

Candlewood Lake Association, Inc.

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

BY-LAWS

As Amended in 2011

AMENDED ARTICLES OF INCORPORATION

As Amended in 2010

DEED RESTRICTIONS

As Amended in 2011

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OF
CANDLEWOOD LAKE ASSOCIATION, INC.**
As amended in May 2011

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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 as may be, from time to time, 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 sport activities for its Voting Members, their families and guests and to develop and maintain a recreational oriented 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, recreational 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 recreational 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 By-Laws and to take action to collect or enforce the same as said By-Laws 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 owners of lots in the Subdivision, the spouses of such persons, 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 classes of membership: (1) Voting Members, (2) Associate Members, and (3) Limited Members. Only one person, whose name must appear on the deed to the lot, and his or her spouse and their dependent children, qualify for membership in the Association when they become owners of a numbered lot. An entity, who has been granted the authority to tap into the Association's water and/or sewer services, qualifies for membership in the Association.

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 regards 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 By-Laws, 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 anytime 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 of the Voting Member and their dependent children who live at the same residence 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 living at the same residence. 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 By-Laws, 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 By-Laws, 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.

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 By-Laws, 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.

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 IX, Section 1 of these By-Laws 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 and all amendments to the By-Laws, Articles of Incorporation or Deed Restrictions 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 By-Laws.

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 a voting member who signed the petition wishes to remove their name from the petition, they may submit a letter stating this or go in to 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 By-Laws, and of the General Not for Profit Corporation Act of Ohio, and subject to the duties of Trustees as prescribed by these By-Laws, 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 By-Laws;

(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 By-Laws, 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.

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 VI, 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 six times annually with the organizational meeting to 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 normally within the Subdivision. At that first meeting, the Board shall elect officers and organize itself to conduct such business as necessary.

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 anytime 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 gates, business office, web site, 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 gates, 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 By-Laws 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 By-Laws.

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 By-Laws 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 By-Laws, 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 By-Laws.

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 By-Laws 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 By-Laws.

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 By-Laws.

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 As 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) **By-Laws/Legal Committee** - This committee will monitor the By-Laws, 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 up keep of the utilities 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 it's 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 or any entity in which her or his family has a significant interest, 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 a significant interest, have a 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 attorneys 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 thirty (30) 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 By-Laws 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 By-Law 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** - To account for the proceeds of specific revenue sources (other than special assessments or expendable trusts) that are Board restricted to expenditures for specified purposes. Example would be the Water Fund and the Sewer Fund.
- 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 in excess of \$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 in order 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 By-Laws, 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 By-Laws.** The Association shall keep in its principal office for the transaction of business, the original or a copy of the By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times.

ARTICLE XI

AMENDMENTS

Section 1. **Amendments.** These By-Laws may be amended or replaced and new By-Laws adopted by a majority 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 of their last known address and according to procedures outlined in Article V, Section 6. Voting.

CANDLEWOOD LAKE ASSOCIATION, INC.
AMENDED ARTICLES OF INCORPORATION
As amended in 2010

Incorporated
July 12, 1974

Corporation
Number 455679

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CANDLEWOOD LAKE ASSOCIATION, INC.
AMENDED ARTICLES OF INCORPORATION
As amended in 2010

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**CANDLEWOOD LAKE ASSOCIATION, INC.
AMENDED ARTICLES OF INCORPORATION
As amended in 2010**

**Incorporated
July 12, 1974**

**Corporation
Number 455679**

Candlewood Lake Association, Inc., an Ohio corporation not for profit, formed under Ohio Revised Code Chapter 1702, hereby amends its Articles of Incorporation. To adapt to changed conditions, the following Amended Articles of Incorporation shall supersede the existing Articles of Incorporation.

ARTICLE I

NAME

The name of the corporation is Candlewood Lake Association, Inc., hereinafter called "the Association".

ARTICLE II

PRINCIPAL OFFICE

The principal office of the Association shall be located at Candlewood Lake, Congress Township, Morrow County, Ohio.

ARTICLE III

PURPOSE AND POWERS OF THE ASSOCIATION

The Association is formed as a non-profit corporation under the provisions of Ohio Revised Code Sec. 1702. It is not formed for pecuniary gain or profit, and its net earnings, or any part thereof, shall never be distributable to its members, trustees, officers or other private persons. This provision shall be applied, to the maximum permissible extent, so as to come within the meaning of Title 26, United States Code Sec. 528(c) (1976), with respect to "homeowners associations".

Section I. **Purposes.** The purposes of the Association are as follows:

(a) To promote pleasure, social recreation and sports activities for its members, their families and guests and to develop and maintain a recreational oriented environment at Candlewood Lake Subdivision, Morrow County, Ohio as shown on the plats thereof filed with the Recorder of Morrow County, Ohio (referred to herein as "Subdivision").

(b) To own, operate, maintain, develop, repair and replace the streets, parks, dams, lakes, recreational areas, buildings, utilities, and other amenities within the Subdivision.

(c) To provide means for the promulgation and enforcement of regulations necessary to governing the use and enjoyment of the streets, parks, dams, lakes, recreational facilities or other amenities within the Subdivision.

Section 2. **Powers.** The Association shall have the power under Ohio Revised Code Sec. 1702.03 to do whatever is necessary, conducive, incidental or advisable to accomplish and promote its purposes. In connection therewith, the Association shall have, but shall not be limited to, the following powers:

(a) To acquire real or personal property by gift, purchase or other means, and to sell or dispose of it;

(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 Deed Restrictions with respect to property within 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 construct, maintain, operate, rebuild, repair, beautify and otherwise care for all streets, utilities, dams, project parks, buildings, recreational facilities, 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, covenants, conditions, restrictions 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 or convenient to the discharge of any of its obligations or powers;

(j) To levy an annual charge upon its members and to declare and enforce liens against property in accordance with the Deed Restrictions;

(k) To prescribe and enforce motor driven vehicle speed limits within the Subdivision and to control water craft operation and to impose safety requirements for the lake;

- (l) To take any lawful action to collect any charges not paid and in connection therewith to foreclose any lien granted to the Association;
- (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, including legal counsel, accountants, and engineers, reasonably 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 and assessments, fines and penalties on members as may be provided in the By-Laws and to take action to collect or enforce the same as the By-Laws or the Deed Restrictions may authorize;
- (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 Non-Profit Corporation Law of Ohio, and all 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 the platted lots within the Subdivision.

ARTICLE IV

BOARD OF TRUSTEES

The Board of Trustees shall consist of not less than three (3) trustees, provided that the Trustees shall presently consist of nine (9) Trustees. The number of Trustees, the manner of selection of their successor Trustees, and their terms of office shall be as set forth in the Association's By-Laws.

The Trustees shall have such powers, not inconsistent with law or vested herein in the members, as are set forth in the Association's By-Laws.

ARTICLE V

MEMBERSHIP

Section 1. **General.** Members of the Candlewood Lake Association shall be those persons who hold recorded title as owners of lots in the Subdivision, the spouses of such persons, 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 classes of membership: (1) Voting Members, (2) Associate Members, and (3) Limited Members. Only one person, whose name must appear on the deed to the lot, and his or her spouse and their dependent children, qualify for membership in the Association when they become owners of a numbered lot. An entity, who has been granted the authority to tap into the Association's water and/or sewer services, qualifies for membership in the Association.

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 regards 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 By-Laws, 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 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 anytime 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 of the Voting Member and their dependent children who live at the same residence 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 living at the same residence. 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 By-Laws, 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 By-Laws, Deed Restrictions or other 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 VI

MERGERS AND CONSOLIDATIONS

To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of Voting Members holding at least the majority of the voting power of Voting Members actually responding to a written vote solicitation, or at an annual or special meeting, provided that lawful notice shall be first served by mail on all lot owners of record.

ARTICLE VII

AUTHORITY TO DEDICATE

The corporation shall have power to dedicate any of its property to an appropriate public authority for public use, provided that lawful notice, as prepared by the recommendation of the majority of the Board of Trustees, shall be first served by mail on all lot owners, and that any such dedication shall have the assent of Voting Members holding at least the majority of the voting power of Voting Members actually responding to a written vote solicitation, or at an annual or special meeting, provided that lawful notice shall be first served by mail on all lot owners of record.

