

LAKE MALAGA COMMUNITY ASSOCIATION INC.

BY-LAWS

Article #

1.0 Name of the association

- 1.1 The association shall be known as the Lake Malaga Community Association Incorporated, hereafter the Association, and shall have its Head Office in the Municipality of Austin in the Township of Bolton, County of Brome, Québec.
- 1.2 The Association was created for the purpose of protecting the interests of the Lake Malaga Community (as defined in Article 3.1) with respect to the following primarily :
 - a) The road around the lake
 - b) The lake and its water quality
 - c) The natural environment
 - d) Any other matter of importance to Community members.

2.0 Fiscal year

- 2.1 The fiscal year of the Association shall terminate on April 30th of each year.

3.0 Lake Malaga Community

- 3.1 The Lake Malaga Community shall be defined as all the properties (lots) with frontage on Lake Malaga and any other property (lot) having a common border with the private road (Chemin Malaga) around the lake.
- 3.2 Lots within the Lake Malaga Community shall be used for residential purposes only; namely for the construction of a single-family dwelling (i.e., cottage or house).
- 3.3 Lots within the Lake Malaga Community shall not be used for the construction and/or operation of commercial establishments such as inns, hotels, restaurants, stores, flea markets, parking lots, etc.
- 3.4 Nor shall any lot be used to provide a service to non-owners of property within the Lake Malaga Community, e.g., serving as a campground, beach, lake access, or access route to other destinations.
- 3.5 The road around Lake Malaga is a private road owned and maintained by the Lake Malaga Community.

- 3.6 This road shall be used exclusively by owners of property within the Lake Malaga Community. Access to the road shall be denied to all non-owners of property within the Lake Malaga Community.

4.0 Membership

- 4.1 All owners of property within the Lake Malaga Community are automatically members of the Association and must fulfill obligations with respect to annual fees detailed in Article 10 of these by-laws.

- 4.2 Members have the following privileges :

- a) They will be kept informed of current Association business.
- b) They will be consulted on all matters.
- c) They will be invited to attend general meetings and any special meetings.
- d) They have a voting right as detailed in Article 4.3.

4.3 Voting right

- 4.3.1 In order to vote, any voting member must have fulfilled his obligation with respect to annual fees.

- a) There is only one voting right per individual or couple or co-owners' patrimony.
- b) Each patrimony shall indicate by proxy his voting representative at an assembly or at a referendum held by mail.
- c) The proxy shall contain information concerning the person designated by the owner or co-owners of a patrimony; namely, the name and address of the designee and the address of the property. The proxy must be signed by all co-owners. The proxy shall be given to the secretary of the Association Administration Board.
- d) At an assembly, a voting card will be given for this purpose to the attending voting member of each patrimony.

- 4.3.2 A voting member of the Association may not exercise more than one proxy of another patrimony to vote in his name and place.

- 4.4 All owners shall make any buyers or renters of one or more of their properties aware of the existence of the Association and shall transmit to them the by-laws as well as the regulations and practices of the Association (see annex).

- 4.5 All members of the Association agree to abide by the by-laws as herein set out and as amended from time to time. In addition, all members agree to respect the regulations and practices of the Association.

5.0 Administration Board/Executive Board

- 5.1 The affairs of the Association shall be managed by and Administration Board, hereafter called the Board, consisting of six officers; namely, President, Vice-president, Secretary, Treasurer, Road Director and Environment Director. The Executive Board shall be composed of the same six officers.
- 5.2 At Board meetings, the presence of four (4) members shall constitute a quorum.
- 5.3 The officers shall be elected at the annual general meeting of the Association as described in Article 9.3 of these by-laws.
- 5.4 Officers shall serve from the first day after election for a term of one year until the following general meeting of the Association..
- 5.5 Officers may be re-elected for an unlimited number of terms. There is no restriction on length of service.
- 5.6 If a vacancy should occur in the Board during the period of a mandate, either due to resignation or other circomstanced reason, the Board may appoint an association member in good standing (see Article 10) to fill the post until the next general meeting of the Association.
- 5.7 The Board may appoint ex-officio committees to assume responsibility for projects or portfolios identified by the Board.
- 5.8 The Board may appoint any association member in good standing to serve on such committees (Article 10).

6.0 Duties and Authorities of the Board

- 6.1 The President shall superintend the affairs of the Association and shall preside at all meetings of the Association and Board.
- 6.2 The Vice-president shall act as President when and while the President is absent or unable to perform his/her duties. He/she shall also perform such duties as may be assigned by the President or the Board.
- 6.3 The Secretary shall keep proper records of all general meetings and of meetings of the Board, shall prepare correspondence, including notices of meetings, and perform other duties as may be assigned by the President of the Board. He or she shall be responsible for reports and returns required under the Companies' Act or other legislation.

