

Section 31.11: Subordination to Developer. During the Development Period, all rights, powers and authority of the Association will be subordinate and subject to the rights, powers and authority of the Developer in the manner and to the extent provided in this Declaration and/or any of the other Governing Documents.

ARTICLE XXXII
NEIGHBORHOOD SOCIETIES

Section 32.01: Formation. Upon creating each new Neighborhood in the Community, the Developer will organize a Neighborhood Society for that Neighborhood as an Ohio non-profit corporation according to the provisions of Chapter 1702 of the *Ohio Revised Code*. The Articles of Incorporation for a Neighborhood Society will be filed in the office of the Ohio Secretary of State simultaneously with recording the Supplemental Declaration for that Neighborhood. Further, the Developer, as the sole incorporator of the Neighborhood Society, will adopt Canons of Order for that Neighborhood Society. The Articles and the Canons of Order will become part of the Governing Documents, and are incorporated into this Declaration and the applicable Supplemental Declaration by reference to the same extent as if those documents were either attached as Exhibits or completely rewritten in this Declaration or a Supplemental Declaration. The Developer or the Neighborhood Society will provide complete and accurate copies of the Neighborhood Society Articles and Canons of Order to the purchaser of any Lot in that Neighborhood upon written request. By accepting a deed to a Lot in a particular Neighborhood, each Owner acknowledges that they have constructive notice of all terms and conditions of the Articles and Canons of Order for their Neighborhood Society, and that they agree to be bound by all terms and conditions of those Articles and Canons of Order.

Section 32.02: Members of Neighborhood Society. Each Neighborhood Society will be organized for the exclusive benefit of its Members, and will be operated under the control of the Members in the manner provided in this Article. No Member may delegate any of its rights in the Neighborhood Society to any other Person for any reason, except as specifically permitted in this Declaration or the applicable Canons of Order. There will be Three (3) different types of Members in each Neighborhood Society, each of which is described below:

- A. Owner Members. Every Owner of a Lot in the Neighborhood will automatically be a Member of the Neighborhood Society for that Neighborhood. Membership of each Owner Member in the Neighborhood Society is based upon ownership of a Lot, and will commence upon

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recording of the deed for the Lot to the Owner. Upon conveyance of the ownership of a Lot to a new Owner, the membership of the former Owner will automatically terminate, and the new Owner will automatically become an Owner Member in the Neighborhood Society. Accordingly, each Owner of a Lot will automatically be an Owner Member of the Association and an Owner Member of the Neighborhood Society for the Neighborhood in which the Owner's Lot is located.

- B. Developer Member. The Developer, or any Related Entity to which the Developer has assigned its rights pertaining to the development of that Neighborhood, will be the only Developer Member of the Association. Membership of the Developer Member is based upon the Developer's relationship to and responsibilities for the creation and development of that Neighborhood. The Developer or its Related Entity will be considered a Member of the Neighborhood Society in order to facilitate the exercise of the rights, powers and authority reserved for the Developer under this Declaration. The Developer Member category of membership in a Neighborhood Society will automatically terminate upon termination of the Development Period.
- C. Founding Members. The Founding Members will also be considered Members of each Neighborhood Society for the reasons, purposes and period of time as described in the previous Article concerning Founding Members of the Association.

Section 32.03: Voting Rights of Members. All of the voting power on matters requiring or permitting the vote or approval of the Members of each Neighborhood Society will be vested in and exercisable by the Owner Members of that Neighborhood Society. No Neighborhood Society will require any representative form of voting through Voting Members, as in the Association. The Owner Members will be entitled to vote directly on their own behalf. However, the voting rights of Owner Members who are co-Owners of a Lot, or who are not natural persons, are subject to the same limitations and requirements as described in the previous Article concerning the voting rights of Owner Members in the Association. The voting rights of Owner Members, and additional procedures concerning the exercise of those voting rights, will be more fully explained in the Canons of Order for each Neighborhood Society. The Developer Member and the Founding Members will not have the right to vote on any matters brought before the membership of any Neighborhood Society for consideration.

However, the Developer Member and the Founding Members will be entitled to receive notice of all meetings of the Members and Voting Members, and to attend and participate in discussions of all issues raised at those meetings.

