

Candlewood Lake Association, Inc.

7326 State Route 19 Unit 1507
Mount Gilead, Ohio 43338-9592
www.candlewoodlake.us

BYLAWS

As Amended in 2021

All Candlewood Lake handbooks are updated throughout the year. Refer to our website www.candlewoodlake.us (Contact and Info) for the most current version of Candlewood documents.

**BYLAWS
OF
CANDLEWOOD LAKE ASSOCIATION, INC.**
As amended in May 2021

ARTICLE I

GENERAL

Section 1.	Name	Page 7
Section 2.	Principal Office	Page 7
Section 3.	Seal	Page 7
Section 4.	Fiscal Year	Page 7

ARTICLE II

PURPOSES AND POWERS

Section 1.	Purposes	Page 7
Section 2.	Powers	Page 7

ARTICLE III

MEMBERSHIP

Section 1.	General	Page 9
Section 2.	Voting Members	Page 10
Section 3.	Associate Members	Page 10
Section 4.	Limited Members	Page 11
Section 5.	Privileges	Page 11
Section 6.	Assumption of Risk	Page 11

ARTICLE IV

EVIDENCE OF OWNERSHIP AND MEMBERSHIP

Section 1.	General	Page 11
Section 2.	Renter/Tenant and Land Contract	Page 12

**BYLAWS
OF
CANDLEWOOD LAKE ASSOCIATION, INC.**
As amended in May 2021

ARTICLE V

MEETINGS OF MEMBERS

Section 1.	Place and Conduct of Meeting	Page 12
Section 2.	Annual Meeting	Page 12
Section 3.	Special Meeting	Page 13
Section 4.	Adjourned Meetings and Notice Thereof	Page 13
Section 5.	Quorum	Page 14
Section 6.	Voting	Page 14
Section 7.	Action Without Meeting	Page 14
Section 8.	Petitions	Page 14

ARTICLE VI

TRUSTEES

Section 1.	Powers	Page 15
Section 2.	Number and Qualifications	Page 16
Section 3.	Election and Term of Office	Page 17
Section 4.	Vacancies	Page 17
Section 5.	Regular Meetings	Page 18
Section 6.	Special Meetings	Page 18
Section 7.	Public Announcement and Conduct of Trustee Meetings	Page 18
Section 8.	Action Without Meeting	Page 19
Section 9.	Quorum	Page 19
Section 10.	Teleconferencing	Page 20

**BYLAWS
OF
CANDLEWOOD LAKE ASSOCIATION, INC.
As amended in May 2021**

ARTICLE VII

OFFICERS

Section 1.	General	Page 20
Section 2.	Removal and Resignation	Page 20
Section 3.	Vacancies	Page 20
Section 4.	President	Page 20
Section 5.	Vice President	Page 21
Section 6.	Secretary	Page 21
Section 7.	Treasurer	Page 21
Section 8.	Standing Committees	Page 22
	a) Executive Committee	Page 22
	b) Finance Committee	Page 22
	c) Environmental Control Committee	Page 22
	d) Security / Compliance Committee	Page 22
	e) Bylaws / Legal Committee	Page 23
	f) Utility Committee	Page 23
	g) Long Range Planning Committee	Page 23
	h) Lake and Siltation Committee	Page 23
Section 9.	Ad Hoc Committees	Page 23
Section 10.	Conflict of Interest	Page 23

ARTICLE VIII

MANAGEMENT

Section 1.	General Manager	Page 24
------------	------------------------	----------------

**BYLAWS
OF
CANDLEWOOD LAKE ASSOCIATION, INC.**
As amended in May 2021

ARTICLE IX

ANNUAL OPERATIONS CHARGE, FEES AND SPECIAL ASSESSMENTS

Section 1.	General	Page 24
Section 2.	Notice	Page 25
Section 3.	Collection of Delinquent Accounts	Page 25
Section 4.	Lien	Page 25
Section 5.	Priority Lien	Page 25
Section 6.	Lien Enforcement	Page 25

ARTICLE X

MISCELLANEOUS

Section 1.	Record Date	Page 25
Section 2.	Inspection & Copying of Records	Page 25
Section 3.	Checks and Drafts	Page 26
Section 4.	Accounting	Page 26
(A)	General Fund	Page 27
(B)	Restricted Revenue Fund	Page 27
(C)	Debt Service Fund	Page 27
(D)	Capital Project Fund	Page 27
(E)	Reserve Fund	Page 27
(F)	Deposit & Investments Investment Policy & Operating Procedures	Page 27
(G)	Special Assessments	Page 28
(H)	Sale of Real Property	Page 28
(I)	Sale of Other Property	Page 28
Section 5.	Execution of Contracts	Page 29
Section 6.	Outside Debt	Page 29
Section 7.	Inspection of Bylaws	Page 29
Section 8.	Commercial Logging Activities	Page 29

**BYLAWS
OF
CANDLEWOOD LAKE ASSOCIATION, INC.**
As amended in May 2021

ARTICLE XI

AMENDMENTS

Section 1. Amendments

Page 29

ARTICLE I

GENERAL

Section 1. **Name.** The name of this corporation is Candlewood Lake Association Inc., which shall be referred to herein for convenience as the "Association."

Section 2. **Principal Office.** The principal office of the Association shall be in Morrow County, Ohio, at such specific location therein: 7326 State Route 19, Mt. Gilead, Ohio 43338 as designated by the Board of Trustees.

Section 3. **Seal.** The seal of the Association shall be in the form of two (2) concentric circles with the words "Candlewood Lake Association, Inc." appearing between said circles in the upper periphery, the word "Ohio" appearing in the lower periphery and the date of incorporation appearing in the center thereof.

Section 4. **Fiscal Year.** The fiscal year of the Association shall be that selected by the Board of Trustees and having been so determined is subject to change from time to time as the Board of Trustees shall determine.

ARTICLE II

PURPOSES AND POWERS

Section 1. **Purposes.**

(a) To promote pleasure, social recreation, and sporting activities for its Voting Members, their families and guests, and to develop and maintain a recreationally-oriented, residential environment in the Candlewood Lake Subdivision, Morrow County, Ohio as shown on the plats thereof filed with the Recorder of Deeds for Morrow County (referred to herein as "Subdivision");

(b) To provide a means whereby the streets, and those areas within the Subdivision designated as parks, dams, lakes, common areas or other amenities on the plats thereof, and such other recreational facilities within the Subdivision as may be conveyed to the Association or established by it, may be operated, maintained, repaired, and replaced; and

(c) To provide a means for the promulgation and enforcement of all regulations necessary to the governing of the use and enjoyment of such streets, parks, dams, lakes, recreational facilities, or other amenities and such other common facilities within the Subdivision as may be conveyed to the Association.

