Amended and Restated Bylaws
Candlewood Lake Association, Inc.
As Amended on May 16, 2026

ARTICLE I

GENERAL

Section 1. Authority. These Bylaws have been adopted pursuant to authority evidenced by the Articles of Incorporation of the State of Ohio.

Section 2. **Name.** The name of this corporation is Candlewood Lake Association Inc., which shall be referred to herein for convenience as the "Association."

Section 3. **Principal Office.** The principal office of the Association shall be in Morrow County, Ohio, at such specific location therein: 7326 State Route 19, Mount Gilead, Ohio 43338, as designated by the Board of Trustees.

Section 4. **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 5. 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.

Section 6. Nonprofit Corporation. This corporation is a nonprofit corporation recognized by the U.S. Internal Revenue Service as a 501 c (4) organization.

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.

(d) To conduct and carry on the work of the Association not for profit purposes in such manner that no part of its income or property shall inure to the private benefit of any donor, member, trustee, officer or individual (except that reasonable compensation may be paid for services rendered to or for the Association affecting one or more of its purposes), and in such manner that it shall not devote a substantial portion of time attempting to influence legislation nor shall it intervene in (including the publication or distribution of statements) any political campaign on behalf of a candidate or party.

Section 2. Powers. The Association shall, through its Board of Trustees, 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, unkempt, 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 and assessments not paid and in connection therewith to foreclose on 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 legal counsel, accounting services, maintenance, gardening, utilities, materials, supplies and services relating to property or facilities owned or operated by it and to employ a Community General Manager and other support staff necessary for the administration of its affairs.

(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, charges, assessments, fines and penalties on Members as may be provided in the Bylaws or otherwise authorized by law, and to take action to collect or enforce the same as said Bylaws, Deed Restrictions or applicable law 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, Planned Community Law of Ohio, or successor acts, or any other applicable law.

(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.

(w) To perform all acts necessary and proper for the government and operation of the Association.

(x) The Board of Trustees of the Candlewood Lake Association shall comply with all applicable state and federal laws concerning prohibitions against discrimination on the basis of race, color, religion, sex, military status, national origin, disability, age, or ancestry, including, but not limited to, Chapter 4112, of the Ohio Revised Code. No private right of action additional to those conferred by the applicable state and federal

anti-discrimination laws is conferred on any aggrieved individual by the preceding sentence.

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 connect to 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, or any future duly authorized unit, as described and set forth in the plat maps of the subdivision as illustrated and recorded 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 that a relationship exists between (2) or more people, neither of whom is married, that is intended to remain indefinitely and where there is joint responsibility for each other's common welfare, there are significant shared financial obligations, and there is a shared primary or secondary residence.

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.

With regard to legal trusts, there will be two (2) votes and the Voting Members must be identified in writing to the Association Office.

Voting Members shall have one (1) 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 and other rules, regulations, policies and/or ordinances of the Association 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 (1) 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 thirty (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 its sole discretion.

Section 4. Limited Members. Candlewood Lake Association Inc. shall have the authority to grant a person or entity the right to connect to 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 connects to the Association's water and/or sewer line(s). Any person or entity connecting to 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 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 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, binding and conclusive.

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.

Section 7. Information Disclosure. A member shall have the right to inspect the following records of the Association if the member gives the Association written notice at least five (5) business days prior to the date on which the member wishes to inspect the records:

A. Articles of Incorporation and all current amendments;
B. Bylaws and all current amendments;
C. Resolutions adopted by the Board of Trustees relating to the characteristics, qualifications, rights, limitations and obligations of members;

D. Minutes of all Board and Committee meetings and records of actions approved by the members during the past three (3) years;
E. All written communication from the Association to members as a whole within the past three (3) years;
F. A list of the names and addresses of the current Trustees and officers; and
G. The most recent annual report.

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.

A member’s request to review any records of the Association not listed above is subject to approval by the Board of Trustees. Such request shall be made in writing twenty (20) business days prior to the next scheduled meeting of the Board of Trustees and shall describe with reasonable specificity the records the member desires to inspect and the purposes of the inspection. At such meeting, the Board of Trustees shall determine, in their sole and absolute discretion, whether the request shall be granted.

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.

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: (a) A recorded deed or land contract and (b) 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. Both the property owner and the tenant must pay an operating assessment 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. The member will not be considered a member in good standing if the tenant does not maintain the property in accordance with CWL Rules and Regulations or has other unresolved CWL violations.

