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BY-LAWS
OF
CANDLEWOOD HOME OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Candlewood Home Owners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located in Omaha, Nebraska, but meetings of Members and directors may be held at such place within the State of Nebraska, County of Douglas, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Candlewood Home Owners Association, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property located in the Candlewood and Candlewood II subdivisions in Omaha, Nebraska and legally described as follows:

(386) Lots 1 through 84, inclusive, Lots 86 through 109 inclusive, Lots 115 through 139 inclusive, Lots 144 through 228 inclusive, Lots 233 through 400 inclusive, in Candlewood Addition, a subdivision in Douglas County, Nebraska, and

59-05650

(3) Lots 1 and 2, Candlewood Replat 1, a subdivision as surveyed, platted and recorded in Douglas County, Nebraska, commonly known as 12212 Rose Lane and 12205 Charles Street, and

59-05652

(1) Lot 1 Candlewood Replat III, a subdivision as surveyed, platted and recorded in Douglas County, Nebraska, and

59-05642

(2) Lots 1 and 2, Candlewood Addition Replat II, a subdivision as surveyed, platted and recorded in Douglas County, Nebraska, and

59-05658

(15) Lots 60 through 71, inclusive, and Lots 73 and 74 and that portion of Lot 78 located within the Northwest Quarter of the Northeast Quarter of Section 18, Township 15 North, Range 12 East of the 6th P.M., all of the preceding Lots being in Candlewood II, a subdivision, as surveyed, platted and recorded in Douglas County, Nebraska, and

59-05651

(2) Lots 1 and 2 Candlewood II, Replat 2, a subdivision in Douglas County, Nebraska, as surveyed,

59-05654

platted and recorded in Douglas County, Nebraska, commonly known as 1925 North 123rd and 1927 North 123rd Streets and

LOT
③ Lots 140 and 141 Candlewood N/K/A 1000 Haddock Place. **Addition m** S9-14641

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, including Lake Candlewood.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision, survey or map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Douglas County, Nebraska, and any amendments thereto.

Section 7. "Member" shall mean and refer to those persons entitled to Membership as provided in the Declaration.

Section 8. "Private Streets" shall mean and refer to those streets within the Properties not dedicated to the Public Domain.

Section 9. "On-Lake-Lot" shall mean a Lot which immediately abuts Lot 303 known as Candlewood Lake.

Section 10. "Off-Lake-Lot" shall mean a Lot which does not immediately abut Lot 303 known as Candlewood Lake.

ARTICLE III PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the Members agreeing to such dedication or transfer has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws his right of

enjoyment to the Common Area and facilities to the Members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Ownership of any Lot which is subject to assessment. Members may vote at any meeting of the Association in person or by written proxy duly filed with the Secretary of the Home Owners Association

When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Subject to the provisions of Section 2 of this Article, each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property for which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area and for the homes situated upon the Properties.

Section 3. Maximum Annual Assessment. The annual assessments shall be determined in accordance with the following limits:

- a) The maximum assessment for the year 2001 shall be \$135 for Off-Lake Lots and \$250 for On-Lake Lots.
- b) The maximum annual assessment for each year thereafter may be increased each year to not more than three percent (3%) above the maximum assessment for the previous year without a vote of the Membership.
- c) The maximum annual assessment for each year thereafter may be increased by more than three percent (3%) over the previous maximum by a vote of two-thirds (2/3) of the Members who are voting in person or by proxy, at a meeting duly called for this purpose.

d) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. Those expenditure items which are related directly to the maintenance or improvement of Lake Candlewood shall be allocated so that the On-Lake Lot Owners shall pay four times as much on an individual basis per Lot as the Off-Lake Lot Owners shall pay on an individual basis per Lot, and those expenditure items relating to matters other than Lake Candlewood shall be allocated evenly among all Members per Lot, whether Off-Lake Lot Owners or On-Lake Lot Owners, in arriving at the annual assessment amount by the Board of Directors.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose. Such assent shall be obtained prior to the incurring of any such cost.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the Purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the meeting, the presence of Members or of proxies entitled to cast thirty percent (30%) of all the votes of Membership shall constitute a quorum.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate within Off-Lake Lot Owners and On-Lake Lot Owners, but the assessments may differ between these Lot locations and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments-Due Dates. The annual assessments provided for herein commenced as to all Lots on the first day of the month following the conveyance of the Common Area. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an Officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessment; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be deemed delinquent, shall bear interest from the due date at the rate of fourteen percent (14 %) per annum, and shall cause the entire unpaid portion of said assessment for said year to be deemed delinquent. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property through proceedings in any court in Douglas County, Nebraska, having jurisdiction of suits for the enforcement of such liens. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed upon any property subject to assessment. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot

pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All Properties dedicated to and accepted by, a local public authority and all Properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Nebraska shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI USE RESTRICTIONS

Each Owner will be expected to conform to certain rules and regulations with respect to conditions upon their respective Lot:

