

Silver Valley Condominium Association



ByLaws

This brochure is prepared for the unit owners of the Silver Valley Condominium Association,
Munroe Falls, Ohio.

April 17, 2014

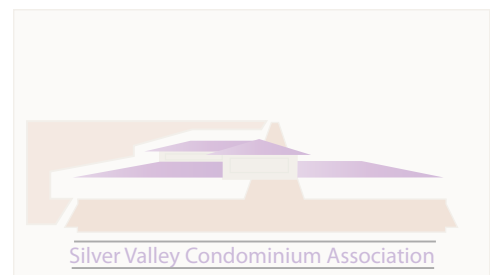
Silver Valley Condo Association ByLaws

EXHIBIT B

BY LAWS

OF

SILVER VALLEY CONDOMINIUM, INC.

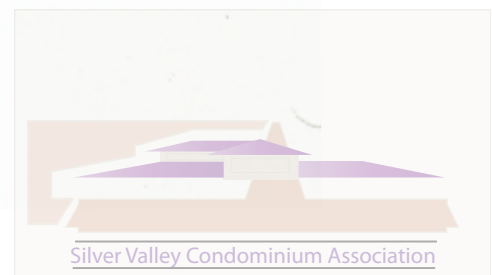


Silver Valley Condo Association ByLaws

BYLAWS OF SILVER VALLEY CONDOMINIUM, INC.

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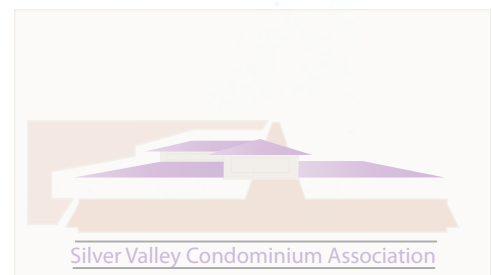
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ARTICLE I

THE ASSOCIATION

Section 1. Name and Nature of Association

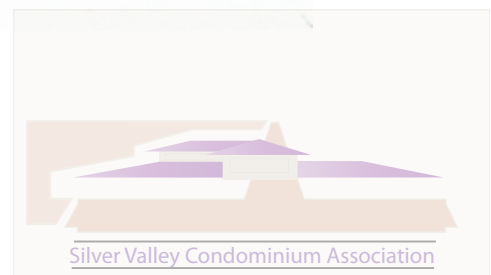
The Association shall be an Ohio nonprofit corporation called SILVER VALLEY CONDOMINIUM, INC.

Section 2. Membership

Each Unit Owner upon acquisition of an Ownership Interest in a Unit, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such Unit Owner of his Ownership Interest, at which time the new Unit Owner shall automatically become a member of the Association.

Section 3. Voting Rights

Each member owning the entire Ownership Interest in a Unit shall be entitled to exercise that share of the total voting power of the Association which is equal to the share of such member's Unit in the Common Areas and Facilities. If two or more persons, whether fiduciaries, tenants in common, or otherwise own undivided interests in an Ownership Interest, each shall be entitled to exercise such proportion of the voting power for such Unit as shall be equivalent to such person's proportionate interest in the Ownership Interest. If an Ownership Interest is held in joint tenancy or tenancy by the entirety, each joint tenant (and the husband and wife), for voting purposes, shall be entitled to vote his share of the voting power applicable to the Unit so owned. For example, if two persons own as joint tenants an Ownership Interest having a 5 point interest in the Common Areas and Facilities, each of the two joint tenants shall have a 2 1/2 point vote in the Association.



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Section 4. Proxies

Members may vote or act in person or by proxy. The person appointed as proxy need not be a member of the Association. Each proxy shall be executed in writing by the Unit Owner or by his duly authorized attorney-in-fact and filed with the Secretary of the Association (or if there is no Secretary, then with the person conducting the meeting for which the proxy is given) at or before the meeting. Every appointment of a proxy shall be revocable unless such appointment is coupled with an interest. Without affecting any vote previously taken, the person appointing a proxy may revoke a revocable appointment by a later appointment received by the Association in writing or in open meeting. The presence at a meeting of the person appointing a proxy does not revoke the appointment.

Section 5. Meeting of Members

A. Mandatory Meetings.

(1) First Mandatory Meeting: Not later than the time that Units to which 25% of the undivided interests in the Common Areas and Facilities appertain have been sold and conveyed by Declarant, Declarant will cause a meeting of the members of the Association to be held by a notice from Declarant to all Unit Owners, for the purpose of Unit Owners other than Declarant electing one person to be a member of the Board.