Section 32.04: Council of Neighborhood Societies. The Council of each Neighborhood Society will have power, authority and obligation to carry out all of the rights, powers and authority of the Neighborhood Society, except with respect to those actions which specifically require the vote of the Owner Members under the terms of this Declaration, or the Articles or the Canons of Order for that Neighborhood Society. The number of members of the Council, the specific procedures and voting requirements for election of members of the Council, and the rights, procedures and conduct of the Council, will be more fully described in the Canons of Order for each Neighborhood Society. During the Development Period, the Developer or its applicable Related Entity will be considered to be an ex-officio member of each Council. As such, the Developer or its Related Entity will be entitled to receive notice of all meetings of the Council, and to attend and participate in discussions of all issues raised at those meetings. The Developer or its Related Entity will also have full access to all records of each Neighborhood Society and their respective Councils.

Section 32.05: Officers. The Council of each Neighborhood Society will elect officers to carry out the day-to-day management and operation of the Neighborhood Society. These officers will include the same required and discretionary officers as are described in the previous Article regarding officers of the Association. The specific procedures and voting requirements for election of officers of each Neighborhood Society, and the rights, duties and authority of each officer, will be more fully described in the Canons of Order for each Neighborhood Society.

Section 32.06: Delegation of Duties. In addition to the duties and authority of the officers of the Association, the Council of each Neighborhood Society will also have the authority to delegate the performance of any of its duties to one or more committees, employees, agents or volunteers in the same manner as provided in the previous Article concerning delegation by the Board of the Association. The Canons of Order for each Neighborhood Society will describe in more detail the scope and authority of the Council to delegate any of its duties.

Section 32.07: Powers and Authority. Each Neighborhood Society will have only those rights, powers and authority as may be specifically granted to or reserved for it in this Declaration or any of the other Governing Documents, or under Applicable Law.

Section 32.08: Prohibited Activities. Every Neighborhood Society will be prohibited from engaging or participating in any activities that the Association is prohibited from engaging or participating in under the previous Article of this Declaration. Each Neighborhood Society will further have the power and authority, but will not be required, to adopt Rules and Regulations restricting or prohibiting the Neighborhood Society from engaging or participating in certain activities to assure that the Neighborhood Society maintains a neutral position in potentially sensitive issues beyond the normal scope of the Neighborhood Society's purpose and authority that may be opposed or supported by some, but not all, of its Members.

Section 32.09: Subordination to Developer and Association. All rights, powers and authority of each Neighborhood Society will be subordinate and subject to the rights, powers and authority of the Developer and the Association in the manner and to the extent provided in this Declaration and/or any of the other Governing Documents.

ARTICLE XXXIII **OTHER ASSOCIATIONS**

Section 33.01: Condominium Associations. Some Neighborhoods within the Community may be developed under a condominium form of ownership. In those instances, the Neighborhood, or a portion of the Neighborhood will have its own condominium association. If all of a particular Neighborhood is under the jurisdiction of a condominium association, then the condominium association may serve as the Neighborhood Society for that Neighborhood for purposes of this Declaration and the other Governing Documents. However, if only part of a Neighborhood is under the jurisdiction of a condominium association, then a separate Neighborhood Association will be formed for that Neighborhood and each of the Owners of Lots (including condominium units) in that Neighborhood will be Members of that Neighborhood Society. All documents pertaining to the creation and development of a condominium and/or condominium association formed during the Development Period within the Community must be submitted to and approved by the Developer before execution and recording. After the Development Period, the Association will assume the rights of the Developer to review and approve all condominium documents.

Section 33.02: Tax-Exempt Organizations. The Developer or the Association may, but will not be required to, create, participate in, assist, support, contract with, grant rights to, or otherwise facilitate the formation, expansion, administration and/or operation of one or more non-profit, tax-exempt organizations. The scope of this

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authority, and all other aspects pertaining to such organizations, are more fully described in the Code of Regulations.

Section 33.03: Potential of Other Associations. Nothing in this Declaration will limit or prohibit the Developer, the Association or any Neighborhood Society from creating, participating in, assisting, supporting, contracting with, granting rights to, or otherwise facilitating the formation, expansion, administration and/or operation of any other type of organization or organizations, as long as such activity does not impair the non-profit status of the Association or any Neighborhood Society under Applicable Law. Furthermore, the creation, support or other form of participation in one or more organizations by the Developer, the Association or any Neighborhood Society for particular purposes, as permitted under this Declaration or the Governing Documents, will not require the Developer, the Association or any Neighborhood Society to create, support or otherwise participate in any other organizations for any other purposes.

Section 33.04: Subordination of Rights. All rights, powers and authority of every other organization described in this Article will be subordinate and subject to the rights, powers and authority of the Developer and the Association in the manner and to the extent provided in this Declaration and/or any of the other Governing Documents.

