

**Elk Lake Shores Bluebook, 4th Edition**  
**“Bluebook”**

**Governing Documents**  
**Of**  
**Elk Lake Property Owners’ Association**

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## ELK LAKE SHORES – A BRIEF HISTORY

Elk Lake is a beautiful man-made recreational and residential lake located within Elk Lake Shores. Elk Lake Shores is in north central Kentucky, approximately six miles southeast of Owenton, Kentucky and 35 miles north of Frankfort with access to Interstate 71 to the north and Interstate 75 to the east. This hidden treasure is within an hour or so drive of several metropolitan areas, including Cincinnati, Dayton, Louisville and Lexington.

The lake and surrounding area was developed in 1960 by American Realty Company, drawing upon its experience in similar lakefront developments in rural areas. Shortly after completion in 1961, the non-profit Elk Lake Property Owners' Association, Inc. ("ELPOA") was established to govern the overall operations of the lake and its surrounding common properties. The official name of the development as recorded in the Articles of Incorporation is "Elk Lake Shores."

Development of Elk Lake Shores began with the purchase of eight farms comprising 1,100 acres. The Elk Creek was dammed to produce a lake called "Elk Lake" comprising a body of water of approximately 255 acres with 14 miles of shoreline. Elk Lake Shores has 1300 lots that are serviced by 17 miles of graveled roadway, thereby maintaining its rural and "in nature" setting.

There are over 300 seasonal and full-year homes within Elk Lake Shores, with about 65 of these representing full-time residents. Farmland and hilly, wooded terrain border Elk Lake Shores on all sides. The management of Elk Lake Shores by ELPOA is consistent with the desires of its residents for privacy and rural beauty without the sacrifice of security and convenience. Entrance to Elk Lake Shores is limited to property owners and their guests. The Elk Lake Shores Security House and entrance gate is maintained at all times – 24 hours a day, seven days per week.

Common recreational facilities include a beach and swimming area, a covered picnic area and playground, and a marina and dock area. In addition to the larger 255 acre Elk Lake, a smaller lake of approximately 17 acres, named "Deer Lake," is available for recreational boating (e.g., canoes, kayaks and pedal boats) and fishing purposes only. No motors other than battery-powered trolling motors are allowed on Deer Lake.

Water sports (but no jet skis) are principally a late-spring/summer attraction, but Elk Lake and Deer Lake are also stocked with bass, crappie, bluegill and catfish for year-round fishing. Avid fisherman have often referred to Elk Lake as one of the best bass fishing lakes in the region. Other warm weather activities include periodic gatherings by the membership to participate in pot luck dinners and grill-outs, for-fun auctions, lake clean-up parties, Fourth of July fireworks display, etc.

An attractive marina is located near the beach and swim area. Bait, fuel for boating, and other items are sold at the marina. Located nearby is the Elk Lake Shores Administration and Lodge Building. The lodge portion of this building is available for business and public meetings of ELPOA, and can be rented by the membership for private occasions, like family reunions, graduation parties, business meetings, etc.

During the winter season (approximately from November until the end of February), the level of Elk Lake is lowered to allow property owners to undertake repair and construction projects, like building retaining walls, repair and construction of docks, etc.

Elk Lake Shores is serviced by the Owen County Sheriff's Office, the Kentucky State Police, the Owen County Volunteer Fire Department, and the New Horizons Medical Center. Homes within the area are supplied water by the Kentucky-American Water Company based in Lexington, Kentucky. Electric, telephone and cable television services are provided by independent corporations operating in Kentucky.

Elk Lake Shores is managed by a Board of Directors, all of whom are property owners and members in good standing of ELPOA. Every owner of real estate in Elk Lake Shores is required to be a member of the ELPOA. There is a one-time, non-refundable initiation fee required upon becoming a member. In addition, members pay yearly dues to maintain the common areas, including the roads, lakes, dams, beach, public docks, picnic grounds, garbage collection area, to purchase needed equipment and insurance, and to pay for all personnel costs – like security gate guards and maintenance – necessary to make Elk Lake Shores the wonderful place it is. This member funding is the only income source for the daily operation of Elk Lake Shores. Timely payment of required fees and dues, as well as a willingness of the membership to volunteer their time and effort, are essential to keeping Elk Lake Shores the type of recreational and residential community we all want it to be!

## FOREWORD

The provisions contained in this packet of materials are the basis for the overall governance and management of Elk Lake Shores. All perspective members of ELPOA and all current property owners of ELPOA (i.e., members) should become familiar with this document (and all of its attachments, which are hereby incorporated by reference and made a part hereof) to assure an understanding of their rights, duties and obligations to ELPOA and to their neighbors.

Many of the past member-related issues within Elk Lake Shores have been caused by innocent and unintentional acts as the result of a lack of knowledge of the governing provisions of ELPOA. This comprehensive 4<sup>th</sup> edition of ELPOA's governing materials attempts to incorporate as much detail as possible for the membership in one place in order to minimize confusion in the future with respect to membership expectations and requirements.

## GOVERNING DOCUMENTS

The governing documents of ELPOA shall be comprised of:

- (1) Articles of Incorporation, dated May 5, 1961 and filed in the applicable Owen County records in Book 291, Pages 115-116;
- (2) the Warranty Deeds pertaining to Elk Lake Shores as filed in the applicable Owen County records;
- (3) the “1998 Amendments to Warranty Deed” as filed in Deed Book 189, Page 1, of the applicable Owen County records; and
- (4) the provisions contained in this document, including Bylaws, which document shall be referred to as the “Elk Lake Shores Bluebook, 4<sup>th</sup> Edition” or “Bluebook.”

The documents referenced in Paragraphs 1, 2, 3 and 4 above are hereby specifically incorporated into the Bluebook for the on-going governance of Elk Lake Shores to the extent they are not inconsistent with provisions of the Bluebook. To the extent provisions in such documents are inconsistent, the Elk Lake Shores Bluebook, 4<sup>th</sup> Edition, shall govern unless required otherwise by Elk Lake’s Articles of Incorporation or requirements of Kentucky law.

The Elk Lake Shores Bluebook, 4<sup>th</sup> Edition, together with those documents it incorporates herein by reference and makes a part hereof, is intended to be the overall comprehensive governing document of the ELPOA. The Elk Lake Shores Bluebook, 4<sup>th</sup> Edition, shall govern and control in the event of any inconsistency between its provisions and the other governing documents referenced above (or otherwise in the event a document purporting to have applicability to the governance of Elk Lake Shores is not referenced above), except with respect to the Articles of Incorporation or as may be otherwise required by Kentucky law.

All of the documents referenced above – whether individually or in combination – are hereby incorporated into the Bluebook and shall be referred to as the “governing documents”.

Except as required otherwise by Kentucky law, or except as otherwise provided in the governing documents, the governing documents shall not be altered or amended without the prior approval of two-thirds of the members voting who are in good standing at the time of voting and for the calendar year immediately prior to the year of the vote; provided, however, the ELPOA Board of Directors shall have the full power and authority to act, including making good-faith interpretations, with respect to the governing documents regarding any and all matters affecting the membership or Elk Lake Shores. Changes to the ELPOA Articles of Incorporation (amendment, revocation, adoption of new Articles, etc.) shall be governed by member voting requirements of Kentucky law if required; otherwise, the two-thirds of the members in good standing voting requirement specified in this paragraph shall prevail.

All present and future members and owners of real estate property in Elk Lake Shores shall be subject to, and shall comply with, the provisions of the governing documents, including any subsequent amendments thereto. The acceptance of a deed to any property, the entering into a



lease to rent or contract to sale or purchase with respect to any Elk Lake Shores property, or the occupancy of any dwelling or lot within Elk Lake Shores, with or without written documentation thereof, shall constitute the consent and agreement of such member, property owner, lessor, tenant or occupant to comply with ELPOA governing documents requirements as then in effect or as may be subsequently modified.

## ELPOA ADMINISTRATION

### Administration

The Elk Lake Property Owners' Association (ELPOA) is a Kentucky non-profit corporation. It was formed in May 1961 for the following purposes with respect to Elk Lake Shores:

1. To make improvements;
2. To provide, procure or maintain services or benefits as may enhance the value of property;
3. To make Elk Lake Shores a more desirable place to live and play;
4. To improve, maintain and operate the lake;
5. To acquire, hold and sell lands;
6. To improve, maintain, operate and regulate Elk Lake Shores properties for recreational purposes;
7. To employ personnel necessary for the care and maintenance of Elk Lake Shores; and
8. To do all things necessary to exercise said powers and to develop, manage and improve the overall area.

To accomplish this broad mission, ELPOA relies upon a managing Board of Directors. Management of Elk Lake Shores is conducted by a Board of Directors comprising up to twelve (12) property owners (in good standing), but not less than nine (9), who are elected by a vote of the ELPOA membership to serve a term of three (3) years on a voluntary basis without monetary compensation. Service on the Board of Directors shall be staggered in order to provide for continuity and experience.

Each year three (3) members of the Board of Directors complete his/her term of office and will be replaced by three (3) newly elected members. An existing member of the Board of Directors, once his/her term ends, may be reelected by the membership to a new three (3) year term on the Board of Directors more than once.

### Board of Director Meetings and Annual Membership Meeting

ELPOA Board of Directors meetings are held the third Saturday of the month, with special meetings scheduled as necessary. The Annual Meeting of the ELPOA membership is held in October on the second Sunday of the month. All members in good standing are encouraged to attend the Annual Meeting of the membership, as well as monthly meetings of the Board of Directors when he/she has an item of business to present.

### Limitations on Liability of Directors and Officers

In addition to such limitations of liability afforded to officers and directors of ELPOA as may be provided by Kentucky law, no director or officer of ELPOA, collectively or individually, shall be

personally liable to any of the members or to any other person or entity whatsoever, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the governing documents; provided that such director or officer of ELPOA has acted in good-faith, and in a manner that such person believes to be in the best interests of ELPOA.

#### Power and Authority of Board of Directors

The ELPOA Board of Directors shall have all powers and duties set forth in the governing documents, applicable state and local laws, statutes, ordinances and other governmental rules and regulations, and all lawful powers and duties deemed by the Board of Directors advisable or necessary to carry out its functions in its fiduciary capacity for the overall benefit of Elk Lake Shores and the ELPOA members. Every Elk Lake Shores property owner and member shall be bound by the governing documents, and the acts and decisions of the ELPOA Board of Directors.

The Board may, from time to time and subject to its fiduciary obligations to act in what it considers to be in the best interest of the ELPOA, propose, enact, amend and/or interpret on its own accord, certain rules and regulations, policies and other procedures it deems necessary or appropriate applicable to the operation of Elk Lake Shores and which are or are not covered at the time in the governing documents; provided, however, if a rule or regulation or other action is not covered in the governing documents and is considered to be a materially significant event with respect to the interests of the membership in aggregate (but not to an individual member or several individual members who might be materially or significantly affected), then a vote of the ELPOA membership shall be required. The vote necessary to approve shall be as provided in the section of the Bluebook dealing with "Governing Documents." Should a member or members disagree with the Board's determination that a matter is not material or significant with respect to the membership in aggregate, then it shall be such member's or members' responsibility to initiate a legal action challenging the Board of Directors' decision within the time limits for such action as prescribed by Kentucky law.

A copy of the ELPOA governing documents, as provisions therein may from time to time be amended or repealed, may be mailed annually to the membership or, if not mailed, otherwise be made available to each member at the ELPOA Administration Office.

#### Court Actions

Legal actions to enforce the various provisions of the governing documents may only be initiated on behalf of ELPOA upon approval by the Board of Directors. In any action brought by ELPOA, the court may award to the prevailing party such attorneys' fees and other costs as it may deem just and reasonable.