(2) Second Mandatory Meeting: Not later than the time that Units to which 50% of the undivided interests in the Common Areas and Facilities appertain have been sold and conveyed by Declarant, Declarant will cause a meeting of the members of the Association to be held by a notice from Declarant to all Unit Owners, for the purpose of Unit Owners other than Declarant electing two persons to be members of the Board.

(3) Third Mandatory Meeting: Not later than the date on whichever of the following is first to occur:

- (a) five (5) years after the establishment of the Association, or
- (b) thirty (30) days have elapsed after the sale and conveyance of Units to which appertain 75% of the



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undivided interests in the Common Areas and Facilities to purchasers in good faith for value,

Declarant will cause a meeting of the members of the Association to be held by a notice from Declarant to all Unit Owners, for the purpose of Unit Owners electing all members of the Board. This meeting shall be deemed to be the first annual meeting of the Association.

B. Annual Meeting. The first annual meeting, which shall be the Third Mandatory Meeting described in part A(3), above, will be held at such place within five miles of the Condominium Property and at such time [on or prior to the date determined by part A(3), above] as is established by Declarant. This meeting will be the first annual meeting for the year in which it is held, regardless of whether it is held before or after the third Wednesday of May of the year in which it is held.

Thereafter the annual meeting of members of Association for the election of members of the Board, the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting shall be held at such place upon the Condominium Property or off the Condominium Property but within five miles of the Condominium Property as may be designated by either the Board or the President and specified in the notice of such meeting. The annual meeting will be held on the third Wednesday of each May, if not a legal holiday and if a legal holiday then on the next succeeding business day, at 8:00 o'clock, P.M., or at such other time as may be designated by the Board or the President and specified in the notice of the meeting.

C. Special Meeting. Special meetings of the members shall be called upon the written request of (1) the President of the Association or (2) in case of the President's absence, death or disability, the Vice President of the Association, (3) a majority of the members of the Board acting either with or without a meeting, or (4) Unit Owners entitled to exercise at least twenty-five percent (25%) of the voting power. Upon request in writing for a special meeting delivered either in person or by certified mail to the President or the Secretary of the Association by any persons entitled to call a meeting of members, such officer shall forthwith cause to be given to the members entitled thereto notice of a meeting to be held on a date not less than seven (7) or more than sixty (60) days after the receipt of such request as such officer may fix. If such notice is not given within thirty (30) days after delivery or mailing of such request, the persons calling the meeting may fix the



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date and place of the meeting and give notice thereof. Each special meeting shall be held upon the Condominium Property or off the Condominium Property but within five miles of the Condominium Property as shall be specified in the notice of the meeting. No business other than that specified in the call shall be considered at any special meeting.

D. Notices of Meeting. Not less than seven (7) nor more than sixty (60) days before the day fixed for a meeting of the members of the Association, written notice stating the time, place and purpose of such meeting shall be given by or at the direction of the Secretary of the Association or any other person or persons required or permitted by these Bylaws to give such notice. The notice shall be given to each member of the Association in any manner permitted in sub-paragraph 23(k) of the Declaration. If mailed the notice shall be addressed to the members of the Association at their respective addresses as they appear on the records of the Association. Notice of the time, place and purpose of any meeting of members of the Association may be waived in writing, either before or after the holding of such meeting, by any member of the Association, which writing shall be filed with or entered upon the records of the meeting. The attendance of any member of the Association at any such meeting without protesting, prior to or at the commencement of the meeting, the lack or proper notice shall be deemed to be a waiver by him of notice of such meeting.

E. Quorum; Adjournment. At any meeting of the members of the Association, members entitled to exercise a majority of the voting power of the Association present in person or by proxy shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Declaration, or by these Bylaws to be authorized or taken by a designated percentage of the voting power of the Association may be authorized or taken by a lesser percentage; and provided, further, that the members of the Association entitled to exercise a majority of the voting power represented at a meeting of members, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

F. Order of Business. The order of business at all meetings of members of the Association shall be as follows:

- (1) Calling of meeting to order;
- (2) Proof of notice of meeting or waiver of notice;



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- (3) Reading of minutes of preceding meeting;
- (4) Reports of officers;
- (5) Reports of committees;
- (6) Election or appointment of inspectors of election (if used);
- (7) Election of members of Board;
- (8) Unfinished and/or old business;
- (9) New Business;
- (10) Adjournment.

Section 6. Actions Without a Meeting

All actions, except removal of a Board member, which may be taken at a meeting of the Association may be taken without a meeting with the approval of and in a writing or writings signed by members of the Association having the percentage of voting power required to take such action if the same were taken at a meeting; provided that not less than a majority of the voting membership, both in number and percentage of voting power, sign the writing. Such writings shall be filed with the Secretary of the Association.

