

CODE OF REGULATIONS
OF
THE SANCTUARY COMMUNITY ASSOCIATION, INC.
AN OHIO NON-PROFIT CORPORATION

ARTICLE I

Identity

This is the Code of Regulations of THE SANCTUARY COMMUNITY ASSOCIATION, INC., an Ohio non-profit Corporation (hereinafter referred to as the "Association").

ARTICLE II

Purposes

This Association has been organized: (i) to promote the recreation, health, safety and welfare of the Owners of Sublots within the Property, as described in the Declaration of Covenants and Restrictions for THE SANCTUARY SUBDIVISION (the "Declaration") executed by FC&Z LAND CO., an Ohio General Partnership (the "Developer"), and the Association; (ii) to assess, levy, collect and disburse assessments and charges as provided in the Declaration and (iii) to perform and exercise each and every right and duty of the Association as provided in the Declaration. Each defined term used herein shall have that meaning which is ascribed to it in the Declaration.

ARTICLE III

Trustees and Officers

1. Trustees.

A. The affairs of the Association shall be managed by an initial Board of Trustees (the "Initial Board") composed of four (4) persons, but the number of members of the Board of

Trustees may be increased or decreased as provided in the Articles of Incorporation. The members of the Initial Board are designated in the Articles of Incorporation of the Association. The members of the Initial Board shall serve until the first annual meeting of the Members of the Association, as described in Article VII hereof.

B. Notwithstanding anything to the contrary contained herein, until the Developer shall have conveyed to Owners who have purchased for their personal use (and not for the purpose of resale in the course of business) seventy-five percent (75%) of the Sublots which will ultimately have dwellings constructed thereon within the Property, the Developer may, in its sole and absolute discretion, appoint all members of the Board of Trustees of the Association.

C. Subject to subparagraph B above, the Trustees shall be elected by the Members at each annual meeting of the Members and shall hold office until the next annual meeting of Members and until their successors are elected and shall qualify.

D. At least fourteen (14) days prior to the annual meeting of Members, a complete list of Members entitled to vote at such election, together with the address of each, shall be prepared by the Secretary. Such list shall be maintained at the office of the Association for fourteen (14) days prior to the Annual meeting, for examination by any Member of the Association and shall be produced and kept at the time and place of the annual meeting, subject to the inspection of any Member who may

be present. At the first annual meeting of the Members, Trustees shall be elected for a term of one (1) year.

E. Trustees shall be Members of the Association, except that this provision shall not be applicable to the persons designated as the Initial Board in the Articles of Incorporation, or Trustees designated by the Developer.

2. Officers.

The officers ("Officers") of the Association shall consist of a President, a Vice President, a Secretary, and a Treasurer, any of whom may be members of the Board of Trustees, and such other officers as the Board of Trustees may appoint. The President must be a member of the Board of Trustees. The Board of Trustees shall elect the Officers who shall hold office until the next and ensuing annual meeting of the Board of Trustees or until their successors shall have been elected and shall qualify.

3. Resignation, Vacancy, Removal, Compensation.

A. A Trustee or Officer of the Association may resign at any time, by instrument in writing. Resignations shall take effect at the time specified therein and if no time is specified, at the time of receipt by the President or Secretary of the Association. The acceptance of a resignation shall not be necessary to make it effective. A resignation shall also be deemed to have occurred upon termination by the Trustee or Officer of Membership in the Association.

B. Subject to the right of the Developer to replace Trustees selected by the Developer, when a Trustee resigns or is otherwise removed, as provided herein, the vacancy shall be

filled by the remaining members of the Board of Trustees at their next meeting, by electing a person who shall serve until the next annual meeting of Members.

C. When a vacancy occurs in an office for any cause before an Officer's term has expired, the office shall be filled by the Board of Trustees at its next meeting by electing a person who will serve until the next annual meeting of Trustees.

D. Upon an affirmative vote of a majority of the members of the Board of Trustees, any Officer may be removed either with or without cause, and a successor elected at any regular meeting of the Board of Trustees or at any special meeting called for such purpose.

E. No compensation shall be paid to Trustees or Officers for their services as Trustees or Officers of the Association.

ARTICLE IV

Powers and Duties of the Association and the Exercise thereof

1. The power to cause the grounds, lands, appurtenances and any other property designated in the Declaration to be maintained and repaired in accordance with the obligations for such maintenance and repair as set forth in the Declaration.