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the assent of Voting Members holding at least the majority of the voting power of Voting Members actually responding to a written vote solicitation, provided that lawful notice shall be first served by mail on all lot owners of record. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association, both real and personal, shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused

acceptance, the assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to similar purposes. The net earnings of the Association shall never inure to any of its members, trustees, officers or other private persons.

ARTICLE IX

DURATION

The Association shall exist perpetually.

ARTICLE X

AMENDMENTS

These Articles may be amended or repealed and new Articles adopted by a majority 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 the By-Laws. No amendment shall be effective that is inconsistent with the Deed Restrictions as amended.

ARTICLE XI

NOTICE AND QUORUM

Notice and quorum requirements shall be in accordance with the provisions of the Association's By-Laws.

ARTICLE XII

INDEMNIFICATION

(I) To the maximum extent permitted under the authority of Ohio Revised Code Sec. 1702.12 (E), the standards for which are hereby incorporated into these Amended Articles of Incorporation, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the Association, by reason of the fact that he or she is or was a trustee, officer, employee, committee person, or agent of the Association, or is or was serving at the request of the Association as a trustee, director, officer, employee, committee person, or agent of another corporation, domestic or foreign, non-profit, or for profit, partnership, joint venture, trust, or other enterprise. Indemnification shall include expenses, attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if he or she acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association. With respect to any criminal action or proceeding, he or she shall be indemnified if he or she had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a

presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(2) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a trustee, officer, employee, committee person, or agent of the Association, or is or was serving at the request of the Association as a trustee, director, officer, employee, committee person, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise. Indemnification shall include expenses, attorneys' fees, actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association. Indemnification shall be made in respect to any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association, to the extent that the court of common pleas or the court in which such action or suit was brought shall determine that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

(3) To the extent that a trustee, director, officer, employee, committee person, or agent has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in divisions (1) and (2) of this Article, or in defense of any claim, issue, or matter therein, he or she shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection therewith.

(4) Any indemnifications under divisions (1) and (2) of this Article, unless ordered by a court, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, trustee, employee, committee person, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in divisions (1) and (2) of this Article. Such determination shall be made (a) by a majority vote of a quorum consisting of trustees of the indemnifying corporation who were not and are not parties to or threatened with any such action, suit, or proceeding, or (b) if such a quorum is not obtainable, or if a majority of the disinterested trustees so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Association or any person to be indemnified within the past five years, or (c) by a majority vote of the Voting Members participating in the vote, or (d) by the court of common pleas or the court in which such action, suit or proceeding was brought. Any determination made by the disinterested trustee under division (4) (b) of this Article shall be promptly communicated to the person who threatened or brought the action or suit by or in the right of the corporation under divisions (1) and (2) of this Article, and within ten days after receipt of such notification, such person shall have the right to petition the court of common pleas or the court in which such action or suit was brought to review the reasonableness of such determination.

(5) Expenses, including attorneys' fees, incurred in defending any action, suit, or

proceeding referred to in divisions (1) and (2) of this Article, may be paid by the Association in advance of the final disposition of such action, suit, or proceeding as authorized by the trustees in the specific case upon receipt of an undertaking by or on behalf of the trustee, director, officer, employee, committee person, or agent to repay such amount if it ultimately be determined that he or she is not entitled to be indemnified by the Association as authorized by this Article.

(6) The indemnification authorized by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the articles or the regulations, or any agreement, or by vote of Voting Members, or by disinterested trustees, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. It shall also be applied to a person who has ceased to be a trustee, director, officer, employee, committee person, or agent and shall inure to the benefit of the heirs, executors, and administrators of any such person.

(7) The Association may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, committee person, or agent of the corporation, or is or was serving at the request of the corporation as a trustee, director, officer, employee, committee person, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under this section.

(8) As used in this Article, "Association" includes all subsidiary corporations, any related entity, all constituent corporations in a consolidation or merger, and the new or surviving corporation, to the objective that any person who is or was a trustee, officer, employee, committee person, or agent of any subsidiary corporation, any related entity, constituent corporation or is or was serving at the request of such constituent corporation as a trustee, director, officer, employee, committee person, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise, shall stand in the same position under this Article with respect to the new or surviving corporation as he or she would if he or she had served the subsidiary, related, new or surviving corporation in any capacity.

(9) The Association's duty to indemnify shall not be deemed to exclude any other rights to which such trustee, director, officer, employee, committee person, or agent of the corporation may be entitled under the By-Laws, any agreement, any insurance purchased by the Association, or by vote of Voting Members, or otherwise.

CANDLEWOOD LAKE ASSOCIATION, INC.
DEED RESTRICTIONS
As amended in May 2011

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CANDLEWOOD LAKE ASSOCIATION, INC.

DEED RESTRICTIONS

As amended in May 2011

ARTICLE ONE

P100 **AMENDMENT OF PREVIOUS RESTRICTIONS:** These amended Deed Restrictions amend the previous "Declaration of Covenants, Conditions and Restrictions", Candlewood Lake Subdivision recorded in July 12, 1974, and as amended in 1979, 1982, 1983, 1986, 1991, 1992, 1996, 1999, 2000, 2002, 2003, and 2004, 2005, 2006, 2007, 2008, and 2010 as recorded in Deed Book 257 Page 505, Deed Book 276 Page 276, Deed Book 327 Page 33, Deed Book 284 Pages 907 - 908, Deed Book 308 Pages 256 - 257, Deed Book 310 Pages 345 - 350, Deed Book 333 Pages 640a - 640b, Deed Book 356 Pages 19 - 21, Deed Book 363 Pages 697 - 700, Deed Book 375 Pages 249 - 256, Deed Book 381 Pages 747 - 752, and Deed Book 389 Pages 447 - 452, Deed Book 396 Pages 820-822, Deed Book 621 Pages 911-915, and Deed Book 687 Pages 146-152 and any other prior deed restrictions relative to the Candlewood Lake Subdivision. These Covenants, Conditions and Restrictions are to be re-titled and called Deed Restrictions.

ARTICLE TWO

P200 **RESTRICTIONS RUNNING WITH THE LAND:**

P201 **Recreational Orientation:** Candlewood Lake Subdivision was established as a Subdivision with a strong recreational orientation, to consist of residential lots, mobile home lots and recreational vehicle lots, roads, parks and common areas shown and described on the plats of the Subdivision recorded with the Recorder of Morrow County, Ohio.

P202 **Purpose Of These Restrictions:** This Subdivision is under the control of the Association. The Association sells numbered lots within the Subdivision, and has imposed upon all land within the Subdivision, and the lots and parcels located therein, certain mutual and beneficial restrictions, easements, liens and charges for the mutual benefit and complement of the various lots and parcels in the Subdivision and for present and future owners of the land.

P203 **Common plan, benefit and limitations:** The Association declares that all of the lots located in the various recorded plats, designated as residential in character, are held and shall be held, conveyed, pledged or encumbered, leased, rented, used, occupied and improved, subject to these Restrictions, all of which are declared and agreed to be in furtherance of a plan for the Subdivision, so as to enhance and protect the value, desirability and attractiveness of the Subdivision as a whole and of each lot situated therein. The Restrictions shall run with the land and shall be binding upon the Association and upon all parties ("Owners") having or acquiring any right, title or interest in the real property or any part thereof.

ARTICLE THREE

P300 RESIDENTIAL CHARACTER OF CANDLEWOOD LAKE: These Amended Deed Restrictions apply throughout the entire Subdivision with special requirements outlined for Unit 4, Recreational Vehicles and Units 5 and 6 Mobile Homes.

P301 Environmental Control Committee Approval: Candlewood is a single family, residential development. No structure shall be erected, placed or permitted to remain upon any lot unless approved in advance in writing by the Environmental Control Committee (ECC). Environmental Control Committee decisions are subject to appeal to the Board of Trustees if disagreements arise. The Environmental Control Committee will publish and keep up to date a Building Code which must be approved by the Board of Trustees.