Section 2. **Powers.** The Association shall have power to do whatever is necessary, conducive, incidental or advisable to accomplish and promote its purposes, except carrying on a business or trade for profit for its Members, and in connection therewith shall have but shall not be limited to, the following powers:

- (a) To acquire real or personal property by gift, purchase or other means.
- (b) To own, hold, enjoy, lease, operate, maintain, convey, sell, assign, transfer, mortgage or otherwise encumber, or dedicate for public use, any real or personal property owned by it.
- (c) To exercise the powers and functions granted to it in the recorded declaration of restrictions, agreements and/or deeds offering property in the Subdivision.
- (d) To construct, maintain and operate recreational facilities of all kinds within the Subdivision.
- (e) To care for vacant, unimproved, unkept, or unsold lots.
- (f) To own, operate, maintain, rebuild, repair, beautify and otherwise care for all streets, project parks, dams, lakes, recreational areas, buildings, utilities, pedestrian easements and drainage improvements within the Subdivision not subject to maintenance by governmental authority;
- (g) To pay taxes and assessments, if any, levied by any governmental authority on property owned by it.
- (h) To enforce charges, easements, restrictions, covenants, conditions and agreements existing upon or created for the benefit of the real property in the Subdivision.
- (i) To appoint such committees as may be necessary to, or convenient in, the discharge of any of its obligations or powers.
- (j) To levy an annual charge upon its Voting Members and to declare the same a lien against the property subject thereto in accordance with the recorded declaration of restrictions, agreements and/or deeds affecting property in the Subdivision.
- (k) To prescribe and enforce motor driven vehicle speed limits within the Subdivision.
- (l) To take lawful action to collect any charges not paid and in connection therewith to foreclose any lien granted to it.
- (m) To borrow money, contract debts, and issue bonds, notes and debentures, and secure the payment or performance of its obligations.
- (n) To expend funds for the payment and discharge of all proper costs, expenses and obligations incurred in carrying out all or any of these powers in furtherance of its purposes and objectives.
- (o) To contract for and pay any premiums for fire, casualty, liability, and other insurance, including indemnity and other bonds.

- (p) To contract and pay for maintenance, gardening, utilities, materials, supplies and services relating to property or facilities owned or operated by it and to employ personnel reasonably necessary for the administration of its affairs including legal counsel and accountants.
- (q) To do all other acts necessary or expedient for administration of its affairs and the attainment of its purposes.
- (r) To levy such dues and assessments, fines and penalties on Members as may be provided in the Bylaws and to take action to collect or enforce the same as said Bylaws or Deed Restrictions (formerly called Covenants, Conditions and Restrictions) may authorize; and
- (s) To operate water and sewage systems, and any other public utility at the Subdivision.
- (t) To have and exercise all such further powers as are now or may hereafter be permitted by the General Not for Profit Corporation Act of Ohio, or successor acts.
- (u) To promote, advertise and sell unsold lots within the Subdivision that are either owned or controlled by the Association.
- (v) To perform all legal functions related to the sale of platted lots within the Subdivision.

ARTICLE III

MEMBERSHIP

Section 1. **General.** Members of the Candlewood Lake Association shall be those persons who hold recorded title as residential owners of lots in the subdivision, or a person or entity who has been granted the authority to tap into the Association's water and/or sewer services. Residential lots for the purpose of defining membership shall mean each numbered lot in Units 1 through 12 as described and set forth in the plat maps of the subdivision as illustrated in the Morrow County, Ohio Recorder's office. Unnumbered lettered parcels are considered property belonging to the Association for general community use.

There are three classifications of membership in the Association: (1) Voting Members who are those persons who hold recorded title as owners of lots in the subdivision, (2) Associate Members who are those persons who permanently reside with the Voting Member including the title owner's spouse or significant other and dependent children, and (3) Limited Members who are either a person or entity who has been granted the authority to tap into the Association's water and/or sewer services.

"Significant Other" means one who stands in place of a spouse and who resides with the residential owner of a lot in the subdivision.

People or firms such as those who hold a security interest, or who are serving as executors, or Bankruptcy Trustees or hold a power of attorney are not eligible for membership if their names do not appear on the deed although they may be granted access to the Subdivision for purpose of inspection and maintenance.

Section 2. Voting Members. Regardless of the number of names shown on a deed, the first and second name on the deed shall be designated as Voting Members. In the case of a corporation, partnership or organizational ownership, only one vote will be granted. In addition, in regard to Trusts, there will be two votes and the Voting Members must be identified in writing to the Association Office. Voting Members shall have one vote each at member meetings or by mail ballot, as long as they are in good standing. Good standing is defined as maintaining all Association accounts current and not being under any suspension of privileges. Voting Members shall be the responsible party to ensure that all Bylaws, the Articles of Incorporation, the Deed Restrictions (formerly called Covenants, Conditions, and Restrictions) and other Rules and Regulations are observed by himself or by herself and any Associate Members or guests.

Regardless of the number of residential lots owned by the same person, the Voting Member is entitled to only one vote in Member meetings. However, if more than one person owns more than one lot as shown on the deeds, different owners may be designated by the Voting Member for each owned lot.

The Voting Member, whose name must appear on the deed, must be designated at the Candlewood Lake Association Office at the time of new membership. The voting member designated may be changed at any time by written notice given to the Association Office. This will be effective 30 days after receipt of written authorization to change voting member.

Section 3. Associate Members. A person shall be entitled to Associate Member status upon the request of the Voting Member. The Associate Members shall have all the rights and responsibilities of membership if they satisfy one of the following categories, but they are not entitled to vote at Member meetings:

- (a) Spouse or significant other of the Voting Member as designated by the Voting Member and their dependent children who live at the same residence full time as the Voting Member. Such an Associate Member shall not have to pay the annual Operations charge.
- (b) Tenants or regular occupants of a dwelling in the Subdivision and his and her spouse or significant other, living at the same residence, as designated by the tenant who signed the rental agreement with Candlewood Lake Association, Inc. Such an Associate Member shall pay the same annual Operations charge as the Voting Member who owns the lots.
- (c) Other persons, who qualify for Associate Member status, as defined in published board policy which policy includes all terms and conditions of membership including the payment of charges, if any. Association membership shall cease automatically upon termination of the status giving rise to such membership or by action of the Board of Trustees at their sole discretion.