2. The power to take such action as may be necessary to comply, or to cause all persons to comply, with all laws, statutes, ordinances, and rules of all appropriate governmental authorities.

3. The power to take such action as may be necessary to comply with the Declaration and any rules and regulations adopted with respect thereto.

4. The power to enter into contracts and to purchase all tools, equipment, supplies and materials as shall be reasonably necessary to perform its duties.

5. The power to prepare with the assistance of an accountant an operating budget for the Association setting forth an itemized statement of anticipated receipts and disbursements.

6. The power to deposit all funds collected from all sources in a special bank account or accounts in banks and/or savings and loan associations in the State of Ohio, with suitable designation indicating their source.

7. The power to establish and maintain reserves for the payment of any and all costs and expenses of the Association to be disbursed hereunder.

8. The power to retain and employ attorneys-at-law, accountants, and other experts and professionals whose services the Association may reasonably require to effectively perform its duties and exercise its powers hereunder.

9. The power to make and collect special assessments for such purposes and against such parties as the Association is required or permitted to do under the Declaration.

10. The power to possess, enjoin and exercise all powers necessary to implement, enforce and carry into effect the powers above described, including the power to acquire, own, operate, mortgage, lease, sell and exchange property, whether real or personal.

ARTICLE V

Duties of Officers

1. The President shall:

A. Act as Presiding Officer at all meetings of the Membership of the Association and of the Board of Trustees.

B. Call special meetings of the Board of Trustees and of Members.

C. Sign all checks, contracts, promissory notes, deeds, and other instruments on behalf of the Association, except those which the Board of Trustees specifies may be signed by other persons.

D. Perform all acts and duties usually required of an executive to insure that all orders and resolutions of the Board of Trustees are carried out.

E. Appoint committees and be an ex-officio member of all committees, and to render an annual report at the annual meeting of Members.

2. The Vice President shall:

A. Act as Presiding Officer at all meetings of the Membership of the Association and of the Board of Trustees when the President is absent.

B. Perform other acts and duties required of the President, in the absence of the President.

C. Perform such other duties as may be required of the Vice President by the Board.

D. Sign checks on behalf of the Association in the absence of the President.

3. Should the President and Vice President be absent from any meeting, the remaining Trustees shall select a person to act as chairman of the meeting.

4. The Secretary shall:

A. Attend all regular and special meetings of the Members of the Association and of the Board of Trustees and keep all records and minutes of proceedings thereof or cause the same to be done.

B. Attend to all correspondence on behalf of the Board of Trustees, prepare and serve notice of meetings and keep membership books.

C. Perform such other duties as the Board may determine and on all occasions in the execution of his duties, act under supervision, control and direction of the Board of Trustees.

D. Have custody of the minute book of the meetings of the Board of Trustees and of the Members, which minute book shall at all times be available at the office of the Association for the information of the Trustees and Officers, and act as transfer agent to record transfers and rules and regulations in the corporate books.

5. The Treasurer shall:

A. Receive such monies as shall be paid into the Treasurer's hands for the accounts of the Association and disburse funds as may be ordered by the Board, taking proper vouchers for such disbursements, and be custodian of all securities, contracts, leases, and other important documents of the Association which shall be kept safely deposited.

B. Supervise the keeping of accounts of all financial transactions of the Association in books belonging to the Association, and deliver such books to Treasurer's successor. The Treasurer shall prepare and distribute to all of the members of the Board of Trustees, at least ten (10) days prior to each annual meeting of the Board of Trustees, and whenever else required, a summary of the financial transactions and condition of the Association for the preceding year. The Treasurer shall make a full and accurate report of the matters and business pertaining to Treasurer's office to the Members at the annual meeting of Members and make all reports required by law.

C. The Treasurer may have the assistance of an accountant or auditor, who shall be employed by the Board of Trustees. In the event the Association enters into a management agreement, it shall be proper to delegate such of the Treasurer's functions to the management agent as is deemed appropriate by the Board of Trustees.

ARTICLE VI

Membership

1. Membership in the Association is limited to Owners of Sublots within the Property, as provided in the Articles of Incorporation and the Declaration. The rights of Membership are subject to the payment of annual and special assessments levied by the Association pursuant to and in accordance with the provisions of Article V of the Declaration.