ARTICLE II

BOARD OF MANAGERS

Section 1. Number and Qualification

A. Until the first mandatory meeting, described in ARTICLE I, Section 5, part A(1), above, the Board of Managers shall consist of three persons designated by the Declarant and none of such three persons need be Unit Owners or Occupants. At the first mandatory meeting, Unit Owners, other than Declarant, shall elect one additional person (who must be a Unit Owner and Occupant or an occupant spouse of a Unit Owner) to the Board so that the Board will then consist of three persons designated by the Declarant and one person elected by Unit Owners other than Declarant. At the second mandatory meeting, Unit Owners, other than Declarant, shall elect two additional persons (who must be Unit Owners and Occupants or an occupant spouse of a Unit Owner) to the Board so that the Board will then consist of three persons designated by the Declarant and two persons elected by Unit Owners other than Declarant. At the Third Mandatory meeting, that is, the first annual meeting of members of the Association, the three persons designated by Declarant as Managers shall resign and thereafter the Board of Managers shall consist of five persons, except as otherwise provided, all of whom must be Unit Owners and Occupants or the spouse (who must be an Occupant) of a Unit Owner. If at any time, one bank, savings and loan association, insurance company, or other lending institution shall hold mortgages upon more

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than fifty percent (50%) of the Units, such lending institution may designate its representative who shall be a sixth member of the Board. Such representative need not be a Unit Owner or Occupant.

B. Until the third mandatory meeting or the time it should be held, whichever is first to occur, Declarant or persons designated by him may appoint and remove members of the Board, other than the member(s) elected by Unit Owners other than Declarant at the first or second mandatory meeting, and other officers of the Association and may exercise the powers and responsibilities otherwise assigned by law or the Declaration to the Association, the Board, or other officers.

Section 2. Election of Board; Vacancies

Board members shall be elected at the annual meeting of members of the Association or at a special meeting called for such purpose. At a meeting of members of the Association at which Board members are to be elected, only persons nominated as candidates shall be eligible for election as Board members and the candidates receiving the greatest number of votes shall be elected. In the event of the occurrence of any vacancy or vacancies in the Board, however caused, the remaining Board members, may, by vote of a majority of their number, fill any such vacancy for the unexpired term; provided, however, that a vacancy in the position of a representative of a lending institution as provided in Section 1 of this ARTICLE II, if any, shall be filled by such lending institution.

Section 3. Term of Office; Resignation

Each Board member shall hold office until the annual meeting of the members of the Association held for the election of his position and until his successor is elected, or until his earlier resignation, removal from office, or death. Any Board member may resign at any time by oral statement to that effect made at a meeting of the Board or in writing to that effect delivered to the Secretary of the Association, such resignation to take effect immediately or at such other time as the Board member may specify. Members of the Board shall serve without compensation. At the first annual meeting of the members of the Association, that is, at the third mandatory meeting, the term of office of three Board members shall be fixed so that their terms will expire one year after the date of the next following annual meeting of members of the Association, and the term of office of two Board members shall be fixed so that their terms will expire on the date of the next following annual meeting of members of the Association. At the expiration of the term of office of each respective Board member, his successor shall be elected to serve for a term of two (2) years.



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Section 4. Organization Meeting

Immediately after each annual meeting of members of the Association, the newly elected Board members and those Board members whose terms hold over shall hold an organization meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 5. Regular Meetings

Regular meetings of the Board may be held at such times and places as shall be determined by a majority of the Board, but at least four such meetings shall be held during each fiscal year.

Section 6. Special Meetings

Special meetings of the Board may be held at any time upon call by the President or any two Board members. Notice of the time and place of each such meeting shall be given to each Board member in any manner permitted in Paragraph 22 of the Declaration for the giving of notice to Unit Owners, or by telegram or telephone, at least two days before the meeting, which notice need not specify the purposes of the meeting, provided, however, that attendance of any Board member at any such meeting without protesting prior to or at the commencement of the meeting the lack of proper notice, shall be deemed to be a waiver by him of notice of such meeting, and such notice may be waived in writing either before or after the holding of such meeting by any Board member, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organization, regular or special meeting.

Section 7. Quorum; Adjournment

A quorum of the Board shall consist of a majority of the Board members then in office; provided that a majority of the Board members present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration or in these Bylaws.



