

# Forest Lakes Property Owners Association Bylaws

## RECITALS

Whereas, Forest Lakes Subdivision is a residential subdivision in Brazos County, Texas, as evidenced by that certain Plat filed of record on October 7, 1977, at **Volume 383, Page 387**, Official Records of Brazos County, Texas, and shall be referred to herein as "**Forest Lakes**" or the "**FLPOA**" or "**Subdivision**" or "**Association**"; and

Whereas, the following deed restrictions have been recorded with respect to the Subdivision:

- a. Forest Lakes Sub-Division Deed Restrictions filed of record on November 15, 1977, at Volume 385, Page 292, Official Records of Brazos County, Texas. ("**1977 Restrictions**")
- b. Forest Lakes 111 Sub-Division Deed Restrictions filed of record on September 28, 1978, at Volume 408, Page 168, Official Records of Brazos County, Texas. ("**1978 Restrictions**")
- c. Forest Lakes Sub-Division Deed Restrictions filed of record on December 1, 1989, at Volume 1155, Page 757, Official Records of Brazos County, Texas. ("**1989 Restrictions**")
- d. The 1977 Restrictions, 1978 Restrictions, 1989 Restrictions and 2002 Restrictions shall be referred to collectively herein as the "**Restrictions**".

Whereas, the Association (as defined below) is the "Community Organization of Forest Lakes Subdivision" referred to in the Restrictions; and

Whereas, the Association is the sole entity representing the owners of lots in the Subdivision; and

Whereas, on April 6, 1995, the Association incorporated as a Texas Non-Profit Corporation under the name Forest Lakes Phase I Community Organization (the "**Corporation**"), and was issued a charter by the Texas Secretary of State, being Charter No. 01350987; and

Whereas, the Corporation has filed a certificate to do business under the name of Forest Lake Property Owners Association, said certificate filed on June 2, 2002, with the Texas Secretary of State.

## ARTICLE I DEFINITIONS

- Section 1. **F.L.P.O.A.** or "**Association**" shall mean and refer to the Forest Lakes Phase I Community Organization, d.b.a. Forest Lake Property Owners Association, a nonprofit corporation organized and existing under the laws of the State of Texas.
- Section 2. **Restrictions** shall have the meaning given such term above.
- Section 3. **The Properties:** shall mean and refer to the real estate described in the Restrictions and such additions thereto which have been or may hereafter be brought within the jurisdiction of the F.L.P.O.A. as provided in the Restrictions. As of the date of the adoption of these Bylaws, the "Properties" is inclusive of all lots, lakes, dams, reserve areas and other spaces identified on the plat of the Subdivision.

- Section 4. **Common Area** shall mean and refer to those areas so designated upon any recorded subdivision plat of The Properties and to any area or improvement hereafter designated by the F.L.P.O.A. and intended to be devoted to the common use and enjoyment of Owners, and shall specifically include but not be limited to the following:  
Dam  
Lake  
Park Reserve  
Permanent Recreational Plots  
Unrestricted Reserve Areas
- Section 5. **Board** shall mean and refer to the duly elected and acting Board of Directors of the Forest Lake Property Owners Association.
- Section 6. **Member** shall mean and refer to every person or entity who is a recorded owner of property in Forest Lakes Subdivision, and who is current in all fees and/or monies due FLPOA, and is entitled to one vote per lot owned (Article IX, Section 1).
- Section 7. **Owner** shall mean and refer to every person or entity who is a recorded owner of property on Forest Lake Subdivision.
- Section 8. **Member of Family** shall mean and refer to any person, regardless of age, who resides in the home of any Owner for more than six months of a calendar year and/or to whose support said Owner contributes more than one-half of the yearly cost thereof. Support shall include all expenses of such person whether for necessities of life or otherwise.
- Section 9. **Fiscal Year** shall be January 1 - December 31.

## **ARTICLE II ORGANIZATION AND RESPONSIBILITIES OF THE F.L.P.O.A.**

### **Section 1. Organization**

- A. The rights and privileges of the Association are hereinafter set out in Articles IX, X, XI, and XII.
- B. The F.L.P.O.A. shall be governed by a Board of Directors. Its powers and duties are hereinafter set out in Article IV.

