

# IRON HORSE I HOMEOWNER'S ASSOCIATION

## BYLAWS (RESTATED 7/1/2011)

### ARTICLE I DEFINITIONS

The following words when used in these Bylaws, or in any amended or supplemental bylaws, shall have the following meanings (unless a different meaning or intent clearly appears from the context):

"Act" shall mean and refer to the Texas Non-Profit Corporation Act, Articles 1396-1.01 through 1396-11.01, Vernon's Tex. Ann. Civil Statutes, and all amendments and additions thereto, including the Texas Business Organizations Code, to the extent it replaces the Texas Non-Profit Corporation Act.

"Addition" shall mean and refer to the tracts or parcels of real property in Tom Green County, Texas, as more particularly described in the Declaration.

"Association" shall mean and refer to IRON HORSE I HOMEOWNER'S ASSOCIATION, an existing non-profit Texas corporation which has the power, duty and responsibility of maintaining and administering certain portions of the Addition and all of the common Properties, administering and enforcing the Covenants and otherwise maintaining and enhancing the quality of life within the Addition.

"Articles" shall mean and refer to the Certificate of Formation of the Association.

"Board" shall mean and refer to the Board of Directors of the Association.

"Declarant" shall mean and refer to Lipan Development Company, LLC, a Texas Limited Liability Company, and any or all successors and assigns.

"Declaration" shall mean and refer to that certain Covenants and Restrictions of Iron Horse I applicable to the Addition filed and recorded on August 1, 2006 under Instrument No. 615677 of the Official Public Records of Tom Green County, Texas, together with any and all amendments or supplements thereto.

"Director" or "Directors" shall mean and refer to any duly elected member of the Board.

"Lot" shall mean an entire numbered tract or plot as shown on the Plat.

"Records" shall mean the Public Real Estate Records of Tom Green County, Texas, including the Map and Plat Records of Tom Green County, Texas.

"Subdivision" or "Subdivisions" shall mean and refer to a subdivision or subdivisions of all or a portion of the Addition, in accordance with the maps and plats thereof hereafter filed of

record in the Records, as well as any and all revisions, modifications, corrections or clarifications thereto.

All words appearing herein with initial capital letters, and not defined above, shall have the meaning or intent given such words in the Declaration, unless a different meaning or intent clearly appears from the context.

## ARTICLE II OFFICES

Section 2.1 Registered Office. The registered office of the Association shall be located at 7464 Plantation Court, Wall, Texas, 76957.

Section 2.2 Other Offices. The Association may also have offices at such other places, within and without the State of Texas, as the Board may from time to time determine or as the business of the Association may require.

## ARTICLE III MEMBERSHIP

### Section 3.1 Membership.

(a) Each and every Owner, of each and every Lot, within the Subdivision, shall automatically be a Member of the Association. Membership of an Owner in the Association shall be appurtenant to and may not be separated from the interest of such Owner in and to any portion of a Lot. Ownership of any Lot shall be the sole qualification for being a member; however, a Member's privileges to use the Common Properties may be regulated or suspended as provided in the Declaration, these Bylaws or the rules and regulations promulgated by the Board. Any Person who holds an interest in and to all or any part of a Lot merely as security for the performance of an obligation shall not be a Member.

(b) During the Development Period (as further defined in the Declaration) the Association shall have two (2) classes of Members:

Class A: The Class A Members shall be all Owners of Lots (other than Declarant during the Development Period).

Class B: The Class B Member shall be Declarant.

(c) Upon the expiration of the Development Period, the Class B membership shall terminate, and thereafter the Association shall have one (1) class of Members (the Class A Members).

Section 3.2 Suspension of Membership. During any period in which a Member shall be in default in the payment of any Assessment or Assessments levied by the Association, the voting rights and right to use of the Common Properties of such Member may be suspended by the Board until such Assessment or Assessments has or have been paid. The rights of a Member may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for

violation of any rules and regulations established by the Board governing the use of the common Properties.