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Section 8. Powers and Duties

Except as otherwise provided by law, the Declaration or these Bylaws, all power and authority of the Association shall be exercised by the Board. In carrying out the purposes of the Condominium Property and subject to the limitations prescribed by law, the Declaration or these Bylaws, the Board, for and on behalf of the Association, may:

- A. Purchase or otherwise acquire, lease as lessee, hold, use, lease as lessor, sell, exchange, transfer, and dispose of property of any description or any interest therein;
- B. Make contracts, including a contract, not to exceed five years duration, with a cable television company to provide cable television service to all Units;
- C. Effect insurance;
- D. Borrow money, and issue, sell, and pledge notes, bonds, and other evidences of indebtedness of the Association;
- E. Levy assessments against Unit Owners;
- F. Employ a managing agent to perform such duties and services as the Board may authorize;
- G. Employ lawyers, accountants, engineers and others to perform such legal, accounting, engineering and other services as the Board may authorize; and
- H. Do all things permitted by law and exercise all power and authority within the purposes stated in these Bylaws or the Declaration or incidental thereto.

Section 9. Removal of Members of Board

At any regular or special meeting of members of the Association duly called, at which a quorum shall be present, any one or more of the Board members, except the Board member (if any) acting as a representative of a lending institution as provided in Section 1 of this ARTICLE II, may be removed with or without cause by vote of the members of the Association entitled to exercise at least seventy-five percent (75%) of the voting power of the Association, and a successor or successors to such Board member or members so



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removed shall then and there be elected to fill the vacancy or vacancies thus created. Any Board member whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting.

Section 10. Fidelity Bonds

The Board shall require that all agents, officers and employees of the Association handling or responsible for Association funds shall furnish adequate Fidelity Bonds. However, said bonds shall not be less than an amount equal to three (3) months of the common area maintenance fees for Condominium Property. The premiums on such bonds shall be paid by the Association and shall be a Common Expense.

ARTICLE III

OFFICERS

Section 1. Election and Designation of Officers

Except as otherwise provided in the Declaration or these Bylaws, the Board shall elect a President, a Vice President, a Secretary and a Treasurer, each of whom shall be a member of the Board. The Board may also appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary who may or may not be members of the Board but who are members of the Association.

Section 2. Term of Office; Vacancies

Except as otherwise provided in the Declaration or these Bylaws, the officers of the Association shall hold office until the next organization meeting of the Board and until their successors are elected, except in case of resignation, removal from office or death. The Board may remove any officer at any time with or without cause by a majority vote of the Board members then in office. Any vacancy in any office may be filled by the Board.

Section 3. President

The President shall be the chief executive officer of the Association. He shall preside at all meetings of members of the Association and shall preside at all meetings of the Board. Subject to directions of the Board, the President shall have general executive supervision over the business and affairs of the Association. Except as otherwise provided in the Declaration or these Bylaws, he may execute all authorized deeds, contracts and other obligations of the Association and shall have such other authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these Bylaws.

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Section 4. Vice President

The Vice President shall perform the duties of the President whenever the President is unable to act and shall have such other authority and perform such other duties as may be determined by the Board.

Section 5. Secretary

The Secretary shall keep the minutes of the members of the Association and of the Board. He shall keep such books as may be required by the Board, shall give notices of meetings of members of the Association and of the Board as required by law, the Declaration or by these Bylaws, and shall have such authority and shall perform such other duties as may be determined by the Board or otherwise be provided for in the Declaration or in these Bylaws.

Section 6. Treasurer

Unless otherwise provided in an agreement between the Association and a managing agent, the Treasurer shall receive and have in charge all money, bills, notes and similar property belonging to the Association, and shall do with the same as may be directed by the Board. He shall keep accurate financial accounts and hold the same open for inspection and examination of the Board and shall have such authority and shall perform such other duties as may be determined by the Board.

Section 7. Other Officers

The Assistant Secretaries and Assistant Treasurers, if any, and all other officers whom the Board may appoint shall, respectively, have such authority and perform such duties as may be determined by the Board.

Section 8. Delegation of Authority and Duties

The Board is authorized to delegate the authority and duties of any officer to any other officer, to a managing agent, or to a management company, or to any one or more of them, and generally to control the action of the officers and managing agent or management company and to require the performance of duties in addition to those mentioned herein. The execution of a management agreement with a managing agent or management company which authorizes or requires the managing agent or management company to perform certain duties shall be deemed to be a delegation and authorization to such managing agent or management company of such duties and of all power and authority necessary to carry out such duties.



