

## **HOMESTEAD LANDOWNERS' ASSOCIATION, INC.**

**Re-arranged BYLAWS (including amendments from the 8/16/25 Special Election)**

### **Article I - Name and Location**

The name of the Corporation is THE HOMESTEAD LANDOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the Association shall be the office located adjacent to the Homestead Community Center, #2 Sweeten Trail, Datil, NM 87821-0605 The mailing address is PO Box 605, Datil, NM 87821-0605.

### **Article II – Definitions**

Section 1. "Association" shall mean and refer to THE HOMESTEAD LANDOWNERS' ASSOCIATION, INC., its successors and assigns.

Section 2. "Board" shall mean and refer to the Board of Directors of the Association.

Section 3. "Declaration" shall mean and refer to the Declaration of Protective Covenants and Restrictions of THE HOMESTEAD SUBDIVISION in Catron County, New Mexico, as filed with the County Clerk of Catron County, New Mexico.

Section 4. "Emergency" shall mean and refer to unforeseen circumstances that, if not addressed immediately by the Association or its Board of Directors, will likely result in injury or damage to person(s) or property or substantial financial loss to the Association and/or its members.

Section 5. "Lot" shall mean and refer to a lot within the Homestead Subdivision, a duly approved and recorded Subdivision located in Catron County, New Mexico, and, for the sake of these Bylaws, shall mean and refer to lots Number One (1) through One Hundred Seventy-Five (175) inclusive.

Section 6. "Lot With Water Connection" shall mean and refer to any lot with a connection to the Homestead Landowners' Association, Inc. Water System as evidenced by records of the Association.

Section 7. "Member" shall mean and refer to any person holding legal or equitable title to any lot within The Homestead Subdivision.

Section 8. "Member in Good Standing" is a policy set annually by the board.

Section 9. "Excluded Parcels" shall mean and refer to the Sweeten Tracts A, B, C, D, E and F (Section 9, T2S, R 10W, NMPM) and the 5.00 (+ or -) acre excluded parcel located north of lot 175 and south of lot 35 of The Homestead Subdivision hereinafter referred to as Lot 176.

Section 10. "Phase I" shall mean and refer to lots 1 through 99 of The Homestead Subdivision.

Section 11. "Phase II" shall mean and refer to lots 100 through 138 of The Homestead Subdivision.

Section 12. "Phase III" shall mean and refer to lots 139 through 175 of The Homestead Subdivision.

### **Article III - Meetings of Members and Fiscal Year**

#### **A. Meetings of Members**

Section 1. Annual Meetings of Members will be held for the election of directors and for other business as may be stated in the meeting notice or as may properly come before the meeting. Annual meetings shall be held within the State of New Mexico at a time, date and place determined by the Board of Directors. If the Board of Directors fails to determine the time, date and place of the meeting, the Annual Meeting will be held at the Association's Community Center on the Saturday of Memorial Day weekend at 1:00 P.M. of each year.

Section 2. The Board of Directors shall solicit suggested agenda items from the membership such that responses will be available at least sixty (60) days before the Annual Meeting. The suggestions shall be compiled and approved by the Board of Directors and included with the Notice of Meetings as required below in Section 4 of this Article. Once the agenda has been approved by the Board, the agenda cannot be modified in any way except by an affirmative vote of the Board.

Section 3. Special Meetings of the Members may be called at any time by the President, a majority of the Board of Directors or a majority of the members. Special meetings of the Members also shall be called upon receipt, by the Secretary of the Association, by certified mail, of a petition requesting such a meeting signed by owners of at least thirty (30) lots, with the Board to specify the date of said meeting, with the restriction that the date be no sooner than thirty (30) days nor more than sixty (60) days following receipt of said petition.

Section 4. Written notice should state the time, date and place of the meeting and the purpose of ongoing business for which the meeting is called. Notices shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting. Notification may be made personally or by mail to each member entitled to vote at the meeting. If mailed, the notice shall be deemed to be delivered when deposited with the US Postal Service, addressed to the member at his address as it appears on the record of the Association, with postage thereon prepaid. Attendance at any meeting by a member shall constitute a waiver of notice of the meeting.