ARTICLE IV  
PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member shall be entitled to the use and enjoyment of the properties and facilities owned by the Association from time to time as provided in the Declaration. Any Member may delegate his rights of enjoyment of properties and facilities to the members of his family or his tenants who reside on his Lot. Such Member shall notify the Secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the Member.

ARTICLE V  
BOARD OF DIRECTORS: MEMBERSHIP; SELECTION;

TERM OF OFFICE

Section 5.1 Board Membership; Term.

(a) The affairs of the Association shall be managed by a Board consisting of three (3) individuals, each of whom shall be elected by a vote of Members.

(b) The Directors need not be Members of the Association. Of the initial Board, each Director shall be elected to serve until such Director's resignation or replacement or until the expiration of the Development Period, whichever occurs first. Of the first Board following the expiration of the Development Period, two (2) Directors shall be elected for a one (1) year term, and two (2) Directors shall be elected for a two (2) year term. Other than the constitution of the first Board following the expiration of the Development Period, Directors shall be elected for two (2) year terms of office and shall serve until their respective successors are elected and qualified. Any vacancy which occurs in the Board, by reason of death, resignation, removal, or otherwise of a Director, may be filled at any meeting of the Board by the affirmative vote of a majority of the remaining Directors. Any Director elected to fill a vacancy shall serve in such capacity until the expiration of the term of the Director whose position he or she was elected to fill.

(c) The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

Michael Glenn Biggerstaff    P. O. Box 381  
Wall, Texas 76957

Gene David Gully                2904 Phinney Road  
Mereta, Texas 76940

Charles B. Halfmann

P. O. Box 53  
Vancourt, Texas 76955

Cole C. McCrory

P. O. Box 229  
Wall, Texas 76957

Section 5.2 Nomination. Following the expiration of the Development Period, not less than sixty (60) days before a scheduled meeting at which Directors are to be elected by the Members, the Association shall mail or deliver, whether by separate Association mailing or included in another notice of the date of the election. The notice shall provide that any Class A Member who wishes to be a candidate for the Board may notify the Secretary of the Board in writing, provided that such notice of intention to be a candidate, stating the full name and address of the candidate, is received by the Secretary no later than fifteen (15) days prior to the scheduled election. Any Class A Member providing such notice shall be placed on the ballot. Nominations may also be amended from the floor at the annual meeting. Any nomination at the meeting of a person who is not a Class A Member of the Association must be seconded by another Member to be valid.

Section 5.3 Elections. At the annual meetings, election to the Board shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The candidates receiving the largest number of votes shall be elected. Each position on the Board shall be filled separately, by majority vote; cumulative voting is not permitted.

Section 5.4 Vacancy. Any vacancy which occurs in the Board, by reason of death, resignation, removal, or otherwise of a Director elected by the members may be filled at any meeting of the Board by the affirmative vote of a majority of the remaining Directors. Any director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose position he or she was elected to fill.

Section 5.5 Compensation. No Director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5.6 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE VI MEETING OF DIRECTORS

### Section 6.1 Regular Meetings.

(a) During the Development Period, Board meetings shall be scheduled by and at the discretion of the Declarant.

(b) From and after the expiration of the Development Period, regular Board meetings shall be held at least twice per year without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should a scheduled meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2 Special Meetings. Special meeting of the Board shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days written notice delivered to each Director.

Section 6.3 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. Directors may participate in and hold meetings by means of a conference telephone or similar communications equipment by means of which persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 Powers. In addition to any other rights, powers or duties set forth in the Declaration, the Board shall have the right, power and duty:

(a) To adopt and publish rules and regulations governing the use of Common Properties and Subdivision Roadways and the personal conduct of the Members and their guests thereon;

(b) To establish penalties for the infraction of published rules and regulations;

(c) To exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these Bylaws, the Articles, or the Declaration;

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

(e) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by the Association;

(g) To enter into agreements or contracts with insurance companies, Taxing Authorities, the holders of first mortgage liens on individual Lots and utility companies with respect to (1) any taxes on the common Properties, (2) monthly escrow and impound payments by a mortgagee regarding the assessment, collection and disbursement process envisioned by the

Declaration, (3) utility installation, consumption and service matters, and (4) the escrow or impounding of monies sufficient to timely pay the Annual Assessment applicable to any Lot;