#### Governing Documents – Survivability Of Provisions

If any provision or section of ELPOA's governing documents is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of ELPOA's governing documents.

## Bylaws

The bylaws of ELPOA constitute a portion of the governing documents of ELPOA. The bylaws may be altered, amended or repealed and new bylaws may be adopted by the approval of a majority of the Board of Directors; provided, however, the members in good standing hereby reserve the right, if necessary or appropriate, to usurp any bylaw action of the Board of Directors upon the favorable vote of two-thirds of the members voting who are in good standing at the time of voting and in the calendar year immediately prior to the vote.

## MEMBERSHIP

### Membership

Membership eligibility in the ELPOA is by virtue of the ownership of real estate within Elk Lake Shores. To become a member of ELPOA with all rights and privileges that membership provides – including access to common areas and lakes within Elk Lake Shores and the ability to write guess passes – individuals owning real estate must have paid all required initiation and other applicable fees and annual dues and be otherwise in good standing with respect to ELPOA.

A “Membership Application” (and other required forms as from time to time may be required) must be completed and submitted, along with all required initiation and other applicable fees and dues, to ELPOA’s Board of Directors for review and approval before membership to ELPOA may be granted.

Any current member selling property to another ELPOA member must, prior to or shortly after the time of the transaction, notify the ELPOA Administration Office and obtain and complete the necessary paperwork required to allow ELPOA to account for the ownership of the subject property in its official records. Failure to follow this requirement shall, at the Board of Directors’ discretion, be grounds for loss of “good standing” status for one or more of the parties to the transaction.

### Membership for Purposes of Annual Dues and Initiation Fees (and Other Applicable Fees)

A husband and wife, as joint owners, as tenants in common, or otherwise, are considered as “one owner” for purposes of initiation and other applicable fees and annual dues (and voting) with respect to ELPOA property. Other dual or multiple ownerships will be considered as involving more than one purchaser, and on-going annual dues and the one-time initiation as well as other applicable fees shall be collected from each such owner.

Ownership of more than one Elk Lake Shores lot (as reflected in the official plat of real estate for Elk Lake Shores as kept on file in the ELPOA Administration Office) will not be construed as more than one purchaser – unless (i) the additional lot has a permanent residence which is being rented or otherwise occupied by a third party, or (ii) unless the lot has a permanent structure, such as a garage, without a permanent residence located thereon. In such case, annual dues (and other applicable fees) from the multiple lot owner/member will be owed. Any permanent structures, including garages, without a permanent residence located thereon existing at the time of adoption of the Bluebook, 4<sup>th</sup> Edition, shall be grandfathered with respect to applicability of this paragraph; provided, however, such grandfathering shall not apply to future purchasers (current members or otherwise) of the property.

### Categories of Membership

Owners in “good standing” are those owners whose fees, dues and assessments are paid in full or owners whose fees, dues and assessments are in arrears but who have entered into a payment plan with ELPOA that is satisfactory to the Board. Owners in good standing are those not in violation of any provision of the ELPOA governing documents.

Owners “not in good standing” are those owners whose fees, dues and assessments have not been paid in full, and who have not entered into a payment plan satisfactory to ELPOA. Owners not in good standing shall also include those who are in violation of any provision of the governing documents, as determined by official action of the Board of Directors.

Owners not in good standing are entitled to none of the benefits of membership, including use of ELPOA common facilities, including lakes, and the right to write guess passes for others.

Owners not in good standing may not use, other than on an isolated or incidental basis as determined by the Board of Directors, ELPOA common property and facilities as a guest of an ELPOA member who is in good standing.

#### “Immediate Family” Issue

The term “immediate family” within Elk Lake Shores shall mean husband and wife, legally married, and their natural born and legally adopted children currently residing with them and under the age of 21 years. A child that is mentally or physically disabled and dependent upon his/her parents for support and residing in their household full-time, shall also be considered “immediate family” regardless of age.

With respect to foster children and guardianship issues (as well as other family-related issues), the ELPOA Board will review each situation on a case-by-case basis, and make a determination with respect to the immediate family classification on behalf of the membership. Court orders and/or court approvals on this topic will play a significant role in the Board’s review of the situation.

#### Sale of Property/Membership Approvals

When a member of ELPOA sells his/her property, all indebtedness to ELPOA must be paid in full before membership, including access to common areas, by the buyer or buyers of the property will be approved. It is the seller’s sole responsibility, and not an obligation of ELPOA, to advise prospective buyers of Elk Lake Shores property of the ELPOA’s initiation and other as applicable fees and annual dues requirements.

A member selling his/her property shall have the duty and obligation to provide any prospective purchaser with a copy of the ELPOA governing documents, either directly or arranging for a copy to be mailed or to be made available to the prospective purchaser at the ELPOA Administration Office.

It is strongly recommended that a buyer’s “Application for Membership” be submitted to ELPOA in advance and with sufficient time for approval by the Board of Directors prior to the sale. The ELPOA initiation fee (if applicable – depends upon whether the buyer is already a member) and required annual dues as well as any other fees as then may be applicable must accompany the Application for Membership, otherwise the membership material will not be acted upon.

The above does not apply if the prospective buyer of the property is already an ELPOA member in good standing. In this case, the applicable property transfer forms should be obtained from the

ELPOA Administration Office and be completed at or near the time of sale in order to maintain accuracy of ELPOA records.

## ASSESSMENTS

### Initiation Fees for New Purchasers and Annual Dues

Effective January 1, 2004, the following annual dues structure and initiation fees for purchasers of property within Elk Lake Shores shall apply:

#### Individuals

The annual dues (January 1 – December 31) for ELPOA members shall remain at \$600. Such dues are due and payable on or before March 1, otherwise applicable late fees and interest shall apply as determined by the Board.

The current one-time, non-refundable, initiation fee for individual purchasers within Elk Lake Shores shall be \$1,200, and shall remain at this level until altered by majority vote of the members voting and in good standing of ELPOA at the time of voting and for the calendar year immediately prior to the year of the vote.

#### Corporations/Other Similar Business Arrangements

Corporate and other similar business arrangements present a potential problem with respect to accountability and the number of authorized users of Elk Lake Shores facilities, including the number of boats occupying the lakes. Also, similar issues exist with respect to the writing of guess passes.

The great majority of ELPOA members desire that Elk Lake Shores – in the future – be a “family-oriented, recreational use only” facility. Accordingly, new corporate and other similar business arrangement memberships will be discouraged. Future corporate and other similar business arrangement memberships must have prior Board of Director approval, otherwise use of Elk Lake Shores’ lakes and other common facilities will not be allowed.

The one-time, non-refundable, initiation fee for corporate and other similar business arrangements (“other similar business arrangements” will be determined by the Board of Directors in its sole discretion) shall be \$6,000 and shall remain at this level until altered by majority vote of the ELPOA members voting and in good standing at the time of voting and for the calendar year immediately prior to the year of the vote.

Annual dues (January 1 – December 31) for corporations and other similar business arrangements shall be \$3,000. Such dues are due and payable on or before March 1, otherwise applicable late fees and interest shall apply as determined by the Board.

Existing corporate and other similar business arrangements within Elk Lake Shores, as of the time of adoption of the Bluebook, 4<sup>th</sup> Edition, shall be grandfathered with respect to these new fees requirements; provided, however, such grandfathering shall not apply to those corporate and other similar business arrangements becoming members subsequent to Bluebook adoption by the members. Those corporations and other similar business arrangements that are grandfathered shall pay annual dues at the individual rate.

### The Business of Rental Properties

The great majority of ELPOA members desire that Elk Lake Shores – in the future – discourage members from renting their properties. Many, but certainly not all, of Elk Lake Shore's issues have resulted from absentee owners' lack of maintenance and control with respect to their rental properties. Given that the ELPOA membership is desirous that Elk Lake Shores be a "family-oriented, recreational use only" facility, multiple property rentals with or without the payment of rent is adverse to this desire, representing essentially for-profit business operations within Elk Lake Shores. Accordingly, the membership of ELPOA is establishing a new initiation rate structure for members with multiple property rentals (i.e., two (2) or more properties being used by a third party not within the member's immediate family, as defined elsewhere herein).

The one-time, non-refundable, initiation fee for multiple rentals will seldom, if ever, apply to Elk Lake Shores. However, in a situation where it may, the initiation fee shall be set at \$6,000 on the second and each additional property in excess of two (e.g., purchaser owns three properties and rents them all; initiation fee owed is \$12,000 plus \$1,200 for the first property, as applicable). This initiation fee shall remain at this level until altered by majority vote of the ELPOA members voting and in good standing at the time of voting and for the calendar year immediately prior to the year of the vote.

Annual dues (January 1 – December 31) for multiple rental properties (i.e., two or more) shall be \$3,000 per property (e.g., 1<sup>st</sup> property, \$600 individual rate; 2<sup>nd</sup> property, \$3,000; 3<sup>rd</sup> property, \$3,000, etc.). Such dues are due and payable on or before March 1, otherwise applicable late fees and interest shall apply as determined by the Board.

Members with existing multiple rental properties at the time of adoption of the Bluebook, 4<sup>th</sup> Edition, shall be grandfathered with respect to the annual dues increase; provided, however, such grandfathering shall not apply to future members with multiple rentals after the Bluebook adoption date. Members with existing multiple rentals at the time of adoption of the Bluebook shall pay annual dues at the individual rate.

### Annual Dues Adjustment

Annual dues of individuals, corporate/other similar business arrangements, and rental properties shall not be altered by the ELPOA Board of Directors, except upon the favorable vote of a majority of the members voting and who are in good standing at the time of voting and in the calendar year immediately prior to the year of the vote.

### Special Assessments

From time to time ELPOA may experience the need for special fees or assessments to handle planned and unplanned needs and requirements that can not be satisfied by annual dues and initiation fees. Such special fees/assessments will be recommended to the membership by the Board of Directors, as appropriate, and will be effective as to the ELPOA membership upon a favorable majority vote of the members voting who are in good standing at the time of voting and



for the calendar year immediately prior to the year of the vote.

#### Interest on Indebtedness and Filing of Liens

As addressed elsewhere in the governing documents and herein, ELPOA reserves the right to file one or more liens on Elk Lake Shores property and/or other property of ELPOA members to satisfy the member's obligation to ELPOA for any delinquent indebtedness. In addition, ELPOA shall have the right to charge annual interest, at the simple interest rate of ten percent (10%), on the unpaid balance until paid. The Board of Directors shall have the authority to change this annual interest rate from time to time, in its discretion.

ELPOA may, at its discretion, elect to engage a professional collection agency or law firm to assist it with the collection of delinquent debts. In addition, ELPOA may file a report of any delinquency with credit agencies and may, at its sole discretion, provide or publish all such debt-related information and delinquency status of certain of its members to the entire ELPOA membership and other third parties.

#### Initiation Fee and Annual Dues – Refund Rights as Between Existing Members and ELPOA

In the event one member sells his/her property to another member, no initiation fee will be owed to ELPOA and ELPOA shall not be required to refund any initiation fees. With respect to annual dues in such a situation, no pro-rata rebate of annual dues shall be owed or refunded by ELPOA. Any issue with respect to annual dues adjustment in such a case shall be an individual one solely between the buyer and seller.

#### Jurisdiction and Venue

All fees, including annual dues, and other unpaid amounts owed ELPOA constitute a debt which may be collected by a suit by or on behalf of ELPOA in any court of competent jurisdiction. Members agree that jurisdiction and venue over any such dispute between ELPOA and a member shall be vested exclusively in Kentucky courts sitting in or for Owen County, Kentucky.

