments attributable to the Community Area and such income and other taxes as may be due, and preparing or causing to be prepared

such tax or information returns as may be required under Section 528 of the Internal Revenue Code of 1986 or under such other section or sections as will result in determination of the least amount of tax due;

(l) determining the amount, method of collection, and other details of any fees authorized by the Association for use of the Community Area, and collecting the fees;

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

(n) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred. The books, and vouchers accrediting the entries thereupon, shall be available for examination by the Owners, their Mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Trustees for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices.

Section 2. Management Agent.

(a) The Board of Trustees may employ for the Association a professional management agent or agents, at a compensation established by the Board of Trustees, to perform such duties and services as the Board of Trustees may authorize. The Board of Trustees may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Trustees by this Code of Regulations, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section C1 of this Article. Developer, or an affiliate of Developer, may be employed as managing agent or manager.

(b) Each management contract shall have a term not to exceed one (1) year and must permit termination by either party without cause and without termination fee on not more than ninety (90) days' written notice.

Section 3. Accounts and Reports. The following management standards of performance will be followed unless the Board of Trustees by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principals, shall be employed;

(b) accounting and controls should conform with established accounting guidelines and principals. A segregation of accounting duties should be maintained, and disbursements by check over Five Hundred Dollars (\$500.00) shall require two (2) signatures. Cash disbursements shall be limited to amounts of Twenty-Five Dollars (\$25.00) and under;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest that the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Trustees; and

(f) commencing at the end of the month in which the Community Area is conveyed to the Association, quarterly financial reports shall be prepared for the Association containing:

- (i) an Income Statement reflecting all income and expense activity for the preceding three (3) months on an accrual basis;
- (ii) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding three (3) months on an accrual basis;
- (iii) an Account Status Report reflecting the status of all accounts in an "actual" versus "approved" budget format with a Budget Report reflecting any actual or pending obligations that are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent (10%) of a major budget

category (as distinct from a specific line item in an expanded chart of accounts);

- (iv) a Balance Sheet of an accounting date that is the last day of the month closest in time to three (3) months from the date of conveyance of the Community Area to the Association, and an Operating Statement for the period from that date to said accounting date, which shall be distributed within sixty (60) days after the accounting date. (This operating statement shall include a schedule of assessments received and receivables identified by the numbers of the Lots and addresses of Residential Units and the name or names of the Owners assessed.);
- (v) a Balance Sheet as of the first day of the Association's fiscal year and an Operating Statement for the fiscal year, which shall be distributed within ninety (90) days after the close of a fiscal year;
- (vi) a Delinquency Report listing all Owners who have been delinquent during the preceding three (3) month period in paying the monthly installments of assessments and who remain delinquent at the time of the report, and describing the status of any action to collect any such installments that remain delinquent. (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month.); and
- (vii) an annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet as of the end of the fiscal year; (2) an operating (income) statement for the fiscal year; (3) a statement of changes in financial

position for the fiscal year; and (4) any information required to be reported under Chapter 1702 of the Ohio Revised Code. Ordinarily, the annual report referred to above shall be prepared by an independent accountant for any fiscal year in which the gross income to the Association exceeds Ninety-Five Thousand Dollars (\$95,000.00). If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

Section 4. Borrowing. Subject to the restrictions set forth in Article II, Section 1(b) of the Deed, the Board of Trustees shall have the power to borrow money for the purpose of construction, repair, or restoration of the Community Area and facilities without the approval of the Members of the Association; provided, however, that the Board shall obtain membership approval in the manner provided in Article X, Section 4 of the Deed for special assessments if the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 5. Rights of the Association. With respect to the Community Areas or other Association responsibilities, and in accordance with the Articles of Incorporation and Code of Regulations of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other homeowners or residents associations, both within and without Brookstone. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Trustees of the Association.