Effective May 14, 1994, co-owners will no longer automatically qualify for Associate Member status. However, those co-owners who are Associate Members as of said date will be grand-fathered. They will retain their status until the property is transferred to another person and the grand-fathered co-owner is no longer on the deed.

Section 4. **Limited Members.** Candlewood Lake Association Inc. shall have the authority to grant a person or entity the right to tap into its water and sewer lines to receive water and sewer services. The terms of the tap in fee and fees for continued water and sewer services shall be agreed upon when the person or entity taps into the water and/or sewer line. Any person or entity that taps into a water and/or sewer line maintained by Candlewood Lake Association Inc. shall become a limited member of Candlewood Lake Association Inc. The rights and responsibilities of each limited member shall be set forth in the contract between the parties for the tap in fee and for water and/or sewer services. A limited member shall have no rights of membership in the Candlewood Lake Association, Inc. and further shall enjoy no privileges to the use of the facilities and common property which are owned by the Association.

Section 5. **Privileges.** Voting Members and Associate Members and their guests shall have the use of all the facilities and common property which are owned by the Association and open to the membership subject to the Bylaws, Articles of Incorporation, Deed Restrictions, and Rules and Regulations as published by the Association.

However, the Voting Members and any Associate Members may have privileges revoked for violation of Bylaws, Deed Restrictions, Rules, Regulations, or Policies as determined by the Board, following notice by the Board of Trustees and an opportunity, if requested in writing, to be heard at an open meeting of the Board of Trustees. In all cases, the decision of the Board of Trustees shall be final and binding. ***Refer to Deed Restrictions P606 for a list of privileges.***

Section 6. **Assumption of Risk.** Use of their own real estate and personal property as well as Association facilities and common property shall be at the sole risk of the Voting Member and his or her Associate Members or guests.

ARTICLE IV

EVIDENCE OF OWNERSHIP AND MEMBERSHIP

Section 1. **General.** In order to determine the membership category, people who become owners of property in Candlewood must present the following documents to the Association Office: (1) A recorded deed or land contract and (2) the sales contract or other official documents showing how they obtained possession of the property and such other papers as are required by Board resolution.

Section 2. **Renter/Tenant.** A renter or tenant is defined as a non-member of the Association who resides in a Candlewood residence where the property owner does not reside. Vacant lots at Candlewood Lake may not be rented. All rentals must be at least six (6) months or longer. No transient occupancy or short-term rentals will be permitted in the Candlewood Lake Association.

A member may not rent a residence until after the first year of ownership of said residence and must have been a member in good standing the entire year.

When a residence is rented, a Candlewood Lake Tenant/Renters Agreement must be submitted to the Association Office. An operating assessment must be paid by both the property owner and the tenant if the property owner does not own another lot in Candlewood non-contingent to the lot being rented. If the property owner owns a non-contingent lot, the rented property will not be assessed the additional operating fee as long as the property owner remains in good standing on all lots. Tenants have no voting rights and shall not be members of the Board of Trustees.

Tenants have all the privileges and responsibilities as an Associate member and will have privileges revoked for violation of the Bylaws, Deed Restrictions, or other infractions as determined by the Board, for non-payment of assessments. The member will be responsible for any and all arrearages of the renter of the member's property. The member will lose all membership privileges until such time as those arrearages are paid in full.

Land Contract: Property owners selling or purchasing property via Land Contract will be subject to provisions as a Renter/Tenant. The Seller under a Land Contract will immediately become the Associate member of the Association. The Buyer under a Land Contract will become the Voting member of the Association.

A copy of the Land Contract must be recorded at the Morrow County Recorder's office at the property owner's expense and must be submitted to the Association Office. When a sale of a lot is made on a Land Contract basis, the ultimate responsibility for payment of the assessments will remain with the seller/deed holder. The Land Contract buyer must complete a Property Owner's Information sheet at the Association Office. Should the buyer not remain current in assessment payments, the Association will hold the seller/deed holder liable for and may exercise its right of lien against the property to collect assessments owed by the buyer.

ARTICLE V

MEETINGS OF MEMBERS

Section 1. **Place and Conduct of Meeting.** All meetings of the Members of the Association shall normally be held in Morrow County, Ohio at such particular place as stated in the notice for such meeting. All meetings of the Members shall be conducted in the manner prescribed in Roberts Rules of Order and in conformity with the rule for open meetings as published in Board Policy.

Section 2. **Annual Meeting.** The annual meeting of the Members of the Association shall be held at such date, place, and time as shall be determined by the Board of Trustees but not later than May 31 of each year. Written notice of each annual meeting shall be given to each Voting Member, either personally or by mail, charges prepaid, addressed to the record address of such Member. All such notices shall be sent to each Member entitled to vote between ten (10) to forty (40) days before each annual meeting, and shall specify the date, the place, and the time

of such meeting. The notice shall outline the agenda of the meeting which shall be determined by the Board of Trustees.

Items to be included in the annual meeting mailing is limited to the following items: meeting agenda; prior annual meeting minutes; trustee candidate resumes; any issues upon which a vote needs to be taken; voting ballot; and pros and cons on the issues to better educate the membership of the proposed change(s) with a limit of 500 characters.

The agenda shall also include such suggestions or requests as may be properly presented in writing and endorsed by twenty five (25) or more Voting Members in good standing, providing such requests are received at least twenty (20) days prior to the date notices of the annual meeting are mailed.

The business of the annual meeting shall be limited to the items sent out in the agenda.

Members present at the annual meetings may make suggestions covering items which they feel should be brought before the membership. If any such suggestions are approved by proper resolution of those members present, it shall be the duty of the Secretary to present such resolution to the Voting Members in good standing for consideration and action. This shall be done by mail vote within sixty (60) days.

Voting Members not in good standing and thus not eligible to participate in the Annual Meeting shall be notified of the meeting and informed of the qualifications necessary to become in good standing. This may be done through an individual letter or through a bulletin.

Section 3. Special Meeting. Special meetings of the Members for any purpose whatsoever may be called at any time by the President, or by a majority of the Board of Trustees, or by petition of at least one hundred fifty (150) voting members as outlined in Article V, Section 8. Except in special cases where other express provision is made by statute, notice of such special meeting shall specify, in addition to the place, date and hour of such meeting, the specific nature of the business to be transacted, and such meeting notice is to be mailed a minimum of 20 days prior to the meeting all Voting Members. Mailing is to be paid for by petitioner(s) including postage, paper, and envelopes.