P302 Outbuildings: The Environmental Control Committee shall approve in writing all outbuildings. Storage sheds are permissible and shall be made of wood or vinyl and shall not exceed 192 square feet in size with a maximum height of 12 feet. All storage sheds shall meet the set back requirements of the appropriate unit in which it is constructed as recommended by the ECC. Limit of one unattached storage shed per lot which includes two, three, or four contiguous married lots.

P302.01 Residential Use of Outbuildings, Boat Houses or Temporary Facilities: No outbuilding, boat house or temporary structure shall ever be used as a place of human habitation. The restriction is not intended to limit the Board's power to authorize the Association Office to grant temporary permits for the use of camping units on lots which already have a house, mobile home or camping units on them, however, at no time will camping units be permitted on vacant lots except in Unit 4. Permits good for 14 days will be issued on a quarterly basis to those property owners that have a current balance.

P303 General Regulations Regarding Construction And Maintenance:

P303.01 Occupancy or residential use of partially completed dwelling houses prohibited: No dwelling being constructed shall be used for human habitation until it is approved habitable in writing by the Environment Control Committee. Since homes or camping units in units 4, 5 and 6 are or should be substantially complete at the time they are placed on lot, they should be habitable at that time. However, the Environmental Control Committee may determine that a dwelling in units 4, 5 or 6 is not habitable until certain conditions are met.

P303.02 Boundary Definitions:: All dwelling houses and other structures, except fences (See 303.04), shall be placed on numbered residential lots in accordance with the following standards: "Front Line"--that boundary line which faces on the Subdivision road upon which the lot is located. "Side Line"--is a lot boundary line that extends from the front line at the road in the Candlewood Subdivision along which the lot abuts, leading away from the road, to the rear line of the lot. "Rear Line"--is the lot boundary line that is farthest from, not vertical to and substantially parallel to, the Candlewood Subdivision road on which the lot abuts, except that on corner lots, the rear line may be determined from either abutting road in the Subdivision.

P303.03 Cul-de-sacs: If the particular line abuts on a cul-de-sac, all parts of any building shall be set back as shown on the recorded plat.

P303.04 Fences: As a general rule, fences and similar enclosures may not be erected. Property lines ought to be kept free and open to owners. Erection of fences and other enclosures shall be denied except where they qualify as an acceptable aesthetic feature consistent with the character of the area, conforming to size, height, composition and location and authorized by a written order by the Environmental Control Committee.

P303.05 Construction And Placement Guidelines: The construction and placement of all dwellings shall be subject to strict compliance with the building code promulgated by the Board of Trustees and administered by the Environmental Control Committee. However, neither the Association, its Trustees, the Environmental Control Committee or any member thereof, or their respective heirs, representative, successors or assigns shall be liable to any person or entity by reason of mistakes in judgment, negligence, malfeasance or nonfeasance arising out of or in connection with the approval, disapproval, or failure to approve any plans or any other exercise or non-exercise of the provisions of the building code.

P303.06 Diligence In Construction: The exterior of every dwelling on every numbered lot in the Subdivision shall be completed within six (6) months after the beginning of such construction. No improvement which has been partially or totally destroyed by fire or otherwise, shall be allowed to remain for more than three (3) months from the time of such destruction or damage, without exterior repairs or total demolition and cleanup.

P303.07 Used Materials and Structures: Houses and other structures shall be primarily constructed using new materials. Wherever used or old materials are being used in the construction of a house the builder must have the prior written approval of the Environmental Control Committee. If a used house is being moved into the Subdivision, it must have prior written approval of the Environmental Control Committee and the Board of Trustees.

P303.08 Maintenance Of Lots And Improvements: Owners of each lot in the Subdivision shall at all times maintain their lots and improvements in a neat and tidy condition. Each owner shall use the following as minimum standards for property maintenance and understand that failure to properly maintain the property may result in Association action to bring the property up to standard.

P303.081 Owners shall keep their property mowed and free of unsightly weeds, vegetation and long grass according to such standards as the Board of Trustees may prescribe.

P303.082 All debris and rubbish shall be moved from the lot and adjacent easements and rights of way. Natural brush and combustible material from building and construction may be burned after notification to Candlewood Security and as permitted by all applicable regulatory agencies.

P303.083 Property owners shall prevent and alleviate any condition on their lots that tend to distract from or diminish the aesthetic appearance of the Subdivision.

P303.084 Lot owners shall prevent the entry of all debris and foreign material from their lots into the lake. Lot owners shall remove all such foreign material and debris which has originated at their lot.

P303.085 Owners shall keep the exteriors of all improvements on their lots in a good state of repair and sightliness.

P303.09 Pavements and Driveways: Plans and specifications for all driveways, culverts, pavement edging or markers shall be first approved in writing by the Environmental Control Committee.

P303.10 Protection of Pipes and Cables: No pipes, conduits, lines, wires equipment or facilities for the transmission or metering of electricity, gas, water, communications or other utilities shall be constructed, placed or permitted to be placed upon any lot unless approved by the Environmental Control Committee.

P303.11 Utility Easements: Easements for installation and maintenance of utilities are hereby reserved by the Association for the benefit of the Association and all lot owners within the Subdivision. Within such easement areas, no structure or other improvement shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities therein.

P303.12 Association's Authority To Perform Maintenance: If the owner of any lot in the Subdivision fails to repair or maintain his lot and any improvements in accordance with the provisions of these Deed Restrictions, the By-Laws, the ruling by the Environmental Control Committee or the Association Board, the Association shall have the right, to enter upon each lot and repair, mow, clean or perform such other acts as may be reasonably necessary to make such lot and improvements conform to the objectives of requirements and these Restrictions. The cost thereof to the Association shall be added to and become a part of the annual operation charges to which the respective lot is subject, and may be assessed and collected in the same manner as the annual operation charges. Neither the Association nor any of its trustees, officers, employees, committee persons, agents or contractors shall be liable for any damage which may result from any repair or maintenance work performed under this authority.

P304 RESTRICTIONS CONCERNING THE SIZE AND PLACEMENT OF HOUSES IN UNITS 1, 2, 3, 7, 8, 9, 10, 11, 12:

P304.01 Minimum Living Space Areas: No dwelling place having less than 900 square feet on the foundation, as shown on the plan of the house, shall be constructed on any lot in these units. For this measurement, more than one inclusive level, and all porches, terraces, garages, carports and appendages shall be excluded. No dwelling in which a substantial portion of the living space is below ground level may be erected except with the approval of the Environmental Control Committee.

P304.02 Set Back Requirements

P304.021 Front Yards: All parts of the building facing the roads shall be set back at least twenty-five (25) feet or more from the property line except as shown on the recorded plat map.

P304.022 Side Yards: All parts of the building shall be set back not less than ten (10) feet from the side line of the lot; except that where the lot is a corner lot, the minimum side yard set back shall be as shown on the recorded plat.

P304.023 Rear Yards: All parts of any residential building or out building (not including boat houses) shall be set back from the lot line at least twenty (20) feet or twenty-five percent (25%) of the main depth of the lot, reasonably determined, whichever is greater. If the rear of the lot abuts a road, whether public or private, all parts of any building shall be set back from the rear lot line for a total of at least one-half of the width of the right-of-way of the roads plus all adjacent easements. If any of the lot abuts Candlewood Lake, all parts of any residence or outbuilding (not including boat houses) shall be set behind the set-back line adjacent to the lake as shown on the recorded plat and indicated by the abbreviation "S.B.L."

P305 GENERAL REGULATIONS FOR THE USE OF RESIDENTIAL PROPERTY AND ASSOCIATION FACILITIES BY MEMBERS AND GUESTS.

P305.01 In General: No noxious or offensive activities shall be conducted on any lot in the Subdivision nor shall anything be done on any lot that shall become or be an unreasonable annoyance or nuisance to any owner of another lot in the Subdivision. Behavior or activity by members or their guests that becomes annoying or obnoxious to another member or Association officials will be reported to Security and the Board of Trustees shall take appropriate action after an investigation. However, in the event this behavior or activity is life threatening or potentially physically injurious to person or property, Security has the right to intervene immediately in any appropriate manner.