Section 6. Hearing Procedure. The Board of Trustees shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of rules 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:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period of not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board of Trustees or its delegate shall serve the violator with written notice of a hearing to be held by a Committee formed pursuant to Article V of this Code of Regulations and known as the Restrictions Committee, in executive session. The notice shall specify:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to the notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Trustee, or agent who delivered such

notice. The notice requirement shall 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 sanction, if any, imposed.

(d) Appeal. Following a hearing before the Restrictions Committee, the violator shall have the right to appeal the decision to the Board of Trustees. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

Section 7. Prohibited Acts. The Board of Trustees shall not take any of the following actions except with the express consent of a majority of the total votes of the Association other than those of Developer:

(a) incurring aggregate expenditures for capital improvements to the Community Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(b) selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) paying compensation to members of the Board of Trustees or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board of Trustees may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

(d) levy special assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(e) fill a vacancy on the Board created by the removal of a Trustee; or

(f) enter into a contract with a third person wherein the third person will furnish goods or services for the Community Area or the Association for a term longer than one (1) year, with the following exceptions:

(i) a contract with a public utility company, if the rates charged for the materials or services are regulated by

the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; and .

- (ii) prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, provided that the policy permits short rate cancellation by the insured.

Article IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The Board of Trustees may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Trustees. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Secretary shall be elected from among the Members of the Board of Trustees.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Trustees at the first meeting of the Board of Trustees following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Trustees for the unexpired portion of the term. Notwithstanding the foregoing, the initial Trustees, in the order set forth in the Articles of Incorporation, shall serve as President, Vice President, and Secretary, respectively.

Section 3. Removal. Any officer may be removed by the Board of Trustees whenever in the Board's judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and

duties as may from time to time be specifically conferred or imposed by the Board of Trustees. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Trustees, the President, or the Secretary. Such resignation shall take effect on the date of the 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. Agreements, Contracts, Deeds, Leases, Checks, and Other Instruments. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated in this Code of Regulations or by resolution of the Board of Trustees.

Article V

Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Trustees present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by, and shall operate in accordance with the terms of the resolution of the Board of Trustees designating the committee or in accordance with rules adopted by the Board of Trustees.

Article VI

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall commence on the sixteenth day of March and shall conclude on the fifteenth day of March of each year until changed by resolution of the Board of Trustees.

Section 2. Conflicts. If there are conflicts or inconsistencies between the provisions of Ohio law, the Articles of Incorporation, the Deed, and this Code of Regulations, the provisions of Ohio law, the Deed, the Articles of Incorporation, and this Code of Regulations (in that order) shall prevail.

Section 3. Books and Records.

(a) Inspection by Members and Mortgagees. The Deed and Code of Regulations, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any mortgagee or Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member, at the office of the Association or at such other place within Brookstone as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Trustees. Every Trustee shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Trustee includes the right to make extracts and copies of documents at the expense of the Association.

Section 4. Notices. Unless otherwise provided in this Code of Regulations, all notices, demands, bills, statements, or other communications under this Code of Regulations shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

(a) if to a Member, at the address that the Member has designated in writing and filed with the Secretary

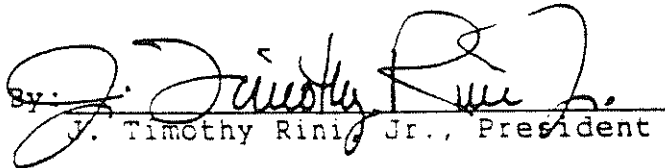
or, if no such address has been designated, at the address of the Residential Unit of such Owner; or

(b) if to the Association, the Board of Trustees, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

Section 5. Amendment. Prior to closing of the sale of the first Lot, Developer may amend this Code of Regulations. After sale of the first Lot, this Code of Regulations may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total voting power of the Association. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

IN TESTIMONY WHEREOF, the undersigned, being the sole incorporator of the Association, has caused this Code of Regulations to be adopted this 4TH day of JANUARY, 1988.

RAVEN DEVELOPMENT COMPANY

By: 
J. Timothy Rini Jr., President