Section 5. The Board of Directors may appoint Committees to oversee specific aspects of the Association. The Board shall appoint a Committee Chairperson who will assemble

his/her committee. Robert's Rules of Order shall be loosely applied. Committees may meet informally but their recommendations must be approved at regularly scheduled Board of Directors' meetings.

Section 6. All Annual, Special, Directors' and Committee meetings shall be held at such times and places that will permit all persons having a legitimate interest in these proceedings to attend and observe the meeting in process. In cases not already covered elsewhere in these Bylaws, notices of upcoming meetings will be posted on the door of the HLA Community Center, giving as much advance notice as circumstances allow. The objective in all cases is to allow all informed parties to be as well informed as possible about the business of the Association. Section 10 of Article III will govern attendee disqualifications. The only foreseen exceptions to this article are instances where sensitive personnel matters, or pending (or threatened) litigation, is to be discussed and such discussions are to be closed upon advice of legal counsel.

All binding actions of the Board of Directors or the Association must be enacted in meetings which are open to attendance by any member of the Association and whose occurrence and purpose have been communicated to all Directors in writing or by telephone at least 72 hours in advance, and via written announcement on the exterior of the door of the Homestead Community Center Building posted within the same time limit. Exceptions may be allowed in the event of an "Emergency" as defined in these Bylaws.

Section 7. Voting privileges are available to any member in good standing as determined annually by the board.

Section 8. Votes shall be cast on a secret ballot cast either in person or using the Mail-In procedure outlined elsewhere in these Bylaws.

Section 9. Quorum: The presence of members entitled to cast 35 percent (35%) of all votes shall constitute a quorum. The number of mail-in ballots received by the Secretary up to one-half (1/2) an hour prior to the scheduled time of the call to order of a meeting shall be accumulated with members in attendance when determining a quorum. If the required quorum is not present, the meeting may be convened, however, no votes may be taken and another meeting shall be called after a fifteen minute recess or on a subsequent day. The required quorum at the subsequent meeting shall be one-half (1/2) of the preceding meeting. Notice of the subsequent meeting need not be given if the time, date, and place are announced at the then adjourned meeting before adjournment.

Section 10. Attendance at any Annual or Special Meetings is restricted to Members, their guests and residents of any lot within the Homestead Subdivision. Guests must register. Guests are required to observe only and may not render any input directly at any Annual Meeting or Special Meeting. In the event a guest becomes unruly, both the guest and the sponsoring member will be required to leave the meeting upon direction of the presiding officer at the meeting.

Section 11 Amendment voted in 8/16/25: All meetings may be attended in person or via virtual meeting such as Zoom and participation via virtual meeting shall constitute presence for quorum and voting purposes.

## B. Landowners' Dues and Fiscal Year

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first (1<sup>st</sup>) day of July and end on the thirtieth (30<sup>th</sup>) day of June every year.

Section 2. Landowners' Dues. Annual Landowners' Dues are due and payable on July 1<sup>st</sup> of each fiscal year and are delinquent if not paid on or before June 30<sup>th</sup> of each fiscal year. The Association will send out billing invoices on July 1<sup>st</sup> of each year. It is the sole responsibility of each Member to pay annual dues, regardless of receipt/non-receipt of a billing notice. The accumulation of unpaid annual dues may result in a lien against each lot for which dues are owed.

Section 3. Currently, Landowners' Dues are \$100 per lot per year. (As voted in the special election on 8/16/25) This amount shall only be increased upon a simple majority vote of the ballots cast at the Annual Membership Meeting as provided for in these Bylaws.

Section 4. Landowners' Dues are directly related to the ownership of a lot within the Homestead Subdivision. Each member shall be obligated to pay Landowners' Dues. Dues reimburse the Association for costs incurred in insuring, maintaining and improving all real and personal property of the Association including but not limited to roads, buildings and common areas within the Subdivision. The Board of Directors shall be responsible for implementing appropriate rules and regulations regarding fair and equitable procedure of dues collection and enforcement of those funds including possible penalty of lien against each lot for which an accumulation of unpaid dues is owed.