Section 3. 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's 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 the *Modern 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 thirty-first (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) calendar 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 that 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 five-hundred (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 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 twenty (20) calendar days prior to the meeting to all Voting Members. Such mailing is to be paid for by the 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 a 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 by the Voting Members present 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, 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 percent) 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 (1) 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 one hundred fifty (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 number, and telephone 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 who 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 the Association 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 Community General Manager, no more signatures can be added.

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

If it is determined that the number of signatures is one-hundred fifty (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's office seven (7) business days prior to the scheduled Candlewood Lake Association 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 Association all costs associated with that petition.

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 the Ohio Planned Communities Act or its then current equivalent, 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, attorneys, accountants, independent contractors, as well to authorize committee persons and the Community General Manager 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 adopt and publish rules and regulations governing maintenance and the use of the Common Areas.

(d) To do anything necessary or desirable, including, but not limited to, establishing any rules or regulations which the Association deems necessary to carry out the purposes of the Association as set forth herein or as permitted by law.

(e) To enforce the provisions of the Candlewood Lake Ordinances and any other rules or regulations and at its discretion, seek damages or other relief for violation of such provisions or rules and/or by Special Individual Assessment against any Member for violation of such provisions, rules or regulation pursuant to the provisions of the Candlewood Lake Ordinances.

(f) To procure and maintain adequate liability insurance covering the Association and the Trustees and officers thereof and adequate hazard insurance on the property owned by the Association.

(g) To cause to be kept a complete record of all its acts and corporate affairs.

(h) To provide overall stewardship of the Association's financial health; review financial performance; approve and monitor the annual operating and capital budgets; hire the independent auditor.

(i) To adopt and monitor the performance of the Growth/Strategic Plan and Reserve Funding Plan.

(j) To ensure an open process for the election of members to the Board of Trustees.

(k) To approve selection of the Executive Committee and Chairs of other standing committees.

(l) To ensure compliance with all applicable laws, regulations, polices and ethical standards of the Association (including laws and regulations enforced by the IRS, as well as the Association's conflict of interest/related party transaction and other governance policies).

(m) To review, monitor, and where appropriate, approve fundamental strategies and major Association actions.

(n) To assess major risks facing the Association and options for dealing with them.

(o) To annually monitor its own performance as the governing body and the performance of individual members.

(p) 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;

(q) 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

(r) To authorize appointments and removal of members to all standing, ad hoc committees and subcommittees, and to delegate to those bodies all necessary power and authority to carry out their duties and functions as defined by these Bylaws and/or the Board of Trustees.

Section 2. Number and Qualifications. The authorized number of trustees shall consist of not less than three (3) and not more than nine (9) 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 (1) 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 Committee chair prior to the final date election ballots are mailed out to the membership. This would include items A-G above. The Nominating Committee chair

shall be appointed from the membership by the then current Board President. The Nominating Committee chair shall be assisted by up to two (2) current members of the Board of Trustees. The Nominating Committee is an ad hoc committee.

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 Community General Manager, and at least three (3) members of the Association in good standing appointed by the Community General Manager. Once the President closes the election, all ballots collected on the day of the annual meeting are to be counted by these same people. A total count for each candidate will be presented to the membership.

All ballots are to be kept in a locked box at the independent attorney's office for the period of one calendar year from the date of the annual meeting and made available upon request 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 requesting review of the ballots is responsible for all incurred expenses related to such review.

Trustees shall hold office for a term of three (3) 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 shall serve a regular term for a trustee of three (3) years. The next candidate will fill each successive open position that was vacated during the previous year 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. Compensation. No trustee shall receive compensation for any services rendered to the Association. However, any trustee may be reimbursed for actual expenses incurred in the performance of their duties.

Section 6. Regular Meetings. The Board of Trustees shall meet not less than nine (9) times annually.

6.1 The re-organizational/new trustee-training meeting, to be held in executive session, will occur within three (3) 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.

6.2 Members of the Board of Trustees shall commit to attending regularly scheduled Board Meetings. If any trustee misses three (3) or more regularly scheduled Board meetings, from the annual meeting of one year to the end of April of the next year, the Board member may be subject to possible dismissal by a majority vote of the Board of Trustees. An absence shall be reported to the President or the Community General Manager.