2. If a Sublot is owned by more than one owner, co-partners or a corporation, there shall nevertheless be only one Membership

assigned to such Sublot, and the vote for such Membership shall be cast by the person designated in a Voting Certificate signed by all of the owners (or the proper corporate officer) of said Sublot, filed with the Secretary of the Association. In the absence of such a writing, such vote shall not be counted, except that a Voting Certificate shall not be required if the Sublot is owned by a husband and his wife only.

3. Membership in the Association may be transferred only as an incident to the transfer of title to the Sublot.

4. Membership shall terminate upon the transfer of title to a Sublot.

ARTICLE VII

Meetings, Special Meetings, Quorums, Proxies

1. Meetings of Members.

A. Annual meetings: The first annual meeting of the Members of the Association shall be held within one hundred twenty (120) days after the Developer (or any Successor-Developer) shall have conveyed to Owners who have purchased for their personal use (and not for the purpose of resale in the course of business) seventy five percent (75%) of the Sublots which will ultimately have dwellings constructed thereon within the Property; provided, however, that such meeting may be called by the Developer at any time prior thereto, in the Developer's sole discretion. Thereafter, the annual meeting of the Members of the Association shall be held at the office of the Association on a day designated by the Board of Trustees in the month in which the first annual meeting of the Members was conducted. At

such meetings there shall be elected by ballot of the Members, a Board of Trustees, in accordance with the requirements of these By-Laws; provided, however, that so long as the Developer or a Successor-Developer holds for sale at least one Sublot in the Property, the Developer or any Successor-Developer shall have the right to appoint one (1) Member of the Board of Trustees. The Members may also transact such other business of the Association as may properly come before the meeting.

B. Special meetings: It shall be the duty of the President to call a special meeting of the Members of the Association: (i) as directed by resolution of the Board of Trustees; or (ii) upon a petition signed by the holders of not less than fifty-one percent (51%) of the total votes of Members having been presented to the Secretary.

C. Notice of meetings: It shall be the duty of the Secretary to provide notice of the annual or special meeting of the Members, stating the purpose thereof as well as the time and place where it is to be held, to each Member of record, at the Member's address as it appears on the Membership book of the Association, or, if no address appears, at the Member's last known place of address, at least ten (10) but not more than forty (40) days prior to such meeting. If hand delivered, receipt of such notice shall be signed by the Member. If mailed, the Secretary shall retain an affidavit of mailing signed by the Secretary as proof of such mailing. The mailing of the notice in the manner provided in this paragraph shall be considered notice served.

D. Quorum: Fifty one percent (51%) of all the Members, either in person or by proxy, shall constitute a quorum for the transaction of business at all meetings of Members.

E. Adjourned meetings: If any meeting of the Membership cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may except as otherwise provided for by law, adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

F. Voting: At every meeting of the Members, each Member present, either in person or by proxy, shall have the right to cast one vote on each question; subject, however, to the limitations on the number of votes accorded each Sublot, as set forth in Article VI hereof. The vote of the holders of a majority of the votes present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute a different vote is required, in which case such express provision shall govern and control. All voting shall be by secret ballot.

G. Proxies: A Member may appoint a proxy. Any proxy must be filed with the Secretary before the appointed time of each meeting and such proxy shall be valid only for the particular meeting designated in the proxy.

H. Waiver and consent: Nothing herein shall be construed to prevent a Member, from waiving notice of meeting or acting by written agreement without a meeting, and such waiver and action by written agreement are hereby expressly permitted.

2. Meetings of Trustees.

A. Organizational meeting: The first meeting of newly elected Board of Trustees shall be held within ten (10) days of election at such place as shall be fixed by the Trustees at the meeting at which such Trustees were elected and no notice shall be necessary to the newly elected Trustees in order to legally constitute such meeting, provided a majority of the whole Board of Trustees shall be present.

B. Regular meetings: The Board of Trustees may establish a schedule of regular meetings to be held at such place as the Trustees may designate, in which event no notice need be sent to the Trustees once said schedule has been adopted.

C. Special meetings: Special meetings of the Board of Trustees may be called by the President on three (3) days notice to each Trustee, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Trustees shall be called by the President or Secretary in like manner and on like notice upon the written request of at least 60% of the Board of Trustees.

D. Notice of regular meetings: Notice of the time and purpose of regular meetings of the Board of Trustees shall be given to each Trustee personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting. All meetings shall be open to Members.

E. Waiver of notice: Before or at any meeting of the Board of Trustees, any Trustee may, in writing, waive notice of

such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of the Board shall be a waiver of notice by him of the time and place hereof. If all the Trustees are present at any meeting of the Board of Trustees, no notice shall be required and any business may be transacted at such meeting.