Section 4. Adjourned Meetings and Notice Thereof. Any Members meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority present, but in the absence of a quorum, no other business may be transacted at any such meeting.

When any Members meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

Section 5. **Quorum.** The presence of fifty (50) Voting Members in good standing at any meeting, which has been duly called, shall constitute a quorum for the transaction of business. The Voting Members present at a duly called meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough Voting Members to leave less than a quorum.

Section 6. **Voting.** Except as otherwise provided by law, only those Voting Members whose names stand on the records of the Association on the record date, fixed as provided in Article X, Section 1 of these Bylaws and who are in good standing as defined in Article III, Section 2 shall be entitled to vote at a meeting of the Voting Members. Methods of voting shall be determined by the Board of Trustees or the Voting Members at the meeting.

All balloting for Trustees, changes to the plat map as recorded, all amendments to the Bylaws, Articles of Incorporation or Deed Restrictions, Proposal for commercial logging of common areas, and the sale or lease of the Association's mineral rights will require a vote of the membership and must be conducted by mail after proper notice. The failure of some Members to receive ballots by mail shall not invalidate the results of the vote unless more than fifty-one percent (51%) of the eligible voting membership fail to receive ballots, in which case the mail vote will be conducted again.

Each Voting Member is entitled to only one vote regardless of the number of lots owned. Balloting either by mail or at members' meetings will be in accordance with procedures and policy established by the Board of Trustees prior to a meeting or by the Voting Members by majority vote at the meeting.

Section 7. **Action Without Meeting.** Any action, except as otherwise provided by law, which, under the applicable provisions of law, may be taken at a meeting of the Voting Members or may be taken without a meeting if authorized in writing by all of the Voting Members who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association.

Section 8. **Petitions.** A petition is a process whereby voting members can express their objections about an issue as well as have the right to initiate action for a vote. A minimum of 150 Voting Members' signatures is required for a petition to be valid.

All Voting Members who sign the petition must be in good standing as defined in these Bylaws.

The petition must include the following:

1. Names of the voting members who are initiating the petition including their Unit, Lot #, and phone number.
2. Reason for the petition.
3. Page number at the top of each page of the petition.
4. Printed name of the voting member that is legible.
5. Unit and Lot number of the voting member signed the petition.
6. Signature of the voting member.
7. Date the voting member signed the petition.

Absentee signatures of voting members can be obtained through the mail, but the signatures must be notarized and include the above items.

If any of the above items are omitted, the related signature will be invalid.

To take a petition door to door, a permit must be obtained through Candlewood Office with all members who are doing this to be listed on the permit. This permit must be carried with the person at all times along with proper identification.

The expense of mailing the petition to voting members is the petitioner's expense.

Once the petition is turned in to the President of the Board of Trustees or the General Manager, no more signatures can be added.

If it is determined that the number of signatures is less than 150 Voting Members, it makes the petition null and void.

If it is determined that the number of signatures is 150 Voting members or more, creating a valid petition that requires a vote by the membership, all pertinent information for the mailing must be turned into the Association Office seven (7) business days prior to the scheduled Candlewood Lake ballot mailing date. If not, the member initiating the petition must pay all cost associated with any mailings associated with their petition.

If a petition is initiated and validated and then withdrawn, the member initiating the petition must reimburse Candlewood Lake all costs associated with that petition. Estimated cost include a minimum of 8 hours at \$55 per hour labor plus material.

If a voting member who signed the petition wishes to remove their name from the petition, they may submit a letter stating this or go into the office. If the voting member is unable to do this in person, their signature must be notarized on the letter.

ARTICLE VI

TRUSTEES

Section 1. Powers. Subject to any limitations of the Articles of Incorporation, of these Bylaws, and of the General Not for Profit Corporation Act of Ohio, and subject to the duties of Trustees as prescribed by these Bylaws, all corporate powers of the Association shall be exercised by or under the authority of, and the business affairs of the Association shall be controlled by, the Board of Trustees. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Trustees shall have the following powers:

(a) To select and remove all officers, agents, committee persons and employees of the Association and prescribe such powers and duties for them consistent with law, with the Articles of Incorporation or these Bylaws.

(b) To conduct, manage and control the affairs and business of the Association and to make such rules and regulations therefore not inconsistent with law, with the Articles of Incorporation or these Bylaws, as they may deem best.

(c) To change the principal office for the transaction of the business of the Association from one location to another within the same county as provided in Article I, Section 2, hereof; to designate the place for the holding of any members' meeting or meetings; and to adopt, make and use a corporate seal, and to prescribe the forms of membership certificates and/or membership, identification cards, from time to time, as in their judgment they may deem best;

(d) To take such steps as may be necessary to implement any of the powers of the Association as provided in Article II, Section 2, hereof; and

(e) To appoint all Standing and Ad Hoc Committees and to delegate to those committees all necessary power and authority to carry out their duties and functions.

Section 2. Number and Qualifications. The authorized number of Trustees shall consist of not less than three Trustees; provided that the Trustees shall presently consist of nine Trustees as fixed by the Court of Common Pleas of Morrow County, Ohio or until changed by an amendment of the Articles of Incorporation. The Trustees shall:

- A. Have been members of the Association for a period of at least one year prior to the date set by the Board of Trustees for nominations to be closed.
- B. At the time nominated, is a Voting Member.
- C. Be current in all accounts with the Association at the time of the nominations and remain current at all times while serving on the Board of Trustees.
- D. Not be under any suspension of privileges.
- E. Not be an employee or contractor of the Association (Refer to Conflict of Interest, Article VII, Section 10).
- F. Be bondable.
- G. Not having pending litigation or conflict of interest (per Article VII, Section 10 item E above) in progress with Candlewood Lake Association or the Board Membership in general. Conflict of interest includes but is not limited to a person, spouse, child or significant other having a business relationship with the Candlewood Lake Association. Any person having this situation occur will be disqualified from applying for the position of Trustee via a General Membership vote or write in candidate vote until said issue is resolved. Candidates for the Board must apply and be certified eligible by the nominating Chair prior to the final date election ballots are mailed out to the membership. This would include items A-F above.

Section 3. Election and Term of Office. The Trustees shall be elected by the Voting Members of the Association by mail ballot. All ballots that are mailed prior to the annual meeting are to be sent to an independent attorney identified by the Board of Trustees and kept in a locked box until they are counted on the day of the annual meeting by the General Manager, and at least three (3) members of the association in good standing appointed by the General Manager. Once election is closed by the President, all ballots collected on the day of the annual meeting are to be counted by these same people. A total count will be presented to the membership for each candidate. All ballots are to be kept in a locked box at the independent attorney's office for the period of one calendar year and made available to any voting member who is in good standing as defined in Deed Restrictions: Article Six, P604.01 Voting Members, and meet the qualifications defined in Article III, Section 2. The voting member is responsible for all expenses incurred for reviewing the count of ballots.