### **Section 2. Responsibilities**

The F.L.P.O.A. shall preserve and improve the present assets of the corporation, acquire additional assets and efficiently operate its present and future facilities for the common use and benefit of the Owners. To accomplish these ends the F.L.P.O.A. shall have certain rights, as provided for in the Restrictions, the Articles of Incorporation, these Bylaws, and the law governing nonprofit corporations in the State of Texas, to be exercised by its Board of Directors unless specifically vested in the Members, and which are set out in Article IV hereof as to the Board and in Articles IX, X, XI and XII hereof as to Members.

**ARTICLE III**  
**BOARD OF DIRECTORS; QUALIFICATIONS, NUMBER, TERM OF OFFICE, ATTENDANCE AT MEETINGS, AND VACANCIES**

**Section 1. Qualifications to be a Director**

A director must be a Member of the F.L.P.O.A. having all membership rights and privileges and must have been duly elected as provided in the Restrictions and these Bylaws.

**Section 2. Number**

The number of Directors shall be seven.

**Section 3. Term of Office**

The initial Directors will serve until the expiration of their respective terms are as follows:

- Position 1 - one year
- Position 2 - one year
- Position 3 - one year
- Position 4 - two years
- Position 5 - two years
- Position 6 - two years
- Position 7 - two years

Every director elected after the initial period (January 1, 2001 through December 31, 2001) will serve a term of two years. Elections will be held in November or December of each year. Said terms expire at the close of the fiscal year. Hereafter three or four members of the Board shall be elected each year for a term of 2 years commencing at the beginning of the fiscal year. Nomination procedures are set out in Section 1 of said Article V.

**Section 4. Attendance at Meetings**

In the event any member of the Board shall be absent from three consecutive regular meetings, the Board may declare the office of said absentee Director to be vacant. The Chairperson of the Board shall provide notice to this effect in writing to the absentee.

**Section 5. Vacancies**

- A. If a Director, for any reason, does not complete his term of office, the Board will appoint a replacement to serve until the next regular annual meeting of the members. Replacements for the board will come from the Nominations Committee list of those whom were nominated but were not elected at the last election. At the next Annual Meeting, a replacement Director will be elected to complete the remaining term.
- B. In the event the offices of three or more Directors become vacant more than 60 days prior to the annual meeting and such vacancies continue for more than ten business days without any of them being filled by the Board, with the result that there are less than four Board members remaining, a special meeting of Members for the purpose of filling such vacancies shall be called by any Board member or officer of the F.L.P.O.A., to be held within thirty days. Voting shall be in the manner provided for in Article V, Section 2, hereof.

**ARTICLE IV**  
**BOARD OF DIRECTORS: RIGHT OF ASSESSMENT, POWERS AND DUTIES**

**Section 1. Right of Assessment**

- A. The Board shall have the authority to levy and collect assessments from Owners, with 51% of the lot owners voting in favor, to be used as authorized by the Restrictions for the improvement and maintenance of properties, services, and facilities devoted exclusively to the purpose of promoting the recreation, health, safety, and welfare of the Owners of the Properties. Such purpose must be related to the operation of the Association; the enforcement of the Restrictions; the health, safety and welfare of the Subdivision; and to the use and enjoyment of Common Area. The use of the Assessments shall include but not be limited to:
1. Payment of all taxes legally assessed against property owned by the F.L.P.O.A.
  2. Payment of the premiums on all insurance policies required, in the reasonable judgment of the Board, for the protection of the F.L.P.O.A., its directors, officers, contract labor and its property.
  3. Upkeep, repairs, or replacement of or additions to the facilities situated on the Common Area.
  4. Legal Fees
  5. Operation of the Association.
  6. Enforcement of the Restrictions;
  7. Health, Safety and Welfare of the Subdivision.
- B. The Board shall have the further authority, with 51 % of the lot owners voting in favor, to establish the amount of the annual assessments as provided in Article XI, Section 2, hereof. The current annual assessment, as of 2003, is \$105.00 per lot, which is the assessment that has been in effect since 1993.
- C. The Board shall also have the authority with 51 % of the lot owners voting in favor, to levy and collect from Lot Owners, in any assessment year, a special assessment for such purposes, as may be specified by the Board of Directors in written notice of meetings called pursuant to Article XI, Section 3 hereof to consider such special assessment, provided that such assessment shall have been approved as set out in Article XI hereof.