PART SEVEN - ASSESSMENTS, TAXES AND INSURANCE

The Assessments described in this Part of the Master Declaration are established for the common benefit of the Owners in the Community to ensure the preservation and enhancement of the recreation, scenic enjoyment, health, welfare, and safety of all Owners. The Assessments are structured with the goal of providing the Owners with the highest quality services and standard of living possible, while keeping in mind that fiscal responsibility and equity are vital to the long term success, comfort, and satisfaction of all parties involved.

ARTICLE XXXIV

CREATION OF ASSESSMENTS

Section 34.01: Purpose. In order to carry out its responsibilities under this Declaration and the other Governing Documents, the Association must have a source of funds to cover its costs and expenses. However, the Association does not have any means of generating income from its normal operations because it is a non-profit corporation. The costs and expenses the Association incurs are directly related to the services the Association provides for the use, benefit and enjoyment of all of the Owners in the Community. Consequently, the Developer has determined that it is fair and reasonable to charge the costs and expenses of the Association to all of the

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Owners in the Community for whom the services of the Association are provided or made available. The purpose of the Assessments described in this Part of the Declaration, therefore, are to provide the Association with a continuing source of funds to cover the current and anticipated costs and expenses the Association incurs in carrying out its responsibilities for the benefit of all of the Owners in the Community.

Section 34.02: Creation of Assessments. The Developer declares that Assessments are necessary and incidental to the proper functioning, operation and continuing viability of the Association, and are the foundation upon which the Association will be able to fulfill its obligations to the Owners. All Assessments will be the personal financial obligation of the Owners to whom the Assessments are charged. In order to assure payment of the Assessments, the Lot of each Owner to whom any Assessment is charged will serve as security for the payment of the Assessments and all late charges, interest and costs of collection, as provided in this Part of the Declaration. By acceptance of a deed to any Lot in the Community, the Owner of the Lot consents to the creation and levy of these Assessments, and agrees to pay all Assessments in the manner and at the times required in this Declaration and the other Governing Documents. Except as otherwise specifically provided in this Article, no Owner will be exempt from the obligation to pay all Assessments levied against the Owner and his or her Lot in the manner provided in this Part of the Declaration, regardless of whether the Owner in fact makes actual use of the Common Areas of the Community and/or services of the Association, and regardless of the degree of such use.

Section 34.03: Authority to Establish Reserves. It is likely that the Association will at times incur extraordinary expenses relating to the maintenance, repair or replacement of its capital assets and other Improvements. Further, it is possible that the Association may encounter unanticipated expenses for situations that are not within its normal budget. Therefore, the Association is authorized to establish one or more Reserves of the type(s) and in the amount(s) that the Board determines to be necessary and reasonable to assure adequate availability of funds for these circumstances. The funds to create and maintain the Reserve(s) may be included in the Association's annual budget and assessed as part of the General Assessment.

Section 34.04: Authority to Maintain Surplus. The Association may also from time to time realize an excess of budgeted and collected Assessments over the actual expenses for the year. The Association is authorized to retain any such surplus, and to carry the surplus over to the following year to the next. The Board will have the discretion each year to determine whether to: (i) apply all or any portion of a surplus

toward the budgeted expenses for the next year; or (ii) maintain all or any portion of a surplus as a separate surplus item on the budget for the next year, in such amount and for such period of time as the Board may determine; or (iii) apply all or any portion of a surplus toward a Reserve. In no event will the Association be obligated to refund all or any portion of a surplus, or to apply all or any portion of a surplus to the reduction of the amount of any subsequent Assessments.

Section 34.05: Authority to Enter Into Contracts. The Association will have the authority to perform all or any part of its administrative responsibilities relating to Assessments through its own officers, employees or volunteers. In the alternative, the Association is also authorized to enter into contracts with any third Person, including without limitation the Developer or a Related Entity, for the purpose of assisting in the preparation of budgets, billing and collection of Assessments, and/or to otherwise assist in or perform any other administrative obligations of the Association relating to Assessments. The Association may pay a reasonable charge for these third Person services, as determined by the Board. Any third Person contractor will be required to perform its services in strict compliance with this Declaration, the other Governing Documents, and the policies, procedures and directives adopted by the Association.

Section 34.06: Developer's Option to Fund Budget Deficits. The Developer acknowledges that the Association may experience budget deficits for a period of time during the early stages of development of the Community. During any period in which the Association is not financially stable, the Developer will have the option, but not an obligation, to provide sufficient funds to reduce or eliminate any actual or anticipated deficits in the Association's annual budget. If the Developer exercises this option at any time, the Developer will have the discretion to: (i) loan the necessary funds to the Association on such repayment terms as the Developer and the Association may agree; or (ii) pay the full amount of Assessments that could be charged on the Developer's unsold Lots if those Lots were not otherwise exempt under this Declaration; or (iii) pay a portion of those Assessments in an amount equal to the amount of the actual budget deficit for that year; or (iv) donate or contribute to the Association the amount necessary to eliminate or reduce the budget deficit without any expectation of repayment. Any payments from the Developer to the Association as permitted in this Section may be made in cash, by in-kind goods, materials or services, or partly in cash and partly in-kind. If the Developer's in-kind funding under this Section is not a donation or contribution, the Association will be authorized to enter into such written contracts for the goods, materials or services as the Developer may reasonably require.