## USE OF PROPERTIES AND RESTRICTIONS

### Use of Common Property by Members Not in “Good Standing”

The use of any of the common areas of Elk Lake Shores shall be subject to and entirely contingent upon a member being in “good standing” in the ELPOA and in compliance with all of the provisions of the governing documents applicable to Elk Lake Shores. The “common areas” shall include, without limitation, use of the lakes, beaches, public boat docks, recreational and other public areas of Elk Lake Shores. A member not in good standing may use the roads within Elk Lake Shores to access his/her property.

As addressed elsewhere, members not in good standing shall have no writing of guess pass privileges (nor shall they be entitled to vote on ELPOA matters although, as a member, they shall be bound by such voting).

### Maintenance of Common Areas

ELPOA shall be solely responsible for all construction, maintenance, repair, upkeep, and replacement of portions of the common areas and all common facilities, other than lake improvements erected by individual members with the consent of ELPOA. Except with the advance approval of the ELPOA, no person other than ELPOA or its duly authorized agents or contractors shall construct, reconstruct, refinish, alter or maintain any improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the common areas.

In addition, no person shall remove any tree, shrub or other vegetation from the common areas without express approval of the Board. Maintenance of the natural wilderness state of Elk Lake Shores is a goal of the membership.

### Owner Liability for Damage to Common Areas and Property

As between ELPOA and its members, the member shall be responsible for any accident or personal injury to others, including repair or replacement to any common area or common property of Elk Lake Shores that is damaged, if such accident, injury or damage is caused or contributed to by himself/herself or by any of his/her family members, guests, invitees, employees or independent contractors performing work or services or making deliveries for the member.

### Security and Guest Privileges

The Association maintains one gated entrance to Elk Lake Shores to assist members, their guests, visitors and others. Elk Lake Shores property owners in good standing have the unimpaired right to enter and exit their property, as well as, importantly, the right to use and enjoy common areas of Elk Lake Shores.

Annually, ELPOA members are issued membership cards and/or family passes for their wallets and purses and windshield stickers for their personal vehicles for identification. These stickers must be permanently affixed to the driver's side of the windshield and work well to allow authorized personnel both prompt entry and exit from Elk Lake Shores. Those not having affixed windshield stickers must present an ELPOA membership card and/or family pass to gain entry.

The owner of a membership card and/or family pass is responsible for all guests (and their actions) entering and exiting Elk Lake Shores on that card/pass.

ELPOA members in good standing are entitled to use, and to invite guests to use, the common facilities of Elk Lake Shores.

Guest passes may be obtained by members in good standing from ELPOA personnel at the Security Gate entrance. Completed guest passes must include the name of the guest and the expiration date of the guest's privileges. Guest passes will be retained at the Security Gate entrance.

Guest passes are valid for a maximum of three (3) days only, but may be renewed.

Children who are in the immediate family of ELPOA members may sign guest passes if they are 18 years of age or older, and the member/parents have signed an authorization in favor of ELPOA assuming responsibility for guests (and their actions) brought in by their children.

Property owners who plan on having guests in Elk Lake Shores in their absence from the area must make prior arrangements with the Security Gate personnel; otherwise such intended guests will not be allowed access to the property.

Member gatherings of twenty-five (25) or more people must be approved in advance by the ELPOA Board of Directors. This requirement will assist the ELPOA in assuring that sufficient personnel are on duty at the Security Gate to handle traffic, complete necessary paperwork in a timely manner, etc. Also, pre-work on filling out required information on guest passes and related issues can be accomplished with this advance notice requirement.

Members having work or services done or deliveries made to their property must notify the Security Gate personnel in advance of this activity. Except in unusual or emergency situations, the member must provide a signed guest pass for the guest(s). To provide for the continued security of ELPOA members, the work, service or delivery completion date shall be furnished to the personnel on duty at the Security Gate. Guests performing work or services or delivery within Elk Lake Shores will be expected to sign certain forms at the Security Gate acknowledging their understanding of the requirements of Elk Lake Shores with respect to speeding, littering, trespassing, etc.

Members should counsel their guests about the expectation of courtesy and respect to be shown

and demonstrated to personnel manning the Elk Lake Shores' Security Gate. These security personnel perform a highly valued service – protecting your property and that of your fellow members – and ELPOA will, through its Board of Directors, take all necessary action, including barring future entry if necessary, to prevent mistreatment, violence and abuse of its employees, members and their guests.

Members, and those in the immediate family of members, shall forfeit their guest pass privileges (as well as use of common areas, including lakes, of Elk Lake Shores) if they are deemed by ELPOA, acting through its Board of Directors, to not be in “good standing”, as defined in the governing documents.

Members shall be responsible for the proper supervision and control of their guests while such guests are within the confines of Elk Lake Shores.

#### Use of Roads

Property owners, members of their immediate family, and their guests must strictly observe the 25 mph limit on all roads within Elk Lake Shores. Anyone operating a motor vehicle intended for public Kentucky roadways within Elk Lake Shores must have the appropriate license and insurance as may be required by the Commonwealth of Kentucky.

Elk Lake's rustic and rural setting, while beautiful, poses dangers if proper caution and care is not demonstrated. Our roads, being gravel for the most part, can be extremely dangerous with excessive speed and special caution should be taken to drive on the far right side of the road, especially when topping a hill or encountering a curve. Also, we must never forget that our roads are used for walking, bicycling, four-wheeling and a common play area for deer, turkey and other critters, like children. Accordingly – it's imperative that we be extremely watchful and slow with our driving around Elk Lake Shores, rather than extremely sorry later!

Operable vehicles owned by ELPOA members and to be commonly driven within Elk Lake Shores are restricted to private passenger cars and SUV/trucks. It should be noted that wintertime snow and ice conditions sometimes make travel on ELPOA roads impassable without a four-wheel drive vehicle.

Large tractor trailer rigs (e.g., 18-wheel type trucks) are not allowed within Elk Lake Shores due to limited visibility and safety issues, as well as potential road damage that such trucks can cause. Any exception to this prohibition (e.g., delivery of needed residential construction materials, equipment, etc.) must be specifically approved by the ELPOA Board of Directors in advance of such trucks' admittance into Elk Lake Shores.

#### Parking and Vehicles

Commercial vehicles of all types shall not be parked or stored within Elk Lake Shores except where temporarily necessary for on-going work, construction, delivery or service to members.

Parking of any vehicle, boat and/or boat trailer, utility or similar trailers, or other equipment or

items shall not be permitted at any time on or near the road or in any intersection or any other area where it may, in the Board's opinion, interfere with the flow of traffic, obstruct a driver's view, or otherwise constitute a potential safety hazard. ELPOA is authorized, at owner's expense, to tow or haul any such vehicles, boats and/or boat trailers, utility or similar trailers, or other equipment or items that the Board deems necessary or appropriate. Failure to reimburse ELPOA for towing or hauling and related expenses shall enable ELPOA, at its discretion, to file a lien upon the member's property in order to properly protect the assets of ELPOA for the benefit of the overall membership.

Consideration of other members should be exercised when using the ELPOA boat launching areas, marina, and other public areas. Vehicles and boat trailers must be positioned so as not to be a hindrance to other members wishing to use the ELPOA facilities or to present a potential safety hazard to others.

Under no circumstances is parking of vehicles, boats, trailers or other equipment permitted on the main Elk Lake dam. Parking in these areas shall be cause for prompt towing at the owner's cost.

#### Littering Strictly Forbidden

Littering is strictly forbidden within Elk Lake Shores. Unsightly cans, bottles, paper, tires and miscellaneous trash will soon ruin the rustic and rural setting that Elk Lake Shores provides to its membership and guests. Please help keep the lakes and surrounding area beautiful by picking up trash whenever possible – even if you are not the culprit.

With respect to litter culprits, please report any eye witness accounts of illegal littering to the Security Gate personnel, an ELPOA Administration official and/or a Board of Director member. With your help, appropriate follow-up action will be taken with the offending party. The obligation of each and every ELPOA member, as well as the Board of Directors, is to preserve the beauty of Elk Lake Shores and to make the area a better place to live and play.

#### Garbage/Trash Disposal

Trash disposal containers are provided by ELPOA for regular trash disposal. The authorized trash collection facility is located on Oak Road, just past the entrance gate to the left.

Unauthorized garbage (e.g., building materials, tires, batteries, stoves, refrigerators, dishwashers, outdoor grills, antennas and unbagged trash) is not allowed in the ELPOA trash collection containers. This is dictated, in part, by the contractual requirements with the refuse collection and hauling service servicing Elk Lake Shores. Expenses incurred by ELPOA as the result of unauthorized member (or a guest of a member) use of Elk Lake Shores' garbage/trash collection facility will be charged to the offender (or the offender's host, in the event the offender is a guest of a member). Failure to promptly pay for such expenses shall enable ELPOA to place one or more liens on the offender's property in the amount of the expenses incurred, plus simple interest accruing at the rate of ten percent (10 %) annually (or whatever rate the Board has established for such issues for the calendar year at issue).

ELPOA acknowledges that a limited amount of bagged garbage/trash is being brought into Elk

Lake Shores now by members with a permanent residence outside of, but near, Elk Lake Shores. This practice will be allowed for the moment, but will be periodically reviewed by the Board of Directors to assure that the trash collection fees and related costs being incurred by Elk Lake Shores are not unreasonably increased by such practice. If, in the Board's sole discretion, this practice unreasonably increases expenses or causes other negative consequences, the Board shall be authorized to ban such activities.

#### Beach Area

A roped off area is provided for swimming and membership enjoyment. The ELPOA beach is located next to the Elk Lake Shores Marina and near the Administration Building. The beach has plenty of sand, covered shelter areas and a good view of lake activities. The Elk Lake Shores beach area is a great place for family fun and gatherings, but be advised that ELPOA provides no lifeguards, and members and their guests swim at their own risk.

Because of continued vandalism and safety concerns, a curfew for the Beach area has been established from 11:00 p.m. until 6:00 a.m. Anyone witnessing a curfew violation should call the Owen County Sheriff's Office or the ELPOA Security Gate to report the incident.

#### Lodge Rental

Members may rent the Elk Lake Shores Lodge, located on the lower floor of the two-story Administration Building, for private use. Members desiring to rent the lodge will be required to complete a Lodge Rental Application (or other applicable forms) that is subject to Board approval for groups greater than 25. The standard Rental Application and fee schedule is available at the Elk Lake Shores Administration Office. Required deposits will be returned after the event if the lodge is left in the same condition as when it was rented.

#### Public Boat Docks

ELPOA public docks contain a number of boat slips along the marina. A number of these slips are rented, particularly to off-water lot owners, on a first-come basis for the season. Other boat slips are set aside for public use with a limited time restriction. No overnight mooring is permitted in these public use slips without advance Board approval.

There are also a number of lots designated as public areas around the main lake. Some of these have boat docks and may be used by those members who have no lakefront property. Members may construct additional docks on these lots with the advance approval of the ELPOA Board of Directors. The docks shall be the property of ELPOA, and usage of the docks must be available to other members. However, the Board of Directors will work with those members willing to construct public docks on a "win-win" basis (e.g., possibly assuming or sharing the costs of materials) in an effort to accommodate their needs as well as those of other non-lakefront members requiring dock space.

Lots currently designated for recreational use by the membership are: 51, 95, 192, 372, 401, 440, 516, 620, 644, 686, 759, 811, 832, 859, 893, 952, 1054, 1159, 1300, 1401 and 1402. ELPOA owns other lots that could be used for public docking and recreational purposes, with

prior approval. ELPOA encourages members – particularly those without lakefront properties – to exercise their construction skills and creativity in a way that will accommodate their individual boating and recreational needs while helping improve the overall quality and appearance of the main lake.