- 6.4 The Treasurer shall keep accounts of the Association, shall receive all revenues and deposit such funds in a chartered bank or a caisse populaire in the name of the Association. He or she shall arrange for the collection of dues and the payment of all expenses of the Association as approved by the Board and shall submit financial statements to the membership at the end of the fiscal year.
- 6.5 The Road Director shall be responsible for inspecting and reporting to the Board the general condition of the road around the lake, making recommendations or suggestions relating to its maintenance or improvements from time to time as they see fit, obtaining cost estimates and ensuring the proper completion of the work.
- 6.6 The Environment Director shall be responsible for the protection of the lake environment, more particularly of the good condition of the lake water, of the protection of its shores, of the preservation of its forest and of the respect of our regulations and practices pertaining to general safety on the lake and its road.

7.0 Signing Officers

- 7.1 The President and the Secretary or Treasurer or Vice-President shall sign all deeds, documents, contracts and other instruments requiring execution by the Association.
- 7.2 All promissory notes, drafts, cheques and bills of exchange, of whatever nature, shall be signed by two of the following Officers of the Association: President, Vice-President, Treasurer, Secretary.
- 7.3 Any decision taken by the Board must be approved by a majority of the members of the Board. No member of the Board may act alone in the name of the Board.

8.0 Committees

- 8.1 The Board shall appoint Committees to carry out the affairs of the Association.
- 8.2 The Chairman of each Committee must be an Officer or a Director of the Association.
- 8.3 The Board shall define the duties and authorities of each Committee..

9.0 General Meetings

- 9.1 The Annual General Meetings of the members of the Association shall be held at such place and at such date as decided by the Board, but no later than the 15th of July of each year.

- 9.2 Notice of place, date and time of the Annual General Meetings shall be given to each member, at the latest address recorded with the Association, at least two weeks prior to the date of the meeting.
- 9.3 The meeting shall receive reports from the Board and elected officers and shall transact all business which may come before the meeting.
- 9.4 A special general meeting may be called by the Board to study and resolve any urgent Association business. In such case, notification of the meeting may be given by regular mail, e-mail or fax and within a shorter time frame than specified in Article 9.2.
- 9.5 At all General Meetings of the Association, the presence of fifteen voting members shall constitute a quorum.

10.0 Revenues

- 10.1 The Board, elected by members of the Association, is responsible for protecting the interests of the Lake Malaga Community as they are defined in Article 1.2.
- 10.2 The Community's primary interest is the road : its maintenance, security measures, restriction of use. Another important interest is the quality of life at Lake Malaga.
- 10.3 Road maintenance, other matters relating to the road and other interests of the Association (Article 1.2) entail costs.
 - 10.3.1 These costs shall be shared by all owners and members of the Association as stipulated in Article 4.1.
 - 10.3.2 Contributions or payments by owners shall be called "annual fees".
 - 10.3.3 The annual fee rate shall be based on two categories of ownership :
 - a) Ownership of a dwelling
 - b) Ownership of a lot
 - 10.3.4 The annual fee rate for both categories of ownership shall be determined by a vote at General Meetings.
 - 10.3.5 A special assessment for urgent needs may be approved at either an Annual General Meeting or a special meeting.
- 10.4 Any owner whose annual fees remain unpaid 60 days after the due date (May 1st) shall pay, in addition to the amount due, interest fees at legal rate.

- 10.5 The Board may take action, legal or otherwise, to exact payment of unpaid annual fees, this at the expenses of the owner in question.
- 10.6 In the event of an urgent situation relating to the road or the lake which entails costs for necessary action taken by the Board but falls within the responsibilities of an owner (e.g., tree blocking the road), the costs incurred shall be reimbursed by the owner in question. Any such expenditures must be approved by at least two members of the Board before being undertaken.

11.0 Limitation and Responsibility

- 11.1 Any Officer or Director of the Association, his heirs and executors may be indemnified and safeguarded, of need be and at any time, directly from the funds of the Association, against all costs, charges and expenses which this Officer or Director incurs or sustains during or at the time of any legal action, suit or proceeding brought against him with respect to activities carried out or authorized by him during the course of his duties, as required by such duties, and against all other costs, charges and expenses which he incurs or sustains or any transaction of the Association or with regard to such transactions, with the exception of those which may result from his own negligence or wilful failure.
- 11.2 No Director or Officer of the Association shall be held liable for any activity, negligence or failure on the part of any other Director or Officer or employee for having participated in activities which may have caused a loss, damages or expenses to the Association in whatever way possible, unless the activities were carried out in bad faith by such Director or Officer.
- 11.3 The Association owns a responsibility insurance policy which protects the Association and the Board members in their duties.

12.0 Judicial Proceedings

- 12.1 Any Officer of the Association is authorized by resolution of the Board: to appear and make answer or declaration for the Association, to, or in respect of all writs, orders and interrogatories issued out of any Court: to make any affidavit or declaration required in connection with any judicial proceedings to which the Association is a party: to make petitions for “winding up orders”, on “in bankruptcy” in respect of any of the debtors: to attend and vote at any meeting of creditors and to grant a proxy in connection therewith.