

## BY-LAW NUMBER 1

being the

### GENERAL BY LAWS of

### L'ASSOCIATION DE PROPRIÉTAIRES DU TERRITOIRE DES LACS INC.

#### §1. GENERAL PROVISIONS

1. **Contractual nature.** These General By-Laws create relations of a contractual nature between the Association and its members.

#### A. DEFINITIONS

2. **Definitions in the By-Laws.** Unless there exists an express contrary provision or unless the context clearly indicates otherwise, in the By-Laws of the Association, in the minutes of the proceedings of the Board of Directors, of the Executive Committee and of the other committees of the Board of Directors and in the resolutions of the Directors, of the Executive Committee and of the other committees of the Board of Directors as well as in the minutes of the meetings of the members, the term or expression:

“**Act**” or “**Companies Act**” shall mean the Companies Act, R.S.Q., c.C-38, and any amendment thereto, either past or future, and shall include, in particular, any act or statute which may replace it, in whole or in part. In the event of such replacement, any reference to a provision of the Act shall be interpreted as being a reference to the provision which replaced it;

“**Act respecting the legal publicity of sole proprietorships**” shall mean the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons, S.Q. 1993, c.48, and any future amendment thereto and shall include, in particular, any act or statute which may replace it, in whole or in part. In the event of such replacement, any reference to a provision of the Act respecting the legal publicity of sole proprietorships shall be interpreted as being a reference to the provision which replaced it;

“**auditor**” shall mean the auditor of the Association and shall include, in particular, a partnership within the meaning of the Civil Code of Quebec, which is made up of auditors;

“**body corporate**” shall include, in particular, in legal person within the meaning of the Civil Code of Quebec, a company, a non-profit corporation, a corporation or an association having a juridical personality separate and distinct from its members, wherever or however incorporated;

“**by-laws**” shall mean the present by-laws, any other by-laws of the Association which are in force at the time as well as any amendments thereto;

**“contracts, documents or instruments in writing”** shall include, among other things, deeds, hypothecs or mortgages, liens, encumbrances, transfers and assignments of property of any kind, conveyances, titles to property, agreements, contracts, receipts and discharges, obligations, debentures and other shares, cheques or other bills of exchange of the Association;

**“declaration deposited in the Register”** shall mean, as the case may be, the initial declaration, the declaration of registration, the amending registration, the annual declaration or any other declaration which has been filed or which may, in the future, be required to be filed pursuant to An Act respecting the legal publicity of sole proprietorships and which has been entered on the Register;

**“deed of incorporation”** shall mean the memorandum of agreement, the letters patent, the supplementary letters patent and the by-laws passed pursuant to sections 21 and 87 of the act;

**“Developer”** shall mean that body corporate “Le Territoire de Lacs Inc.”;

**“director”** shall mean the person whose name appears at the relevant time in the declaration deposited in the Register as well as any other person holding the office of director whatever title may be ascribed to such person and shall include, in particular, any de facto director as well as any other person who, at the request of the Association, acts or acted as director of another body corporate of which the Association is or was a member or a creditor or any person who, at the relevant time, acted in that capacity; and “Board of Directors” shall mean the body of the Association made up of all the directors;

**“Inspector General”** shall mean the Inspector General of Financial Institutions who is responsible for carrying out the administration of the Act and of An Act respecting the legal publicity of sole proprietorships;

**“juridical day”** shall mean any Monday, Tuesday, Wednesday, Thursday or Friday, to the extent that it does not fall on a non-juridical day;

**“member”** shall mean any person satisfying the requisite conditions for membership in the Association;

**“non-juridical day”** shall mean any of the following days, namely : any Saturday or Sunday; New Year’s Day (January 1<sup>st</sup>); Good Friday; Easter Monday; the birthday or the day fixed by proclamation for the celebration of the birthday of the reigning Sovereign; Victoria Day; Dominion Day or Dollard-des-Ormeaux Day; Saint Jean Baptiste Day (June 24<sup>th</sup>); Canada Day or Confederation Day (July 1<sup>st</sup>) or July 2<sup>nd</sup> if July 1<sup>st</sup> falls on a Sunday; the first Monday in September designated Labour Day; the second Monday in October designated Thanksgiving Day; Remembrance Day (November 11<sup>th</sup>); Christmas day (December 25<sup>th</sup>); any day appointed by proclamation of the Governor-General of Canada to be observed as a day of general prayer or mourning or day of public rejoicing or thanksgiving; in the Province of Quebec, any of the following additional days, namely any day appointed by proclamation of the Lieutenant-Governor to be observed as a public holiday or as a day of general prayer or mourning or day of public rejoicing or