(h) To borrow funds (including, without limitation, the borrowing of funds from the Declarant and/or its affiliates) to pay costs of operation, secured by such assets of the Association as deemed appropriate by the lender and the Association;

(i) To enter into contracts, maintain one or more bank accounts and, generally, to have all the powers necessary or incidental to the operation and management of the Association;

(j) To protect or defend the Common Properties and Subdivision Roadways from loss or damage by suit or otherwise, to sue or defend in any court on behalf of the Association and to provide adequate reserves for repairs and replacements;

(k) To make reasonable rules and regulations for the operation of the Common Properties and Subdivision Roadways and to amend them from time to time and to enter into concession agreements regarding food, beverage, vending and other products and services within the Common Properties and Subdivision Roadways;

(l) To prepare an annual operating budget and to make available for review by each Owner, upon the written request of the Owner desiring such review, at the Association offices within ninety (90) days after the end of each Fiscal Year, an annual financial report;

(m) To adjust the amount, collect and use any insurance proceeds to repair damaged or replace lost property; and if proceeds are insufficient to repair damaged or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency;

(n) To provide adequate reserves for maintenance, repairs, operations, taxes and assessments for the common Properties;

(o) To engage the services of attorneys and accountants (including an annual audit) in connection with the business of the Association; and

(p) To enforce the provisions of the Declaration, these Bylaws and any rules or regulations made by the Board and to enjoin and seek damages from any Owner, Member or Resident for violation of such provisions, rules or regulations.

#### Section 7.2 Duties.

(a) The affairs of the Association shall be conducted by its Board. In addition to any other rights set forth in the Declaration, the Board, for the benefit of the Association, the Owners, the Members and the Residents, may provide and may pay for, out of the Assessment fund(s) provided for in the Declaration, one or more of the following:

(i) Care, preservation and maintenance of the Common Properties and Subdivision Roadways, the furnishing and upkeep of any desired personal property for use in or on the Common Properties and Subdivision Roadways;

(ii) Recreational and social programs and activities for the general benefit of the Residents and programs which are designed only for separately identifiable sub-groups of Residents, such as (but not limited to) infants, adolescents, teenagers, students, mothers, fathers and senior citizens;

(iii) Supplementing (to the extent, if any, deemed necessary, appropriate and affordable by the Board) the police, fire, ambulance, garbage and trash collection and similar services within the Addition traditionally provided by local governmental agencies;

(iv) Taxes, insurance and utilities (including, without limitation, electricity, gas, water, sewer and telephone charges) which pertain to the Common Properties and Subdivision Roadways;

(v) The services of any Person (including the Declarant and any affiliates of the Declarant) to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager of the Association, including the hiring and employment of one or more managers, secretarial, clerical, staff and support employees;

(vi) Such fidelity bonds as the Board may determine to be advisable;

(vii) Legal and accounting services (including audit fees) and all costs and expenses reasonably incurred by the Board; and

(viii) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, taxes or Assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration.

(b) The Board is specifically authorized and empowered to establish (and to revise and amend from time to time) a monetary "fines" system which may include component steps such as warning citations, ticketing, due process hearings and appeals and a flat rate or discretionary range or geometric progression of fine amounts, which, when pronounced, shall constitute a permitted Individual Assessment as provided for in the Declaration.

(c) The Association may (i) borrow monies from the Declarant; (ii) lease equipment from the Declarant; (iii) contract with the Declarant concerning the provision of any personnel, labor, supplies, materials and services, provided such contract terms and conditions are (A) generally comparable (in terms of price, quality and timeliness) with those that might be otherwise obtained from unrelated third parties, and (B) as to professional management contracts, terminable by the Association at any time for any reason whatsoever and without penalty upon furnishing at least ninety (90) days advance notice thereof to the Declarant. The Board shall not be required to solicit bids from unrelated third parties before entering into any contract with the Declarant and the reasonable judgment and resolution of the Board to enter into any such contract with the Declarant (absent fraud, gross negligence or willful misconduct) shall be final and conclusive and binding upon the Association and all of its Members.