#### The Former Elk Lake Water Company Reservoir Lake

The former Elk Lake Water Company reservoir lake – now named “Deer Lake” – opened for fishing and boating use in the spring 2003. No other type of water activity is allowed (e.g., swimming). No sailboats or motorized boats (except for battery operated trolling motors) of any type will be allowed on the reservoir. Boat types authorized to use Deer Lake shall be limited to light-weight aluminum, plastic, inflatable or wood fishing boats, pedal boats, kayaks and canoes. No boats with any type of affixed gasoline, diesel, inboard or other type of engines shall be allowed on Deer Lake. No tubes of any sort, for fishing or other purposes, will be allowed. No personal watercraft, like jet skis, are allowed to operate on Elk Lake waters.

There are no docking facilities on Deer Lake. Accordingly, all boats and other floatation devices as mentioned above must be removed from the lake daily unless otherwise agreed to in advance by the ELPOA Board. Failure of a member or a member’s guest to observe this requirement authorizes ELPOA to remove the boat and/or other floatation devices at the owner’s expense. Owners, in such situations, shall also be responsible for all storage fees that may be incurred. In addition, in the event ELPOA is required to take such removal action, ELPOA shall not be liable for any damage to boats or other floatation devices.

#### Blight and Nuisance Conditions

Blight, excessive noise, barking dogs, inoperable and/or abandoned vehicles, boats and trailers, the presence of farm animals, etc., have all been problems for Elk Lake Shores. Given that Elk Lake Shores is intended to be a rustic, resort-type area, these type on-going blight and nuisance conditions are unacceptable to the membership. Such conditions and activities are detrimental to the public health, safety, welfare, property values, and general overall enjoyment of the Elk Lake Shores community.

The following provisions – in addition to those existing requirements addressing the topic found elsewhere in the governing documents and that are not inconsistent with the following – represent what constitutes nuisance, blight and generally unacceptable activities and conditions to the ELPOA members within Elk Lake Shores. With respect to those violating ELPOA’s requirements with respect to blight, nuisance, etc., the intent of the membership – acting through its authorized representatives – is to work with those deemed to be in violation in a good-faith attempt to remedy the situation. If this fails, ELPOA will seek the assistance of the appropriate Owen County courts and governmental officials to help resolve the issue in a manner that makes Elk Lake Shores a more desirable place to reside and enjoy – in accordance with the directive set forth in ELPOA’s Articles of Incorporation and elsewhere in the governing documents of Elk Lake Shores.

#### Rules, Regulations and Requirements Relating to Blight, Nuisance and Similar

### Conditions Within Elk Lake Shores

Whereas, it is the duty and desire of ELPOA to protect its members and residents from blight, nuisance and other conditions which endanger life, limb or property, or which destroy or diminish the enjoyment of dwellings or other uses of property within Elk Lake Shores by interfering with the ordinary comforts of human existence.

Now therefore, the following is adopted by the Elk Lake Property Owners' Association (ELPOA):

### Ordinance #67, Owen County, Kentucky

To the extent not inconsistent with "ELPOA's Rules, Regulations and Requirements Relating to Blight, Nuisance and Similar Conditions", Ordinance #67, as adopted in 2003 (and as may be amended periodically) by the Owen County Fiscal Court, is hereby adopted and incorporated by reference into this section by the ELPOA, and is fully applicable to all properties and members of Elk Lake Shores.

### Member's Maintenance Responsibilities

Each member shall be responsible for the proper and timely maintenance and repair of his or her residence and property. All Elk Lake Shores lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of substandard exterior painting or maintenance in the case of structures, failures to trim grass or otherwise maintain landscaping, or by permitting the accumulation of weeds, rubbish or debris on the property.

(Note: Should a member fail to satisfy requirements of this "Member's Maintenance Responsibilities" provision, including the trimming of grass or permitting the accumulation of weeds, rubbish or debris on his/her property, and should such condition or conditions remain unabated for an unreasonable period of time after a written notice from ELPOA is given to the offending member or members, then in such case ELPOA is authorized, in its discretion and acting through its Board of Directors, to utilize its employees, contractors and/or third parties to enter the offending member's or members' property without any liability to the property owner(s) whatsoever for the limited purpose of remedying the condition or conditions complained of (e.g., mowing the lawn, weed cleanup, rubbish and debris removal). All expenses incurred by ELPOA as the result of efforts it expends pursuant to the identified action shall be reimbursed promptly by the member or members upon whose property such services were performed. Failure of a member to reimburse ELPOA for its costs and expenses shall enable ELPOA to file one or more liens against the offending member's or members' Elk Lake Shores property. Except for grossly negligent or intentional acts of wrongdoing, neither ELPOA nor its employees, officers, directors or any other third party acting for or on behalf of ELPOA shall be liable to a member in any respect, including an action for trespassing, unlawful taking or otherwise. The authority and right of action granted in this paragraph in favor of ELPOA is non-exclusive. ELPOA shall continue to enjoy any and all other rights, benefits and provisions in its favor as expressed in the governing documents.)



### Noxious Activity

No noxious or offensive practice or activity shall be permitted on any lot, nor shall anything be done thereon which shall be or become an annoyance or nuisance to the neighborhood or to Elk Lake Shores generally.

### Animals

Any animal that constitutes a physical threat to human beings or other animals by its or their demeanor or actions shall be prohibited from being in Elk Lake Shores.

Only common and customary household pets, of reasonable number, are permitted. No farm animals or the raising of animals of any type, including dogs and cats, for sale, show or consumption, is permitted. Farm animals shall include, without limitation, cattle, goats, sheep, chickens/roosters, pigs, rabbits, ducks/geese, horses, donkeys/mules, and turkey.

No animal that constitutes a nuisance by odor, unnecessary, excessive or offensive noise, or constitutes a nuisance by other means, shall be permitted in Elk Lake Shores. "Unnecessary, excessive or offensive noise" means any sound or noise which annoys, disturbs, injures or endangers the comfort, repose, health, peace or safety of others.

No owner, keeper or harbinger of any animal shall permit or suffer such animal to continuously or frequently bark, howl or emit other audible sounds which create unreasonable, excessive or offensive noise to the annoyance or discomfort of any person of ordinary sensibilities in the vicinity of the animal.

### Noise Generating Equipment or Devices

No noise generating equipment or devices, such as radios, CD players, televisions, live music, etc., shall be operated or played so as to unreasonably disturb others or so as to constitute a nuisance within Elk Lake Shores, particularly during nighttime hours.

### Abandoned/Inoperative Vehicles, Boats, Boat and Other Hauling Trailers, Appliances and Furniture

It shall be considered a blight and nuisance for abandoned or inoperative or unlicensed vehicles and boats; inoperative boat, cargo, truck bed and other type trailers; inoperable riding mowers and other lawn and garden equipment; and other similar inoperative, abandoned or unlicensed items to exist or to be stored – other than in a completely enclosed building – on property within Elk Lake Shores.

It shall be considered a blight and nuisance for appliances, furniture, and other household items to be placed or located in areas other than inside a dwelling. On porch storage shall not be considered inside a dwelling.

### Exterior Conditions

Every exterior wall of any building or structure shall be free of holes, loose or rotting boards or timbers, and other conditions which might admit wild animals, rain or dampness to the interior

portion of the walls or to the occupied or intended to be occupied spaces of the building. All exterior surface materials, including wood, brick, composition, aluminum or metal siding, shall be maintained weatherproof and shall be painted or properly surface coated as required to prevent deterioration or unsightliness.

All vacant buildings or structures, including lawns and landscaping, shall be maintained in a clean, visually attractive, safe, secure and sanitary condition so as not to create a blight or nuisance problem or adversely affect the health, safety, welfare, enjoyment or monetary investment of others.

Exterior areas of all buildings and structures, including but not limited to trim, stairways, porches, roofs, decks, handrails, decorative features and gutters, shall be maintained in good repair with the proper anchorage and in a safe condition.

Partial construction of permanent structures including, without limitation, block, poured concrete or brick basements, that have been abandoned as an active construction project for at least eighteen or more months, shall be considered a blight and nuisance.

#### Survivability of Provisions

If any provision or section of ELPOA's blight and nuisance provisions is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of ELPOA's blight and nuisance provisions.

ELPOA shall be entitled to its reasonable attorney fees, including court costs, and its other costs and expenses in its efforts to enforce these blight, nuisance and related provisions.

#### Property Rentals

Property rentals within Elk Lake Shores are discouraged. Should a member elect, however, to rent his/her home to a third party for money or otherwise, such rental arrangement must be in writing and otherwise satisfy the requirements of Kentucky law with respect to rental of real estate. Prior to any rental arrangement becoming effective with respect to ELPOA, the member wishing to rent his/her property to a third party must first provide a copy of the rental agreement, along with a written statement of the name or names of the prospective renter(s) and any other individuals that will be occupying (full-time or part-time) the rental property, to the ELPOA Board for approval. Members renting their property to others shall provide to the ELPOA Board of Directors annually (or more often, if requested in writing by the Board) a copy of the then current rental agreement along with a statement of the names of individuals renting and/or occupying the rental property.

A member renting his/her property acknowledges that he/she shall remain ultimately responsible for all ELPOA annual dues, assessments and other accounts, and that he/she will be responsible, with respect to ELPOA, for all actions and activities of his/her renter(s).

Renters of Elk Lake Shores properties shall not be entitled to launch, use or maintain watercraft on the lakes within Elk Lake Shores. Individual renters and members of their Elk Lake Shores household may use the beach, playground and other common areas. Those renting property within Elk Lake Shores must strictly abide by all rules, regulations and other requirements of the governing documents of ELPOA.

Upon approval by the Board, qualifying renters will be provided with an ELPOA Guest Card. If the property owner/member renting his or her property wishes to continue to use the lakes and other common areas and facilities of Elk Lake Shores while his/her property is being rented, then those renting the member's property will be required to pay the applicable ELPOA annual dues (calculated on the same basis and method used for members) rather than assuming the renting property owner's ELPOA membership during the period of rental. As between ELPOA and the property owner/member renting his or her property, in the event those renting the member's property fails to pay any applicable ELPOA annual dues or other applicable fees, ELPOA shall have the right to assess the said member with the delinquent dues/fees. Failure of the renting member to pay such dues or other applicable fees shall constitute grounds for ELPOA to file a lien upon the member's property.

#### Clearing of Lots, Home Construction and Improvements – Elk Lake Shores Building Permit Required

Before commencing any clearing of Elk Lake Shores lots (e.g., tree removal, excavation, burning, etc.) for purposes of home construction, home improvements or otherwise, the property owner member must first submit an "Elk Lake Shores Building Permit Application" (and satisfy other applicable requirements that may then be in effect) to the Board of Directors for review and approval. The Application will require building plans and specifications, as appropriate, and otherwise respond to issues, if any, raised by ELPOA. The Board of Directors, acting on behalf of and in the best interests of the membership, is charged with the duty to preserve and maintain property enjoyment and values, reduce erosion, silt and other conditions affecting lakes and surrounding areas' cleanliness, increase the overall beauty of Elk Lake Shores, and to otherwise maximize the use and enjoyment of the area for the overall benefit of the membership.

Several issues – including serious violations of applicable rules and regulations of ELPOA – have been created in the past by members beginning their land clearing and construction projects without first submitting the applicable building permit information and materials to the Board of Directors. Strict compliance of the membership with this pre-construction approval process will eliminate these issues in the future and will represent a benefit to the overall membership.