thanksgiving; in the Province, and nay day which shall be a non-judicial day by virtue of an act of the legislature of the Province as well as any day which shall be appointed to be observed as a civic holiday by resolution of the council or of any other authority charged with the administration of civic or municipal affairs of a city, town, municipality or other organized district. Moreover, the 26<sup>th</sup> day of December shall be considered a non-judicial day, as shall be the 2<sup>nd</sup> day of January.

**“officer”** shall include the President, the Chairman of the Board of Directors, the Vice-President, the Secretary, the Assistant-Secretary, the Treasurer, the Assistant-Treasurer and the Managing Director;

**“person”** shall include, in particular, an individual or a natural person, a partnership within the meaning of the Civil Code of Quebec, an association, a body corporate, a trustee, the liquidator of a succession, a tutor, a curator, an adviser to a person of full age, a mandatory, the administrator of a succession of any representative of a deceased person or any other person responsible for the administration of the property of another;

**“Register”** shall mean the register of sole proprietorships, partnerships and legal persons created pursuant to An Act respecting the legal publicity of sole proprietorships, which is also known as the Centre Informatisé Du Registre de Entreprise du Québec (CIDREQ) and which is administered by the Inspector General;

**“registration procedure”** shall mean any registration procedure required by law by virtue of which a corporation shall register or obtain a license or a permit in order to carry on business in another province in another territory, in another state or in another country or political subdivision thereof;

**“Regulations”** shall mean the Regulations made under the Act and as amended from time to time, and any Regulation which may be substituted therefore. In the event of such substitution, any reference in the by-laws of the Association to a provision of the Regulations shall be read as a reference to the provision substituted therefore in the new Regulations;

**“representative”** shall mean any officer or mandatory of the Association or any other person who, at the request of the Association, acts or acted as officer or as mandatory of a body corporate of which the Association is or was a member or a creditor or any person who, at the relevant time, acted in that capacity and shall include any promoter or any incorporator of the Association;

**“simple majority”** shall mean fifty percent (50%) plus one (1) of the votes cast at a meeting of the Board of Directors or at a meeting of the members; and

**“Territoire de Lacs”** shall mean the area of land acquired by the Developer and comprising various lots in the Township of Wentworth, Registration Division of Argenteuil, enumerated as follows: lots 7A, 7B, 8, 9, 10, (in part) and 11 (in part) of Range III; lots 7, 8, 9, 10, 11, and 12 (in part) of Range IV; lots 7, 8, 9, 10, 11 and 12 of Range V; lots 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 of Range VI; and lots (in part) and 3B (in part) of Range VII; these lots being more fully described and subject to various

conditions stipulated in a deed of servitude registered at the Registration Division of Argenteuil.

3. **Definitions in the Act or in the Regulations.** Subject to the above definitions, the definitions provided for in the Act or in the Regulations shall apply to the terms and to the expressions used in the by-laws of the Association.

## ***B. INTERPRETATION***

4. **Rules of interpretation.** Terms and expressions used only in the singular shall include the plural and vice versa, and those only importing the masculine gender shall include the feminine and the neutral genders and vice versa.
5. **Discretion.** Unless otherwise provided, where the by-laws confer a discretionary power upon the directors, the latter shall exercise such power as they shall see fit, and shall act prudently, diligently, honestly and faithfully in the best interest of the Association and they shall avoid placing themselves in a position of conflict of interest between their personal interest and that of the Association. The directors may also decide not to exercise such power. No provision contained in these by-laws shall be interpreted so as to increase the duties incumbent on the directors beyond those which are provided in the Act.
6. **Precedence.** In the event of a contradiction between the Act, the deed of incorporation or the by-laws of the Association, the Act shall prevail over the deed of incorporation and over the by-laws and the deed of incorporation shall prevail over the by-laws.
7. **Headings.** The headings used in these by-laws shall serve merely as references and they shall not be considered in the interpretation of the terms, of the expressions or of the provisions contained in these by-laws.
8. **Time limits.** If the date set for doing anything, in particular the sending of a notice, falls on a non-juridical day, such thing may be validly done on the next juridical day. In computing any time limit set by these by-laws, the day which marks the starting point is not counted, but the day of the deadline is. Non-juridical days are counted by, when the last day is a non-juridical day, the time limit is extended to the next juridical day.