**Section 2. Powers**

The Board shall have power to:

- A. Submit proposal to Owners for Approval (51% of lot owners voting in favor) to borrow money for the purpose of improving or maintaining the Common Area and in aid thereof, mortgaging the same (Article XII, Section 5).
- B. Operate the Common Area, and the facilities thereon, and any other real estate or the improvements thereon necessary for the efficient operation of the F.L.P.O.A.
- C. Adopt and publish rules and regulations and enact and publish resolutions which the Board shall deem necessary for the efficient operation of the F.L.P.O.A., including but not

limited to the use of The Properties, and all facilities thereon, and the personal conduct of the Owners and guests on The Properties.

- D. Suspend some or all of the rights and privileges of any Owner or guest, including the right of an Owner to vote, who is in default of or who refuses to pay any annual or special assessment or any service or use charge or other fee which has been properly levied; or who has violated any published rule, regulation, or resolution adopted by the Board as provided above, or any state or federal law. However, suspension for non-payment of any assessment or charge can be only for the period the same remains unpaid; suspension for violation of a rule, regulation, or resolution cannot be for a period exceeding thirty days.
- E. Enforce all rights, covenants, restrictions, and agreements applicable to The Properties and the Owners thereof, and to Common Area, as provided for in the Restrictions or which are now or may hereafter be contained in or authorized by the Articles of Incorporation or the Bylaws.
- F. Conduct any business authorized by the Restrictions or Bylaw that, in the opinion of the Board will promote the common benefit and enjoyment of the Owners of residential property.
- G. Perform all acts required or authorized by the Restrictions, the Articles of Incorporation, and elsewhere herein.

### Section 3. **Duties**

It shall be the duty of the Board to:

- A. Elect a Chairperson annually at the first meeting of the fiscal year. The Chairperson shall preside at all meetings of the Board and all meetings of the Members and shall have such other duties as may be set out elsewhere in these Bylaws.
- B. Keep a complete record of all of its acts and of all corporate affairs, and present a summary statement thereof at the annual meeting of the Members.
- C. Make all policy decisions relative to the management and operation of the F.L.P.O.A.
- D. Make the books and records of the F.L.P.O.A., including rules, regulations, and resolutions passed by the Board available, by appointment only, for visual inspection by any Owner.
- E. Prepare annual budget, hold a meeting with F.L.P.O.A. members during November or December at a date set by the Board, for Members' input, questions, and election of new Board members.

## **ARTICLE V BOARD OF DIRECTORS; NOMINATION AND ELECTION**

### Section 1. **Nominations**

- A. Eligibility of Candidates:
  - 1. 1. Candidates for the Board of Directors must be F.L.P.O.A. members in good standing.

- B. The Board of Directors and Members will nominate a slate of candidates to fill open positions on the Board. Any Owner can nominate any other F.L.P.O.A. member but must submit the name(s) of the nominee(s) to the Nominating Committee at least 45 days prior to the election.

## Section 2. Elections

- A. Election of Directors shall be by written ballot as hereinafter provided to Owners. Each lot owned entitles the Owner(s) to one vote. The person receiving the largest number of votes for each vacancy shall be elected. No quorum requirement shall apply to the election of Directors.
- B. The Owner(s) of each lot will receive, by mail, one ballot per Owner, if they are a member in good standing, which shall:
  - 1. Describe the vacancies to be filled and the terms of office.
  - 2. Set forth the names of the persons nominated by the Nominating Committee for such vacancies.
  - 3. Contain spaces for write-in votes.
  - 4. Contain space for Member to indicate which lot(s) they own.
- C. Ballots shall be prepared and mailed to each Member by the Election Committee at least thirty days in advance of the annual meeting date. Each ballot shall include the Member's name and the lot number (s). Completed ballots must be received by the F.L.P.O.A. Nominating Committee by the date specified on the ballot.