- a) The roof of all dwellings or other structure shall be covered by cedar wood shakes or cedar wood shingles. Other roofing materials, such as slate, tile or 40-year warranty or similar style laminated shingles of weathered wood color, may be used with the specific written approval of the architectural control committee.
- b) No exterior burner, incinerator or other receptacle for garbage, trash or other refuse will be maintained above ground level on any Lot; no barn, shack, tent, trailer or other removable or temporary structure will be maintained on any Lot other than for temporary use or uses appropriate, convenient or necessary for residential purposes for not more than seven (7) days within any calendar year or for use or uses connected with or coterminous with approved or permitted construction.
- c) No grass, weeds or other vegetation will be grown or otherwise permitted to commence or continue and no dangerous, diseased or otherwise objectionable shrubs or trees will be maintained on any Lot which constitute an actual or potential public nuisance, create a hazard of undesirable contagion or proliferation or detract from a neat and trim appearance.
- d) No excess or unused building material or materials will be kept, stored or otherwise maintained on any Lot in a location within public view, other than for use or uses connected and coterminous with approved or permitted construction; and no junk, rubbish, waste material or other refuse will be abandoned, stored or otherwise maintained on any Lot.
- e) No camper, trailer or similar chattel will be maintained on any Lot, other than in an enclosed structure, for more than seven (7) days within any calendar year; and no automobile, motorcycle, truck or other vehicle will be repaired, torn down or stored on any Lot, other than in an enclosed structure.
- f) No birds, livestock, poultry or other animals other than domesticated non-commercial pets in no more than reasonable quantity will be bred, kept or otherwise maintained on any Lot.
- g) Other than those approved as of February 12, 2003, no fence, boat ramp or dock, wall or sea wall or other structures shall be built or maintained along the rear Lot line of any Lot adjoining Lake Candlewood without the prior written approval of the Board of Directors or Architectural Committee. Except for sea walls and

related items along the rear Lot line only, no structure or support may be placed in the water adjoining any Lot.

h) No gas powered boats will be allowed on Lot 303, that is Lake Candlewood. Maximum length of boat is 22 foot 6 inches and maximum speed limit is 6 MPH. Lake is a no wake zone. Boats may be stored only lakeside or on the lake.

i) No exterior television or radio antenna or exterior solar heating device of any sort shall be permitted on any Lot. Satellite receiving dishes are limited to a maximum of 24 inches in diameter and must be screened from view of any street or sidewalk.

j) Any exterior air conditioning condenser unit or heat pump shall be placed in the rear or side yard so as not to be visible from sidewalk or street

k) All exposed foundations facing the front and side yards of each Lot not adjoining Lake Candlewood shall be faced with brick, stone or wood, and all exposed foundations on each Lot adjoining said lake shall be faced with brick, stone or wood. The chimney of all dwellings shall be faced with brick or stone.

l) Construction of any improvement shall be completed within one year from date of commencement of excavation or construction of the improvement.

m) Except for such Lot or Lots or part thereof as may from time to time be occupied or used for educational, recreational, religious, or other nonprofit public purposes to the extent permitted by applicable zoning regulations, no single-family residence Lot, hereinafter will be occupied or used for other than single-family residential purposes; and no Lot will be occupied or used for such residential purposes at a density greater than one single-family residence for each Lot or for each part thereof of an area not less than Seven Thousand Five Hundred (7,500) square feet.

n) The structure or associated structures comprising a single-family residence will consist of a detached dwelling designed to accommodate a single person or one family group together with household servant or servants of not more than two and one-half stories in height which shall be constructed in compliance with the following restrictions:

- 1) The ground floor area of every one-story dwelling exclusive of open porches, open breezeways, basements and garages, shall be not less than One Thousand Six Hundred (1,600) square feet.
- 2) The ground floor enclosed area of every two-story or one and one-half story dwelling exclusive of open porches, open breezeways, basements and garages, shall be not less than Nine Hundred (900) square feet and the first floor and other floors combined shall be not less than One Thousand Nine Hundred (1,900) feet of floor area.
- 3) The ground floor enclosed area of every split-level type of dwelling with the garage built under the dwelling, shall have combined ground floor area including the floor area above the garage, exclusive of open porches, open breezeways, basements and garages, of not less than Nine Hundred (900) square feet and the ground floor area and other floors combined shall be not less than One Thousand Seven Hundred (1,700) square feet.
- 4) No single-family residence will be altered, built, constructed, or otherwise maintained on

any Lot without an express written approval executed by Association through its Architectural Control Committee or its permission by implied approval secured in the manner set out in its Articles of Incorporation or its By-Laws, as from time to time amended, as to general appearance, exterior color or colors, harmony of external design and location in relation to surroundings and topography and other relevant architectural factors, location within Lot boundary lines, quality of construction, size, and suitability for residential purposes of such single-family residence; and no exterior air conditioning equipment, antenna, dish, fence, flag pole, pool, tennis court, wall or other structure or associated structures and no trees or other substantial landscaping in any location within public view will be altered, built, constructed, erected, installed, planted or otherwise maintained or undertaken on any Lot without such approval by Association so secured as to general appearance, composition, design, exterior color or colors, and suitability for residential purposes. All dwellings shall have attached enclosed garages which must be capable of accommodating at least two standard size automobiles.