## **§2. GENERAL**

### ***A. HEAD OFFICE AND ESTABLISHMENT***

9. **Place and address of head office.** The head office of the Association shall be located in the Province of Quebec in the place indicated in its deed of incorporation or at the address indicated at the relevant time in the declaration deposited in the Register or in the by-law deposited with the Inspector General pursuant to section 87 of the Act, a notice of which has been deposited in the Register.
10. **Transfer of head office.** The directors, by way of by-law, may transfer the head office of the Association to another locality in the Province of Quebec; but no by-laws shall be valid or acted upon unless it has been approved by a vote of at least two-thirds (2/3) of

the members having the right to vote in attendance at a special general meeting called for this purpose and unless a copy thereof, certified under the seal of the Association, has been deposited with the Inspector General.

11. **Establishment.** The Association may have one or more establishments elsewhere in the Province in a place other than that of its head office.
12. **Notices to the Association.** Notices or documents to be sent to, or served upon, the Association may be sent or serve, by registered or by certified mail, to or at the address of the head office indicated at the relevant time in the declaration deposited with the Registrar or in the by-law deposited with the Inspector General pursuant to section 87 of the Act, a notice of which has been deposited in the Register. In such a case, the Association shall be deemed to have received, or to have been served such notices documents on the date of normal mail delivery unless reasonable grounds to a contrary exist.

***B. SEAL AND OTHER MEANS OF IDENTIFICATION OF THE ASSOCIATION***

13. **Form and contents of seal.** Unless a different form or other contents are approved by the directors, the sea of the Association shall consist of two (2) concentric circles between which shall appear the corporate name of the Association and only the year of its incorporation may be written in the centre of this seal.
14. **Logo.** The Association may approve one or more logos according to the specifications prescribed by the directors.
15. **Safekeeping pf the seal.** The seal shall be kept at the head office of the Association or at any other location determined by one of the persons authorized to use it.
16. **Use of the seal.** The use of the seal on a document issued by the Association shall be authorized by one of the following persons:
  - a) The Managing Director;
  - b) The President;
  - c) Any Vice-President;
  - d) The Secretary;
  - e) The Treasurer; and
  - f) Any other representatives designated by the directors
17. **Validity.** The Association or its guarantors may not assert against a third party who has dealt in good faith with the Association or with its assigns that a document bearing the seal of the Association issued by one of its directors, of its officers or of its mandataries having actual or usual authority to issue such documents is neither valid nor genuine.
18. **Name.** The Association ahs a corporate name which shall be assigned to it at the time of its incorporation and it shall exercise its rights and perform its obligations under that name. The directors may approve or, as the case may be, abandon, the use of one or more assumed, business, trade or firm names or trade-marks so as to enable the Association to carry on business or to identify itself, or, as the case may be, to cease to carry on business or to identify itself, by a name other than its corporate name or to

identify, or cease to identify, its wares or its services under one or more trade-marks. However, the corporate instruments, contracts, invoices and orders for goods and services.