ELPOA shall have the authority to order an immediate abatement of any construction, excavation, alteration or other matter for which approval is required, to the extent that the project either has not been approved by ELPOA or if work on the project is not proceeding in accordance with the Elk Lake Shores Building Permit Application, including plans and specifications, submitted to and approved by the ELPOA Board of Directors. In addition, if preliminary or temporary injunctive relief is required to preserve the status quo and to avoid prejudice to the ELPOA's enforcement rights, the Board may immediately seek such relief available to it,

including attorney fees and related costs, from the Owen County or other applicable courts.

#### Minimum Home Size

No residence shall have less than 1,000 square feet of living space on the ground or first floor, exclusive of the porch, garage and basement areas. The maximum size of a dwelling structure shall be determined by septic and related sanitary disposal system requirements. These requirements are generally controlled by appropriate state, county and/or local governmental authorities, however, any dispute as between ELPOA and a member with respect to septic system and related sanitary disposal requirements in connection with dwelling size shall be determined solely by ELPOA, acting through its Board of Directors.

#### Outbuildings Without a Permanent Residence

The governing documents, including warranty deeds, provide that no building shall be erected prior to construction of a permanent residence. There are, however, occasional requests by new members, for a variety of reasons, to place temporary plastic and other type storage sheds, storage boxes, etc. on their property prior to the existence of a permanent structure. Alternatively, the Board has received a few requests to construct a permanent storage area as part of an ELPOA Board of Director-approved dock structure. This provides needed storage to certain members who have not yet started construction yet who wish to enjoy the main lake. With the dock system storage area, they can utilize the lake for boating and fishing and have a place to store gear prior to or while construction on their residence is underway.

To the following extent only, the “no outbuildings without a permanent residence” restrictive provision is being eliminated. The governing documents are hereby amended to provide that the Board of Directors, on a specific case-by-case basis, is authorized to review and approve member building plans that propose the construction of a permanent storage area as part of a dock system.

In such cases, in order to obtain Board approval, the proposed permanent storage area would have size restrictions appropriate to the dock size and overall location and design of the project. The maximum size of any such proposed storage area prior to construction of a permanent dwelling would be six foot by eight foot (6' x 8'). In addition, future storage structures on docks would need to be cedar or other high quality siding with a shingled or metal commercial grade roof in a color that complements the continued improvement of the beauty of Elk Lake Shores and its surroundings. No such construction is authorized without prior Board approval.

#### Private Boat Docks

Owners of lakefront lots may construct private docks within their property lines, subject to applicable set-off limits from neighboring property, as found in the governing documents. Like all construction within Elk Lake Shores, an Elk Lake Building Permit Application is required to be completed and submitted to ELPOA for approval prior to construction.

No dock or other structure may project further than twenty foot (20') into the water from the normal level water line. This size restriction has been in place for several years and is required more today than in the past given safety concerns caused by increased boating traffic, the presence of larger and faster boats on the main lake, the relatively small size of the lake and the

lake's narrowness at certain points. Strict observance of the dock size limit is a necessity.

The waters of Elk Lake Shores belong to all members in good standing. Accordingly, no type of roped off areas, personal buoys or blocked or restricted areas of any type are allowed.

#### Construction Trailers

Mobile construction trailers are oftentimes needed for construction-related office and tool storage purposes. With specific prior Board approval, the trailers may be brought into Elk Lake Shores for the limited period of time during the active construction phase. However, under no circumstance shall the trailers be used for overnight sleeping. Construction personnel will be expected to use area motels or to make other living arrangements during the construction period.

#### Mobile Homes, Modular and Prefabricated Housing, Travel Trailers and Tents

No mobile homes, modular and prefabricated housing, travel trailers (including within this general description tent campers, house vans, buses and motor homes) or tents are allowed in Elk Lake Shores – with limited exception. If there is a permanent structure being used as a residence with adequate toilet facilities, then tents on the property being used by children, for example, on a weekend or similar limited duration is acceptable.

Also, some of the ELPOA membership occasionally have friends touring the country in travel trailers wishing to visit with them for a limited period of time. In such cases, parking space will be available for the travel trailer at the Elk Lake Shores entrance for a limited period of time.

Overnight lodging by members and/or their guest without a permanent residence in tents or any other recreational devices of whatever type is strictly prohibited.

#### Exterior Lighting and Fixtures

Fluorescent, mercury vapor, sodium, or amber vapor lights, or standard outdoor lights of the type used for security must be enclosed in a manner that directs the light in a specific area without causing a visual impairment to passing motorists and/or boaters or a nuisance to the member's neighbors. Prior to installing such lighting, common courtesy dictates that a member discuss his/her plans with neighbors to assure that no unnecessary friction or problems are created among friends.

The rustic and rural setting of Elk Lake Shores can be diminished with the increase in lighting around the lakes. Accordingly, ELPOA respectfully requests members to seriously consider whether the installation of outdoor lighting will diminish the character and enjoyment of the Elk Lake Shores community for many of their friends and neighbors and to act accordingly.

#### Outdoor Sanitary Facilities and Septic/Disposal Systems

No outside toilets of any type shall be allowed on any property within Elk Lake Shores. No drain field or other septic or disposal system involving waste shall be allowed nearer than sixty feet (60') from the normal high water mark of Elk Lake's main lake. All drain fields and septic or disposal systems within Elk Lake Shores shall meet or exceed applicable state, county and local

governmental standards. Members' strict compliance with these sanitary requirements are extremely important to the health, safety and welfare of the Elk Lake Shores community.

The purity and overall cleanliness of Elk Lake Shores' lakes are of utmost concern to the members, and the proper installation and maintenance of septic and sewage disposal systems are key priority for all. The Board of Directors is authorized to take any and all action it deems necessary or appropriate to assure that all residences within Elk Lake Shores satisfy sanitary standards deemed by the Board of Directors as necessary or desirable for a resort property.

#### No Occupancy Until Substantial Completion

Residences may only be occupied when the exterior of the residence is completed, the residence complies in other material respects with the building plans and specifications submitted to the ELPOA with the Application for Building Permit, and all sanitary disposal, septic and sewage facilities are completed and have been approved for use by the appropriate county and state inspectors.

### RECREATIONAL USE OF PROPERTIES

#### Lake Safety Enforcement

The Board of Directors shall have the authority to adopt, from time to time, rules and regulations regarding the recreational use of the lakes in Elk Lake Shores.

#### Boating Registration and Permit

All watercraft placed on Elk Lake Shores waters must be owned and registered to a member who is in good standing, otherwise the watercraft will not be allowed.

Prior to placing watercraft on Elk Lake Shores waters, a copy of the current Registration Certificate must be presented to the ELPOA Administration Office to confirm ownership and to confirm that the watercraft satisfies ELPOA size limitations and allowable watercraft type.

All watercraft within Elk Lake Shores shall have an ELPOA sticker for member identification purposes. ELPOA stickers also assist the membership in self-policing unsafe boating practices on its waters and potentially protect against theft.

#### Boating General Requirements

All watercraft and operation of watercraft must comply with applicable Kentucky boating rules and regulations, in addition to the rules and requirements of ELPOA, if more stringent, as expressed in its governing documents. The membership is reminded that officials of the Kentucky Department of Fish and Wildlife routinely patrol the waters of Elk Lake Shores checking for fishing licenses, assuring that watercraft are properly equipped for safety, and assuring that members operate watercraft on the lakes in a safe and non-negligent manner.

Negligent operation of watercraft is strictly forbidden by both the Kentucky Department of Fish and Wildlife and ELPOA. "Negligent operation" includes the failure to exercise the degree of care necessary to prevent the endangering of life, limb or property of any person. It can be the

result of operator ignorance, inattention, indifference or carelessness.

Some examples of negligent operation observed on Elk Lake and which needs to be self-policed and/or reported to the Kentucky Department of Fish and Wildlife officials when present, and to ELPOA officials include:

- Excessive speed in a congested area;
- Excessive speed in fog, stormy conditions, poor light conditions and at night;
- Operating under the influence of alcohol or drugs;
- Operating in an unsafe manner, including high speed, near docks;
- Operating in an unsafe manner, including high speed, near swimmers;
- Operating in an unsafe manner, including high speed, when the lake is crowded;
- Towing water skiers or tubes or wake/knee boards where obstructions exist or where a fall might cause them to be hit by other watercraft;
- Pulling skiers, wake/knee boards or those on a tube without a second person, 12 years of age or older, on board to monitor the activity and to relay signals;
- Crisscrossing and cutting through marine traffic;
- Operating watercraft that is overloaded with passengers and cargo; and
- Operating watercraft in evening hours without proper lighting.

Buoys are placed in the mouths of coves and near the entrance to the Elk Lake Shores Marina to control the speed in these areas. All watercraft must operate at idle/no wake speed past these buoys. Kentucky law defines idle speed as the “slowest speed possible to maintain maneuverability” of a boat – generally less than 5 mph. Operators are liable for any personal injuries or property damage caused by their boat’s wake in these idle speed areas.

Extreme caution should be exercised by boaters when exiting idle/no wake zones. The areas being entered are occupied by pleasure and fishing boats operating at normal speeds.

Water skiing, wake/knee boarding and tubing is prohibited between sunset and sunrise.

Watercraft operating on Elk Lake must not create a nuisance, pollution or environmental hazard by being operated with oil, gasoline or other noxious or environmental unfriendly substances leaking from it. If a watercraft does not comply with these standards, it shall not be entitled to use, operate or moor within Elk Lake.

#### Boat Type, Size and Horsepower Restrictions

With the main 255 acre lake being used more often and with today’s faster and larger watercraft – and taking into account Elk Lake’s long but narrow nature – boat size and boat type is becoming not only a safety and insurance issue, but a waterfront property owner and general membership nuisance (e.g., so-called wave-creating, back-end loaded boats designed to generate large waves for the pleasure of skiers and tubing are contributing more than proportionally to general lake erosion and the loss of waterfront retaining walls). Given this, the following restates in large part prior boat size and boat type restrictions:

All mono or single hull boats, typically fishing and pleasure/ski boats – twenty foot (20') maximum length;

All multi-hull/pontoon boats – twenty-four foot (24') maximum length;

All sailboats (with the exception of the “Luck of the Irish” currently on Elk Lake and which is grandfathered with respect to these requirements) – twenty foot (20') maximum length and twenty (20') maximum mast height; and

All other watercraft – twenty foot (20') maximum length.

Boat measurements for size purposes shall be from the front of the boat (bow) to the end of the boat (transom), without accounting for the motor. Boat measurements shall be controlled by the stated size on the official government issued bill of sale/proof of ownership or, in the case of controversy between the owner/member and ELPOA, by actual physical measure as taken by a Board of Director member or, at the Board's discretion, an independent third party appointed by the Board

Engine sizes must not exceed the maximum horsepower stated in the manufacturer's owners' manual.

All engines of watercraft must have their exhausts muffled to prevent unnecessary noise.

Recognizing the rapidly changing nature and types of watercraft being produced in the U.S., the ELPOA Board shall have the right and obligation, acting on behalf of the membership, to exercise its discretion to ban the admission of watercraft not specifically mentioned above that, in the Board's good-faith belief, would represent a detriment to the safety, property and/or general welfare of the Elk Lake Shores community.

For safety and sanitation concerns, watercraft not permitted on Elk Lake waters include: jet skis, racing boats (what is or is not a “race boat” is to be determined solely by ELPOA's Board of Directors in the event of disagreements with members), houseboats, and any watercraft with toilet facilities. No motorized personal watercraft of any type (e.g. jet skis) shall be allowed on waters of Elk Lake Shores.