Trustees shall hold office for a term of three years or until their respective successors are appointed or elected. Newly elected Trustees shall take office immediately upon the verification of election results.

Section 4. Vacancies. A vacancy or vacancies in the Board of Trustees shall be deemed to exist for the following reasons: a.) Death; b.) Resignation; c.) Removal of; d.) The authorized number of Trustees is to be increased; e.) Voting Members fail to elect the full authorized number of Trustees at any annual or special meeting; or f.) A vacancy is declared by the Board Of Trustees for any reason permitted by law.

Any Trustee may resign at any time by giving written notice to the Board of Trustees or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

At the discretion of the majority of the members of the Board of Trustees, vacancies on the Board of Trustees may be filled by the candidate who received the next majority of votes at the annual meeting as long as this person is still a voting member and in good standing. Vacancies may continue to be filled throughout that year using this process.

Each Trustee appointed to fill a vacancy shall assume the position of Trustee until the next annual meeting or special meeting of the Voting members called for that purpose, at which time a Trustee shall be elected for the balance of the remaining unexpired term. A record of the unexpired term including years remaining for the position will be kept in the Association Office.

The Three Candidates with the most votes will be placed in the regular term limited Trustee positions of three (3) years. Each successive open position that was vacated during the previous year will be filled by the next candidate with the most votes for the remaining number of years in this past unexpired term. All open positions will be identified by the number of years remaining for the unexpired term as part of the ballot to assure that the General Membership is aware of each open Trustee position.

No reduction of authorized number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his / her term.

Section 5. Regular Meetings. The Board of Trustees shall meet not less than nine (9) times annually. The re-organizational/new Trustee training meeting, to be held in executive session, ~~to~~ will occur within three weeks of the members' meeting at which the Trustee election results were announced. Thereafter, the Board shall meet at a time of their choosing in an Association facility within the Subdivision. The Board may meet for training quarterly, as needed.

Because the work of the Trustees is vital to Candlewood Lake Association, it is extremely important that members of the Board of Trustees commit to attending regularly scheduled monthly Board Meetings. If any trustee misses three (3) or more regularly scheduled Board meetings, from May of one year to the end of April of the next year, the Board member may be subject to a majority Board vote for possible dismissal. An absence will be reported to the President or the General Manager.

Section 6. Special Meetings. Special meetings of the Board of Trustees for any purpose may be held at any time upon call by the President, or if he or she is absent or unable or refuses to act, by any Vice President, or by a majority of Trustees then serving. One more than half the number of Trustees then serving shall constitute a majority. Whoever calls the meeting shall designate the time and the location which shall normally be in an Association facility within the Subdivision.

Notice of the time and place of special meetings shall be delivered personally to each Trustee and in the event a personal contact cannot be made, a written notice by fax or overnight delivery will suffice. Under normal circumstances notice should be given at least 48 hours prior to the meeting, however, in the event of emergencies notice may be shorter. Such notice by whatever means shall constitute appropriate legal notice to such Trustee.

Section 7. Public Announcement and Conduct of Trustee Meetings. Conduct of Trustee and Standing Committee Meetings, Public Announcements, and Open Meeting Requirements:

- A. All meetings of the Board of Trustees and Standing Committees shall be conducted in accordance with Roberts Rules of Order.
- B. The date, time, and place of all regular meetings of the Board of Trustees shall be established and posted at all existing encased bulletin boards, business office, website, and newsletter at least forty-eight (48) hours prior to the date of each regular meeting.
- C. Announcements of the date, time, and place of all Special Meetings of the Board of Trustees shall be posted at all existing encased bulletin boards, business office, and web site at least forty-eight (48) hours prior to the date and time of the meeting.
- D. Open Meeting Requirements: All meetings of the Board of Trustees shall be public meetings, open to all members in good standing of Candlewood Lake Association, Inc. No action shall be taken without a public meeting to all members, with the following

exceptions:

1. To consider the appointment, employment, dismissal, discipline, promotion, demotion, or compensation of employees.
2. To consider the purchase or sale of property if premature disclosure of information would give an unfair competitive advantage to a third person.
3. Privileged conferences with an attorney for this Association concerning disputes that are subject of threatened, pending, or imminent court action, or to discuss confidential or sensitive information or matters pertaining to threatened, pending, or imminent court action.
4. Specialized details of security arrangements where disclosure of matters discussed might reveal information, the revelation of which would be detrimental to the Association.
5. In the event of an emergency, threat to the health, safety, or welfare of the residents of Candlewood Lake, or to their tenants or guests, where in the opinion of a majority of the members of the Board of Trustees, it would be detrimental to such health, safety, and welfare to wait twenty-four (24) hours after notice thereof to meet and to take action.

Unless the aforesaid threat is deemed by a majority of the members of the Board of Trustees to be categorized as a matter pursuant to subparagraphs 1 - 4 inclusive, of this Section 7 (D), such threat, and the subsequent action taken by the Board of Trustees shall be fully and openly discussed at the next regular meeting of the Board of Trustees.

6. To interview candidates for appointment to the Board of Trustees, or for other non-paid positions.
7. To discuss topics with Association Members that are of a private nature as requested by the Board President or the members.
8. If at the discretion of the Board President it is determined that there is an urgent reason for a Special Meeting, the forty-eight (48) hour notice requirement may be waived.

Section 8. **Action Without Meeting.** Action may be taken by the Board of Trustees without a meeting if authorized in writing by all members of the board who are entitled to vote on such action at a meeting.

Section 9. **Quorum.** A majority of the actual number of Trustees, that being one more than half the number serving at that time, shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Trustees made at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Trustees unless a greater number is required by law,

the Bylaws or the Articles of Incorporation.

Section 10. **Teleconferencing.** Telecommunication voting by Board Members or Committee members is not permitted. However, teleconferencing is allowed for informational purposes only. In those instances where telephonic emergency meetings must be called, the emergency action taken by the officers of the Board as permitted through teleconferencing but must be ratified at the next Trustee and standing committee meetings. The cost is covered by the absent Trustee.

ARTICLE VII

OFFICERS

Section 1. **General.** The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, and each of them shall be elected by the Board of Trustees following each annual meeting of members as specified in Article VI, Section 5 of these Bylaws.