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ARTICLE IV

GENERAL POWERS OF THE ASSOCIATION

Section 1. Common Expenses

Except as otherwise provided in the Declaration, the Association, for the benefit of all the Unit Owners, shall pay all Common Expenses arising with respect to, or in connection with, the Condominium Property, which Common Expenses shall include, without limitation, the following:

A. Utility Service for Common Areas and Facilities.

The cost of water, waste removal, electricity or any other utility service for the Common Areas and Facilities. Notwithstanding the foregoing, the Board may, in addition, elect to include and pay from time to time as Common Expenses any and all utilities and services (including water, sanitary sewer, waste removal, garbage collection and disposal, electricity, cable television service, gas, and other power or energy) furnished to or consumed by the Occupants of the Units. Upon determination of the Board that any Unit Owner is using excessive amounts of any utility services which are Common Expenses, the Association shall have the right to levy special assessments against such Unit Owner to reimburse the Association for the expense incurred as a result of such excessive use.

B. Management.

The fee of the management company or agent.

C. Insurance.

Premiums upon policies of insurance obtained by the Association in accordance with Paragraph 15 of the Declaration and on any policy to insure Board members and officers against those matters for which they are indemnified by the Association under Section 1 of ARTICLE VI of these Bylaws.

D. Workers' Compensation.

Workers' Compensation insurance to the extent necessary to comply with any applicable laws.



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E. Wages and Fees for Services.

The wages and/or fees for services of any person or firm employed by the Association, including, without limitation, the services of a person or firm to act as a manager or managing agent for the Condominium Property, the services of any person or persons required for the maintenance or operation of the Condominium Property, and legal, engineering, accounting and/or other services necessary or proper for the operation of the Condominium Property or the enforcement of the Declaration and these bylaws and for the organization, operation and enforcement of the rights of the Association.

F. Care of Common Areas and Facilities.

The cost of landscaping, gardening, snow removal, painting, cleaning, tuckpointing, maintaining, decorating, repairing and replacing of the Common Areas and Facilities, and such furnishings and equipment for the Common Areas and Facilities as the Board shall have the exclusive right and duty to to acquire furnishings and equipment for the Common Areas and Facilities. In this connection the Board may permit Occupants to install their equipment or property in or on any Common Areas and Facilities pursuant to rules, regulations and conditions adopted by the Board, which rules may provide who shall be responsible for the maintenance of such equipment or property.

G. Additional Expenses.

The cost of any materials, supplies, furniture, labor, services, maintenance, repairs, replacements, structural alterations and insurance which the Association is required to secure or pay for pursuant to the terms of the Declaration or by law, or which the Board deems necessary or proper for the maintenance and operation of the Condominium Property as a first-class condominium project or for the enforcement of the Declaration and the Rules.

H. Discharge of Mechanics' Liens.

Any amount necessary to discharge any mechanic's lien or other encumbrance which may in the opinion of the Association constitute a lien against the Common Areas and Facilities or any part thereof and which arose by virtue of any authorization or direction by the Board. Where one or more Unit Owners are responsible



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for the existence of such lien or for the work or labor authorized or directed by the Board, the Association may pay or otherwise discharge the lien, but the responsible Unit Owner or Owners shall be jointly and severally liable for the costs and expenses of discharging it, and any costs and expenses incurred by the Association by reason of said lien or liens shall be specially assessed to said Unit Owner.

I. Certain Maintenance of Units.

The cost of the maintenance and repair of any Unit if such maintenance or repair is necessary, in the discretion of the Association, to prevent damage to or destruction of any part of the Common Areas and Facilities or any other Unit and the Unit Owner owning such Unit requiring such maintenance or repair shall have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Association to said Unit Owner; provided, however, that the Association shall levy a special assessment against such Unit Owner to recover the amount expended for such maintenance or repair.

J. Miscellaneous.

Any and all other costs and expenses designated as Common Expenses in the Declaration (which includes these Bylaws) or incurred by the Association to carry out its duties, obligations or undertakings under the Declaration (which includes these Bylaws).

Section 2. Association's Right to Enter Units

The Association or its agents may enter any Unit and Limited Common Areas and Facilities when necessary in connection with any maintenance, repair or construction for which the Association is responsible or has a right to maintain, repair or reconstruct. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Association. The Association reserves the right to retain a pass key to each Unit. Unit Owners may install safety or night latches or other security devices to the doors of their Units for their security; but in the event of any emergency originating in or threatening any Unit, or at any other time when required alterations or repairs are scheduled, the managing agent or his representative or any person designated by the Board, and any police, safety, firefighting, health or similar official, may enter the Unit



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immediately, whether the Unit Owner is present or not, and use such force as necessary to make entrance. Any damage caused to the Unit or Common Areas and Facilities by reason of such entry being made through such safety, night or security latches, locks or devices shall be repaired and paid for by the Unit Owner who installed or used such latch, lock or device.