## **Article IV Election Committee and Voting Procedure**

Section 1. The purpose of the Election Committee is to coordinate the nominations of members for Directors and coordinate the ballot issues for each Annual Meeting of Members. In the event of a Special Meeting, the Board of Directors will have the duties of the Election Committee.

Section 2. The Election Committee shall be appointed by the Board as prescribed in Section 3 of this Article. That Committee shall serve until the passing of the protest period for the Annual Meeting elections as described in Section 14 of this Article.

Section 3. The Board shall appoint an Election Committee no later than the regularly scheduled February Board of Directors meeting. (Timeline not applicable for any Special Meetings.)

- a. The Election Committee shall consist of five (5) members, two of which shall

- be current Directors.
- b.
- b. An Election Committee member must be a member in good standing, as determined annually by the board, at all times while on the committee. Any member who loses the member in good standing status shall be replaced by the Board at the next regularly scheduled Board Meeting.
- c. The Election Committee shall have a Chairperson, a Secretary and a Biography Editor, where possible, if desired by the Chair.

Section 4. Nominations for Directors shall commence no later than the regularly scheduled March Board of Directors Meeting. (Timeline not applicable for Special Meetings.)

- a. The announcement for the opening of nominations shall occur through the Homestead Landowners' Association Newsletter in effect at the time. The announcement for the opening of nominations shall also be posted at the Homestead Community Center.
- b. Election Committee members may be nominated for Director.
- c. Nominations may be made for one's self or for another.
- d. Nominations must be made in writing and must be signed. No nomination form is required.
- e. Nominations shall close April 1<sup>st</sup>. Nominations not received either personally or by the mail by that date shall not be considered by the Election Committee.

Section 5. A nominated member must be a member in good standing as determined annually by the Board, at the time nominations are opened. Members may not redeem themselves from not being a member in good standing during the nomination and election period at hand.

Section 6. Nominees shall be required to submit to the Election Committee the following items with the exception of paragraph a. of this Section. The non-compliance of the nominee to any item shall not disqualify him or her from contention.

- a. The Election Committee shall confirm all nominations.
- c. Nominees shall submit a nominee statement, not to exceed one hundred (100) words. Statement may contain any relevant information appropriate to the election. Statements exceeding one hundred (100) words will be truncated. No further editing of the statement is permitted by the Election Committee. Nominee statements must be received forty-five (45) days prior to the corresponding Annual Meeting.

Section 7. The Nominee Statement, prepared by the nominee per Section 6 of this Article, shall also contain the following information. None of these requirements will count towards the one hundred (100) word maximum requirement:

- a. Nominee name, mailing address and phone number.
- b. Lot or number of lots owned.
- c. Resident status.
- d. Attendance at regularly scheduled Board, Special and previous Annual Meetings.

Section 8. Ballot issues shall be developed through member input as required per Article III Section 2, with the cooperation of the Board of Directors.

- a. Ballot issues shall be worded in the form of a motion and shall include the name of the originator of the issue.
- b. Ballot issues may be accompanied by an issue statement, either for and/or against, not to exceed one hundred (100) words per side of the issue. Written "issue statements" supplied by the person or persons who submitted ballot issues in accordance with Section 2 shall be included without editing, except to truncate them if the word limit is exceeded. Additional statements of up to one hundred (100) words may be appended by a majority vote of the Election Committee if also approved by the Board of Directors. In either event the author(s) of such statements shall be identified by initials enclosed in parenthesis, with the identification "(EC)" for those written and appended by the Election Committee.
- c. Ballot issues shall be finalized forty-five (45) days prior to the corresponding Annual Meeting.

Section 9. The Election Committee shall publish an Election Newsletter and Ballot. (Timeline not applicable for Special Meetings.)

- a. Election Newsletter and Ballot shall be approved by the Board of Directors and delivered to each member via the US Postal Service thirty (30) days prior to the corresponding Annual Meeting.
- b. In the event the ballot is for a Special Meeting, the ballot shall be mailed no less than fifteen (15) and no more than thirty (30) days prior to the corresponding Special Meeting.
- c. The documents will be deemed delivered when deposited with the US Postal

Service with proper postage paid, addressed to the member at his or her address as it appears on the record of the Association.