6.2.1 Meetings of the trustees may be called by the president, or any two directors.

6.2.2 Meetings of the trustees may be held at any place within or without the state, including by means of State of Ohio authorized communications equipment.

Participation in a meeting pursuant to this division constitutes presence at that meeting.

6.2.3 Notice of the place, if any, and time of each meeting of the trustees shall be given to each trustee either by personal delivery or by mail, by overnight delivery service, or by means of State of Ohio authorized communications equipment at least two days before the meeting. That notice need not specify the purposes of the meeting.

Section 7. 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 the 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 that 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 telecommunications or overnight delivery will suffice. Under normal circumstances notice should be given at least forty-eight (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 8. Public Announcement and Conduct of Trustee Meetings. Conduct of trustee and standing and ad hoc committee meetings, public announcements, and open meeting requirements:

Section 8.1 Rules of Order. The President or other presiding official pursuant to these Bylaws shall conduct the Trustee and Standing Committee meetings in a fair and impartial manner. Matters determined by the President or other presiding official not to be provided for in these Bylaws will be resolved by reference to the most current edition of the *Modern Rules of Order*. In the event of a conflict between these Bylaws and the *Modern Rules of Order*, these Bylaws will govern. When questions arise in a meeting of members, resolution will be found in the then most current edition of *Modern Rules of Order*.

Section 8.2 Scheduling. 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, office, website, and newsletter at least forty-eight (48) hours prior to the date of each regular meeting.

Section 8.3 Announcements. 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, office, and web site at least forty-eight (48) hours prior to the date and time of the meeting.

Section 8.4 Open Meeting Requirements. All meetings of the Board of Trustees, except those sessions that are deemed as executive sessions, 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, or compensation of the Community General Manager.

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 the 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 9. 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 10. 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 11. Information Disclosure to Trustees. A trustee shall have the right to review all records of the Association that are reasonably related to the fulfillment of his/her duties to exercise due care, to act in good faith and in a manner, he believes to be in the Association's best interests. This right to review is subject to the following limitations:

A. The records obtained must not be distributed to any person, other than another trustee, without the prior approval of the Board of Trustees. The trustees shall approve of such distribution if: (i) the records are not confidential, as determined by the trustees in their sole and absolute discretion and in accordance with the nonprofit laws of the State of Ohio, or (ii) the distribution is necessary in order for the trustee to fulfill his duties under applicable law.
B. The records must be obtained with a reasonable and proper purpose. A "reasonable and proper purpose" is a purpose reasonably related to the trustee's actions on behalf of the Association or in connection with the fulfillment of the trustee's duties regarding the Association.

Section 12. Compensation Subcommittee. A Compensation Subcommittee of the Candlewood Lake Association, Inc. Board of Trustees shall be appointed by the Board to discharge the Board's responsibilities relating to compensation of the

Association's Community General Manager. The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Association as they affect the Community General Manager. The Compensation Committee shall consist of no more than three (3) trustees, and, should the Board so choose, a qualified and experienced human resources counselor who shall be ex officio.

ARTICLE VII

OFFICERS OF THE BOARD

Section 1. General. The officers of the Association's Board shall be a President, a Vice President, 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 (1) or more assistant secretaries, as may be appointed by the Board of Trustees. One person may hold (2) 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 Board 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 preside at all meetings of the Voting Members and of the Board of Trustees and of the Executive Committee of the Board.

The President of the Board shall act as a liaison between the Board and the Community General Manager to help ensure the Board's directives and resolutions are carried out, and exercise and perform such other powers and duties as may be

from time to time prescribed by the Board. More specifically, the President of the Board shall be responsible for:

i. Leading the Board and Executive Committee to carry out its governance functions
ii. Serving as an ambassador of the organization and advocating its mission to internal and external stakeholders.
iii. Ensuring the Board has approved policies to help ensure sound and compliant governance and management of the organization
iv. Partnering with the Community General Manager to lead the development and refinement of impact metrics
v. Assessing the performance of the Board and its committees
vi. Supervising the Community General Manager to see that job description duties are properly performed
vii. Assuring ongoing recruitment, development, and contributions of Board members
viii. Partnering with the Community General Manager to help ensure the Board's directives, policies, and resolutions are carried out
ix. Coordinating an annual performance review of the Community General Manager
x. Setting priorities and creating agendas for meetings of the Board and Executive Committee
xi. Presiding over meetings of the Board and Executive Committee

The President shall be an ex-officio member of all standing and ad hoc committees.