Sailboats are permitted on Elk Lake Shore's largest body of water (i.e., Elk Lake), presuming that the required size limitations expressed elsewhere in the governing documents are satisfied. It is strongly recommended, however, that in the interest of safety that sailing - as well as kayaking and canoeing - be done on days of light boating activity.

Water Skiing, Wake/Knee Boards, Commercial Tubes and Other Pull Behinds

Boats are prohibited from pulling non-commercial tubes (e.g., automobile and truck inner tubes) and other non-commercial devices of all types. Commercial grade tubes and other commercial pull behind devices specifically made and marketed for use on recreational waters are allowed.



It is recognized that tubing represents an important recreational benefit to many of the members and their families – particularly those with younger children.

Multiple tubing (like multiple skiing and wake/knee boarding) increases the risk of accident at Elk Lake. Single tubing is the only allowed method of using commercial grade tubes within Elk Lake Shores. This requirement is safety-related and insurance driven given the limited size and narrow nature of Elk Lake. Occasionally members have been observed pulling multiple tubes, but this has generally been under conditions of low speed and with smaller children on smaller beginners-type tubes and with tow lines of 60 feet (60') or less. However, given safety-related and insurance concerns, not more than one tube or one wake/knee board or two skiers shall be pulled by a single watercraft. Any member pulling more than one tube or one wake/knee board or two skiers shall be considered to be in violation of the rules of Elk Lake Shores and shall be eligible for loss of his or her "good standing" status, as determined by the Board.

No kite fliers, parachutes or other airborne devices are permitted over the waters of Elk Lake Shores.

For safety of both those riding tubes and others using the lake, the length of rope pulling a tube is extremely important – the shorter the tow rope, the better. Ropes that allow tubes to follow the boat at a distance greater than 75 feet (75') are deemed to be an unnecessary potential hazard to those riding tubes and to others using the lake given the configuration of Elk Lake, and are prohibited

Tubing, like skiing and wake/knee boarding, can be dangerous if the boat operator is careless or inattentive or the tow line is too long. Utmost regard for the safety of others using the lake, as well as those being pulled behind your boat, is a priority for all ELPOA members. Accordingly, any member witnessing what appears to be unsafe tubing, wake/knee boarding or skiing activity is hereby encouraged and empowered to help police safety on Elk Lake by advising those acting recklessly. All such incidents of unsafe skiing, wake/knee boarding and tubing episodes should be promptly reported to the Board of Directors with specific factual detail and a list of additional witnesses, if any.

Every watercraft towing a skier, wake/knee boarder or tube must have at least two competent persons aboard – one whose principal duty is to operate the boat and the other whose duty is to observe the person or persons being pulled behind the watercraft.

Water skiing, wake/knee boarding and tubing is prohibited between sunset and sunrise.

### Swimming

A designated roped off area is provided at the ELPOA beach and marina for swimming. Swimming beyond the roped off area is strictly prohibited, as risk of serious personal injury is present given the sometimes heavy boat traffic operating immediately beyond the designated swimming area.

ELPOA provides no lifeguards or supervision of the swimming area. Water depths within the

marked swimming area will vary according to the level of the lake at any given time and the wave action created by passing boat traffic.

Children should always be accompanied by an adult, and this is particularly so for those under the age of 12. It is the member's sole responsibility to assure that his/her children and guests be properly watched and supervised while swimming at the ELPOA beach – as well as within other waters of Elk Lake Shores.

Swimming from the ELPOA marina, the main and secondary boat launching areas and associated docks, the dam or any other public areas of the lake (except those lots designated for public use) is strictly prohibited.

Swimming from boats which are anchored in the main lake is allowed only in the idle/no wake areas of the lake. These areas are behind the buoys in the various coves, and away from active boating activities that may be underway.

Swimming is absolutely prohibited at Deer Lake – formerly known as the Elk Lake Water Company Reservoir Lake.

#### Fishing

Fishing is permitted on both Elk Lake and Deer Lake within Elk Lake Shores. All fishing laws and regulations of the Commonwealth of Kentucky apply to all of Elk Lake Shores' waters and anglers. State Fish and Wildlife officials are authorized to enforce all laws/rules of the Commonwealth of Kentucky in Elk Lake Shores – including the "catch and release" of bass.

Elk Lake Shores is considered a "catch-and-release" area with respect to all bass, unless otherwise noted. Failure of a member (or his or her guest) to abide by this catch-and-release rule shall be grounds for loss of the offending member's "good standing" status.

Kentucky fishing licenses are required, in accordance with Kentucky law, on Elk Lake Shores waters. Fish size and limit numbers are as specified by Kentucky law unless different size and limit numbers are otherwise posted within Elk Lake Shores.

No trotlines, jug or limb fishing is allowed. Also, there shall be no fishing allowed in the beach swimming area.

#### Outdoor Fires and Fireworks

Due to the heavily wooded environment of Elk Lake Shores and the susceptibility of brush fires during dry seasons, it is in the best interest of ELPOA to restrict the use of outdoor fires, including fireworks, during these dry spells. When a state or county "no burn policy" is in effect, no fires or fireworks usage is allowed within Elk Lake Shores.

We ask that if a member elects to use fireworks (ELPOA takes no position on the legality of this practice), that he/she be courteous to neighbors concerning noise at bedtime hours (11:00 p.m. until 9:00 a.m.), and that property line considerations be observed. A continued failure to

observe this requirement could result in the creation of an unnecessary nuisance with Elk Lake Shores and subject the offending member to loss of “good standing” status.

#### No Hunting Restrictions, Firearms and Other Weapons

Absolutely no hunting or trapping or harming of deer, turkey, fox, rabbit, geese, duck or any other type of animal is allowed within Elk Lake Shores. Should a member become aware of such activity, he or she should immediately report it to ELPOA officials.

The use of firearms (rifles, shotguns, pistols, etc., bows, cross-bows and all other weapons – whether for hunting, target practice or otherwise) is strictly prohibited on all private lots and common areas within Elk Lake Shores. Any violation of this provision should be reported promptly to ELPOA officials.

#### All-Terrain Vehicles (ATV’s)

All-terrain vehicles (ATV’s) are allowed within Elk Lake Shores. However, only property owners who also own the ATV’s and are in good standing shall be permitted to bring ATV’s into Elk Lake Shores.

ATV’s must have an Elk Lake Shores identification sticker visibly displayed. These stickers may be acquired from the Elk Lake Shores Administration Office. Any ATV’s leaving the Elk Lake Shores area will be signed out in the same manner as a boat. This is primarily for the member’s protection against thief.

ATV operators should respect the Elk Lake Shores environment and the rights of others within the Elk Lake Shores community. No ATV’s shall be operated in a careless, reckless or negligent manner so as to endanger person or property. Any damage to person or property as a result of the operation of any vehicle – including ATV’s – within Elk Lake Shores is the responsibility of the owner of the vehicle. ELPOA does not accept any responsibility for the operation of ATV’s (or other vehicles) within Elk Lake Shores.

Children operating ATV’s must be under the supervision of adults or must possess a safety certificate issued by the Commonwealth of Kentucky or other applicable governmental body.

No ATV’s (nor other vehicles) should be operated by those under the influence of alcohol or drugs.

ATV’s should operate in the same direction as other motor vehicle traffic while using the public roads within Elk Lake Shores. ATV’s should not be operated on the public beach, the back of the dam or the spillway. The riding speed of ATV’s should be appropriate for the area and weather conditions, and in any case never exceed the 25 MPH speed restriction within Elk Lake Shores.

A flag for easy detection and safety must be displayed on ATV’s. Riders use of helmets shall be as prescribed by Kentucky law. The use of the appropriate ATV riding apparel (e.g., helmet,

goggles, gloves, clothing, etc.) is highly recommended.

#### Go - Carts

The operation of go-carts on public roads and other common areas in Elk Lake Shores is strictly forbidden. This restriction is a reflection of insurance concerns for ELPOA and a good-faith attempt by the membership to protect both the rider of the low-profile, difficult to see go-cart, and the members and their guests using public areas of Elk Lake Shores.

Only property owners who also own the go-cart and are in good standing shall be entitled to bring a go-cart into Elk Lake Shores (although the Board of Directors of ELPOA discourages it).

In such cases, Elk Lake Shores identification stickers must be acquired from the Elk Lake Shores Administration office. Go-carts must have the Elk Lake Shores identification sticker visibly displayed.

The operation of go-carts within Elk Lake Shores is limited to non-public/non-common areas of Elk Lake Shores (i.e., the member's own property). The member owning a go-cart in Elk Lake Shores shall be responsible, as to ELPOA, for all injuries and damage to persons and property which may be caused or contributed to by the operation of his/her go-cart.

Elk Lake Shores Bluebook, 4th Edition

“Bluebook”

Bylaws

Of

Elk Lake Property Owners’ Association

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## ARTICLE 1: NAME, LOCATION, DESCRIPTION AND PURPOSE

Section 1. Name. The name of the non-profit corporation is ELK LAKE PROPERTY OWNERS' ASSOCIATION, hereinafter called "ELPOA."

Section 2. Location. The location of the principal and registered office of ELPOA shall be on the premises of the Elk Lake Shores community, Owen County, Kentucky. The current mailing address of ELPOA is: 445 Elk Lake Resort Road, Owenton, KY 40359.

Section 3. Description. The corporation is a Kentucky non-profit membership corporation without capital stock.

Section 4. Purpose. ELPOA pledges to protect, restore and enhance the nature, character and rustic beauty of Elk Lake Shores. The purpose and mission of ELPOA shall include with respect to the Elk Lake Shores community, without limitation, the following: to make improvements; to provide, procure and maintain services or benefits as may enhance the value of property; to make Elk Lake Shores a more desirable place to live and play; to improve, maintain and operate the lakes and other common areas; to acquire, hold and sell lands, including any structures thereon; to improve, maintain, operate and regulate Elk Lake Shores properties for recreational purposes; to employ personnel necessary for the security, care, maintenance and administration of Elk Lake Shores; and to do all things necessary or appropriate to fulfill these purposes and to develop, manage and improve the overall quality and livability of the Elk Lake Shores area on an ongoing basis, while respecting the natural environment and the animals with whom we share this wonderful area called "Elk Lake Shores".

## ARTICLE 2: MEMBERS

Section 1. Membership. The members of ELPOA shall consist of every person who is the owner of a lot or lots of record within that area of land commonly known as "Elk Lake Shores" as shown by a deed of record in the Owen County Courthouse, Owenton, Kentucky, or by a deed that is in recordable form for recording in such location. With respect to a husband and wife legally married, both shall be considered members of ELPOA regardless of whether a deed is in one or both of their names; provided, however, only one vote on matters affecting ELPOA shall be allowed in such cases.

Section 2. Member in "Good Standing". To be a member in "good standing" requires (i) that those who have applied for membership have properly completed all of the documents and other paperwork required by ELPOA, including providing a verified copy of the original deed or deeds to Elk Lake Shores property, (ii) have paid all required dues, fees and other amounts that might be owed (or made arrangements to pay satisfactory to the Board), (iii) are not in violation of any of the provisions of the governing documents of ELPOA, and (iv) have been

admitted to ELPOA membership by formal approval of the ELPOA Board of Directors.

Section 3. Inactive Membership/Member not in “Good Standing”. A member deemed to be inactive or “not in good standing” shall include every person who meets the requirements of Section 1 above with respect to ownership of a lot or lots within Elk Lake Shores, but who fails to meet any or all of the other requirements set forth in Section 2. Members not in good standing shall have no voting rights with respect to ELPOA affairs (but shall be bound by voting and other actions taken by members in good standing), and shall not be entitled to use any common areas, including the lakes, of Elk Lake Shores.