Section 10. Ballots shall be designed with the following criteria in order to prevent the abuse or misuse of the voting system:

- a. The ballot *is* produced by the Association and shall be the only ballot accepted by the Election Committee for tabulating election results.
- b. Votes shall be cast using a check-off box.
- c. Ballot issues shall have three (3) check-off boxes; for, against and abstain. Members shall check only one box per issue. Votes shall be invalidated if more than one check per issue has been indicated.
- d. Nominees for the Board of Directors shall be listed in alphabetical order and each nominee's name shall have one check-off box. Members shall vote for a maximum of three (3) directors in an odd-numbered year and four (4) in an even-numbered year. In the event that more than the appropriate numbers of Director check-off boxes have been marked on a specific ballot, that ballot's entire vote for Directors *shall* be invalidated.
- e. Where members own multiple lots, members will receive one ballot per lot owned.

Section 11. The following procedure shall be followed when casting votes at the Annual Meeting of Members or any Special Meeting.

- a. Where lots are owned by multiple persons, casting of ballot shall be deemed the consensus of all persons entitled to vote that ballot.
- b. Members may vote either by return mail, by hand delivering the ballots to the Association or in person by bringing their ballots to the Annual Meeting or Special Meeting and casting them at the appropriate time.
- c. Included with each ballot(s) shall be a self-addressed envelope for return of the ballot or ballots. In the event ballots are returned by mail, ballots not returned in the self-addressed envelope provided shall not be counted.
- d. Return envelope shall include a return-address label indicating the number of ballots enclosed in the envelope. If more ballots are enclosed in the envelope than indicated by the number on the return label, all ballots in that envelope shall be disqualified and not counted.
- e. All mailed-in ballots shall be accumulated by the secretary of the Election

Committee. The secretary shall record the date received and the number of ballots received on a master voting list. All ballots received shall be counted towards the quorum for the corresponding meeting. Envelopes shall not be opened until the close of voting at the corresponding meeting.

- f. In the event members misplace their original ballots, replacements shall be issued. In the event ballots must be mailed to the member, no additional voting time is permitted.
- g. Mailed-In Ballots must be received by the Association by mail delivery time Friday prior to the corresponding Annual Meeting or Special Meeting. Ballots may be hand delivered to the secretary of the Election Committee up to one-half (1/2) hour prior to the scheduled beginning of the Annual Meeting or Special Meeting. Under no circumstance will hand-delivered ballots be accepted from someone other than the person entitled to vote those ballots. Ballots received outside these guidelines will not be counted.

Section 12. Vote Counting shall be done by three (3) members of the Election Committee and observed by two (2) additional members. Observers may either volunteer or be selected by the Election Committee.

Section 13. In the event of a tie, a toss of a coin will determine the winner. The Election Committee chairperson shall implement the toss. In the event of a two-way tie, the chairperson shall designate one of the two nominees to call the toss. In the event of a three-way or more tie, all nominees will toss a coin using the odd-person-out procedure until two nominees remain. Then the procedure used in a two-way tie will be implemented.

Section 14. A Candidate may protest the outcome of the vote for Directors prior to adjournment of the meeting in which he/she was a candidate. If a protest is not made prior to adjournment, the vote count as announced stands and cannot be changed. In the event a recount is indicated, the member protesting the vote shall immediately recount the ballots in the presence of three (3) Election Committee members. Ballot issue vote outcome may be protested up to seven (7) days after the announcement of the vote for ballot issues is announced in any newsletter published by the Association and delivered to the members. The announcement shall be deemed to be delivered when deposited with the US Postal Service addressed to the member at his/her address as it appears on the record of the Association with postage thereon prepaid. The protest must be made in writing stating the reason for the protest. In the event a recount is indicated, the member protesting the vote may recount the ballots within the presence of three (3) Election Committee members.

## **Article V - Directors**

Section 1. A Director must be a member of the Association to be eligible for office. A Director must be a member in good standing, as determined annually by the Board, at all

times while in office. A Director who loses member in good standing status shall be considered removed from office and shall be replaced per Section 10 of this Article. Only one (1) member of a multi-owner owned lot shall serve as a Director at any time.

Section 2. The number of directors shall be no fewer than three (3) and no more than seven (7). The directors shall be elected at the Annual Meeting of members and each director shall be elected to serve until his successor shall be elected and shall qualify.