Section 5. Vice President. In the absence or disability of the President, the Vice President 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 President shall have such other powers and perform such other duties as may be prescribed for the office respectively by the Board of Trustees, the President, or these Bylaws.

Section 6. Secretary. The Secretary or his designated representative, 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' meetings, a roster of members present at members meetings, and the proceedings thereof.
The Secretary or his designated representative, 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 keep or cause to be kept, at the principal office or such other place as the Board of Trustees may order, all legal documents and legal transactions of 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 or his designated representative, 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 trustee.

An up-to-date financial report shall be submitted at each regular monthly meeting of the Board of Trustees.

Section 8. Past President. The Past President shall serve ex-officio and shall be allowed to attend all meetings of the Board of Trustees. The Past President shall perform such other duties as the President and the Board of Trustees may designate.

ARTICLE VIII

COMMITTEES

“Committees” shall be defined to include standing committees, ad hoc committees, and subcommittees. The work of committees is to review, research and recommend changes in policies to the Board of Trustees. Committees have roles to provide watchful and responsible care on behalf of the members, but committees have no management functions. Committees serve at the direction of the Board of Trustees.

Section 1. Committee Members. After the inception of committees, both standing and ad hoc, if replacement or additional members are to be added to the committee, or should a volunteer withdraw from service to a committee or subcommittee, the then Candlewood Lake Association Board President may appoint a new individual to fulfill the term.

To remove a committee member, the chairperson shall first recommend to the Board President the suspension of the committee member, with cause, from meetings until removal or reinstatement of the member by the Board President.

Resignations from a committee require Board acknowledgment.

Members of committees, as such, shall not receive any salary or compensation for their services; provided, however, that a committee member may serve the Association in another capacity and receive compensation therefor.

Section 2. 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 (4) 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 when dealing with the Community General Manager, receiving the recommendations from the Finance Committee and recommending the adoption of the annual operating and capital budgets to the Board of Trustees, overseeing and coordinating the work of all other committees, providing guidance to the President of the Board of Trustees, establishing and agreeing on goals and objectives for the Community General Manager, appointing an annual Compensation Subcommittee to review the Community General Manager's performance and base salary, incentive bonus and benefits, resolving disputes regarding implementation of Board policies and procedures and dealing with such other items as may come before it.

The members of the Executive Committee will be the President, who will serve as chairperson, and other officers of the Board, and the immediate past President, the Community General 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 chairperson of this committee will keep the trustees informed regarding the time, date and place of Executive Committee meetings.

b) **Finance Committee** - This committee's responsibility is to advise, assist and recommend to the Board of Trustees on issues regarding the financial, insurance and audit aspects of the Association. This includes: obtaining the proposed annual budget from the Community General Manager, reviewing it, and making recommendations to the Executive Committee of the Board of Trustees to include a level of member assessments for funding the budgets

- **I.** funding the budgets;
- **II.** providing general monitoring and reporting to the Board of Trustees concerning investments, assets, liabilities, and the fiscal condition and results of operations of the Association;
- **III.** receiving recommendations from other committees of the Association concerning financial expenditures for replacement and new capital items, ensuring that adequate financing is available, and recommending for passage by the Board such recommendations for which funds are available;
- **IV.** annually reviewing with the Community General Manager the reserve study prior to drafting the proposed annual budget;
- **V.** annually reviewing with the Community General Manager the Association's growth and/or long-range plans;
- **VI.** assisting the Board in fulfilling its oversight responsibilities regarding the audit and other fiduciary responsibilities relating to the legal and financial compliance with applicable laws, regulatory requirements, and community association best practices and policies applicable to accounting and reporting practices.

The members of this committee shall include either the Board's Vice President or Treasurer, either of whom shall serve as chairperson, and others as needed, but may not exceed four members of the Board of Trustees, and the staff person who is responsible for financial operations who shall be ex-officio.

b.1 Audit Committee (subcommittee of Finance Committee)

The purpose of the Audit Committee is to assist the Board of Trustees in fulfilling the Board's oversight responsibilities with respect to (i)

financial reporting; (ii) the internal and external audit process; (iii) internal controls; (iv) the Association's processes for monitoring compliance with laws and regulations; and (v) the related risks thereto. The function of the Audit Committee is oversight. Management is responsible for the preparation, presentation and integrity of the Association's financial statements, for maintaining appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and applicable laws and regulations and for designing and maintaining internal controls. The Finance staff is responsible for conducting periodic audits to test the effectiveness of the Association's internal controls. The independent auditor is responsible for planning and carrying out proper audits of the Association's financial statements and considering the Association's internal control over financial reporting in determining the nature, timing and extent of audit procedures necessary for expressing an opinion on the financial statements.