ARTICLE VIII  
COMMITTEES

Section 8.1 Committees. The Board shall appoint an Architectural Review committee as provided in the Declaration. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purposes, such as:

(a) A Social Committee which shall advise the Board on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

(b) A Modifications Committee which shall advise the Board on all matters pertaining to the maintenance, repair or improvement of the Addition, and shall perform such other functions as the Board in its discretion determines;

(c) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, as provided in Section 9.2 below. The Treasurer of the Association shall be an ex officio member of the Audit Committee.

Section 8.2 Complaints from Members. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or officer of the Association as is further concerned with the matter presented.

ARTICLE IX  
MEETINGS OF MEMBERS

Section 9.1 Place of Meetings.

(a) Meetings of the Members for the election of Directors shall be held at the registered office of the Association, as provided in Section 2.1 above, or at such other location within Tom Green County, Texas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Meetings of Members for any other purpose may be held at such place, within Tom Green County, Texas, and at such time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 9.2 Annual Meetings. During the Development Period, annual meetings of Members shall commence on the first year following the formation of the Association and shall be held at such time or times as called by the Board. From and after the expiration of the Development Period, annual meetings of Members shall be held during the first quarter of each calendar year on a specific date and at a time set by the President of the Association, at which Members shall elect, by a plurality vote, a Board, and transact such other business as may properly be brought before the meeting.

Section 9.3 Special Meetings. After the expiration of the Development Period, special meetings of the Members may be called by the President and shall be called by the Secretary of



the Association upon written request of Members entitled to cast twenty-five percent (25%) of the votes of the Class A membership.

Section 9.4 Notice. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the day of the meeting (subject to the terms of Section 5.2 hereof), either personally or by mail, by or at the direction of the Association's President, Secretary, or the officer or person calling the meeting, to each Member entitled to vote at such meeting.

Section 9.5 Purpose. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 9.6 Quorum. The presence at any meeting of members entitled to cast ten percent (10%) of the votes of each class of membership, represented in person or by proxy, shall constitute a quorum at meetings of Members except as otherwise provided in the Declaration or the Articles. If, however, a quorum shall not be present or represented at any meeting of the Members, the Members present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. As such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 9.7 Majority Vote. The vote of Members entitled to cast a majority of the votes thus represented at a meeting at which a quorum is present shall be the act of the Members meeting, unless the vote of a greater number is required by law, the Declaration or the Articles.

Section 9.8 Voting Rights. Each Member may cast as many votes as he is entitled to exercise under the terms and provisions of the Declaration or the Articles on each matter submitted to a vote at a meeting of Members, except to the extent that the voting rights of any Member have been suspended in accordance with these Bylaws. At each election for Directors every Member entitled to vote at such election shall have the right to cast as many votes as he is entitled to exercise under the terms and provisions of the Declaration or the Articles, in person or by proxy, for as many persons as there are Directors to be elected and for whose election he has a right to vote, and Members of the Association are expressly prohibited from cumulating their votes in any election for Directors.

Section 9.9 Proxies. A Member may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months from the date of its execution.

Section 9.10 List of Members. The officer or agent having charge of the Association books shall make, at least ten (10) days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of each, which list, for a period of ten (10) days prior to such meeting,

shall be kept on file at the principal office of the Association and shall be subject to inspection by any member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the Meeting.

Section 9.11 Record Date. The Board may fix in advance a date, not exceeding fifty (50) days preceding the date of any meeting of Members, as a record date for the determination of the members entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, and in such case such Members and only such Members as shall be Members of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, notwithstanding any change of membership on the books of the Association after any such record date fixed as aforesaid.

Section 9.12 Action Without Meeting. Any action required by the statutes to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members whose vote is required for the approval of the subject-matter thereof, and such consent shall have the same force and effect as a vote of Members.

Section 9.13 Conflict. Any conflict between one or more provisions of these Bylaws and one or more provisions of the Declaration or the Articles shall be resolved in favor of the provision(s) set forth in the Declaration or the Articles.