- 5) In the event an Owner of any Lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner in accordance with the restrictions herein satisfactory to the Board of Directors, the Association, after approval by two-thirds vote of the Board of Directors shall have the right, through its agent and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VII

ARCHITECTURAL CONTROL

No building, fence, swimming pool, sidewalk, driveway, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any grading, exterior addition to, or change or alteration therein be made until the plans and specifications showing the nature, color, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design, general appearance, composition, suitability for residential purposes and location in relation to surrounding structures and topography by the Board of Directors of the Association or by the Architectural Control Committee composed of three (3) representatives appointed by the board. A majority of the Architectural Control Committee shall be required for approval. In the event said Board or Architectural Control Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, they will be deemed to be disapproved. If they are re-submitted within thirty (30) days after such disapproval, in the event approval or disapproval is not made within thirty (30) days after re-submission, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these By-Laws or the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of the Declaration run with and bind the land, for a term of twenty (20) years from the date the Declaration was recorded, after which time they automatically extend for successive periods of ten (10) years. The Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. The signature of any one Lot Owner shall be sufficient. Any amendment must be recorded.

Section 4. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of all Members.

ARTICLE IX

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held on the Second Saturday of February the first year of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held on a date and time selected by the Board.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President of the Association or by the Board of Directors, or upon written request of one-fourth (1/4) of the Members.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before each meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of such notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose for the meeting.

Section 4. Quorum. The number of Members present in person or by proxy shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE X

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. A Board of nine (9) Directors, who must be Members of the Association, shall manage the affairs of this Association.

Section 2. Term of Office. At the annual meeting the Members shall elect three (3) Directors for a term of three (3) years to replace those Directors whose term has expired.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE XI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from Association Members only.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE XII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE XIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

b) Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations;

c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association, and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration;

d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

f) As more fully provided in the Declaration, to:

1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

2) Send written notice of each assessment against each Lot to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same.

Section 2. Duties. It shall be the duty of the Board of Directors to:

a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members and to present such statement at any special meeting when such statement is requested in writing by one- tenth (1/10) of the Members who are entitled to vote;

b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

- c) Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payments;
- d) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- e) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- f) Cause the Common Area to be maintained; and
- g) Cause the Exterior of the dwellings subject to an assessment for exterior maintenance to be maintained.

ARTICLE XIV

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The offices of this Association shall be a president, and a vice president, who shall at all times be Members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

- a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes;

b) Vice President. The Vice President shall act in the place and instead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board; and

d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE XV

COMMITTEES

The Board of Directors of the Association shall appoint an Architectural Control Committee and a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XVI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member of the Association and copies may be purchased at a reasonable cost.

ARTICLE XVII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of fourteen percent (14 %) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XVIII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds of a quorum of Members present in person or by proxy. A quorum for this purpose shall be ten percent (10%) of the Members entitled to cast votes. Written notice of any meeting called for the Purpose of taking any action authorized under this section shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws the Declaration shall control.

ARTICLE XIX

LAKE QUALITY PROTECTIONS

Section 1. The Candlewood Homeowners Association (CHA), Inc. is committed to protecting and improving the water quality of Lake Candlewood for the enjoyment, safety and health of the residents, protection of associated property values and the preservation of the aquatic habitat.

Section 2. Each Owner is responsible for the impact of their actions on the water quality and protection of Lake Candlewood; and each Owner is expected to conform to certain rules and regulations with respect to conditions upon their respective Lot (On-or-Off-Lake) and the Lake.

Section 3. The Board of Directors, either directly or through an appointed committee, shall be responsible for setting policies, maintaining policy documentation and enforcement of non-compliance to these policies regarding Lake Water Quality Protection issues.

Section 4. The latest issue of the Lake Management Plan for Candlewood Homeowners Association shall be the governing document for Lake Candlewood. This document contains, among other things, a "Best Management Practice" listing several actions to protect and improve the Lake. These items include, but are not limited to: cleaning up pet wastes, the use of non-phosphorus content fertilizers, prevention of dumping yard wastes and chemicals of any kind in storm drains, proper collection and disposal of yard clippings and leaves and maintenance of On-Lake Lot buffer strips.

ARTICLE XX

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

Adopted by a vote of the Members of Candlewood Homeowners Association on February 12, 2003.

Anne J. McGargill

President

Secretary

9-10-07

Subscribed and sworn to before me, a Notary Public this 5th day of October, 2007, ~~2007~~ by Anne J. McGargill as President of Candlewood Homeowners Association, Inc.

Rhonda K. Vance

Notary Public