c) **Community Events Committee (ad hoc) -**The Community Events Committee assists in the planning, execution, and post-production follow-up of each Candlewood Lake Association public social event. Duties such as promoting the events, finding volunteers, set-up and break-down, assisting with participation, etc., are all ways the Community Events Committee serves the Association. The Community Events Committee may oversee individual event subcommittees that are chaired and/or co-chaired by Community Events members. Committee members for each event organize programs, food and beverages, entertainment, decorations, door prizes and sponsorships as needed.

d) **Environmental Control Committee** - This committee's responsibilities are limited to those duties found in Article Seven (7) of the Association's Deed Restrictions. At least one trustee shall be on this Committee.

e) **Safety/Compliance Committee** - This committee's responsibility is to advise, assist and recommend to the Board of Trustees on issues regarding issues involving security for the subdivision, as well as compliance with regulatory directives regarding safety and health. A trustee shall serve as chairperson. Membership shall include at least four other persons, as well as the paid staff person responsible for community safety, who shall be ex officio.

f) **Bylaws and Official Documents Committee** - This committee will monitor the Bylaws, Articles of Incorporation and Deed Restrictions and recommend changes to the Board of Trustees and the members when and where

necessary. The committee will work with the Association's 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 chairperson, 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 serve on this Committee.

g) **Utility Committee** – The committee's responsibility is to advise, assist, and recommend to the Board of Trustees on issues related to all aspects of the operations, maintenance, and upkeep of the utilities operation of Candlewood Lake. Membership shall include at least four (4) other persons including at least one trustee, plus a paid technical person responsible for the entire operations.

h) **Long Range Planning Committee -** The committee's responsibility is to advise, assist, and recommend to the Board of Trustees on matters relevant to the long-range vision of Candlewood Lake Association as derived from its members and to 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, if judged necessary, update the Strategic/Growth Plan and Reserve Study annually, and procure or produce a new updated Strategic/Growth Plan and reserve studies, as may be requested by the Board. 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 nine (9) and twelve (12) members representing all areas of the Candlewood Lake subdivision. No more than one third (1/3) of the committee membership shall be trustees. Members of this committee must attend a minimum of seventy-five (75) percent of the regularly scheduled monthly meetings to remain a member.

i) **Lake and Siltation Committee -** The responsibility of this committee is to advise, assist and recommend to the Board of Trustees on assessing and evaluating the condition of the lake to prevent and correct any deficiencies or problems that may arise. This includes shoreline and dam maintenance, weed control, and other issues involving the condition of the lake.

j) **Maintenance Committee (ad hoc) -** The purpose of the Candlewood Lake Association Maintenance Committee is to advise, assist and recommend to

the Board of Trustees how the entire Candlewood Lake Association complex is maintained by management so that the community's grounds and physical plant are proactively maintained in a cost efficient manner that is both functional and user friendly, resulting in a safe and attractive environment, which in turn promotes an atmosphere for full enjoyment of Candlewood Lake Association facilities.

j.1 Pool Subcommittee (subcommittee to Maintenance Committee) - The purpose of the Pool Subcommittee is to advise, assist and recommend to the Board of Trustees proper use, care, and upkeep of the pools and surroundings within the fenced area of the Candlewood Lake swimming pools.

j.2 Roads & Culverts Subcommittee (subcommittee to Maintenance Committee) - The purpose of the Road & Culverts Subcommittee is to advise, assist and recommend to the Board of Trustees policies involving the improvement, maintenance and repair of roads and culverts in Candlewood Lake. The recommendations of the Roads & Culverts Subcommittee shall be based on their collective judgment as they balance the needs of the community with available financial resources.

Section 3. 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 4. Conflict of Interest of Volunteers. All volunteers, including 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, volunteers shall not, either directly or indirectly, derive a personal profit or advantage from their position as volunteers, in that the primary obligation of the volunteers 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 volunteers specifically authorize the contract or business relationship. Volunteers 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 IX

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 X

ANNUAL OPERATIONS CHARGE, FEES AND SPECIAL ASSESSMENTS

Section 1. General. Prior to January 1 of each year, the Board of Trustees shall consider the current and future operating expenses and reserve requirements 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 the debt of the owner at the time such charge is made.