### **C. BOOKS AND REGISTERS**

19. **Books of the Association.** The Association shall opt for one or more books in which the following documents, as the case may be, are to be kept:
- a) a copy of the deed of incorporation of the Association;
  - b) the by-laws of the Association and any amendments thereto;
  - c) a copy of any declaration deposited in the Register;
  - d) the resolutions of the directors, of the Executive Committee and of the other committees of the Board of Directors and the minutes of their meetings, certified by the President or by the chairman of the meeting or by the Secretary;
  - e) the minutes of the meetings of the members, certified by the President or by the chairman of the meeting or by the Secretary;
  - f) a register of the persons who are presently or have formerly been directors of the Association indicating the name, the address, and the profession of each one of them as well as the date of the commencement and, as the case may be, of the end of their terms of office;
  - g) a register of the members indicating the name, address, occupation or profession of each member as well as the date of his registration as a member and, as the case may be the date when he ceased to be so registered; and
  - h) a register of hypothecs or mortgages indicating any hypothec, mortgage, charge or encumbrance on the property of the Association, giving, in each case, a brief description of the hypothec or the mortgage, of the charge or of the encumbrance and, except in the case of debenture or other securities payable to bearer, the names of the hypothecary creditors, of the mortgages, the charges and the encumbrances securing the payment of debentures or of other securities payable to order or to bearer, only the name of the trustee in whose favour the hypothec or the mortgage is created need be indicated.
20. **Minutes and resolutions.** The minutes of the meetings of the Board of Directors, and of the Executive Committee and of the other committees of the board of Directors, and the resolutions of the directors, of the Executive Committee and of the other committees of the Board of Directors as well as the minutes of the meetings of the members may be kept in the same Book of the Association under the same tab divider.
21. **Safekeeping.** The book of the Association shall be kept at the head office of the Association or at any other place determined by the directors.
22. **Accounting records.** The Association shall keep at its head office in the Province of Quebec one or more books in which are recorded its receipts and its disbursements and the matter to which each relates, its financial transactions as well as its credits and its liabilities.
23. **Examination of books, registers and documents.** Subject to the Act, the members, the creditors as well as their mandataries may examine, during normal business hours of the Association, the following books, registers and documents: the deed of incorporation of

the Association; the by-laws and any amendments thereto; the minutes of the meetings of the Board of Directors, of the Executive Committee and of the other committees of the Board of Directors; the resolutions of the directors; the minutes of the meetings of the member; the register of the directors of the Association; the register of the members of the association or the annual list of the members; a copy of any declaration deposited in the Register; the register of hypothecs or mortgages of the Association. Subject to the Act, no member, unless he is also a director, and no creditor of the Association may examine the books, registers and documents of the Association except for those specifically refers to this paragraph.

24. **Non-certified copies or excerpts of books, registers and documents.** The members and the creditors as well as their mandataries may obtain, at their expense, non-certified copies or excerpts of the books, registers and documents referred to in paragraph 23 above.
25. **Disclosure of information to members.** Unless otherwise provided in the Act, no member may insist upon being informed with respect to the management of the business and of the affairs of the Association especially where, in the opinion of the directors, it would be contrary to the interests of the Association to render any information public. Subject to paragraph 23 above, the directors may determine the conditions under which the books, registers and documents of the Association may be made available to the members.

### **§3. REPRESENTATION OF THE ASSOCIATION**

26. **Representative bodies.** The Association shall act through its representative bodies: the Board of Directors, the officers, the meeting of the members and its other representatives. These bodies shall represent the Association within the limits of the powers granted to them by virtue of the Act, of its Regulations, of the deed of incorporation or of the present by-laws. The Board of Directors may be designated by any other name in any document issued by the Association.

#### **A. DIRECTORS**

27. **Mandatory.** A director shall be considered to be a mandatory of the Association. He shall have the powers and the duties set out in the Act, in its Regulations, in the deed of incorporation and in the present by-laws as well as those which are inherent in the nature of his office. In the course of discharging his duties, he shall respect the duties with which he is shared under the Act, its Regulations, the deed of incorporation and the present by laws and he shall act within the limits of the powers granted to him.
28. **Number.** The Association shall be managed by a Board of Directors made up of the number of directors indicated in the deed of incorporation of the Association provided that this number amounts to at least three (3) directors; this number may be changed in accordance with section 87 of the Act.
29. **Qualifications.** Subject to the deed of incorporation, a person need not be a resident of Canada or of the Province of Quebec in order to become a director of the Association. Moreover, any member in good standing of the Association may be a director except for

a person who is under eighteen (18) years of age, a person of full age under tutorship or curatorship or assisted by an adviser, a person declared incapable by court of law in another province, in another territory in another state or in another country or political subdivision thereof, a person who in an undischarged bankrupt or a person who has been barred by a court of law from holding such an office.