The following instructions shall accompany the mailed ballot:

- D. Any vote, which is limited or restricted in any way, is invalid and will not be counted.
  - 1. Enclose signed ballot in return Self-Addressed Stamped envelope addressed to the F.L.P.O.A. Nominating Committee at the address inscribed on the envelope.
  - 2. Return by U.S. mail to the Nominating Committee, by the due date.
  - 3. Provision for lost ballot. A Member may request a replacement ballot by writing the Nominating Committee before the election.
- E. Distribution of the ballot:
  - 1. Upon receipt by the Nominating Committee, the ballot shall be verified and tabulated.
  - 2. The election results shall be announced at the meeting by the Chairperson of the Nominating Committee or an appointed Member and the tabulated results presented to the Secretary for recording as a permanent record. A copy of the results should be presented to the board.
- F. Sixty days after the announcement of the results, unless a review of the procedure is demanded, the ballots may be destroyed.

**ARTICLE VI  
BOARD OF DIRECTORS: MEETINGS**

**Section 1. Regular Meetings**

The Board shall meet quarterly on a day and at a time to be set by the Board; however, any such meeting may be dispensed with by the Chairperson for good and sufficient reason. All such regular meetings will be open to members.

Meeting agenda outline may include but is not limited the following:

Meeting Called to order	Chairperson
Reading/approval of minutes	Secretary
Approve expenditures and accounts	Board Members
Financial/Income report	Treasurer
Old and New business	Board Members
Meeting adjourned	Chairperson

Requests for matters to be placed on the agenda for regular meetings of the Board of Directors shall be made no later than 24 hours before the regular meeting of the Board at which the matter is to be considered.

**Section 2. Special Meetings**

Special meetings shall be called by the Chairperson as deemed necessary and must be called by the chairperson at the request of any two F.L.P.O.A. Directors. Each Director shall be notified, if possible, of every special meeting prior thereto. All special meetings will be open to members.

**Section 3. Quorum**

Five F.L.P.O.A. Directors present shall constitute a quorum.

**Section 4. Voting**

All Board decisions must be approved by the vote of a majority of the attending Board members. Tie votes will result in a defeat of an item of business.

**Section 5. Closed Meetings**

The Board may meet in closed work or preparatory sessions.

**ARTICLE VII  
F.L.P.O.A. OFFICERS; QUALIFICATIONS, POWERS, AND DUTIES**

**Section 1. Treasurer:** shall be appointed by the Board. His/ Her duties shall include but not be limited to:

- A. Receiving all monies of the F.L.P.O.A. which he/she shall deposit in insured bank accounts or invest as directed by the Board, disbursements made in the ordinary course of business within approved budget limits.
- B. Provide receipts to all FLPOA members who have paid their maintenance fees within 30 days after payment.

- C. Dispersing of funds as directed by the board. Disbursement of funds in excess of \$600 to one vendor in a calendar year will require board approval. Prior approval shall not be necessary for remaining disbursements made in the ordinary course of business within approved budget limits.
- D. Responsible for acquiring 2 Board Member signatures for any disbursement of funds.
- E. Keeping proper books of account
- F. Causing an annual audit and/or review to be made at the completion of the fiscal year by a Certified Public Accountant upon request by the Board of Directors.
- G. Assisting in the preparation of an annual budget.
- H. Preparing an annual balance sheet and income statement, and presenting same to the Members at their regular annual meeting.
- I. Presenting a financial report to the Board at each regular meeting as directed by the board, which shall contain such facts and figures as the Chairperson of the Board shall instruct him/her to present. Treasurer does not have to be present at each meeting, but can instead submit written financial report to the board before the meeting.
- J. In the event that the day-to-day processing of fiscal transactions warrants more time than the treasurer has available, then the treasurer may engage the services of an outside bookkeeping service approved by the board.
- K. Shall be responsible for bank statements being returned with cancelled checks and statements shall be delivered to board member that does not have signature authority on the account.
- L. Shall be responsible for insuring that expenditures do not exceed revenues by more than 5% unless specifically authorized by the board.
- M. Shall be responsible for invoicing for lot assessment dues or maintenance fees, which will be mailed out by the 5<sup>th</sup> working day of the calendar year, and due by Feb.28.
- N. Performing such other duties as may be required by the Board, or by law.