Section 3. The number of directors may be changed by an amendment to these Bylaws *approved* by the affirmative vote of a majority of the members entitled to vote. Vote may be held at an Annual Meeting or a Special Meeting called for a particular purpose, and by like vote, additional directors may be chosen at such a meeting to hold office until the next annual election.

Section 4. Each director shall be elected to a term of two (2) years. Three (3) directors will be elected during odd years and four (4) during even years.

Section 5. No director shall receive compensation for any service he may render while acting in the capacity of Director to the Association. Any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Any director may be removed from the Board, with or without cause, by a majority vote of the members. If there is a death, resignation or removal of a director, his successor shall be elected by a majority vote of the remaining directors and that successor shall serve for the unexpired term of this predecessor in office.

Section 7. Any Director having two (2) consecutive unexcused absences from any Board of Directors Meetings or a total of three (3) unexcused absences from any Board of Directors Meetings within a Fiscal Year, as defined elsewhere in these Bylaws, shall be considered automatically removed and shall be replaced per Section 6 above. The extent to which an absence is considered unexcused will be at the sole discretion, by majority vote, of the Board.

Section 8. A quorum shall consist of four (4) directors of the seven (7) members of the Board of Directors, or a majority of the existing Board Members should this be less than seven (7).

Section 9. Any director may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein. If no time is specified, resignation will be effective at the time of its receipt by the President or Secretary of the Association. The acceptance of a resignation shall not be necessary to make it effective.

Section 10. If the office of any director becomes vacant, a majority of the remaining directors in office may vote for or appoint a qualified person to fill such a vacancy. The qualified person may hold office for the unexpired term and until his/her successor shall be duly chosen.

Section 11. The Board of Directors shall have the power to:

- a. exercise all powers, duties and authority vested in or delegated to this Association;
- b. appoint officers, employ a manager, an independent contractor or such other employees as the Board of Directors deems necessary and prescribe their duties and;
- c. establish and amend rules and regulations of the Association.

Section 12. It shall be the duty of the Board of Directors:

- a. to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof at the Annual Meeting of the members;
- b. to supervise all officers, agents or employees of this Association and to see that their duties are properly performed;
- c. to fix the amount of *dues and assessments* described in Articles VII and VIII below;
- d. to send written notice of each such *dues and assessments* to every member;
- e. to enforce the lien against any lot for which such *dues and assessments* are not paid and is past due;
- f. to develop and approve operating budgets and follow budget requirements as described in Articles VIII and IX below;
- g. at least quarterly, to provide to the Membership a listing of the items decided/enacted by Board vote and affecting the Membership, along with a Treasurer's report of financial activities and HLA monetary balances for the same quarterly period. These documents shall be included with mailed election materials or notices if mailing together provides a cost saving.

Section 13. Regularly scheduled meetings: Board meetings are for the purpose of conducting the ongoing business of the "Association". Meetings of the Board of Directors shall be held at the Homestead Community Center on such dates and times approved by the Board, subject to the requirement that meetings must be held at least as often as the second Saturday of even numbered calendar months

Section 14. The Board of Directors may meet in as many Special and/or Executive meetings as may be required. Special meetings (*of the Board*) may be called at any time by the President or by the concurrence of a majority of the currently serving Directors. In the event that the Presidency is vacant, special meetings may be called by the Vice

President. Provisions of Section 16 of this Article apply to special meetings unless an emergency clearly exists.

Section 15. Attendees at any Board of Directors meetings are restricted to Members, their guests and residents of any lot within the Homestead Subdivision. Guests must register. Guests are required to observe only and may not render any input directly at any Board Meeting. In the event a guest becomes unruly, both the guest and the sponsoring member will be required to leave the meeting upon direction of the presiding officer at the meeting.

Section 16. Written notice of the time, place, date and purpose or purposes of any Board of Directors' meeting shall be delivered to each of the directors by mail or personally to reach said directors not later than seventy-two (72) hours before the time of the meeting. Notice may be waived by a written consent of any director. Any director who attends any meeting whether he be notified or not, shall be deemed to have waived such notice as required by the laws of the State of New Mexico or the Bylaws of this Association.