Section 4. Voting Power. Sole voting power is vested in the active membership – i.e., those considered to be in “good standing” at the time of voting and for the calendar year immediately prior to the year of the vote.

Section 5. Termination of Membership – Sale or Disposal of Real Estate. Except as may be otherwise provided by the ELPOA governing documents, or as may be required by Kentucky law in the event of a conflict with the governing documents, the right of members to vote and the right, title and interest of members to ELPOA common properties, if any, shall be divested upon termination of membership. Transfer or other disposition by a member of his or her interest in a lot or lots in Elk Lake Shores (other than a mortgage), shall terminate his or her membership in ELPOA, including the right of entry, other than as a guest of a member, to Elk Lake Shores; provided, however, in the case of a legally married husband and wife, should legal ownership of an ELPOA lot or lots be in the name of only one of the parties, the other party shall be considered a member also so long as the marriage continues and legal ownership of the lot or lots remain in one spouse’s name.

### ARTICLE 3: ANNUAL AND SPECIAL MEETINGS

Section 1. Time and Place of Annual Meeting. Annual Meetings of the membership of ELPOA shall be held at the ELPOA Administration Office Building (or at such other place located no more than seventy-five (75) miles therefrom as the Board of Directors may designate) on the second Sunday in October, for the purpose of acting upon business that may be properly brought before the meeting. The time of the Annual Meeting shall be 2:00 p.m., unless otherwise provided in the notice to the membership of the Annual Meeting.

Section 2. Annual and Special Meetings. Annual and Special Meetings of the members may be called by the President/Chair of the Board of Directors of ELPOA, by a majority of the Board of Directors, or by the Secretary of ELPOA upon written application of at least ten percent (10%) of the members in good standing of ELPOA, signed by such members within sixty (60) days of the first member’s signature.

Section 3. Comprehensive Report of Activities to be Presented at Annual Meeting. At the Annual Meeting, the Board of Directors shall cause to be presented a report, approved by a majority of the directors, of past and current activities affecting ELPOA. Sufficient time will be allotted at the meeting to respond to member questions and issues with respect to the report

or as may affect ELPOA generally.

Section 4. Notice and Purpose of Annual and Special Meetings. Notice of Annual and Special Meetings of ELPOA shall be in writing, specifying the time, place and known purposes of such meeting, signed by the President/Board of Directors Chair, or in his/her absence, the other person or persons calling it (see Article 3, Section 2 above). Such notice shall be delivered to each active member in good standing entitled to vote, either in person or by regular mail, postmarked or, in the case of the Elk Lake Shores Newsletter, mailed not less than fourteen days (14) or more than forty-five (45) days before the meeting. Further or additional notice shall be given as required by law or as deemed appropriate or advisable by the Board of Directors.

Members may at any time, either individually or through his or her authorized (in writing) attorney-in-fact, waive in writing notice of the time, place and purpose of any meeting, annual or special. Failure of a member to receive notice shall not affect the validity of any action taken at a meeting.

Section 5. Number of Votes. Members in good standing shall have one vote for each "certificate of membership" owned by them. When a certificate of membership is held in the name of more than one person (e.g., husband and wife) or in the name of an association, enterprise, partnership or corporation, only one vote may be cast by virtue thereof in any election or upon any issue. Certificates of membership are based upon the requirement of paying annual dues to ELPOA. For example, regardless of the number of lots owned within Elk Lake Shores, if only one annual dues is being paid, only one vote is allowed to a member in good standing. If multiple annual dues are being paid (i.e., (1) multiple certificates of membership, as in the case of two or more rental properties that are not grandfathered by the governing documents or (2) multiple individual ownership by persons not husband and wife), then the member in good standing shall have the number of votes equal to the number of annual dues attributable to such member.

Section 6. Method of Voting. Active members in good standing may vote on any matter, including election of directors, in person or by written proxy. If the member's vote is by proxy, it must be executed on a form approved by the Board of Directors, and contain all of the information required therein, and shall include appropriate limitations as to the time and purpose. The place and/or the persons to whom written proxies should be mailed or delivered will be included with the body of the Board-approved proxy format.

Section 7. Quorum Requirements. Unless otherwise required by Kentucky law, a majority of the members present and who are in good standing shall constitute a quorum at Annual and Special Meetings for the transaction of business.

Section 8. Presiding Officer. The President/Board of Directors Chair of ELPOA or, in his or her absence, the Vice President, shall preside over all Annual and Special Meetings. The Secretary, or in his or her absence, the Assistant Secretary, shall act as secretary at all meetings. In either event, if both such officials are absent, the members shall choose a pro tem official to preside.

Section 9. Proxy Vote of Members in Good Standing. Each proxy, whether to be used for the Annual Meeting or a Special Meeting, must be executed in writing by a member in good standing entitled to vote or by his or her duly authorized (in writing) attorney-in-fact. If a proxy

that has been mailed, postage pre-paid, to the member in good standing is not returned to ELPOA in a timely manner and to the address and/or the persons specified in the proxy, or if the proxy is returned but incomplete as to the information required therein or as to the member's intentions, the person or entity designated to count votes, on behalf of ELPOA, shall not count the member's proxy as a "for" or "against" vote.

A member's proxy shall be valid for no more than 180 days after its execution unless a different date less than 180 days is specified therein. No revocation shall be effective with respect to a member in good standing's proxy until written notice thereof shall be received by the Secretary.

Section 10. Counting of Votes for Directorships. At all elections for directors, the Board of Directors shall appoint three (3) members in good standing to serve as "Holders of Election" who shall take and subscribe an oath to execute their duties as such, satisfactorily, impartially and to the best of their ability. Thereupon, they shall take charge of the polls and after the vote has been taken, shall make a written certificate of the result thereof.

No current director, officer or candidate for director shall be appointed as a Holder of Election.

If any Holder appointed is absent or refuses or is unable to act through illness, death or otherwise, then the remaining Holders of Election shall have the full power and authority originally vested in the three (3) Holders of Election unless the Board replaces such missing Holder(s) through an additional appointment or appointments.

#### ARTICLE 4. BOARD OF DIRECTORS

Section 1. Number of Directors; Compensation of Directors; Relationship of Directors. The property and business of ELPOA shall be managed and conducted by a Board of Directors consisting of not less than nine (9) nor more than twelve (12) individuals, all of whom shall be members in good standing and none of whom shall be compensated for his or her services.

Not more than one member of a family (i.e., spouse; natural, adopted or step child; parent; brother; sister; uncle; aunt; grandparent; or in-law) shall be a member of the Board of Directors at any time, regardless of the number or amount of owned properties, membership status or the number or amount of annual dues paid. The intention of this provision is to assure that a representative and impartial Board is in place to act in the best interests of the overall ELPOA membership.

The candidates receiving the highest number of votes, as reported by the Holders of Election, shall be selected to serve as a director.

Section 2. Code of Ethics to be Followed by Individual Directors. As a condition of serving as a member of the Board of Directors, each director shall be required to abide by a code of ethics.

Individual directors shall, as a condition of his or her individual directorship, execute and be governed in his or her actions by a document containing the following provisions:

"I agree to serve on the Board of Directors of Elk Lake Property Owners' Association for the term for which I was elected or appointed to fill, unless I voluntarily resign or unless I am removed from office pursuant to the ELPOA governing documents.

I will serve and fulfill all the obligations of my office without receiving pay of any type.

I will not use my position on the Board of Directors to solicit gifts or privileges from others, including those who do business with ELPOA and those whose work I may oversee or whose bids for work I may vote on.

I will not use my position on the Board to exercise undue influence or power over others.

I will not use by position on the Board to personally profit in any way.

I will vote on all issues before the Board using the criteria of “what is in the best interest of the majority of the members of ELPOA and the Elk Lake Shores community as a whole,” even though it might be contrary to my own interest.

I further agree to conduct myself in accordance with the laws of the Commonwealth of Kentucky, and the governing documents of ELPOA.”

Section 3. Staggered Terms of Office; Multiple Terms. Individuals to serve as Board of Director members shall be elected annually at the Annual Meeting, with his or her term of office to begin on the third Saturday in November. The terms of service of individual directors shall not exceed three years.

The effectiveness of the Board of Directors is deemed to be improved with a staggered Board membership. Accordingly, not less than three (3) directors shall be elected at each Annual Meeting, with a corresponding number of directors rotating out of office to make room for the new directors.

An individual may serve on the Board of Directors for one or more multiple terms.

Section 4. Insufficient Number of Candidates. Should there be an insufficient number of director candidates available to fill vacancies occurring due to the expiration of terms, the President/Chair of the Board of Directors (or, in his or her absence, the Presiding Officer) at the Annual Meeting shall accept nominations from the floor for only the position(s) for which it is deemed there is no candidate. Such nominated candidates must be present at the meeting and accept the nomination if a majority of the members in good standing present in person or by proxy at the meeting vote affirmatively for the candidate. Should there be a required vote on more than one candidate, the candidate or candidates receiving the most votes shall prevail.

Section 5. Vacancies. In case a vacancy on the Board of Directors shall occur from any cause other than the expiration of a term, the Board (or the remaining Board members although less than a quorum) shall, by majority vote, fill such vacancy or vacancies for the remainder of the non-expired term as follows:

(a.) First, from among the unsuccessful candidates for director at the previous annual election; provided, however, that those candidates who were on the ballot and received a vote equal to 20% or less of the ballots cast need not be voted on by the Board. Such vacancy or vacancies shall be filled in order of ranking of the most votes at the previous annual election.

(b.) Second, if there are no candidates available or willing to serve pursuant to subparagraph (a.) above, the Board of Directors shall, in its discretion and taking into consideration the then current needs and issues confronting ELPOA, appoint any ELPOA member in good standing to serve. Any candidates who were on the ballot at the previous annual election and received a vote equal to 20% or less of the ballots cast shall be considered first, although such individual or individuals need not be selected by the Board for service.

Section 6. Removal of Director With or Without Cause. Any director may be removed at any time, with or without cause, at any duly called Annual or Special Meeting of members, so long as the notice of meeting lists this matter on the agenda. The vote required for director removal at an Annual or Special Meeting shall be a majority vote of the members voting and in good standing at the time of voting and for the calendar year immediately prior to the year of the vote.

Any director may also be removed, for cause (e.g., excessive absences at Board meetings, if seventy-five percent (75%) or more of the members of the Board vote in favor of said removal at any duly called Board of Director meeting, the notice of which lists this matter on the agenda).

Section 7. Description of Powers and Duties. The Board of Directors shall have all authority and powers and duties necessary, convenient or appropriate for the administration of the affairs of the ELPOA and the Elk Lake Shores community, and may perform and do all such acts and things, except as by Kentucky law, these bylaws or other governing documents of ELPOA are reserved to members in good standing acting at a properly called meeting. Such powers and duties of the Board include, without limitation:

- A. Appoint, hire and/or engage and at its discretion, with or without cause, remove, suspend and terminate officers, agents, contractors and employees and determine their duties. The Board may engage such persons or organizations as it may deem advisable to carry out the general operations of Elk Lake Shores on such terms and conditions as the Board may determine;
- B. Fix and change salaries/wages and other forms of payment of all employees, agents, contractors and others performing services for ELPOA;
- C. Establish or appoint committees comprised of Board members and members in good standing to assist the Board, as appropriate, in carrying out its duties and responsibilities;
- D. Accept title in the name of ELPOA to real property and tangible and intangible personal property;
- E. Establish an annual budget and recommend to the membership the annual dues, initiation fees and special assessments and other resources necessary or appropriate to properly fund ELPOA;
- F. Authorize reasonable and necessary borrowing on behalf of and in furtherance of the interests of ELPOA, provided such borrowing shall be from lending institutions and provided further that the total outstanding principal amount of such borrowing shall at no time exceed \$300,000 unless such excess is approved by the same membership vote as is required to raise annual member dues in accordance with the governing documents;
- G. Establish the rules, regulations, penalties for the violation thereof, etc. , necessary for responsible membership use of ELPOA's common areas and facilities, including the lakes; and
- H. To exercise ELPOA's power to regulate matters which are the subject of covenants and restrictions in deeds applicable to Elk Lake Shores and to regulate all matters to which the membership is subject to in accordance with ELPOA's then governing documents.