Section 2. **Board Chairperson:** Must be a member of the Board and must call and moderate all meetings of the Board and annual and special meetings of Owners. He/she shall perform all other duties required by the Board or as may be required by law. The Board Chairperson shall have signature authority on FLPOA accounts and have authority to appoint other Board Members to have signature authority as necessary.

Section 3. **Secretary:** may be a Member or a member of the Board. He/she shall keep a permanent record of the minutes of the Board meetings and all called business meetings of the Members, including the recording of all votes, and he/she shall perform all other duties required by the Board, or as may be required by law.

Section 4. **Absence/Vacancy:** In the event any officer, because of absence or incapacity of any kind, is unable to perform any of the duties of his office, or in the event of a vacancy of any office, the Chairperson of the Board may designate some other person to perform such duties during such time or until such vacancy is filled by the Board.



## **ARTICLE VIII COMMITTEES**

### **Section 1. Appointment**

The Chairperson of the Board, with approval of a majority of the Board, shall appoint the following Standing Committees and Chairpersons of the committees:

- Legal
- Budget and Finance
- Nominating
- Lake and Parks
- Architectural Control

The Chairperson of the Board may also appoint such other committees, either standing or ad hoc, as deemed necessary with approval of a majority of the Board. All persons appointed to committees must be Members in good standing.

### **Section 2. Standing Committees**

All Standing Committees shall consist of one Board member and at least one non-Board member. The Board shall approve all non-Board members to be members of any standing committee. At its first meeting following the annual meeting each year the Board shall appoint members to fill vacancies on all existing committees. Ad hoc committees shall consist of such members & exist for such periods of time as the Board shall determine at the time any such committee is formed.

### **Section 3. Meetings**

Each committee shall meet at least one time annually on a date and time and place to be set by each chairperson. Special meetings may be called by the Chairperson. The Committee Chairperson may appoint subcommittees as they deem necessary. A meeting can consist of Internet conversation and business can be conducted via Internet when it makes it easier for the committee, as long as written records are kept of such meeting

### **Section 4. Duties**

Generally, it is the duty of each committee to discuss and analyze the problems within its area of concern. Such matters may originate within the committee or be suggested by other F.L.P.O.A. Members or submitted by the Board for committee discussion and recommendation. Should Board action be desired on any committee recommendation, such item must be stated in the committee minutes for the attention of the Board. The Board's action thereon shall be reported to the committee. The committees, when required by the Board, shall assist in communicating Board or administrative action or policy to the FLPOA Members. All committees shall perform such duties as are set out herein and such further duties as the Board may authorize in the future.

### **Section 5. Specific Instructions for Standing Committees**

#### **A. Legal Committee**

describe what the legal committee's function is here...

#### **B. Budget and Finance Committee**

The Budget and Finance Committee shall assist in the preparation of the annual budget, and recommend the final budget for Board approval before the annual meeting. In the event that actual dues received fall 5% or more below projections, the board will revise the budget unless a loan or spending of reserves has been approved. Provide continuous review of the annual budget and shall discuss with F.L.P.O.A. officers and the auditors the scope and results of the annual examination. This committee shall perform annual internal audits and other audits as requested by the Board.

C. Nominating Committee

This committee shall perform the duties described in Section V.

D. Lake and Parks Committee

The concerns of this committee are with impoundment of water, maintenance of the dam including the spillway, fish, wildlife preservation and control; boating, public docks, boat launching, angling; and the appearance, maintenance, proper usage of lake and parks, and entrance signs and associated vegetation.