## **Article VI - Officers**

Section 1. The Officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer.

Section 2. The election of officers shall take place at the first meeting of the Board of Directors following the Annual Meeting.

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

Section 4. An 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 Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. The acceptance of such resignation by the Association shall not be necessary to make it effective.

Section 5. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. No director shall hold more than one (1) Officer position.

Section 7. The duties of the officers are as follows:

- a. **President** shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and perform such other

duties as may be required by the Board. The President shall be a permanent resident of the Homestead Subdivision.

- b. **The Vice-President**, in the absence or disability of the President, shall perform the duties of the President.
- c. **The Secretary** shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Association; serve notice of meetings to Directors and to members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as may be required by the Board. The Secretary shall cause all documents and records of the Association to be kept at the Association's office or other suitable location within the boundaries of the Homestead Subdivision. The Secretary shall cause all incoming mail to be easily delivered to the Datil, NM postal address as described in Article I. Incoming mail shall not be forwarded to any other address.
- d. **The Treasurer** shall institute a proper accounting system throughout the Association. The system shall be accepted and employed by all officers and agents of the Association. The Treasurer shall have charge and custody of all funds, monies, securities and other liquid assets of the Association and shall keep accurate and complete accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall deposit all monies and other valuable effects in the name Association and to the credit of the Association in such bank or banks as the Board of Directors shall designate. The Treasurer shall be a permanent resident of the Homestead Subdivision.

Section 8. Amendment voted in 8/16/25 special election: The board of directors may vote in part-time residents as any officer as is needed to fill officer positions to continue operating as a board.

## **Article VII Landowners' Budget Requirements**

Section 1. The Board of Directors is required to present an approved operating budget funded by Landowners' dues at the Annual Meeting that reflects the coming fiscal year. The Board of Directors is required to adhere to the approved budget.

Section 2. The Board shall keep property, liability, directors' and officers' insurance in force at all times to cover the Association's real and personal property and directors' and officers' liability.

Section 3. The Board shall maintain two (2) separate reserve accounts. These accounts need not be individual bank accounts, but a clear accounting of the funds must be made.

- a. A minimum of \$5,000 is required to be kept in an **Emergency Account**. An

emergency can be declared and funds appropriated by an affirmative vote of three (3) Board members. This fund must be replenished within two (2) fiscal years following the expenditure of funds from the Emergency Account.

- b. **Road and Drainage Maintenance and Improvement Account:** The purpose of this account is to accumulate funds for major, non-maintenance road and drainage improvements. The Board, through the budgeting process, shall determine the annual contribution to this account and determine the most cost-effective method to utilize the monies accumulated.

Section 4. At the end of any fiscal year, the Board shall determine where any surplus funds are to be used.

### **Article VIII Water System**

Section 1. Definitions of member types and Phases.

- a. Members who own a lot with a water connection to the Association water system as evidenced by records of the association will be assessed a Water Usage Fee related to that lot, to include a monthly base rate plus a per-gallon rate calculated based on individual consumption as recorded on the corresponding water meter.
- b. Excluded Parcels shall mean and refer to the Sweeten tracts A, B, C, D, E and F in Section 9, T2S, R, 10W, NMPM. It includes the 5 acre *excluded* parcel located north of lot 175 and south of lot 35 of the Homestead Subdivision referred to as Lot 176.
- c. Phase I shall mean and refer to Lots 1 through 99 of the Homestead Subdivision.
- d. Phase II shall mean and refer to Lots 100 through 138 of the Homestead Subdivision.
- e. Phase III shall mean and refer to Lots 139 through 175 of the Homestead Subdivision.

Section 2. Water Connection Fee:

- a. Any member owning property in Phase I or Phase III, as well as those people owning property in the "Excluded Parcels" and desiring a water connection from the Association, will be charged a water connection fee and be required to sign a Water Service Agreement. The purpose of this fee is to reimburse the Association for cost of equipment and labor necessary to provide water service to that lot as well as to provide funds for future water system needs.

- b. Any member owning a lot in Phase II and desiring a water connection from the Association may petition the Board of Directors in writing. Each request will be considered on a case-by-case basis. The Water Connection Fee will be negotiated and agreed to by all parties and set forth in a Water Service Agreement.