30. **Interim directors.** The persons who applied for the incorporation of the Association shall be its first directors and they shall remain in office until their successors or their replacements shall have been appointed or elected. However, the directors whose term of office has come to an end may be re-elected. However, the directors whose term of office has come to an end may be re-elected.
31. **Election.** The directors shall be elected by the members at the first meeting of the members and at each annual general meeting or, as the case may be, at a special general meeting, in the event of a change in the composition of the Board of Directors, the Association shall give notice of this change by filing a declaration with the Inspector General in accordance with An Act respecting the legal publicity of sole proprietorship or deposit with the Inspector General a by-law in accordance with section 87 of the Act in order that notice thereof may be deposited in the Register.
32. **Acceptance of office.** A director may accept his office expressly by signing an Acceptance of Office form to this end. Furthermore, his acceptance may be made tacitly and, in such case, it may be inferred from the actions, from the acts, from the deeds and even from the silence of the director.
33. **Term of office.** Unless otherwise decided by the members, each director shall hold office for a term of one (1) year or until his successor or his replacement shall have been appointed or elected, unless the term of office of the director ends prematurely. A director whose term of office has ended may be re-elected. The term of office of the first directors whose names appear at the relevant time in the application for incorporation and memorandum of agreement or in the declaration deposited in the Register shall commence on the date upon which they shall be appointed or elected to replace the interim directors and shall end when that of their successors or of their replacements shall commence.
34. **De facto directors.** The actions, the acts or the deed of the directors shall not be voidable by reason only that the latter were incapable, that their appointment was irregularly made or that a declaration deposited in the register or that by-law deposited with the Inspector General in accordance with section 87 of the Act, a notice of which has been deposited in the Register, are incomplete, irregular or erroneous. The action, the act or the deed of a person who no longer holds the office of director shall be valid unless, before that action, that act or that deed a written notice shall have been sent or tendered before that action, that act or that deed, a written notice shall have been sent or tendered to the Board of Directors or unless a written notice stating that such person is no longer a director of the Association shall have been entered in the Book of the Association. This presumption shall only be valid with respect to persons acting in good faith.

35. **Notice to directors.** The notices or the documents required by the Act, but its Regulations, by the deed of incorporation or by the by-laws of the Association to be sent to the directors may be sent by registered or by certified mail or delivered in person to the directors, to or at the address indicated at that time in the Book of the Association or at the relevant time in the declaration deposited in the Register. The director to whom are sent notices or documents by registered or by certified mail shall be deemed to have received them at the date of normal mail delivery for such registered or certified mail. In order to prove receipt of such notices or documents and the date thereof, it shall be sufficient to establish that the letter was registered or certified, that it was properly addressed and that it was deposited at the post office, as well as the date on which it was so deposited and the time which was required of its delivery in the ordinary course of mail delivery, or, if the letter was delivered in person, it shall be sufficient to produce a dated acknowledgement of receipt bearing the signature of the director.
36. **Remuneration and expenses.** The directors shall receive no remuneration with respect to their duties. However, they may be compensated in their capacity of officers or employees of the Association. A director may receive advances and shall be entitled to be reimbursed for all expenses incurred in the execution of his office except for those incurred as a result of his own fault.
37. **Conflict of interest and of duties.** No director may mingle the property of the Association with his own; nor may he use, for his own profit or that of a third party, any property of the Association or any information which he obtains by reason of his duties, unless he is authorized to do so by the members of the Association. A director shall avoid placing himself in a position of conflict of interest between his personal interest and his duties as director. He shall declare to the Association any interest which he holds in an enterprise or in an association which is likely to place him in a position of conflict of interest as well as any right which he may set up against it, indicating, as the case may be, its nature and its value. The declaration of interest shall be recorded in the minute of the proceedings of the Board of Directors or in the resolution in lieu of a meeting. A director, even in the discharge of his duties, may acquire, directly or indirectly, an interest in the property under his administration or he may contract with the Association. He shall notify the Association immediately of this fact, indicating the nature and the value of the rights which he is acquiring, and request that this fact be recorded in minutes of the proceedings of the Board of Directors or in the resolution in lieu of a meeting. Except where required, he shall abstain from discussing, and from voting on, the matter. This rule, however, shall not apply to the conditions of employment of the director. The directors, however, may grant guarantees, by way of mortgage, hypothec or otherwise, upon the assets of the Association to any director or officer who personally guarantees the liabilities of the Association.
38. **Resignation.** A director may resign from office by forwarding a letter of resignation to the head office of the Association by courier or by registered or certified mail. The resignation for a director shall be approved by the directors. Subject to such approval, the resignation shall become effective on the date when the letter of resignation shall have been received by the Association or on the date specified in the letter of resignation if the latter is subsequent of its sending. Such resignation, however, shall not relieve the director of the obligation of paying any debt owing to the association before his resignation became effective. A director shall be liable for any injury caused to the

Association by his resignation if he submits without a serious reason and at an inopportune moment.