Section 3. Capital Additions and Improvements

Whenever in the judgment of the Board the Common Areas and Facilities shall require additions, alterations or improvements (as opposed to maintenance, repair and replacement) costing in excess of \$5,000 and the making of such additions, alterations or improvements shall have been approved by Unit Owners entitled to exercise not less than a majority of the voting power, the Board shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing \$5,000 or less may be made by the Board without approval of the Unit Owners, and the cost thereof shall constitute a Common Expense.

Section 4. Rules and Regulations

The Association, by vote of the members entitled to exercise a majority of the voting power of the Association, or the Board, may adopt such reasonable Rules and from time to time amend the same as it or they may deem advisable for the maintenance, conservation and beautification of the Condominium Property, and for the health, comfort, safety and general welfare of the Unit Owners and Occupants. Written notice of such Rules shall be given to all Unit Owners and Occupants and the Condominium Property shall at all times be maintained subject to such Rules. In the event such Rules shall conflict with any provisions of the Declaration or these Bylaws, the provisions of the Declaration and these Bylaws shall govern.

Section 5. Special Services

The Association may arrange for special services and facilities for the benefit of such Unit Owners and Occupants as may desire to pay for the same, including, without limitation, the cleaning, repair and maintenance of Units, special recreational, education or medical facilities, washing, drying, and other laundry services and facilities, car washing, and concessions of a similar or dissimilar kind. The cost of any such special services or facilities shall be determined by the Association and may be charged directly to participating Unit Owners as a special assessment or paid by the Association as a Common Expense, in which case a special assessment shall be levied against such

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participating Unit Owners to reimburse the Association therefor. The services and facilities may be furnished on a concession or other basis pursuant to which a contractee or licensee pays a fee to the Association for the right to maintain certain facilities upon the Common Areas and Facilities and charge the users thereof a fee for their use. The foregoing description is not to be considered exclusive of any other arrangements the Association might desire to make for special services and facilities authorized by the first sentences of this Section.

Section 6. No Active Business to be Conducted for Profit

Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all the Unit Owners or any of them; but this shall not preclude the Association from entering into contracts, licenses, concessions, agreements and the like affecting parts or uses of the Common Areas and Facilities which result in the production of income for the Association, or from making arrangements of the types described in Section 5 of this ARTICLE.

Section 7. Delegation of Duties

Nothing herein contained shall be construed so as to preclude the Association, through its Board and Officers, from delegating in accordance with the Declaration, to persons, firms or corporations, including any manager or managing agent, such duties and responsibilities of the Association as the Board shall from time to time specify, and to provide for reasonable compensation for the performance of such duties and responsibilities.

Section 8. Applicable Laws; Priority of Documents

The Association shall be subject to and governed by the provisions of Chapter 5311; provided, however, that all inconsistencies between or among the permissive provisions of Chapter 5311 and provisions of the Declaration shall be resolved in favor of the Declaration; and any direct inconsistency between any obligatory provisions of Chapter 5311 and any provisions of the Declaration shall be resolved in favor of Chapter 5311. In the event of any inconsistency between the Declaration and these Bylaws, the provisions of the Declaration shall prevail.



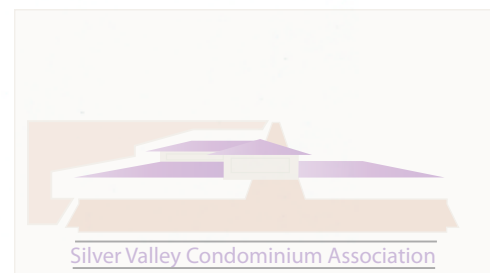
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ARTICLE V

FINANCES OF ASSOCIATION

Section 1. Preparation of Estimated Budget

Declarant shall have the exclusive right to fix and establish the "Estimated Unit Owners Cash Requirements," hereafter defined, until the First Annual Meeting of the Association, that is, the third mandatory meeting. Each year on or before December 15, (after the First Annual Meeting) the Association shall estimate the total amount necessary to pay all the Common Expenses for the next calendar year, a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements, and the Common Profits. On or before December 15 (after the First Annual Meeting) the Association shall notify each Unit Owner in writing as to the amounts of such estimates, and shall send a copy of such notice to each holder of a first mortgage upon a Unit who had made a request in writing for such notification. The net of the aggregate amounts of such estimates (herein called the "Estimated Unit Owners Cash Requirements") shall be assessed to the Unit Owners according to each Unit Owner's share of ownership in the Common Areas and Facilities. On or before January 1st of the ensuing year, and on or before the first of each consecutive month thereafter in said year, each Unit Owner shall pay to the Association or as it may direct, one-twelfth (1/12th) of the assessment made pursuant to this section. On or before the date of each annual meeting, the Association shall furnish to all Unit Owners an itemized accounting of the Common Expenses and Common Profits for the preceding calendar year, together with a tabulation of the amounts collected pursuant to the estimates provided, by special assessments, or otherwise, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to each Unit Owner's share of ownership in the Common Areas and Facilities to the next monthly installments due from Unit Owners under the current year's estimate, until exhausted, and any net shortage shall be added according to each Unit Owner's share of ownership in the Common Areas and Facilities to the installments due in the succeeding six months after rendering the accounting. If necessary to avoid the assessment of a governmental tax upon the Association, any excess shall be refunded to the Unit Owners as soon as the excess is determined to exist. The Association is not to be a profit-making entity.