### Section 3. Inactive Water Connection Fee

Each member owning a lot or lots with a connection to the Association Water System, may request that the connection to the Association Water System be maintained even if unused. Upon receipt of such a request, the Association Water System shall be shut off and an annual "dormant meter fee" shall be charged, which differs from the monthly water connection fee. If at any time the Association Water System valve is opened and there is Association Water usage, billing shall revert to use of the monthly Water Connection base fee plus standard water usage fees as outlined in Section 2 (a) and Section 3 of this article. Otherwise billing will only resume when the member officially requests that the connection to the Association Water System be re-established.

### Section 4. Water Usage Fee

Each member owning a "Lot with Water Connection" in the Homestead Subdivision, as well as those people owning property in the "Excluded Parcels" having a Water Connection, will be charged a Water Usage Fee as described in Section 1 (a) of Article VIII. The purpose of the Charge is to reimburse the Association for costs incurred in insuring, maintaining and improving all systems involved in the production, storage and delivery of water as well as to provide funds for a reserve account.

The Homestead Land Owners Association (HLA) shall in no instance levy fees for which services are not immediately made available or provided. All water fees, of whatever type (e.g. dormant meter fee, connection fee, base rate fee or standard scheduled usage fees), shall be levied beginning with the installation of an HLA water meter on the resident customer's property.

### Section 5. Water Usage Fee Schedule

The Board of Directors shall establish a fee schedule to charge the members for water service by the Association unless otherwise provided for in these Bylaws. The established fee schedule shall apply to each member as defined in Article VIII Section 1 and will apply to the fees described in Article VIII Sections 2, 3 and 4. The Board of Directors shall review the established fee schedule on an annual basis to assure sufficient funds will be generated for the coming year to cover anticipated expenses and provide for a reserve. This determination will be based upon the previous year's actual expenses and the estimated budget approved for the coming year.

## Section 6. Actual Income Shortfall Action

If the Board determines any time within ninety (90) days prior to the end of any fiscal year the amount of money derived or which will be derived from the collection of water fees during that fiscal year will be insufficient to pay all costs incidental to the operation of the water system, including the amount set aside for the reserve account, the Board may make and levy a charge against the members described in Article VIII. This charge will be proportionate to each type of member so the total amount reasonably expected to be collected will be sufficient to cover the budget shortfall. The proportion will be calculated on each member's total annual share of contribution of revenue, including water consumption. This charge may be billed immediately or carried over to the first billing of the next Fiscal Year. In the event any special charge is more than \$100.00 for any one lot, the Board must first call a Special Meeting per Article III Section 3 to discuss the necessity for the charge.

## **Article IX Water System Budget Requirements**

Section 1. The Board of Directors is required to present an approved operating budget, funded by proceeds from the water system, at the Annual Meeting that reflects the coming Fiscal Year. The Board of Directors is required to adhere to the approved budget.

Section 2. The Board shall keep property and liability insurance in force on the water system at all times.

Section 3. The Board shall maintain a reserve bank account to provide for future system expansion or for emergency needs. An emergency can be declared and funds appropriated by an affirmative vote of three (3) Board members. A minimum of fifteen per cent (15%) of all proceeds of the money generated annually by Water Connection Fees, Water Usage Fees and Water System Maintenance Fees shall be set aside for this account.

## **Article X Indemnification**

The Association shall indemnify any director or officer or former director or officer of the Association against reasonable expenses, costs, attorneys' fees actually and reasonably incurred by him or her in connection with the defense of any action, suit or civil proceeding, civil or criminal, in which he or she is made a party by reason of being or having been a director or officer. The indemnification includes any amounts paid to satisfy a judgment or to compromise or to settle a claim. The director or officer shall not be indemnified if he or she shall be adjudicated to be liable on the basis that he or she has breached or failed to perform the duties of his or her office and the breach or failure to perform constitutes willful misconduct or recklessness.

## **Article XI Amendments**

These Bylaws may be amended by a vote of a simple majority of the Members present at

any Annual Meeting or Special Meeting. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Board of Directors – August 11, 2019.