The Association may also have such other officers, including one or more assistant secretaries, as may be appointed by the Board of Trustees. Officers, other than the President, need not be Trustees. One person may hold two or more offices, except those of President and Secretary.

Each officer shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified; provided, that officers may be appointed at any time by the Board of Trustees for the purpose of initially filling an office or filling a newly created or vacant office.

Section 2. **Removal and Resignation.** An officer of the Association may be removed, either with or without cause, by a majority of the Trustees in office at the time, at any regular or special meeting of the Board of Trustees.

Section 3. **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Section 4. **President.** The President, who shall be elected from the Board of Trustees, shall be the chief executive officer of the Association and shall, subject to the control of the Board of Trustees, have general supervision, direction and control of the business and officers of the Association including such paid staff as authorized by the Board. He or she shall preside at all meetings of the Members and of the Board of Trustees.

The President shall be an ex-officio member of all standing and ad hoc committees. He or she shall have the general powers and duties of management usually vested in the office of a president of a corporation, and such other powers and duties as may be prescribed by the Board of Trustees, the Bylaws, or written notice approved by majority vote of the Members in a meeting called for that purpose.

Section 5. **Vice President.** In the absence or disability of the President, the Vice President in order of their rank as fixed by the Board of Trustees, or if not ranked, the Vice

President designated by the Board of Trustees, shall perform all the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as may be prescribed for them respectively by the Board of Trustees, the President, or these Bylaws.

Section 6. **Secretary.** The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Trustees may order, a book of minutes of all meetings of trustees and members, or a duplicate thereof, with the time and place of meeting, whether regular or special, and if special, how authorized, the notice thereof given, the name of those present at Trustees' meeting, a roster of members present at members' meetings, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board of Trustees may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the description and number and date of membership cards issued and the number and date of the cancellation of any and all memberships in the Association. The Secretary shall give or cause to be given, notice of all the meetings of the members and the of the Board of Trustees required by these Bylaws or by law to be given, and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Trustees, the President or these Bylaws.

Section 7. **Treasurer.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The books of account shall at all-time be open to inspection by any Trustees.

The Treasurer shall deposit all money and other valuables in the name of and to the credit of the Association with such depositories as may be designated by the Board of Trustees. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Trustees, shall render to the President and Trustees, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Trustees, the President or these Bylaws.

Introduction to Committees. Committees have no management functions. The work of committees is to review, research and recommend changes in policies to the Board of Trustees.

Committee Members: After the inception of committees, both Standing and Ad Hoc, if replacement or additional members are to be added to the committee, the Chairperson will submit member's name to the Board of Trustees for approval before such member function as a voting member of the committee.

To remove a committee member, the Chairperson shall suspend the member from meetings until removal or reinstatement of the member by the Board of Trustees.

Resignations require Board acknowledgment.

Section 8. **Standing Committee.** The following Standing Committees and their chairs shall be named by the President with the approval of a majority of the Trustees present at a meeting not later than sixty (60) days after the election of new Trustees.

Until new committee members, if any are named, the committee in place will continue to function. No more than four Trustees may serve on any committee. If the makeup of the committee changes, the Chairperson of each Standing Committee will submit a committee roster to the Board of Trustees for approval at the first meeting following the organizational meeting when the Committee Chairpersons and Trustees are assigned to the Standing Committee.

a) **Executive Committee** - This committee is responsible for establishing the agendas for regular or special Trustee meetings, implementing policies and resolutions passed by the Trustees, serving as a Personnel Committee, resolving disputes regarding implementation of Board policies and procedures and dealing with such other items as may come before it.

The members of this committee will be the President, who will serve as Chairman, and other officers of the Board, and the immediate past President, the Manager who reports to the Board who will serve ex-officio, and such others as needed. However, not more than four Trustees can serve on this committee. The Chairman of this committee will keep the Trustees informed regarding the time, date and place of Executive Committee meetings.

b) **Finance Committee** - This committee is responsible for overseeing the financial, insurance and audit aspects of the Association. This includes monitoring variations in budget preparation, all accounting procedures, recommending outside auditors and regular reporting to the Trustees and members. The members of this committee shall be a Vice President or Treasurer, either of whom shall serve as Chairman, others as needed but, may not exceed four members of the Board of Trustees and the paid staff person who is responsible for financial operations who shall be ex-officio.

c) **Environmental Control Committee** - The composition and duties of this committee will be found in the P 700 section of the Deed Restrictions. At least one Trustee shall be on this Committee.

d) **Security/Compliance Committee** - This committee shall deal with those issues involving security for the Subdivision as well as compliance with regulatory directives regarding safety and health. A Trustee shall serve as chairman and membership shall include at least four other persons plus the paid staff person responsible for security.

e) **Bylaws/Legal Committee** - This committee will monitor the Bylaws, Articles of Incorporation and Deed Restrictions and recommend changes when and where

necessary. The chairman of the committee will also serve as the Parliamentarian at Trustee and member meetings. The committee will work with the Association attorney who will serve as ex-officio on the committee. This committee will establish procedures for voting by mail or at a meeting of the members. In addition to the chairman, there will be at least three other persons on the committee, plus the appropriate paid staff person, who will serve ex-officio. At least one Trustee shall be on this Committee.

f) **Utility Committee** - serves the Board of Directors in making recommendations to the board on issues that are related to all aspects of the operations, maintenance, and upkeep of the utility's operation of Candlewood Lake. Membership shall include at least four other persons including at least one Board Member, plus a paid technical person responsible for the entire operations.

g) **Long Range Planning Committee** - The committee's responsibility is assess and evaluate the long range vision of Candlewood Lake Association as derived from its members and make recommendations over time to meet the vision which may include: new acquisitions, sale of property, identify sources of income for the association, and long range assessment of buildings, green areas, and all property owned by Candlewood Lake Association.

This committee will monitor and update the Reserve Study annually. There will be maintained, a communication link with other standing committees, and representation from them on this committees as needed. The committee membership should be between 9 and 12 members representing all areas of Candlewood Lake. At least 1 trustee, but no more than 1/3 of the committee membership, shall be trustees. Members of this committee must attend a minimum of 75% of the regularly scheduled monthly meetings to remain a member.

h) **Lake and Siltation Committee** - The responsibility of this committee is to assess and evaluate the condition of the lake and to make recommendations to the Board of Trustees to prevent and correct any deficiencies or problems that may arise. This will include shoreline and dam maintenance, weed control, and other issues involving the condition of the lake.