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

G. Consent: The Board of Trustees may act by written consent, without a meeting, provided that all of the Board of Trustees consents to the action so taken.

ARTICLE VIII

Procedure

1. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and Code of Regulations of the Association or with applicable Ohio law.

2. The order of business at annual Members' meetings and as far as practical at other Members' meetings will be:

- A. Election of Chairman;
- B. Roll Call;
- C. Proof of Notice of Meeting; or Waiver of Notice;
- D. Reading of the Minutes of Prior Meeting;
- E. Officers' Reports;
- F. Committee Reports;
- G. Elections;
- H. Unfinished Business;
- I. New Business; and Adjournment.

ARTICLE IX

Assessments and Manner of Collection

1. The Board of Trustees has the sole power to and shall from time to time fix and determine the amounts necessary to pay the assessments imposed by the Trustees.
2. The Board shall adopt a budget for the Association in accordance with the provisions of Article V of the Declaration, which budget shall include a schedule of assessments to be paid by Members.
3. Regular assessments shall be paid by the Members on a monthly basis, payable on the first day of each and every month, or on such other basis as the Board of Trustees may elect.
4. Special assessments, should they be required by the Board of Trustees, shall be levied and paid in the same manner as regular assessments, as provided in the Declaration.
5. When the Board of Trustees has determined the amount of any assessments, the Secretary shall transmit a statement of such assessment to each Member. Until further notice, assessments

shall be made payable to the Association and shall be payable at the office of the Association.

6. Assessments are necessarily made upon projections and estimates of the Board of Trustees and may be in excess of or less than the sums required to meet the cash requirements of the Association, in which event the Board of Trustees may increase or decrease the amount of an assessment and make such adjustments in cash, or otherwise, as they shall deem proper in their sole discretion, including the assessment of each Member of his proportionate share of any deficiency. Notice of changes in assessments shall be given to all Members.

7. Assessments not paid when due shall bear interest, shall be entitled to enforcement and shall be collected from Owners in accordance with the provisions of the Declaration.

8. Each Member, by acceptance of a deed of conveyance to a Sublot, acknowledges and agrees that the Association shall have a lien on the Member's Sublot and Residence for the purpose of securing all sums due pursuant to the Declaration. Each Member recognizes that such lien is essential for the orderly and efficient operation of the duties and responsibilities imposed by the Declaration.

ARTICLE X

Fiscal Matters

1. Fiscal year: The Fiscal year of the Association shall begin on January 1 of each year; provided, however, that the Board of Trustees may change the fiscal year at such time and from time to time as the Board of Trustees shall deem advisable.

2. Depositories: The funds of the Association shall be deposited in a savings and loan association or bank or banks in Cuyahoga County, Ohio, in accounts for the Association under resolutions duly approved by the Board of Trustees and shall be withdrawn only over the signature of the authorized Officers. Said funds shall be used only for Association purposes.

3. Fidelity bonds: Fidelity bonds shall be required for all Officers, employees and agents of the Association handling or responsible for Association funds. The premium for such bonds shall be paid for by the Association.

4. Records: The Association shall maintain accounting records according to good accounting practice. Such records shall include a record of receipts and expenditures for said Member, which record shall designate the name and address of the Member, the amount of each assessment, the amounts paid upon the account and the balance due. The records shall be made available for inspection by any lien holders who have notified the Association of their liens.

5. Annual statement: The Board of Trustees shall present at each annual meeting of the Membership a full and clear statement of the business and condition of the Association.

6. Insurance: The Association shall procure, maintain and keep in full force and effect, all insurance required pursuant to the provision of the Declaration.

ARTICLE XI

Administrative Rules and Regulations

The Board of Trustees may, from time to time, adopt Rules and Regulations as provided in the Declaration, including those governing the details of the operations and use of the Common Areas, provided that the Rules and Regulations shall be equally applicable to all Members and uniform in their application and effect. The Association shall not have a corporate seal.