P305.02 Advertising And For Sale Signs: Advertising and For Sale signs: No sign advertising a product or service shall be placed on any property except as follows: (1) Owners or their authorized agents or builders may advertise property for sale that has a dwelling on it in whatever state of completion. Dwelling is defined as a house, mobile home or RV, if the RV is being sold with the lot. For sale signs are limited to one sign per dwelling or two signs for those dwellings bounded by the lake or two roads. (2) Contractors, builders, or remodelers may advertise their activity while directly involved in building or placing a dwelling on lots. Signs for this purpose are limited to one. (3) The Association may place a sign or signs advertising services or products available in the development at or near the Association Office or Main entrance gate. All of the above signs must have a prior written approval of the Association Office before being placed on a lot. (4) House for sale signs, with an arrow, are permitted at the intersection of any subdivision road that intersects with Candlewood Drive or Candlewood Blvd. One additional house for sale sign, with an arrow may be placed at the intersection of a second road from Candlewood Drive. Signs for this purpose are limited to one sign per intersection and must be placed a minimum of six (6) feet from the road (s). Realtor's signs are not permitted at the road intersections. For uniformity of size, color, etc., all house for sale signs with an arrow, must be purchased at the Association Office. Signs may be in place for a maximum of 180 days and subject to renewal. Signs are to be removed 24 hours after closing. Off site property signs must be removed 24 hours after closing and on site signs must be removed within 14 days after closing.

P305.03 Animals: No animals, fish or birds other than those usually considered as household pets may be kept overnight or longer, or maintained on private or Association property. All such household pets shall be under the control of the owner at all times and shall not be permitted to become a nuisance by barking, noise making or being vicious. Animals considered by any political subdivision or governmental agency as exotic or traditionally vicious will not be permitted. In the event there is a question or dispute whether a particular animal is permitted or not, the Board of Trustees will make the determination which shall be final and binding.

P305.04 Vehicle Parking And Storage: Parking and storing of vehicles, private or commercial, camping units and boats will be regulated by action of the Board of Trustees. Facilities to store vehicles, boats and camping units when not in use may be provided by the Board.

P305.05 Disposal Of Garbage And Other Household Refuse: Accumulations of garbage and other household trash must be stored in appropriate containers and disposed of without burning or burying on the owner's or Association property. The Association may either approve arrangements with private contractors to pick up this garbage and household refuse or provide the service to property owners for a commensurate fee.

P305.06 Concealment Of Trash Receptacles, Fuel Storage Tanks Satellite Dishes, etc.: All trash receptacles being used for garbage or other household refuse must be concealed so as not to be visible from any street or the lake within the Subdivision except at scheduled time of a refuse collection either by the Association or a private contractor. Fuel tanks must either be buried in accordance with governmental regulations or concealed so as not to be visible from the street or the lake. Satellite dishes must be concealed or at least disguised as well as possible so as not to be an eyesore. All of the above must be concealed to the satisfaction of the Environmental Control Committee.

P305.07 Restrictions On Construction Of Model Homes: No owner of any lot in the Subdivision shall build or permit the building or replacement of any house, camping unit or mobile home on their lot for the purpose of using it as a model home without first obtaining written permission from the Environmental Control Committee and the Board of Trustees.

P305.08 Restrictions On Camping And Use Of Vacant Lots: No camping will be permitted on any lot except in Unit 4 or as provided for in P 302.01. A temporary campground has been provided in the development for the use of members and guests of members for a fee, as set annually by the Board of Trustees. Members may place a storage shed (refer to P302), picnic tables and decks or patios on vacant lots, which do not have a dwelling on them, for day use only with prior written Environmental Control Committee approval.

P305.09 Removal of trees: No living tree over three inches in diameter may be removed from any lot in the Subdivision except with the written consent of the Environmental Control Committee.

P305.10 Limited access: No access to any lot on the perimeter of the Subdivision shall be permitted except from designated roads within the Subdivision.

P305.11 Docks, piers, etc.: No dock, pier, boat house or the other structure may be erected from any residential lot without prior written approval of the Environmental Control Committee and in general, floating docks and piers shall be encouraged and preferred. No dock, pier, boat house may be constructed on any residential lots so that any portion thereof extends more than twenty (20) feet from the normal shoreline of the lake (elevation 1205 feet) into Candlewood Lake from the Subdivision, except where special circumstances exist which interfere with the safe use of the lake. All boat houses shall be an open type structure and not exceed fifteen (15) feet in height from the normal shoreline of the lake (elevation 1205 feet).

P305.12 Water Skiing, Power Boating And Lake Swimming: Water skiing and power boating is restricted to areas, times and types of boats and motors as determined from time to time by the Board of Trustees. All boats shall carry the appropriate safety equipment and when towing a skier a third person at least 12 years old shall be the observer. Members or their guest may not swim in the power boating area during the time power boating and water skiing is active. Other boats should stay in the "No Wake" areas as much as possible during these hours.

P305.13 Non-ski Areas: Portions of Candlewood Lake outside the water skiing area may be used by canoes, rowboats, small sailboats of the day sailor class and inboard and outboard motor boats as regulated by the Trustees.

All boats shall be operated in accordance with rules and regulations promulgated from time to time by the Candlewood Lake Association and the State Division of Water craft.

P306 CONTIGUOUS LOTS: A "Contiguous Lot" is defined as, any adjacent lots having a common boundary. Simply stated, the lots must be touching each other to qualify for contiguous lot status. Whenever contiguous lots in the subdivision are owned by the same person (s), the owner (s) may apply in writing to the Association for contiguous lot status for a maximum of four (4) lots or the equivalent of four (4) lots. Half or split lots may be considered for contiguous lot status. If approved, the first pair of contiguous lots shall be treated as a single lot thereafter for determining the various fees. The operation fee, reserve fund, and debt reduction fund fees for the approved third and fourth lots shall be calculated at one half (1/2) the single lot rate for each lot. No utility fees for the third and fourth lot shall be charged.

Once combined as contiguous lots under this provision, this "single" lot may not be again combined with other adjacent lots to create another "single" lot. These persons must also execute a legal document stating that if the lots are ever separated after contiguous lot status is obtained, then the owner shall have to pay the operations charges, utility charges, and such other fees which would have applied for the current and all previous years as if the lots had never received contiguous lots exemption.

This document shall be binding on the property and successive title owners. Members with the contiguous lot status as of May 9, 1992, are exempt from this provision until the property is transferred, at which time the new owners must reapply for contiguous lot status on the terms described above. Members who add a third lot or a third and fourth lot to their contiguous lot unit must reapply for contiguous lot status on the terms described above.

Owners who build a home across the lot line so that it is located on two contiguous lots automatically receive contiguous lot status without the need to apply according to the above described procedure, providing the Environmental Control Committee (ECC) has approved all construction. However, if this contiguous lot unit includes more than two contiguous lots, then the member must apply for contiguous lot status on the terms described above.

Exception: Members with two (2) contiguous lot agreements approved prior to May 18, 2003 who wish to separate those contiguous lots at a future date, shall have to pay the operation fees, utility fees, and such other fees which would have applied for the current and past four (4) years, as if the lots had never received contiguous lot exemption.

ARTICLE FOUR

P400 ASSOCIATION UTILITIES AND OTHER SERVICES: The Candlewood Lake Association through its Board of Trustees operates a community water and sewage disposal system for the benefit of the lot owners (members) and their guests. Any owner who builds, places or has a dwelling on property within the Subdivision must hook into this water and sewer system. The Board did grant permission for lot owners who had an active well to continue to use that well, providing they paid the minimum user charges for water until the ownership of the property changes, at which time the new owner must hook into the water system. There are no exceptions to using the sewage system and no further drilling of wells is permitted except for the purpose of providing geothermal heating and then only with Environmental Control Committee permission in writing.

P401 DISPOSAL OF UNSANITARY WASTE, ETC.: No unsanitary waste, trash and junk shall be disposed within the Subdivision except by permitted pick-up arrangements. No outside toilets shall be erected or used, and no sanitary waste or other waste shall be permitted to enter Candlewood Lake. Any violation of this provision constitutes a nuisance which may be abated by the Association in any manner provided by law or in equity.