The Operations Charge at a minimum shall include assessments for the following:

Current year operating expenses, including but not limited to employee wages and benefits, insurance, maintenance, real estate taxes and professional fees.

Primary reserve fund contributions in amounts deemed necessary to substantially fund Association needs for replacement of capital assets

Utility reserve fund contributions in amounts deemed necessary to substantially fund Association needs for replacement of utility capital assets

Capital reserve fund contributions in amounts deemed necessary to purchase new capital assets deemed necessary for the Association

Water and sewer operating expenses necessary for the operations of the Association's utility services including but not limited to employee wages and benefits, chemicals, maintenance, and professional fees. Included hereunder shall be any applicable water or sewer availability fees as noted in the Deed Restrictions.

Such other fees, including trash, that the Board believes are appropriate to support the services and amenities provided to Members.

It is noted that the Operations Charge may be calculated differently for developed lots, lots that qualify for "Contiguous Lot" status as prescribed by these Bylaws, vacant lots, Unit 4 lots, lots on shared grinders and other factors the board considers to create equity among Members. The Operations Charge shall be billed to members on a monthly basis.

The following guidelines shall be utilized by the Board in establishing the Operations Charge:

For Contiguous Lots, as defined in the Deed Restrictions, a members first Contiguous Lot shall not be assessed any Operations Charge. If a Member owns a third or fourth Contiguous Lot, the Operations Charge assessed per lot shall be limited to no more than 50% of any applicable current year operating expense allocation and primary reserve fund contribution. No utility fees for the third and fourth lots shall be charged.

In addition, the Board of Trustees shall establish fees for services, fines and penalties including but not limited to issuance of required permits, traffic violations and installations of sewer and water lines, and make this information available to the Members and prospective buyers.

Unless specifically excluded below, any increase for the subsequent budget year in the Operations Charge, other assessments, fees for services and charges levied by the Association shall not be more than the lesser of:

a) the annual Consumer Price index, as established by the Bureau of Labor Statistics of the U.S. Department of Labor, as of June prior to the budget approval vote or:

b) 5%

as compared to the Operations Charge, other assessments, fees for services and charges for the current fiscal year.

This increase limitation shall be referred to as the “Dues Cap”. The Dues Cap shall be calculated based on the total amount of the Operations Charge, not the individual components of the Operations Charge.

Any newly established fee or proposal for an increase that exceeds the Dues Cap must be submitted for a mail vote to the Voting Members. To be effective, a majority of Members voting must vote in favor of the new fee and/or proposed increase in the Operations Charge or fee that exceeds the Dues Cap.

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. To be effective, a majority of Members voting must vote in favor of the Special Assessment.

However, a Special Assessment may be made solely by affirmative majority vote of the Board of Trustees, only if it is mandated by law and the Association receives a written order from a governmental or regulatory agency.

The following fees, charges and assessments levied by the Association are considered “exempt” and therefore not subject to the Dues Cap.

Sewer Tap In Fee
Water Tap in Fee
Lot Transfer Fee
Road Fee
Resale Certificate Fee
Late Fee
NSF Fee
Advertising Fees
Any traffic violation or compliance violation related fees and fines
Any Fees, Costs, or Assessments due to Association remediation and/or clean up of member lots; including mowing fees.

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 XI

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’s 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.

Section 3. Checks and Drafts. All checks, drafts or other orders for payment of money, notes, or other evidence 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," or its then

current equivalent, and any other relevant, authoritative accounting pronouncements, so members may compare financial results from one accounting period to another.

The Board of Trustees shall receive each month such financial reports as determined by the Board to enable it 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 that 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.