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Section 2. Reserve for Contingencies and Replacements

After the First Annual Meeting of the Association, the Association shall build up and maintain a reasonable reserve for contingencies and replacements. If necessary, to avoid the imposition of income taxes on the reserves and their expenditure, the reserves shall be segregated and maintained in a separate account in such manner (including an agency relationship) and with such designation as may be appropriate to avoid taxes on them. As hereinabove stated, the Association is not a profit making entity and exists solely to facilitate the Unit Owners' carrying out their common obligations pursuant to Chapter 5311 and to limit their potential liabilities. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year, shall be charged first against such reserve. If the "Estimated Unit Owners Cash Requirements" proves inadequate for any reason, including nonpayment of any Unit Owner's assesment, the deficiency and any extraordinary expenditures in excess of the reserves therefor shall be assessed to the Unit Owners according to each Unit Owner's share of ownership in the Common Areas and Facilities. The Association shall serve notice of such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall be payable with the next regular monthly payment becoming due to the Association but not sooner than ten (10) days after the delivery or mailing of such notice of further assessment. The assessment may, in the discretion of the Board, be payable in such number of monthly installments as determined by the Board. All Unit Owners shall be obligated to pay the adjusted monthly amount.

Section 3. Failure to Prepare Annual Budget

The failure or delay of the Association to prepare or deliver to the Unit Owner any annual or adjusted estimate shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Unit Owner shall continue to pay the monthly maintenance charge at the existing monthly rate established for the previous period until the Association mails or delivers notice of the new monthly maintenance payment due as a result of the determination of the new annual or adjusted estimate.



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Section 4. Books and Records of Association

The Association shall keep full and correct books of account and the same shall be open for inspection by any Unit Owner or his representative duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by such Unit Owner. Upon ten (10) days notice to the Board and payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

Section 5. Status of Funds Collected by Association

All funds collected hereunder shall be held and expended solely for the purposes designated herein and (except for such special assessments as may be levied hereunder against less than all of the Unit Owners, and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the use, benefit and account of all the Unit Owners in proportion to each Unit Owner's share of ownership in the Common Areas and Facilities.

Section 6. Annual Audit

The books of the Association shall be audited or caused to be audited once a year by the Board and such audit shall be completed prior to each annual meeting. If requested by two members of the Board, such audit shall be made by a Certified Public Accountant. In addition and at any time requested by Unit Owners or by holders of first mortgages on Units (or by any combination of Unit Owners and holders of first mortgages on Units) possessing in the aggregate fifty percent (50%) or more of the voting power in the Association, the Board shall cause an additional audit to be made.

Section 7. Security Deposits from Certain Unit Owners

(a) If in the judgment of the Board the equity of the persons owning the Ownership Interest in any Unit at any time is not sufficient to assure payment (whether by foreclosure of the lien in favor of the Association, or otherwise) of all assessments, charges or other sums which may be levied by the Association during a one-year period, then whether or not such Unit Owner shall be delinquent in the payments of any assessments, the Association shall have the right to require such Unit Owner to pay to the Association a security deposit in an amount which the Board deems



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necessary for such purposes, provided, however, that such security deposit shall in no event exceed an amount which, when added to such Unit Owner's equity interest in his Unit, exceeds twenty-five percent (25%) of the fair market value or of the purchase price, whichever is greater, of the Unit in question. In the event that any Unit Owner shall fail to pay any assessments, charges or other sums which may be due hereunder or shall otherwise violate any covenants, terms and conditions of the Declaration or these Bylaws, the Association shall have the right, but not the obligation, to apply such security deposit in reduction of its alleged damages resulting from such failure or violation, which right shall be in addition to all other remedies provided for in the Declaration or these Bylaws. Upon any sale by such Unit Owner of his Unit, or at such time as such Unit Owner's equity in his Unit is sufficiently great to dispense with the necessity of such security deposit, any unapplied balance of said security deposit remaining to the credit of said Unit Owner shall be refunded provided that such Unit Owner shall not be in default under any of his obligations under the Declaration or these Bylaws. The Association shall have the right to maintain all security deposits held by it as aforesaid in a single bank account and shall not be required to credit interest thereon to any Unit Owner. Interest, if any, received shall be paid to and retained by the Association. Said security deposit shall at all times be subject and subordinate to the lien in favor of the Association as described in the Declaration and all rights thereto shall inure to the benefit of the lienor.