The cost or expense of abatement, including costs and attorney's fees, awarded by the Court shall become a charge and lien upon the lot, and may be collected in any manner provided by law or in equity for collection of a liquidated debt.

Neither the Association, nor any trustee, officer, employee, committee person, agent or contractor thereof shall be liable for any damage which may result from enforcement of this provision.

P402 WATER AND SEWER SYSTEM CHARGES: Since the community water and sewer system is owned by the members and is located in a private development, it does not receive tax funds in the traditional manner to support its operation. Therefore, all lot owners will pay for services provided or available from the system. Failure to pay will result in appropriate legal action being taken to collect. There will be charges for users including tap-in and hook-up fees and an availability fee charged to non-users, those lot owners who do not have a dwelling on their lot, whenever the water and sewer lines are in front of or adjacent to their lots.

The trustees shall determine schedules along with terms of payment and condition of service and make the information available to members or prospective buyers through the office.

P403 **ADDITIONAL SERVICES:** The Association may provide additional services such as mowing, installing water and sewer lines, landscaping, etc., to lot owners as approved by the Board of Trustees. These services may be provided on a published cost basis.

The Association by decision of its Board of Trustees may also provide water and sewer system service outside Candlewood providing it is legal and benefits the membership, as well as the community as a whole.

ARTICLE FIVE

P500 **SPECIAL REGULATIONS AS TO UNITS FOUR, FIVE AND SIX:**

P501 **REGULATIONS AS TO UNIT FOUR:** These provisions shall apply only to those lots within the Candlewood Lake Subdivision which are included within the recorded description of Unit Four. Year around living in Unit Four is not permitted. All lots in Unit Four are designated as "Seasonal Recreation Campsite Lots for Travel Trailers and Recreation Vehicles". Unit Four will be open for recreational use from April 1st through October 31st. After October 31st, and before April 1st, no permanent resident will be permitted. Permanent Residents during the period between October 31st and April 1st will be defined as anyone residing in Unit Four for more than three (3) nights during any 30 day period. Effective May 19, 2002, the permanent residents currently living year around will be allowed to stay year around, however, should ownership ever change, the lot and or structures will revert to recreational living only at the designated dates set by the Board. Special permits will be issued for special living conditions as set by the Board of Trustees.

Candlewood Lake Association, Inc. may take legal action against any property owner who stays on his property more than three (3) days each month during the off season. Candlewood Lake Association, Inc. shall be entitled to any and all remedies under law or equity including but not limited to:

1. Impose a fine of \$50.00 against the property owner per day for each day he uses his lot in excess of the three (3) day limit;
2. Evict the property owner from the lot for the remainder of the off season. Candlewood Lake Association, Inc. shall be permitted to file an eviction in the Morrow County Municipal Court in the event the property owner uses his lot in excess of the three (3) day limit. The Ohio Landlord / Tenant rules shall apply and the basis for the Three Day Notice shall be "Violation Of P501 Candlewood Lake Association Deed Restrictions" In the event the property owner is evicted for the remainder of the off season, the property owner will not be permitted reentry onto the grounds until the following 1st day of April. ; and
3. In the event legal action is filed, seek a judgment against the property owner for legal fees and court costs

P501.01 Authorized Camping Units: All lots in Unit Four shall be used only for mobile camping units such as folding tent-type trailers, campers mounted on pick-up trucks, travel trailers, motor homes, folding tents, or other similar units, all of which are hereafter referred to as the "Principal Camping Facility".

P501.02 Outbuildings: The Environmental Control Committee shall approve in writing all outbuildings and other structures temporary or permanent. Storage sheds, shall be made of wood or vinyl and shall not exceed twelve (12) feet in length, ten (10) feet in width and twelve (12) feet in height.

P501.03 Condition of the premises: Tables, benches, fireplaces and grills may be installed on the lots, but no personal property shall be permitted to remain where it can be seen by other campers or visitors to the area, except during such times as the Principal Camping Facility is actually in use.

P501.04 Camping facilities: The Principal Camping Facility may remain on the lot when not in use; however, each facility shall thereafter be inspected, and the Association's approval thereof obtained, at least semi-annually. Only one Principal Camping Facility may be located on each lot. All such facilities shall be kept in a mobile condition and no foundations of any kind shall be installed. Folding tents, not mounted on wheels, may be erected on lots, as the Principal Camping Facility, but such tents shall be removed when not being occupied.

P502 REGULATIONS AS TO UNITS FIVE AND SIX: These additional provisions shall apply only to those lots within the Candlewood Lake Subdivision which are included within the recorded description of Units Five and Six. All lots in Units Five and Six of the Candlewood Lake Subdivision are designated as "Mobile Home Lots".

P502.01 Restrictions on mobile home units: All lots in Units Five and Six shall be used only for single family mobile home residential purposes. No mobile home shall be constructed, erected, placed, altered or maintained on any lot, unless first approved by the Environmental Control Committee subject to appeal to the Board of Trustees. The owner of each lot shall make provision for one automobile parking space. Additional automobile parking spaces may be installed as shall be first approved in writing by the Environmental Control Committee. Any garage or parking spaces shall be used solely by the owners or occupants and guests of the mobile home to which they are appurtenant. Accessory buildings may be erected only after approval in writing has been obtained from the Environmental Control Committee.

P502.02 Characteristics of mobile home units:

P502.021 Physical standards: The exterior dimensions of each mobile home, exclusive of garages, carports, open terraces, open patios, open porches and breeze ways, shall be not less than twelve (12) feet in width and not less than forty-seven (47) feet in length. Carports shall contain a minimum of 150 square feet. In no event shall the covered floor area of buildings on a lot, including the floor area of the mobile home, exceed seventy percent (70%) of the land area of such lot. Deviations from the foregoing standards may be approved in writing by the Environmental Control Committee subject to appeal to the Board of Trustees.

P502.022 Location: Except as authorized otherwise by the development plat maps, the Environmental Control Committee or the Board of Trustees, no mobile home shall be located nearer the front line than twenty (20) feet or a side or rear lot line than five (5) feet. For purposes of this provision, eaves, steps, porches and decks shall be considered to be part of the building/mobile home.

P502.023 Pavements and driveways: Plans and specifications for all driveways, culverts, pavement edging or markers shall be first approved in writing by the Environmental Control Committee.

P502.024 Protection of pipes and cables: No pipes, conduits, lines, wires, equipment or facilities for the communication, transmission or metering of electricity, gas, water, telephonic current or other utilities shall be constructed, placed or permitted to be placed anywhere or upon any lot, other than within approved buildings, structures or mobile homes, unless contained in pipes, conduits, cables or vaults constructed, placed and maintained underground or concealed in or under buildings, mobile homes, or other approved structures.

P502.025 Utility easements: Easements for installation and maintenance of utilities are hereby reserved by Association for the benefit of Association and all lot owners within the Subdivision. Within such easement areas, no structure, mobile home or other improvement shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities therein.

P502.026 Skirting: Each owner of a mobile home lot shall, within thirty (30) days of the installation of a mobile home on his lot, skirt his mobile home by enclosing the entire area between the mobile home and the ground, by using good and substantial materials, in workmanlike manner to the written approval of the Environmental Control Committee.

P503 GENERAL REGULATIONS ALSO APPLICABLE: All other provisions of the Restrictions shall apply to the lots in Units Five and Six, except requirements applicable to residential dwelling houses, minimum living space areas, building setback lines, and other such provisions which are not reasonably required for the maintenance and preservation of the interests of the members of the Association, at large, and the mobile home areas.

P504 RESOLUTION OF DISPUTES: If a dispute should arise as to the interpretation, intent, or applicability of these provisions or the provisions in the Restrictions, the dispute shall be determined by the Board of Trustees of the Association following notice to the parties, and a reasonable opportunity to be heard.

ARTICLE SIX

P600 **ASSOCIATION MANAGEMENT OF COMMUNITY AFFAIRS**

P601 **CANDLEWOOD LAKE ASSOCIATION, INC.** The Association is a not-for-profit corporation created under the laws of the State of Ohio.