Section 9. **Ad Hoc Committees.** The President with majority Board approval may name as many ad hoc committees as necessary to carry out the activities of the administration. These committees will automatically cease to exist at the end of a President's term unless continued by the incoming president, with Board approval. Members of these committees may be Trustees, Members of the Association, or non-members.

Section 10. **Conflict of Interest.** All Trustees shall endeavor to conduct themselves "when on Association business" according to the highest ethical standards and shall strive to avoid even the slightest appearance of impropriety. In that regard, Trustees shall not, either directly or indirectly, derive a personal profit or advantage from their position as Trustees, in that the primary obligation of the Trustee is to the Association and its Members and not to himself or herself. No contract or business relationship shall be entered into between the Association and

a Trustee, Committee Member, or any entity in which her or his family has an interest, financial or otherwise – one of which could possibly corrupt the motivation or decision-making of that individual or organization - unless the material facts of the relationship and transaction are disclosed or are made known to the Board of Trustees and a majority of the disinterested Trustees specifically authorize the contract or business relationship. Trustees shall generally abstain from discussing at a meeting, or voting upon, any matter in which they, their immediate family members, or any entity in which they have an interest or personal financial interest in the outcome.

ARTICLE VIII

MANAGEMENT

Section 1. **General Manager.** The Board of Trustees shall hire a person to manage the operations of the Association. This person shall be titled General Manager and shall serve as Chief Operating Officer of the Association. The General Manager serves at the pleasure of the Board of Trustees.

Duties of the General Manager shall include but not be limited to: responsible for the preparation and submission of the annual operating budget, hiring all authorized employees and measuring their performance, maintaining all bank accounts, preparations of the agenda for board meetings and shall serve ex-officio on all Board approved committees.

The General Manager shall also be responsible for the structure and policies of the Sales Committee. The General Manager shall report to the President or Chairperson of the Board of Trustees as part of his/her administrative liaison. He or she shall be evaluated by the Board of Trustees.

ARTICLE IX

ANNUAL OPERATIONS CHARGE, FEES AND SPECIAL ASSESSMENTS

Section 1. **General.** Prior to April 1 of each year, the Board of Trustees shall consider the current and future operating expenses and reserves for the Association and shall fix by resolution the amount of an annual Operations Charge to be levied against each lot in the Subdivision, which charge shall be debt of the owner at the time such charge is made.

In addition, the Board of Trustees shall establish fees for services such as all Candlewood furnished utilities, mowing, installations of sewer and water lines, and make this information available to the Members and prospective buyers. In the event a Special Assessment is required, the Board shall determine the amount and provide that information along with the reasons for the proposed assessment and the term of the assessment to all Voting Members for a mail vote following meetings of the Members at which time the proposed assessment is discussed.

However, a Special Assessment may be made by affirmative majority vote of the Trustees, only if it is mandated by law or by order of any governmental agency.

Section 2. **Notice.** The Association office shall bill each Voting Member at his or her address of record for such charges, fees and assessments, if any, when due. Failure to pay when due may result in late charges as established by the Board.

Section 3. **Collection of Delinquent Accounts.** The failure to pay all accounts, when due, may result in the Association instituting all legal collection procedures including the placing of liens on real estate owned in the Subdivision, as outlined in P 605, Deed Restrictions.

Section 4. **Lien.** The amount of any charges, assessments or fees, if not paid when due, plus any other charges thereon such as interest when delinquent and costs of collection (including attorney's fees), if any, shall constitute and become a lien on the lot so assessed or on the underlying real property and the Board of Trustees may cause to be recorded with the Recorder of Deeds Office of Morrow County, a notice of the lien which shall state the amount of such lien, a description of the lot or other real property which has been assessed, and the name of the recorded owner thereof.

Upon payment of said charge in connection with which such notice has been so recorded, or other satisfaction thereof, the Board of Trustees shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof.

Section 5. **Priority Lien.** Such liens shall have priority over all other liens recorded subsequently to the lien in any manner permitted by the Laws of Ohio.

Section 6. **Lien Enforcement.** The lien provided for herein may be enforced by the Association, its attorney or other persons authorized by it after failure of the responsible party to pay the charges in any manner permitted by State Law.

ARTICLE X

MISCELLANEOUS

Section 1. **Record Date.** The Board of Trustees shall fix a time in the future as a record date for the determination of the Voting Members entitled to notice of and to vote at any meeting of the members or to vote by mail ballot. The record date so fixed shall not be more than forty-five (45) days prior to the date of the meeting or the date the ballot is to be returned. When the record date is so fixed, only Voting Members of record on that date and in good standing shall be entitled to notice of and to vote at the meeting or by mail ballot notwithstanding any transfer of lot ownership and membership on the books of the Association after the record date.

Section 2. **Inspection and Copying of Records.** The books and records of the Association shall be available for inspection and / or copying by Association Members in good standing for any reasonable and proper purpose and at any reasonable time subject to the Bylaws and guidelines established by the Board.

"Books and Records" of the Association shall be defined as the membership register, or duplicate membership register, the books of accounts (annual budgets, accounts payable and receivable, and financial statements), minutes of the proceedings of meetings of members or the Board of Trustees of the Association, and any written notes or records of Association committees, if any.

Members shall not be entitled to inspect and / or copy sensitive or confidential records, including but not limited to, legal advice, employee wages, employee evaluations, or employee contracts without the prior written consent of the Board of Trustees.

Members will be required to fill out and sign a form before any records are inspected or copied stating the particular record(s) sought and the purpose for which such record is sought. If the purpose appears reasonable, the records may be inspected, or copied by the office staff, at a reasonable time that will not disrupt the Association office regular business.

The member requesting the records shall pay the amount charged by the Association for retrieving and copying the records (which shall reflect both the cost of copying and the office staff time involved) before receiving the records.

Members may not distribute any documents or records received to non-members of the Association without the prior written approval of the Board of Trustees or the voting membership of the Association. Under no circumstances shall the documents or records be used for commercial purposes. For example, the membership list shall not be sold for mailing list or advertising purposes.

Section 3. Checks and Drafts. All checks, drafts or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Trustees.

Section 4. Accounting. The Board of Trustees shall submit to the members annually, audited financial statements which have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) audit and the accounting guide titled "Audits of Common Interest Realty Associations" and any other relevant, authoritative account pronouncements, so members can compare financial results from one accounting period to another.

The Board of Trustees shall receive each month such financial reports as needed to enable them to compare operating and capital expenditures to convertible assets and review the status of all loans, mortgages and/or other financial encumbrances.