(b) Anything in the foregoing subparagraph (a) to the contrary notwithstanding, if a Unit Owner becomes in arrears in the payment of his assessments in an amount equal to four-twelfths of his share of the current Estimated Unit Owners Cash Requirements, or if a Unit Owner is more than ten days late in paying his assessments on six different occasions in any twelve consecutive months, then regardless of such Unit Owner's equity in his Ownership Interest, the Association shall have the right to require such Unit Owner to pay to the Association and the Unit Owner shall pay to the Association a security deposit in an amount equal to such Unit Owner's annual share of the current Estimated Unit Owners Cash Requirements plus the Board's estimate of all special assessments which may be levied against such Unit Owner during the next ensuing twelve month period. Such security deposit shall be held, used and applied in the same manner as the security deposit provided for in the foregoing subparagraph (a), except that the security deposit shall be held until there elapses a period of not less than twenty-four months (i) during which there shall have been no default or delay of any kind whatsoever by such Unit Owner in making payment of the assessments against him and (ii) during which the Unit Owner and/or the Occupant of his Unit shall not

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have violated any provisions of the Declaration, Bylaws or Rules of this Condominium, including provisions not related to the payment of money. Upon the sale by such Unit Owner of his Unit, any unapplied balance of the security deposit remaining to the credit of said Unit Owner shall be refunded, even though a twenty-four-month default-free period had not then occurred.

(c) The Association shall have all of the rights to collect any security deposit provided for in the foregoing subparagraphs (a) and (b) from such Unit Owner, the amount of such security deposit being deemed to be an assessment until it is actually received by the Association.

Section 8. Remedies for Failure to Pay Assessments

If a Unit Owner is in default in the payment of any of the aforesaid charges or assessments for ten (10) days, the Association, upon authorization of the Board, may bring suit to enforce collection thereof or to foreclose the lien therefor as provided in the Declaration; and there shall be added to the amount due the costs of said suit, together with interest thereon at the rate of ten percent (10%) per annum, or the highest rate permitted by law without being usurious, whichever is lower, and reasonable attorneys' fees to be fixed by the Court. The amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided shall be and become a lien or charge against the Ownership Interest of the Unit Owner involved and may be foreclosed by an action brought by the Association as in the case of foreclosure of liens against real estate. As provided in the Declaration, the Board, acting on behalf of consenting Unit Owners, shall have the power to bid in the interest so foreclosed at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Indemnification of Board Members and Officers

Each Board member and officer of the Association, and each former Board member and officer of the Association, shall be indemnified by the Association against the costs and expenses reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of his being or having been such



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Board member or officer of the Association (whether or not he is a Board member or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for misconduct or negligence in the performance of his duty as such Board member or officer. In the case of the settlement of any action, suit or proceeding to which any Board member or officer of the Association is made a party or which may be threatened to be brought against him by reason of his being or having been a Board member or officer of the Association, he shall be indemnified by the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he is a Board member or officer at the time of incurring such costs and expenses) if --

- A. the Association shall be advised by independent counsel that such Board member or officer did not misconduct himself or was not negligent in the performance of his duty as such Board member or officer with respect to the matters covered by such action, suit or proceeding, and the cost to the Association of indemnifying such Board member or officer (and all other Board members and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such Board members and officers as a result of such settlement, or
- B. disinterested Association members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the Association, approve such settlement and the reimbursement to such Board member or officer of such costs and expenses.

The phrase "disinterested members" shall mean all members of the Association other than (i) any Board member or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such Board member or officer owns of record or beneficially 10% or more of any class of voting securities, (iii) any firm of which such Board member or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any Board member or officer. The foregoing rights of indemnification shall



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inure to the benefit of the heirs and legal representatives of each such Board member or officer, and shall not be exclusive of other rights to which any Board member or officer may be entitled as a matter of law or under the Declaration, any vote of Association members, or any agreement.

Section 2. Definitions

The definitions set forth in Paragraph 1 of the Declaration shall be applicable to the words and terms used in these Bylaws unless expressly otherwise provided herein or unless the context otherwise requires.