These Bylaws authorize only the following major funds in accounting for Candlewood finances. Money paid into any fund shall be used only for the purpose for which such fund is established.
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 dayto-day operations of the Association, either those that are expected or recurring.

b. **Debt Service Fund** - To account for the accumulation of resources for, and the payment of all short and long-term debt principal and interest.

c. **Capital Improvement Fund** – To account for savings set aside to fund new substantial and discretionary additions and upgrades. Replacing an old asset with something “better” is not a capital improvement, and these projects should be funded from the Reserve Fund. Capital improvement projects will typically require membership approval to generate the funds needed to purchase or construct the capital improvement. Because capital improvements are “new” to the Association, no reserve funds have been set aside to pay for the improvement. Capital Improvement Funds are to be held in a separate bank account.

d. **Reserve Fund** - To account for savings set aside to preserve and protect the major components of our common property. All repair or replacement components that are to be paid out of the Reserve Fund must have a projected cost more than one-thousand five-hundred dollars ($1,500) The purpose of this fund and its required funding in the budget is to avoid special assessments. An annual majority vote of the entire membership is required to waive funding of the reserves. Reserve Funds shall be held in an account separate from General Funds. The Reserve Fund must be accounted for each month as a part of the monthly financial report.

d.1 Borrowing from the Reserve Account - The reserve account is to be used only for the purpose of funding major repairs and replacements. In addition, it is required that the reserve account be kept separate from other funds. However, the Board of Trustees may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses. The Board of Trustees must adopt, by resolution, a written payment plan providing for repayment of the borrowed funds within a reasonable period of time, no later than the adoption of the budget for the following year. It should be noted, that due to withdrawal restrictions on many money market and investment brokerage accounts, and for practicality reasons, it might be necessary to pay replacement fund expenditures through the operating fund checking account. A detailed record should be kept of each payment made by the operating fund on behalf of the replacement reserve fund and a repayment transfer should be made at least once a month. See Chart of Accounts for a definition of interfund balance accounts.

Accounting Procedures for Borrowing from the Reserve Fund

1. A Board Resolution is required to authorize the temporary transfer of moneys from the reserve account to the general operating account to meet short-term cashflow requirements or other operating expenses.

2. If the Board authorizes the transfer, the Board shall issue a written Board Resolution, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the moneys will be repaid to the Reserve Fund.

3. The transferred funds shall be restored to the Reserve Fund within one year of the date of the initial transfer, except that the Board may, after

giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Association, temporarily delay the restoration.

4. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section. This special assessment is subject to the limitation imposed by the Bylaws, Article IX, Annual Operations Charge, Fees and Special Assessments. The Board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

e. **Utilities Reserve Fund -** To account for savings set aside to preserve and protect the major components of our utilities property. All repair or replacement components that are to be paid out of the Utility Reserve Fund must have a projected cost more than one-thousand five-hundred dollars ($1,500). The purpose of this fund and its required funding in the budget is to avoid special assessments. An annual majority vote of the entire membership is required to waive funding of the reserves. Utility Reserve Funds shall be held in an account separate from General Funds. The Utility Reserve Fund must be accounted for each month as a part of the monthly Financial Report.

f. **Sewer Fund** To account for user charges and other financial transactions relating to the operation and maintenance cost of providing this utility,

g. **Water Fund** To account for user charges and other financial transactions relating to the operation and maintenance cost of providing this utility.

h. **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.

i. **Sale of Real Property** - The amount received for the sale of numbered lots in inventory shall be paid into a debt service fund, but shall not be placed into annual operating funds but shall be placed into reserve funds.

j. **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.

Section 5. Investment Monitoring: The Community General Manager, relying upon Board-approved financial policies and with watchful and responsible care on behalf of the members from the 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 Community General Manager is responsible for monitoring the Association's liquidity needs and directing the investment manager to maintain sufficient liquidity. The objective of the Association's investment accounts should be for long-term growth of principal and income, to meet capital needs and provide supplementary income for operations while limiting volatility to a level that the Board sees fit.

Section 6. Investment Management Firm: Candlewood Lake Association's investment manager shall 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).

The Finance Committee and the Board shall review the return on investments and diversification strategy periodically and at a minimum, annually.

Candlewood Lake Association's Board of Trustees shall select Candlewood Lake Association's investment manager with guidance from the Finance Committee.

Section 7. 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 evidence 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 the Vice President) and by the Secretary, or the Treasurer.

Section 8. Outside Debt. The Association shall not incur outside debt in excess of twenty (20) percent 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 9. 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 10. Commercial Logging Activities. No commercial logging activity shall be permitted on any common property within the Candlewood Lake Subdivision without prior approval by the membership via general membership vote as detailed in Article V, Section 6 of these Bylaws.

Section 11. Conflicts. In the case of any conflict between the Declarations and these
Bylaws the Declaration shall prevail. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Candlewood Lake Ordinances and these Bylaws, these Bylaws shall control.

ARTICLE XII

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.