P602 **MEMBERSHIP:** Membership shall be appurtenant to and required as incidental to ownership to each lot in the Subdivision. 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 regards to Trusts, there will be two votes and the Voting Members must be identified in writing to the Association Office.

P602.01 **Membership upon Foreclosure of Security:** No creditor of a lot owner shall be a member by reason of a mortgage of other security interest in a lot. Whenever any creditor forecloses or otherwise takes title so as to become the beneficial owner of a lot within the Subdivision, he will thereupon be subject to all requirements and limitations imposed in these Restrictions on owners of lots within the Subdivision and upon Members of the Association, including provisions with respect to alienation and to payment of assessments.

P603 **LOTS:** For purposes of determining membership, "lots" shall mean: each numbered lot described and set forth in the plat maps of the Subdivision filed with the Recorder of Morrow County, Ohio, as of May 9, 1992, excluding lots owned by the Association and used or held for use for Members at large. Each separate lot designated for a single family home, mobile home or individually owned campsite shall be treated as a "lot" within the meaning of this paragraph.

P604 **CLASSES:** These shall be three (3) classes of membership in the Association, i.e., Voting Members, Associate Members, and Limited Members.

P604.01 **Voting Members:** 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 regards to Trusts, there will be two votes and the Voting Members must be identified in writing to the Association Office. Voting rights and privileges of Voting Members and any Associate Members shall be suspended automatically so long as any assessments, charges, or fines levied by the Board of Trustees, due from the member, are unpaid.

P604.02 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 regards to Trusts, there will be two votes and the Voting Members must be identified in writing to the Association Office. The first named grantee of legal or equitable title to all lots in the Subdivision shall thereby be a Member of the Association, unless designated otherwise. Each Voting Member shall provide the Association with a current address at all times.

P605 POWER OF ASSOCIATION TO LEVY AND COLLECT ASSESSMENTS, FINES AND IMPOSE LIENS:

P605.01 Annual Operations Charge: The Association shall have all powers set forth in its amended Articles of Incorporation and By-Laws to levy a uniform annual operations charge against each lot in the Subdivision together with special assessments, fees or other charges. The operations charge shall be published along with the annual budget by the Board of Trustees.

P605.02 Membership Fines: The Association shall have all powers set forth in these amended Deed Restrictions, together with all powers set out by the By-Laws, to levy fines and other needed fines and charges.

P605.03 Payment of the Annual Operations Charges: Lot owner accounts shall be billed for the monthly and quarterly assessments as approved by the Board of Trustees by the end of the first working day of each month. The monthly and quarterly operation charges shall be due to the Association on or before the 25th of each month. Lot owners shall receive by February 1st of each year, a payment book to include amounts due by the 25th of each month. These payment books and invoices will be addressed to the last known address of the lot owner.

P605.04 Liabilities for Charges and Fines: All charges, fees and fines against any lot subject to these Restrictions shall be the personal liability of the Owner(s) and shall constitute a lien upon the lots.

Each charge and fine shall remain a lien against each lot until paid in full, plus interest as hereinafter provided, plus all other charges and costs levied against the lot in accordance with these Restrictions. All fees, fines, and charges provided for in these Restrictions shall bear interest at a rate determined by the Board of Trustees after a due date established by the Board of Trustees, until paid in full.

P605.05 Enforcement: Whenever the Trustees of the Association in their sole discretion determine that the charges have been due and unpaid for an unreasonably long period of time, the Association may institute, in any court of competent jurisdiction, such procedures as suits for money or foreclosure of liens or otherwise, to collect the amount of the unpaid fees and charges.

The owner of the lot subject to the fees and charges, shall be obligated therefore and for any expenses or costs of collection, including attorney's fees, incurred by the Association.

Nothing in these Restrictions shall be construed to limit the Association's legal remedies to the owner's lot or the Association's lien on said lot in that all charges remain the personal obligation of the owner(s) of said lot.

P605.06 Imposition of Liability: Every person who shall become the owner of any lot subject to these restrictions, whether such ownership shall be legal or equitable, and any person who may acquire any interest in such lot, whether as an owner or otherwise, is hereby notified that, by acquisition of such interest, he or she consents and agrees that any such liens or charge which may exist upon said lot or lots at the time of the acquisition of such interest are valid liens, and that

they must be paid. Every person who shall become an owner of a lot in the Subdivision will be conclusively held to have covenanted to pay the Association all charges made by the Trustees pursuant to these Restrictions.

P605.07 Certificate of Payment: Upon request, the Association shall certify that the charges on a specified lot have been paid, or that specified charges against the lot remain unpaid as the case may be. A reasonable charge may be made by the Association for the service. Any bona-fide purchaser may rely upon the contents of the certificate.

P606 SUSPENSION OF PRIVILEGES OF MEMBERSHIP: The Voting Member and any Associate Members may have privileges revoked for violation of the By-Laws, Deed Restrictions, or other infractions as determined by the Board, for non-payment of any operating charges, assessments, fine, or utility charges following notice of 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.

Privileges - defined as, but not limited to:

- A. Lake use, for any purpose.
- B. Lodge and Community Center use, whether RV Lodge or Main Lodge.
- C. Pool use, whether RV Pool or Main Pool.
- D. Beach use for any purpose.
- E. Tennis courts, basketball courts, and baseball field use.
- F. Use of any common property except roads used to travel to and from property owner's or renter's dwelling or lot.
- G. Serving as a Trustee or Committee Member.
- H. Receiving ballots and voting rights.
- I. Receiving notices regarding special meetings or ballots.
- J. Receiving any permits.
- K. Water & Sewer Services

P607 NOTICE: No notice or hearing shall be required to suspend privileges for the non payment of charges. Privileges shall automatically be suspended when charges are past due.

P608 REPAIR AND MAINTENANCE OF PROPERTY:

P608.01 Abandoned Property: The Association shall have the authority to remove, move, destroy or dispose of any unregistered, unidentifiable, abandoned, junked, dilapidated, or disabled vehicles, mobile homes, boats, or other personal property from Association property without any liability whatsoever. The cost of such removal, move, destruction or disposal shall be borne by the owner of such personal property and shall be assessed against him.

The Association shall further have the authority to remove, move, destroy or dispose of any unregistered, unidentifiable, abandoned, junked, dilapidated or disabled vehicles, mobile homes, boats or other personal property from private property within the Subdivision without any liability whatsoever so long as the following procedure is followed. The owner of the lot where the offending personal property is located shall receive written notice from the Board of Trustees or their representative, by any method that evidences receipt, to remove the offending property or

otherwise resolve the problem within seven (7) calendar days, or a longer period of time if expressly provided for in the notice. If the problem is not resolved to the satisfaction of the Board of Trustees, or its designated representative, during that time, the Association shall be entitled to remove, move, destroy or dispose of the property without any liability whatsoever with the cost of such removal, move, destruction or disposal to be borne by the owner of the lot from which the property is removed and shall be assessed against him.

ARTICLE SEVEN

P700 ENVIRONMENTAL CONTROL COMMITTEE

P701 CONTROLS OF THE ENVIRONMENTAL CONTROL COMMITTEE: No dwelling, building, structure, improvement or installation of any type or kind may be constructed or placed on any lot in the Subdivision without the prior written approval of the Committee.

Approval shall be granted only after written application has been made to the Committee by the owner of the lot requesting authorization. The Committee may publish standards, information and guidance manuals.

Applications shall be in the manner and form prescribed from time to time by the Committee, and shall be accompanied by two (2) complete sets of plans and specifications for any such proposed construction or improvement. The plans shall include plot plans showing the locations of all improvements existing upon the lot and the location of the improvement proposed to be constructed or placed, each properly and clearly designated.

The plans and specifications shall set forth the color and composition of all exterior materials proposed to be used, together with any other material plans and information, including proposals for landscaping, sidewalks, driveways and exterior features which the Committee may require. All requests for permits required by these Restrictions shall be submitted for approval. The Committee may require that plat plans be approved by a registered land surveyor, engineer or architect. No change in the grade of the lot shall be permitted without approval of the Committee.