Section 8. Quorum and Voting. At any meeting of the Board of Directors, a majority of the

Board shall constitute a quorum. Provided a quorum is present, the vote of a majority of the directors attending a meeting shall be sufficient for the conduct of business and the undertaking of any action by the Board.

If a quorum cannot be obtained by reason of long-term illness or other inability of one or more directors to serve, a majority of the remaining directors may appoint one or more members in good standing to temporarily fill such vacancy or vacancies until the next annual election of directors. (Note: In these unusual situations, it is expected that the Board member being replaced would voluntarily resign. If this fails to happen for lack of mental capacity or other reasons, then the required vote of the remaining directors shall be as provided for in the second paragraph of Article 4, Section 6).

For purposes of filling vacancies on the Board, a quorum shall consist of a majority of the directors then serving on the Board.

Section 9. Committees of the Board of Directors. The Board shall establish such special committees or standing committees as from time to time may be necessary or desirable for the conduct of the business of ELPOA. Periodic reports of activity of the committees shall be provided to the Board.

The President/Chair of the Board of Directors shall nominate, and the Board of Directors shall appoint, all committee members. The committee members need not be members of the Board of Directors, but each committee must include at least one Board member.

A quorum for conducting committee business shall be a simple majority of committee members present and voting.

The committees of the Board shall be regular standing committees (e.g., Building and Grounds, Lake and Dam, Finance, Roads, Membership, Rules and Regulations and Long-Range Planning) and special committees as may be needed or appropriate from time to time.

Committees of the Board shall have and may exercise such powers as shall be conferred or authorized by the Board resolution appointing or creating them. All committee decisions shall be in the nature of recommendations to the Board of Directors, unless the Board has specifically authorized the committees to act in a limited way or area on behalf of the Board. No committee and no director on the committee nor any committee members acting as a group or individually shall be authorized to act on behalf of ELPOA without prior approval of the Board of Directors.

## ARTICLE 5. MEETINGS OF DIRECTORS

Section 1. Place of Meetings; Conduct of Meetings. Meetings of the Board of Directors shall normally be held at the ELPOA Administration Office; provided, however, such meetings may be held at such place in or out of the state of Kentucky (but within 75 miles of Elk Lake Shores) as may from time to time be fixed by resolution of the Board of Directors or as may be specified in a particular notice of meeting.

Board of Director meetings shall be conducted according to the Roberts Rules of Order, to the extent not inconsistent with provisions of these bylaws, the other governing documents of

ELPOA, or Kentucky law.

The Board is authorized to take action, as may be required, between regular monthly meetings. Such action by the Board may be by telephone, facsimile, by letter, electronic/e-mail correspondence or by other means as the Board may decide.

Section 2. Time of Regular Meetings. Regular meetings of the Board shall be on the third Saturday of the month, beginning at 9:00 a.m., unless otherwise changed by resolution of the Board. Valid meetings of the Board of Directors may be held at any time without notice if all directors are present in person or if the absent directors waive notice in writing prior to or subsequent to the meeting.

Section 3. Special Meetings. Special meetings of the Board of Directors may be held at any time upon notice of the President/Chair of the Board of Directors, the Vice President, Secretary or any director. The notice of any such special meeting may be by letter, facsimile or electronic/e-mail given, sent or mailed to each director not less than five (5) days before such meeting.

Section 4. Meeting of Directors Following Annual or Special Meeting of Members. A meeting of the Board may be held without notice immediately after the October Annual Meeting of members or immediately following Special Meetings of members. Such meeting may at the same location as the members' meeting or elsewhere, at the Board's discretion. The Board is authorized to take valid and binding action at such meetings so long as quorum requirements are satisfied.

## ARTICLE 6. OFFICERS

Section 1. Officers. Officers of ELPOA must also be a director. The officers of ELPOA shall be a President (who shall also serve as Chair of the Board of Directors), a Vice President, a Treasurer and a Secretary. The same person may not occupy multiple officer positions.

The Board may from time to time, in its discretion, appoint such Assistant Secretaries, Assistant Treasurers and such other officers as it may deem proper; provided, however, there shall only be one President/Chair of the Board of Directors.

The President/Chair of the Board of Directors shall be chosen by a majority vote of the directors. All officers (and all directors) must be members in good standing at all times; otherwise his or her position of trust and authority as an officer (and as a director) shall be automatically terminated upon losing good standing status.

Section 2. Term of Office. Officers shall be elected annually by the Board of Directors and shall serve until their successors are chosen. In case a vacancy shall occur from any cause in any office, the Board shall promptly fill such vacancy.

Section 3. Resignation. Any officer may resign his or her position at any time by written notice delivered to the President/Chair of the Board or to the Board of Directors.

Section 4. Removal. Any officer may be removed at any time, with or without cause, by a



majority vote of the entire Board of Directors; provided, however, such former officer may not be removed from his or her director position except pursuant to provisions applicable to director removal from office (Article 4, Section 6).

#### Section 5. Duties of Officers.

- ☐ President. The President shall be elected annually by the Board of Directors. He or she shall also serve as Chairman of the Board of Directors and preside at all Annual and Special meetings of the ELPOA members. He or she shall have general charge and control of all the affairs of ELPOA, subject to the approval of the Board of Directors.
- ☐ Vice President. The Vice President shall be elected annually by the Board. He or she shall have the powers and duties of the President when the President is unable to carry out his or her duties or when the President delegates his/her authority to him or her, or when a majority vote of the entire Board determines that the President is unable to carry out his/her duties.
- ☐ Treasurer. The Treasurer shall be elected annually by the Board. He or she shall oversee and be responsible for keeping full and accurate account of receipts and disbursements in the books of ELPOA and depositing all monies and other valuable effects in the name and to the credit of ELPOA in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of ELPOA as may be ordered by the Board, taking proper vouchers for such disbursements. He or she shall promptly render to the President and to the Board of Directors such statements of his/her transactions and accounts as the President and Board, respectively, may from time to time require. The Treasurer shall perform such duties in addition to the foregoing as the Board may designate, including the preparation of an annual report of financial position and results of operations, in accordance with generally accepted accounting principles, at the close of each fiscal year, to be submitted to and approved by the Board of Directors, and then submitted to the Annual Meeting of members. With the approval of the Board, the Treasurer may delegate to an employee of ELPOA, such duties and authority as the Board may approve. In any such case, the Treasurer shall be responsible for overseeing the activities of such employee.
- ☐ Secretary. The Secretary shall be elected annually by members of the Board. He or she shall be responsible for keeping full and accurate minutes of the Board meetings and meetings of the members of ELPOA. The Secretary shall also be responsible for all correspondence pertaining to the Board functions, including notices of meetings.

### ARTICLE 7. MEMBERSHIP FEES

Section 1. Annual Assessments. Annual membership dues are the primary means of support of Elk Lake Shores. Decisions to increase or otherwise alter ELPOA's annual membership

dues are reserved to members in good standing, in accordance with provisions of the governing documents of ELPOA. Important to any decision by the membership to alter annual dues periodically is whether annual dues and fees are adequate to fund ELPOA's various personnel, maintenance, construction, equipment, insurance, etc. expenses.

With respect to each calendar year, the Board, for the benefit of the membership, shall estimate the amount required by ELPOA to meet expenses for such year, including but not limited to the following items:

- ☐ Estimated cost of repairs, maintenance, and replacement of equipment, common areas and facilities;
- ☐ Office and administrative expenses;
- ☐ Governmental taxes and related assessments against ELPOA;
- ☐ Cost of insurance applicable to ELPOA operations;
- ☐ Utility expenses (e.g., electric and water);
- ☐ Cost of road and dam maintenance;
- ☐ Payroll and such other expenses of ELPOA as may be approved by the Board, including operating deficits, if any, for prior periods; and
- ☐ The amounts of such reserves as should be reasonably established by the Board, including without limitation general operating reserves, reserves for contingencies, replacement of ELPOA property and equipment.

Prior to the commencement of each fiscal year of ELPOA – and allowing sufficient time for the membership to act upon any annual dues increase recommendation from the Board of Directors – the Board shall cause a pro forma annual budget to be prepared based upon its estimates of revenues and expenses in the budget year. This data, as well as other relevant information on the topic, will be used to help demonstrate to the membership of the appropriateness of future annual dues increases.

Section 2. Special Assessments. Periodically, ELPOA may experience the need for special monetary assessments to handle planned and unplanned needs and requirements that cannot be satisfied by annual dues and initiation fees. Such special assessments will be recommended to the membership by the Board of Directors, as appropriate, and will be effective as to the ELPOA membership upon a favorable majority vote of the members voting who are in good standing at the time of voting and for the calendar year immediately prior to the year of the vote.

## ARTICLE 8. CERTIFICATES OF MEMBERSHIP

Section 1. Form and Number of Certificates. The Board of Directors may from time to time prescribe the form and contents of any certificates of membership which ELPOA may issue. The Board shall also determine the number of certificates of membership issuable with respect

to a certain property or properties within ELPOA, taking into consideration the number of owners of the property at issue and the number of annual membership dues being paid with respect to the property at issue.

Certificates of membership shall be reviewed by the Board annually prior to the Annual Meeting of members. Certificates of membership are indicative of the number of votes members in good standing have with respect to ELPOA matters.

## ARTICLE 9. FISCAL YEAR

Section 1. Calendar Year Basis. The fiscal year of ELPOA shall be on a calendar year (January 1 – December 31) basis, unless otherwise determined by the Board of Directors.

## ARTICLE 10. CORPORATE SEAL

Section 1. Description and Purposes. The corporate seal of ELPOA shall have inscribed thereon the name of the non-profit corporation and the year of its incorporation. The seal shall, in addition, contain such other words and/or figures as the Board of Directors shall determine. The ELPOA corporate seal may be used for such purposes and in such a manner as directed by the Board.

## ARTICLE 11. BOOKS AND RECORDS

Section 1. Location and Inspection. ELPOA shall keep current and accurate books and records of account and shall also keep minutes of proceedings of its members, Board of Directors and committees having and exercising any of the authority of the Board of Directors, and shall keep at the ELPOA Administrative Office a record reflecting the names and addresses of members entitled to vote. The books and records of ELPOA may be inspected by any member for any proper purpose at reasonable times and with sufficient advance notice.

## ARTICLE 12. AMENDMENT OF BYLAWS

Section 1. Amendments. These bylaws may be altered, amended or repealed by the Board of Directors or members, as applicable, in accordance with the provisions of the Elk Lake Shores

Bluebook, 4<sup>th</sup> Edition, “Governing Documents” section.

## ARTICLE 13. CONSTRUCTION AND SEVERABILITY

Section 1. Conflict Among Governing Documents. If there is any conflict between the provisions of these bylaws and the other governing documents of ELPOA, the provisions of the other governing documents shall govern unless otherwise controlled by requirements of Kentucky law.

Section 2. Severability. Should any of the Articles, Sections or provisions of these bylaws be held unenforceable or invalid for any reason, the remaining Articles, Sections and provisions of these bylaws shall be unaffected by such holding.