E. Architectural Control Committee

Is responsible for approving all buildings and structures in accordance with the Deed Restrictions. This Committee shall be responsible for establishing the procedures and methods for Owners' to submit requests for building projects for approval and for resolving disputes arising from violations of the Deed Restrictions.

**ARTICLE IX  
RIGHTS OF MEMBERS: VOTING**

**Section 1. Entitled to Vote**

Members shall be entitled to one vote per lot. Ballots will be sent by U.S. Mail to the last known Owner address on record. Owner is responsible for informing the FLPOA of any address changes. Owners must be Members to be entitled to vote.

Proxy votes will be accepted for the Annual Meeting or special meetings regarding changes in the Articles of Incorporation and/or amendments and the election of Directors as provided in the Bylaws. Proxy votes must be received by the Nominating Committee at least 48 hours prior to the meeting vote.

**ARTICLE X  
RIGHTS OF OWNERS: EASEMENT OF ENJOYMENT  
OF THE COMMON AREA**

**Section 1. Right and Easement of Enjoyment**

As provided in the Restrictions, every Member shall have the right of enjoyment in and to the Common Area, subject to clarification by the Board and to the restrictions and conditions set out therein and in Article IV, section D, hereof, and the rules and regulations which may be adopted by the Board and which are not in conflict with the provisions of the Restrictions or the Articles of INC.

**Section 2. Delegation of Right of Enjoyment**

Every Member may, each year, delegate his right of enjoyment in the Common Area to the members of his family, as defined herein, without loss of such right himself. The rights and privileges of such persons are subject to F.L.P.O.A. rules, regulations, and these Bylaws.

## **ARTICLE XI RIGHT OF OWNERS: BUDGET AND ASSESSMENT INCREASE**

### **Section 1. Budget and Assessments**

The proposed F.L.P.O.A. budget for the next calendar year will be available for all Members' inspection at the annual meeting.

### **Section 2. Assessments**

The owners' assessment will be established yearly by the F.L.P.O.A. Board of Directors only after a meeting duly called by the Board Chairperson to discuss operating budget and reason for need of the assessment amount and upon approval by the Board of Directors.

### **Section 3. Special Assessments**

Special assessments, as provided for in Article IV, Section C thereof, may be authorized only by 51% of lot Owners. Each special assessment shall be for one time only.

## **ARTICLE XII MEETING OF MEMBERS**

### **Section 1. Annual Meeting**

The regular annual meeting of the Members shall be held on a weeknight in the month of November or December each year.

### **Section 2. Special Business Meetings**

Special meetings of the Members for any purpose, including those provided for in the Restrictions and the Articles of Incorporation, may be called at any time by the Chairperson of the Board as he/she shall deem necessary and must be called by the Chairperson at the written request of two or more Members of the Board, or Members who jointly have the right to cast one-fourth of all the votes of the entire membership.

### **Section 3. Notice of Annual Meeting**

Notice of annual meeting shall be mailed to each Member at least one month in advance of the meeting, & shall set forth, in general, the nature of the business to be transacted.

### **Section 4. Quorum**

Except as otherwise expressly provided for herein for voting, in order to conduct business at any meeting, a quorum of at least ten percent (in person or by proxy) of the members shall be required for the conduct of business. In order to carry & be adopted, any item of business shall require the majority vote of the members at such meeting, whether in person or by proxy.

### **Section 5. Methods of Voting**

Voting on any question shall be either exclusively by ballots or by a standing vote if requested by the majority of Members present.

## **ARTICLE XIII CORPORATE SEAL**

### **Section 1. Articles of Incorporation**

The Articles of Incorporation

The Articles of Incorporation for the Forest Lakes Phase 1 Community Organization (established and filed by the Secretary of State of Texas on April 6, 1995, Charter number 01350987 and amended as a non-profit corporation under Charter number 01350987-01, dated Mar. 6, 1997) may be amended only by 51% of lot owners. Written notice shall state proposed amendment of the Articles of Incorporation, explanation/reasons for amendment, and shall contain written numbered ballot for Member s vote and signature. All voting on Articles changes shall be by written ballot. Ballots may be returned, by mail, to the Nominating Committee and must be in a sealed envelope. No Nominating Committee member shall disclose results of voting until the Board Chairperson requests report from the Nominating Committee.