The Board shall employ an accounting system which is organized and operated on a fund basis. Fund Accounting is designed to aid financial management by segregating transactions related to specific activities or attaining certain objectives in accordance with special regulations or restrictions as prescribed by the membership.

A Fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, fund balances and changes in fund balances.

This Bylaw authorizes only the following major funds in accounting for Candlewood finances. The Board is not obligated to use all the fund groups provided but only those groups deemed necessary at the time and may designate others if the need arises:

- A. **General Fund** - To account for financial resources available for the general operation of the Association.
- B. **Restricted Revenue Fund** - Monies from this fund can only be used in the repair and replacement of the major assets of Candlewood Lake. A major asset is defined as having a replacement value over \$100,000. All repair and replacement costs paid out of the Restricted Reserve Fund must be in excess of \$100,000. This fund is to be established for a period of 5 years with review at 2 and 4 years for changes or updates.
- C. **Debt Service Fund** - To account for the accumulation of resources for, and the payment of all short and long-term debt principal and interest.
- D. **Capital Project Fund** - To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by special assessments funds and trust funds. To account for all transactions related to improving of such property or asset, including land and interests therein, and reconstructions, enlargements and extensions having an estimated life or usefulness of five years or more.
- E. **Reserve Fund** - That the goal of the Reserve Fund is to preserve and protect the major components of our common property. All replacement projects that are to be paid out of the Reserve Fund must have a projected cost more than \$5,000.00. Operating Funds and Reserve Funds shall be maintained in separate accounts. The Reserve Fund must be accounted for each month as a part of the monthly Financial report.
- F. **Deposits and Investments - Investment Policy & Operating Procedures** - Deposits and Investments can only be made and maintained in federally insured Financial Institutions. The Financial Institution must be governed by the Ohio Revised Code and the institution must collateralize all deposited funds by at least 105% in specific government securities that include bonds, notes or other obligation that are fully insured or guaranteed by any federal agency or instrumentality. The Financial Institution must be approved by the Board of Trustees before any accounts can be established and must be under the direction of the Director of Accounting and General Manager. The Board will receive a monthly report of the Deposits and Investments being maintained in the interest of the Association. Financial Institutions in which Association funds are being held must provide quarterly recap statements of pooled fund securities being held amounting to the required collateralization.

Permissible Investments: - Candlewood Lake Association may invest in fixed income obligations (treasury bills, notes, and bonds) of the United States government and associated agencies (Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation). Candlewood Lake Association may invest in fully

insured (FDIC) certificates of deposit of United States banks and savings and loans up to insurance limitations. Candlewood Lake Association may invest in fixed income obligations (commercial paper, bonds and municipals) of United States corporations rated (AAA through A by Moody's or (AAA through A) by Standards & Poor's.

Diversifications: - The investment manager shall maintain a diversified portfolio under Prudent Man guidelines. In addition, the portfolio shall have a maximum of 50% of assets invested in corporate bonds and is further limited to a maximum of 5% in uninsured corporate bonds of any single corporation.

Performances: - The investment manager shall provide monthly statements to Candlewood Lake Association's Board and the Finance Committee. The investment manager shall provide a formal annual investment review for Candlewood Lake Association's Board. In addition, the Finance Committee shall informally review performance on a quarterly basis. These reviews shall include discussion of risk parameters, as well as returns (both absolute and relative to an appropriate benchmark). An appropriate benchmark shall be determined by the Finance Committee and the investment manager at the time of the contract initiation. Candlewood Lake Association's General Manager and Finance Committee shall review cost associated with managing Candlewood Lake Association's investments.

Investment Management Firm: - Candlewood Lake Association's investment manager must be a full-service investment firm with memberships in the New York Stock Exchange (NYSE), National Association of Security Dealers (NASD) and Securities Investors Protection Corporation (SIPC).
Candlewood Lake Association's Board of Trustees shall select Candlewood Lake Association's investment manager with guidance from the Finance Committee.

Monitoring: - Candlewood Lake Association's general manager, with oversight from Candlewood Lake Association's board and assistance from the Finance Committee, shall be responsible for monitoring and the prudent investment of Candlewood Lake Association's assets. Candlewood Lake Association's general manager is responsible for monitoring the Association's liquidity needs and directing the investment manager to maintain sufficient liquidity.

- G. Special Assessments** - All revenue derived from a special assessment shall be credited to a special assessment fund for the purpose for which the assessment was made.
- H. Sale of Real Property** - The amount received for the sale of numbered lots in inventory shall be paid into a debt service fund or into a special fund for construction or acquisition of a permanent improvement.
- I. Sale of Other Property** - Proceeds from sale of property other than real property shall be paid into the fund from which such property was acquired or is maintained or if there is no such fund into the general fund. Money paid into any fund shall be used only for

the purpose for which such fund is established.

Section 5. **Execution of Contracts.** The Board of Trustees, except as may be otherwise provided in these Bylaws, may authorize any officers, agent or agents, to enter into any contract or execute any instrument or document in the name of and on behalf of the Association and such authority may be general or confined to specific instances. Unless otherwise specifically determined by the Board of Trustees or otherwise required by law, formal contracts, promissory notes, and other evidences of indebtedness, deeds of trust, mortgages and other corporate instruments or documents requiring the corporate seal, shall be executed, signed or endorsed by the President (or any Vice President) and by the Secretary (or any Assistant Secretary) or the Treasurer.

Section 6. **Outside Debt.** The Association shall not incur outside debt in excess of 20% of the gross annual revenues without an affirmative vote of the Voting Members in good standing at a meeting called for that purpose unless the expenditure is mandated by law or order of any governmental agency. This outside debt includes notes, bonds, debentures, etc. The Board shall have the authority to allocate all revenues in accordance with the Accounting procedures as outlined in Section 4 above.

Section 7. **Inspection of Bylaws.** The Association shall keep in its principal office for the transaction of business, the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times.

Section 8. **Commercial Logging Activities.** No commercial logging activity shall be permitted within the Candlewood Lake Subdivision without prior approval of the membership via general membership vote as detailed in Article V, Section 6 of these by-laws.

ARTICLE XI

AMENDMENTS

Section 1. **Amendments.** These Bylaws may be amended or replaced and new Bylaws adopted by a majority, defined as 51% of the votes cast in person or by absentee ballot, of the Voting Members in good standing, responding to a written vote solicitation of all the Voting Members in good standing, provided that lawful notice shall first have been served by mail on all Voting Members of record at their last known address and according to procedures outlined in Article V, Section 6. Voting.