Section 34.07: Exemptions From Assessments. Notwithstanding any provision of this Declaration to the contrary, the Developer, all Related Entities and all Founding Members will be exempt from the obligation to pay any type of Assessment at any time, whether during or after the Development Period. In addition, the following properties will be exempt from the obligation to pay any type of Assessment, and the lien of such Assessments: (i) all Common Areas; (ii) all portions of the Property or any Lot now or in the future owned by the Founding Members; (iii) all portions of the Exempt Property; (iv) all portions of the Voidable Property; (v) all portions of the Additional Property, until such time as it is activated as part of the Community by recording a Plat creating Lots; (vi) any portions of the Property dedicated to and accepted by any governmental authority or public utility; and (vii) any other type of property for which the Association may grant an exemption by resolution of its Voting Members. Except as provided in this Section, no Owner may claim any exemption or diminution from liability for Assessments because of non-use of any Common Area, abandonment of a Lot, or any other reason.

ARTICLE XXXV

TYPES OF ASSESSMENTS

Section 35.01: Overview of Basic Assessment Types. The Association may levy Three (3) basic types of Assessments: (i) General Assessments; (ii) Limited Assessments; and (iii) Special Assessments. Further, there are several different types of Special Assessments. The Association will have the right to rename any type of Assessments, or to create additional subcategories of the basic Assessments, as long as the effect of the Assessments remains consistent with the general intent, purpose and authority described in this Part of the Declaration. This Article describes each type of Assessment in more detail.

Section 35.02: General Assessments. The Association will each year levy General Assessments to cover the normal, anticipated Common Expenses of the Association, as determined in the Association's annual budget. All General Assessments will be allocated among and charged equally to all Owners in the Community, and will be payable on the same terms for all Owners, regardless of the size, location, type, value or any other differentiating factor of the Owner's Lot. General Assessments will represent the primary source of funds to cover the Common Expenses incurred by the Association in carrying out its obligations under this Declaration and the other Governing Documents.

Section 35.03: Limited Assessments. At any time in which the Community contains any Limited Common Areas, then the Board will determine the normal, anticipated Common Expenses relating to that Limited Common Area, which will be separately identified on the Association's annual budget. The Common Expenses attributable to the Limited Common Areas will be assessed as Limited Assessments. All Limited Assessments will be allocated among and charged equally to only those Owners in the Community for whom the Limited Common Areas are made available for their use and enjoyment, and will be payable on the same terms for all such Owners, regardless of the size, location, type, value or any other differentiating factor of the Owner's Lot. Limited Assessments will represent the primary source of funds to cover the Common Expenses incurred by the Association in carrying out its obligations under this Declaration and the other Governing Documents concerning Limited Common Areas.

Section 35.04: Special Assessments. Some costs and expenses incurred by the Association may not be anticipated within the Association's annual budget, or may not be properly chargeable against all or a portion of the Owners in the Community as a General Assessment or a Limited Assessment. Therefore, the Association is authorized to levy Special Assessments to cover such costs and expenses. Special Assessments include, without limitation, an allocable share of: (i) the cost to repair any uninsured damage to Common Areas for which no Owner is responsible; or (ii) the cost to construct or install any additional Improvement to the Common Area; or (iii) the cost of taking any extraordinary action for the benefit of the Association or the Society of any Neighborhood, the Members or any portion of the Common Area; or (iv) Compliance Assessments; or (v) Preliminary Membership Assessments; or (vi) any other cost or expense not otherwise covered by General Assessments or Limited Assessments. The Board of the Association will have the power to determine the necessity and amount of any Special Assessment, and to which Owner(s) and/or Lot(s) a Special Assessment should be levied. However, any particular Special Assessment that exceeds Ten Percent (10%) of the Association's total annual budget for the year immediately preceding that in which the Special Assessment is proposed must be approved in advance by majority vote of the Voting Members of the Association. Special Assessments will be payable in the manner and at the times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

Section 35.05: Preliminary Membership Assessment. The Association is authorized to charge and collect a type of one-time Special Assessment, referred to as a

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