P702 ACTION BY COMMITTEE: The Committee shall approve or disapprove of proposed improvements within thirty (30) days after all required information has been submitted. Within thirty days after receipt by the Committee, applications shall receive at least a tentative approval or a tentative rejection by reason of incompleteness. Final approval shall be withheld until all required information has been submitted, and when it has been determined to be complete, shall be acted upon within thirty days. A completed copy of submitted material shall be retained by the Committee for its permanent file. All notifications to applicants shall be in writing and, in the event that the application is disapproved, the Committee shall specify the reasons for such disapproval, subject to appeal to the Board of Trustees.

P703 **DISAPPROVAL OF PROPOSED IMPROVEMENTS:** The Committee may refuse to grant permission to construct, place or make requested improvements when:

P703.01 The plans, specifications, drawings or other material submitted are themselves inadequate or incomplete, or show the proposed improvement to be in violation of these Restrictions: or

P703.02 The design or color scheme of a proposed improvement is not in harmony with the general surroundings of the lot or with adjacent buildings or structures: or

P703.03 If the proposed improvements, or any part thereof, are, in the opinion of the Committee, contrary to the interest, welfare or rights of owners of other lots in the Subdivision, or presents a potential health or safety risk to the occupants or others, subject to appeal to the Board of Trustees.

P704 **AUTHORITY TO GRANT VARIANCES:** The Committee may allow reasonable variances or adjustment of these deed restrictions where literal application would result in unnecessary hardship. However, any such variance or adjustment shall be granted in conformity with the general intent and purposes of these Deed Restrictions and the granting of the variance or adjustment will not be materially detrimental or injurious to other lots in the Subdivision or in conflict with state or local laws regarding granting variances.

P705 **SPECIAL LIMITATIONS CONCERNING PIERS:** The construction or placement of a pier or other water-placed structure from or adjacent to a lot within the Subdivision shall constitute a mere license from the Association and may be terminated or restricted on reasonable notice, with right of appeal to the Board of Trustees.

P706 **DUTY TO INSPECT:** To the extent that inspection of improvements under construction is not provided by governmental agencies, the Committee shall inspect work in progress to assure compliance with its authorizations, these Restrictions and applicable laws and regulations. The "Committee" shall have the basic right to enter property to inspect while under construction.

If the inspector and/or the Environmental Control Committee in their sole discretion determine after an inspection that certain work fails to comply with the provisions of the building code, they may issue an order stopping all or part of the work until such time as the provisions of the code are fully complied with.

This stop work order shall be served by hand-delivery upon the builder and/or owner or posted conspicuously on the premises.

Upon service of the order, the work designated shall stop immediately until such time as the remedial work is performed to the satisfaction of the inspector and/or the Environmental Control Committee.

Any failure to strictly comply with the stop work order shall result in a fine per day against the offender, said fine to be determined and set annually by the Board of Trustees.

P707 SERVICES, EMPLOYMENT AND COMPENSATION: The Committee may hire various persons to assist it in the discharge of its duties, and may retain the services of professional persons as need requires. No funds may be expended except with the prior approval by the Trustees, or from a prior grant of available funds.

P708 AUTHORITY TO CHARGE FEES: When the Trustees deem it necessary for the accomplishment of the duties and responsibilities of the Committee, they may require payment of a reasonable fee, established from time to time by the Trustees, for considering the application of any person under this section. Fees shall be charged uniformly to all applicants similarly situated, and all funds collected shall be paid to the Association, or to its order.

P709 LIABILITY OF COMMITTEE: Neither the Committee nor any agent thereof, nor the Association, shall be responsible in any way for any defects in any plans, specifications or other materials submitted to it, nor for any defects in any work.

P710 RIGHT OF APPEAL TO TRUSTEES: Any action by the Committee, whether or not specified as subject to review, may be appealed to the Trustees for review. Action by the Committee shall be presumed to be correct and in the best interest of the development and shall be reversed only for clear and convincing reason.

ARTICLE EIGHT

P800 ASSOCIATION'S AUTHORITY TO MAINTAIN AND ENFORCE COMMUNITY INTERESTS:

P801 OWNERSHIP AND ENJOYMENT OF STREETS, PARKS, AND RECREATION FACILITIES: Each street with the exception of those otherwise indicated on the record plat, and each lake, park, recreation facility or other amenity depicted on the recorded plats of the Subdivision is and shall remain private.

Neither the Developer's execution or recording of the plats nor the doing of any other act by the Developer was intended to be, or shall be construed as, a dedication to the public of any of the streets, lakes, parks, recreation facilities or other amenities. A license upon such terms and conditions as the Association shall grant for the use and enjoyment of streets, lakes, parks, recreational facilities and other amenities is granted to the persons who are from time to time Members of the Association. Ownership of the streets, lakes, parks, recreational facilities and other amenities shall remain with the Association.

P802 EASEMENTS: The Association shall have the continuing authority to use certain easements along, across, over, under and upon the real estate that constitutes the Subdivision. The easements so reserved by the Association are described as follows:

P802.01 Rights-of-way: The Association reserves a ten (10) foot wide easement on each lot along all road rights-of-way, and a five (5) foot easement along the side and rear lines of each and every platted lot in the Subdivision for the purpose of installing, maintaining and operating utility lines and mains thereon, together with the right to trim, cut or remove any trees and brush and the

right to locate any guy wires, braces, and anchors wherever necessary upon all platted lots for installation, maintenance and operations, together with the right to install, maintain and operate utility lines, mains and appurtenances thereto. The Association reserves the right to ingress and egress to such areas for any of the purposes mentioned. No permanent building shall be placed on such easements; but the easements may be used for gardens, shrubs, landscaping and other purposes, provided that such use or uses do not interfere with the use of such easements for their intended purposes. Where an owner of two or more adjoining lots erects and constructs a dwelling or building which will cross over or through a common lot line, the same shall not be subject to the aforementioned five (5) feet easement along or upon the contiguous or common lot line except where a utility installation has been made or proposed.

P802.02 Lake shore easements: The Association further reserves for itself, an easement ten feet wide, for lake and shoreline maintenance and control, along the above-water portion of each platted lot contiguous to the shoreline of Candlewood Lake. All such platted lots shall also be subject to a flowage easement to an elevation on the lot equal to the normal water elevation of Candlewood Lake, 1205 feet above sea level.

P802.03 Roads: The Association reserves an easement fifteen (15) feet in width along both sides of all road rights-of-way for the purpose of cutting, filling and drainage.

The Association further reserves the right to cause or permit drainage of surface water over and through all lots, and an easement on, over and under all road rights-of-way for the purpose of installing, maintaining and operating utilities or drainage, and such additional easements for drainage as may be shown on the recorded plat.

P802.04 Slopes: Each lot shall further be subject to an easement for the maintenance and permanent stabilization control of slopes.

P802.05 No cause of action: No owner of any lot in the Candlewood Lake Subdivision shall have any claim or cause of action against the Association, either in law or in equity, and arising out of the exercise of any easement reserved hereby, excepting in cases of willful or wanton negligence.

P803 **LAKES AND CONTIGUOUS LOTS:**

P803.01 **In General:** Certain lots in the Subdivision are contiguous to Candlewood Lake, within the boundaries of the Subdivision. The water in, and the land under Candlewood Lake, depicted on the recorded plats of the Subdivision, is owned by the Association.

The normal pool water elevation of the lake is at elevation 1,205 feet, and the 100 year high water elevation of the lake is at elevation 1,210 feet. The title acquired by the grantee of all contiguous lots in the Subdivision, and by the successors and assigns of such grantee, shall extend only to the shoreline provided on the recorded plats of the Subdivision. No grantee, nor his successors or assigns, shall have any right with respect to any stream that is a tributary to the lake, or with respect to the lake, or with respect to the land there under, the water therein, or its elevation, use, or condition, and no lots shall have any riparian rights or incidents appurtenant. Title shall not pass by accretion, or reliction, or submergence or changing water elevations. The Association shall have the right, but not the duty, at any time to dredge or otherwise remove any accretion or deposit from any lots in order that the shoreline of the lake to which the lot is contiguous may be moved toward, or to, but not inland beyond the location of the shoreline as it existed as of the date hereof, if the water elevation of the lake was at an elevation one vertical foot above the normal pool water elevation indicated in the Subdivision plats; and title shall pass with such dredging or other removal as by erosion.