## ARTICLE X OFFICERS AND THEIR DUTIES

Section 10.1 Enumeration of Offices. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 10.2 Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 10.3 Term. During the Development Period, officers of the Association shall be elected to serve until such officer's replacement or resignation or until the termination of the Development Period, whichever occurs first. From and after the termination of the Development Period, the officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 10.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 10.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of

such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10.6 Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 10.7 Multiple Offices. Any officer may simultaneously hold any other office of the Association, except for the two offices of President and Secretary, which may not be held simultaneously by the same person.

Section 10.8 Duties. The duties of the officers are as follows:

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

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

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, keep the corporate seal of the Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and perform such other duties as required by the Board.

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

## ARTICLE XI ASSESSMENTS

Section 11.1 Payment of Assessments. The rights of membership in the Association are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against the Owner of and becomes a lien upon the real property against which such assessments are made as provided by the Declaration, which is incorporated herein by reference and made a part hereof for all purposes. As more fully provided in the Declaration, the Board has the duty to (i) fix the amount of the annual assessment against each owner in advance of each annual assessment period, and fix the amount of all special assessments and default assessments, as provided in the Declaration; and (ii) send written notice of each assessment to every Owner subject thereto in advance of each annual assessment period.

Section 11.2 Confirmation of Payment. The Board shall issue, or cause an appropriate officer to issue, upon demand by any Person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

ARTICLE XII  
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIII  
CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Association, the year of its organization and the words "Corporate Seal, State of Texas". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE XIV  
AMENDMENTS; CONFLICTS

Section 14.1 Amendments. These Bylaws may be amended, at a regular or special meeting of the Board, by a vote of a majority of a quorum of the Board present in person or by proxy. Notwithstanding the foregoing, however, if, and only to the extent, required by the Federal Housing Administration's policies in connection with HUD or VA insurance, HUD/VA has the right to veto any amendment hereof that occurs prior to the termination of the Class B membership.

Section 14.2 Conflicts. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and the Articles, the Declaration shall control

ARTICLE XV  
INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 15.1 Limited Liability. To the fullest extent permitted by applicable law and subject to the terms of the Articles, a Director or officer shall not be liable to the Association or its Members for monetary damages for an act or omission in the Director's or officer's capacity as a Director or officer, except that this Article XV does not eliminate or limit the liability of a Director or officer to the extent the Director or officer is found liable for:

- (a) a breach of the Director's or officer's duty of loyalty to the Association or its Members;

(b) an act or omission not in good faith that constitutes a breach of duty of the Director or officer to the Association or an act or omission that involves intentional misconduct or a knowing violation of the law;

(c) a transaction from which the Director or officer received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's or officer's capacity as Director or officer;

(d) an act or omission for which the liability of a Director or officer is expressly provided by an applicable statute.

Section 15.2 Indemnity. Subject to the terms of the Articles, the Association shall indemnify any Person who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the Person (i) is or was a Director or officer or (ii) while a Director or officer is or was serving at the request of the Association as a director, officer partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, to the fullest extent that the Association may grant indemnification to a Director or officer under the Act. Such right shall be a contract right and as such shall run to the benefit of any Director or officer who is appointed or elected and accepts the position of Director or officer.

Section 15.3 Repeal or Amendment. Any repeal or amendment of this Article XV by the Members of the Association shall be prospective only and shall not adversely affect any limitation on the personal liability of a Director or officer from an act or omission occurring prior to the time of such repeal or amendment. In addition to the circumstances in which a Director or officer is not personally liable as set forth in the foregoing provisions of this Article XV, a Director or officer shall not be liable to the Association or its Members to such further extent as permitted by any law hereafter enacted, including without limitation any subsequent amendment to Article 1396-2.22A of the Act.

IN WITNESS WHEREOF, we, being all of the Directors of IRON HORSE I HOMEOWNER'S ASSOCIATION have hereunto set our hands as of the 4th day of December, 2006 (amended July 1, 2011).

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**MICHAEL G. BIGGERSTAFF**

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**GENE D. GULLY**

\_\_\_\_\_  
**CHARLES B. HALFMANN**

\_\_\_\_\_  
**COLE C. McCRORY**