ARTICLE XII

Violations and Defaults

In the event of a violation, other than nonpayment of an assessment by a Member, of any of the provisions of the Declaration, these Regulations, or the Articles of Incorporation, the Association, after reasonable notice to cure not to exceed ten (10) days, shall have all rights and remedies provided by law, (and all such rights and remedies shall be cumulative) including without limitation the right to sue for damages and the right to seek injunctive relief. In the event of an Owner's failure to pay assessments, the Association may sue at law or foreclose its lien as provided in the Declaration. Should the Association be required to take any action described in this Article XII, whether or not suit is brought, the Owner shall be responsible for and pay all costs and expenses of collection (including reasonable attorney's fees) as described in the Declaration. If the Association elects to enforce its lien by foreclosure, the Member shall be required to pay a reasonable rent for the Member's Residence during litigation and the Association shall be

entitled to the appointment of a receiver to collect such rent. A suit to collect unpaid assessments may be prosecuted by the Association without waiving the lien securing such unpaid assessments. In addition to any other rights the Association may have regarding violations by Members, their families, guests, tenants, licensees and invitees, other than nonpayment of assessments, the Association may, after notice to the responsible Member and the opportunity to be heard, levy reasonable fines against such Member, which fines shall be deemed assessments, as provided in the Declaration and herein. Each day a violation continues shall be deemed a separate violation.

ARTICLE XIII

Amendment of Regulations

Subject to the provisions of the paragraph below, these Regulations may be amended, modified or rescinded by a resolution duly adopted at any duly called meeting of the Members by seventy-five percent (75%) of the votes of the Membership present in person or by proxy, provided there is a quorum, and further provided that notice of the proposed change is given in the notice of the meeting. Notice may be waived in writing by any Member. Amendments to these By-Laws may be proposed by the Board of Trustees, acting upon the vote of a majority of the Trustees, or proposed by Members of the Association holding a majority of the votes in the Association.

Notwithstanding anything to the contrary contained in these Regulations, prior to the first conveyance Date, as defined in

the Declaration, these Regulations may be amended by the unanimous vote of the Members.

No amendment to these Regulations shall be made which conflicts with the Declaration or the Articles of Incorporation, nor shall any amendment be made which would discriminate against any Member or group of Members without their consent. No amendment which, in the sole discretion of the Developer affects the Developer or its rights in the Association or the Property, shall be made without the prior written consent of Developer.

ARTICLE XIV

Validity

If any portion of these Regulations shall be adjudged invalid, such determination shall not affect the validity of any other Article herein.

ARTICLE XV

Priority of Documents

In the case of any conflict between the Articles and these Regulations, the Articles shall control, and in the case of any conflict between the Declaration and these Regulations, the Declaration shall control.

ARTICLE XVI

Actions Without Meeting

1. Members

Any action which may be authorized or taken at a meeting with the affirmative vote or approval of, and in a writing or writings signed by the Members in each class holding a majority

of the voting power in each class, unless the Declaration, Articles or these Regulations require a greater percentage or number of votes for the particular act to be taken, in which case Members holding such greater percentage and number of votes shall approve that action in a writing or writings signed by them.

2. Board of Trustees

Any action which may be authorized or taken at a meeting of the Trustees may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing or writings signed by all the Trustees.

3. Recording of Action

Any writings made pursuant to this Article shall be filed with or entered upon the records of the Association. Any Certificates with respect to the authorization or taking of any such action which is required to be filed in the office of the Secretary of the State of Ohio shall recite that the authorization or taking of such action was in a writing or writings approved and signed as specified in Section 1702.25 of the Ohio Revised Code and by the Regulations of the Association.

ARTICLE XVII

Committees

The Association may appoint and/or the Board of Trustees may appoint such Committees as each deems appropriate to carry out its purpose. The Board of Trustees may appoint an Architectural Review Committee as provided in the Declaration and, furthermore, may establish guidelines by which it shall operate and conduct its business.

The foregoing were adopted as the Code of Regulations of THE SANCTUARY COMMUNITY ASSOCIATION, INC., an Ohio non-profit corporation, at a meeting of the Members of the Association duly noticed, at which all Members were present, by the unanimous vote of the Members, to be effective as of the 20th day of June, 1989.

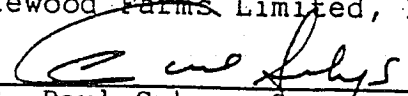
SOLE MEMBER AND DEVELOPER:

FC&Z Land Co., an Ohio General Partnership

By: Sunrise Development Co.

By: 
Sam H. Miller, President

By: Maplewood Farms Limited, Inc.

By: 
C. Paul Sukys, Secretary

By: Total Design Enterprise, Inc.

By: 
Daniel L. Strunav, President

(Code of Regulations - The Sanctuary Community Association, Inc.)