P803.02 **Reservation of easement in Association for operation of lake:** The Association reserves unto itself, and its successors, assigns, and licensees, an easement upon, across and through all lots in the Subdivision and contiguous to the lake, in connection with operating the lake. Without limiting the generality of the immediately preceding sentence, it is declared that the Association shall not be liable for damages caused by ice, erosion, washing or other action of the water or for any damage caused through the exercise of any easement.

P803.03 **Reservation of right in Association to change water elevation in lake:** The Association reserves to itself the right to raise and lower the elevation of the lake for the purpose of maintenance or flood prevention. The Association shall have no easement to raise, by increasing the height or any dam or spillway, or otherwise, the high water elevation of the lake to an elevation above that indicated on the Subdivision plats.

P804 **WATER AND SEWER UTILITY SERVICES:**

P804.01 **Charges for utilities:** Owner agrees to pay to the public utility serving the Subdivision a minimum monthly availability charge of four dollars (\$4.00) for water service and four dollars (\$4.00) for sewer service, and the accommodation afforded by these systems.

All payments shall commence upon the availability of such services in mains or lines located in front of or adjacent to the lots and continuing thereafter so long as water or sewer service is available for use, whether or not taps or connections have actually been made to the systems and whether or not the owner is actually using the sewer or taking water. Availability charges shall apply to and be charged for each lot owned. The amount of the availability charges, the times and methods of payment and other matters shall be as provided in Tariffs or Rate Schedules and Regulations and Conditions of Service published by the Association.

Upon written request in accordance with Regulations and Conditions of Service and payment to the public utility of not less than one hundred ninety-five dollars (\$195.00) for water connections and not less than four hundred ninety-five dollars (\$495.00) for sewer connections, a tap to the system mains and connections to the lot line may be installed by the utility. The amount of the availability charge and any change from an availability charge to another type of rate or rate structure for water or sewer service, and all other charges may be changed as necessary.

Unpaid utility charges will become a lien upon the lot or lots served as of the date the same became due. After the availability of this utility service, owners shall not drill or permit the drilling of a water well or installation of holding tank system upon his lot. Nothing in these Restrictions shall ever be construed as a limitation on the rights of any such public utility to sell and assign its property and assets in accordance with law.

P805 **SPEED LIMITS:** No motor driven vehicle shall be driven on any street within the Subdivision at a speed in excess of the posted limits. Appropriate postings of these speed limits shall be made by the Association.

The Association shall have the power to assess fines for the violation of speed limits in accordance with a schedule of fines promulgated by the Association. All such fines shall be paid promptly upon assessment. The Association may add the amount of any unpaid fine to the annual charge made by the Association as an additional assessment. The amount of such fine shall be collectible by the same means as are prescribed for the collection of delinquent annual assessments of the Association or through any sanctions prescribed in the Restrictions.

P806 **Driving Under the Influence**

No person shall operating any state licensed motor vehicle within the geographic limits of Candlewood Lake under the influence of alcohol and or a drug of abuse or any combination thereof. Each person operating any state licensed motor vehicle in the geographic limits of Candlewood Lake shall submit to a portable breath test administered by a Candlewood Security Officer who is trained in administrating and utilizing a DOT certified portable breath test unit. Each person who operates a state licensed motor vehicle within the geographic limits of Candlewood Lake under the influence of alcohol and/or a drug of abuse according to state limits shall be fined \$250.00 on the first offense; \$500.00 on a second offense; and \$1,000.00 for each subsequent offense.

Any person operating any state licensed motor vehicle in the geographic limits of Candlewood Lake who refuses to take the portable breath test shall be fined \$250.00 on the first offense; \$500.00 on a second offense; and \$1,000.00 on each subsequent offense.

ARTICLE NINE

P900 INTERPRETATION, ENFORCEMENT AND AMENDMENT OF RESTRICTIONS:

P901 EFFECT OF GRANTEE'S ACCEPTANCE OF DEED: The grantee of any lot subject to these Restrictions, by acceptance of a deed conveying title thereto or the execution of a contract for the purchase thereof, whether from the Association or a subsequent owner of such lot, accepts such deed and executes such contract to each and every Restriction and agreement herein contained. Further, by acceptance of such deed or execution of such contract, such persons do acknowledge the rights and powers of the Association with respect to these Restrictions, and also, for themselves, their heirs, personal representatives, successors, and assigns, covenant and agree and consent to and with the Association and to and with the grantees and subsequent owners of each of the lots affected by these Restrictions to keep, observe, comply with and perform such Restrictions and agreements.

P902 ASSUMPTION OF RISK: Each such person also agrees, by such acceptance of a deed or execution of a contract for the purposes thereof, to assume, as against the Association, all of the risks and hazards of ownership or occupancy attendant to such lot, including, but not restricted to, its proximity to Candlewood Lake.

P903 REMEDIES AND ENFORCEMENT: The Association or any party to whose benefit these Restrictions inure may resort at law or in equity to prevent the occurrence or continuation of any violation of these Restrictions, and shall have the right to obtain a prohibitive or mandatory injunction to enforce observance of these Restrictions in addition to and cumulative with any other remedy provided for herein, or by law, or in equity, and to recover damages for the breach of these Restrictions: provided that the Association shall not be liable to any person for damages of any kind for failing either to abide by, enforce or carry out any of these Restrictions.

P904 NON-WAIVER BY FORBEARANCE: No delay or failure on the part of an aggrieved party to invoke any available remedy with respect to a violation of any one or more of these Restrictions shall be held to be a waiver or an estoppel to assert any right available to him upon the occurrence, recurrence or continuation of any violations of these Restrictions.

P905 DURATION: The foregoing covenants and restrictions shall run with the land and shall be binding on all parties and all persons claiming under them until December 31, 1999, at which time the Restrictions shall be automatically extended for successive periods of ten (10) years, unless changed in whole or in part by vote of those persons who are then the owners of a majority of the numbered lots in the Subdivision.

P906 SEVERABILITY: Everyone of the Restrictions is hereby declared to be independent of and severable from all other Restrictions, and of and from each other part of the Restrictions, and of and from every combination of the Restrictions. If any of the Restrictions shall be held to be invalid or to be unenforceable, or to lack the quality of running with the land, that holding shall be

without effect upon the validity, enforce ability or "running" quality of any other one of the Restrictions.

P907 AMENDMENT OF DEED RESTRICTIONS: These Deed Restrictions may be amended or repealed in whole or in part and new Deed Restrictions adopted by a majority vote of the Voting Members responding to a written vote solicitation of all Voting Members, providing that lawful notice shall first be served by mail on all Voting Members of Record at their last known address.

P908 MAILING ADDRESS FOR NOTICES: Upon acquisition of a lot, each owner shall provide the Association with his correct mailing address and shall promptly notify the Association in writing of any subsequent change of address. The Association shall maintain a file of all current addresses. A written notice deposited in a United States Post Office, sent by certified mail, return receipt requested, or registered mail, with postage prepaid and addressed to any Member at the last address filed by such owner shall be sufficient and proper notice to such Member wherever notices are required in these Restrictions.

The mailing address of the Association for the purpose of all notices required or permitted to be given hereunder is Candlewood Lake Association, Inc., 7326 State Route 19 Unit 1507, Mount Gilead, Ohio 43338. The Association shall specify changes of address from time to time by a Supplemental Declaration executed by the Association and recorded in the office of the Recorder of Morrow County, Ohio.

P909 CAPTIONS AND CONSTRUCTION: The titles preceding the various paragraphs and sub-paragraphs of the Restrictions are for convenience or reference only, and none of them shall be used as an aid to the construction of any provision of the Restrictions. Whenever applicable, the singular form of any word shall be taken to mean or apply to the plural, and the masculine form shall be taken to mean or apply to the feminine or to the neuter.