### **Section 2. Amendments and Interpretations of the Bylaws:**

A. Amendment of Bylaws:

These Bylaws may be amended only by an affirmative vote of 51% of the FLPOA Members.

B. Resolution of Interpretations:

Resolution and interpretation of these Bylaws, if necessary, shall be the sole province of the Board of Directors.

## **ARTICLE XIV INDEMNIFICATION**

### **Section 1. When Indemnification is Required, Permitted and Prohibited:**

A. The Corporation may indemnify a director, officer, committee member, employee, or agent of the Corporation who was, is or may be named defendant or respondent in any proceeding as a result of his or her actions or omission within the scope of his or her official capacity in the Corporation. For the purposes of this article, an agent includes one who is partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Corporation shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Corporation's best interest. In a case of criminal proceeding, the person may be indemnified only if he or she had no reasonable cause or belief that the conduct was unlawful. The Corporation shall not indemnify a person who is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted. Any indemnification given must be approved by majority vote of the board.

- B. The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of no lo contendere or its equivalent does not necessarily preclude indemnification be the Corporation.
- C. The Corporation may pay or reimburse expenses incurred by a director, officer, committee member, employee, or agent of the Corporation in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Corporation when the person is not named defendant or respondent in the proceeding, upon approval of a majority vote of the Board of Directors.
- D. In addition to the situations otherwise described in this paragraph, the Corporation may indemnify a director, officer, committee member, employee, or agent of the Corporation to the extent permitted by law. However, the Corporation shall not indemnify any person in any situation in which indemnification is prohibited by the terms of Section 1 above.
- E. Before the final disposition of a proceeding, the Corporation may pay indemnification expenses permitted by the bylaws and authorized by the Corporation. However the Corporation shall not pay indemnification expenses to a person before the final disposition of a proceeding if the person is named defendant or respondent in a proceeding brought by the Corporation; or the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.
- F. If the Corporation may indemnify a person under the bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes. Fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Section 2      Procedures Relating to Indemnification Payments

- A. Before the Corporation may pay any indemnification expenses (including attorney's fees), the Corporation shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in Section 2(c) below. The Corporation may make these determinations and decisions by one of the following procedures:
  - (i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants of respondents in the proceeding.
  - (ii) Determination by a special legal counsel selected by the Board of Directions by vote as provided in Article VI.
- B. The Corporation shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made be a special legal counsel, authorization of indemnification and determination of reasonableness of expense shall be make in the manner specified by Section 2 A (ii) above, governing the selection of special legal counsel. A provision contained in the Bylaws or a resolution of members of the Board of Directors that requires the indemnification permitted by Section 1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

- C. The Corporation shall pay indemnification expenses before final disposition of a proceeding only after the Corporation determines that the facts then known would not preclude indemnification and the Corporation receives written affirmation and undertaking from the person to be indemnified. The determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under Section 2 A, above. The person's written affirmation shall state that he or she met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Corporation if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make payment.

#### **ARTICLE XV DISSOLUTION**

The assets of the Association after satisfaction of all legal claims against assets shall be distributed in pro-rata shares to the Members at the time of such dissolution, regardless of the reason of such dissolution. The Association has the right to sell and convey real property upon approval of 51% of the members.

**ARTICLE XVI  
CONTROLLING PROVISIONS**

Section 1. In the event of any conflict between the Articles of Incorporation or Charter Number 01350987-01 for Forest Lakes Phase 1 Community Organization (Employer identification Number and Tax ID Number 01-0685831, granted 05/14/02) and these Bylaws, the Bylaws shall control; in the event of any conflict between the Restrictions and these Bylaws the Restrictions shall control; and in the event of a conflict between the Restrictions and the Articles of Incorporation, the Restrictions shall control.

Pursuant to Article 1396-2.09, these Bylaws have been adopted by the board of directors at a meeting called for that purpose on \_\_\_\_\_, 2003.

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