39. **Removal from office.** Unless otherwise provided in the deed of incorporation, any director may be removed from office prematurely by way of resolution passed, at a special general meeting called for this purpose, by simple majority of the members entitled to elect him. Notwithstanding the fact that the director has been removed from office prematurely, without a serious reason and at an inopportune moment, the Association shall not be liable for any injury caused to a director by his removal from office. The director against whom a request for removal from office is directed shall be notified of the place, of the date and of the time of the meeting within the same time frame as that provided for the calling of the meeting. He shall have the right to attend and to address the meeting or, in a written statement read by the chairman of the meeting, to put forth the reasons for which he opposes the resolution proposing his removal from the office. Furthermore, at the same meeting, the members, by way of resolution, may fill a vacancy caused by the removal from office of the director.
40. **End of Term.** The term of office of a director of the Association shall end in the event of his death, of his resignation, of his removal from office or *ipso facto* if he no longer qualifies as a director, upon expiry of his term of office, by the institution of a method of protective supervision in this respect or by one of the common causes of extinction of obligations provided for by law. The term of office of a director shall also end in event of the bankruptcy of the Association.
41. **Vacancies.** Subject to the Act, to paragraph 39 hereof and unless the deed of incorporation provides otherwise, the directors, if a quorum exists, may fill a vacancy in their numbers on the Board of Directors. If the vacancy cannot be so filled by the directors, the latter shall call, within thirty (30) days, a special general meeting of the members in order to fill this vacancy. If there are no longer any directors sitting on the Board of Directors or if the directors fail to call such a meeting within the prescribed time limit, then one or more members holding or not less than one-tenth (1/10) of the votes at a general meeting of the Association may call such a meeting. Vacancies on the board of Directors shall then be filled by way of a resolution of the members. A director appointed to fill a vacancy shall complete the unexpired portion of his predecessor's term and shall remain in office until his successor or his replacement shall have been appointed or elected. The Association shall give notice of this change by filing a declaration with the Inspector General pursuant to An Act respecting the legal publicity of sole proprietorships.

## **B. POWERS OF THE DIRECTORS**

42. **General rule.** The directors shall supervise the management and carry on the business and the affairs of the Association and they may execute, in the name of the latter, contracts of any kind which are allowed by law. Generally speaking, they shall exercise all the powers and duties of the Association and perform all the actions, the acts or the deeds within the limits of the powers of the latter, except those which the Act expressly reserves for the members. In particular, the directors shall expressly authorized to lease, to authorized to lease, to purchase or otherwise to acquire or to see, to exchange, to hypothecate or to mortgage, to pledge or otherwise to dispose of the movable or

immovable property, presently held on after acquired, of the Association. The directors may pass resolution with respect to powers which the directors must necessarily exercise themselves and a copy of these resolutions shall be kept in the Book of the Association. Finally, they may perform any other action, act or deed which is useful or necessary in the interests of the Association.

43. **Duties.** Every director of the Association, in the exercise of his powers and in the discharge of his duties, shall act prudently, diligently, honestly and faithfully in the best interests of the Association and avoid placing himself in a position of conflict of interest between his personal interest and that of the Association. Moreover, every director of the Association shall comply with the Act, with its Regulations, with the deed of incorporation and with by-laws of the Association. In arriving at a decision, he may rely in good faith on the opinion or on the report of an expert and, in such a case, shall be deemed to have acted prudently, diligently, honestly and faithfully in the best interests of the Association.
44. **Expenses.** The directors may authorize expenses with a view to promoting the objects or the purposes of the Association. Further, by way of resolution, they may permit one or more officers to hire employees and to remunerate them.
45. **Solicitations.** The directors may take all appropriate action in order to enable the Association to solicit, to accept or to receive donations or legacies of any kind with a view to promoting the objects or the purposes of the Association.
46. **By-laws.** Unless otherwise provided in the deed of incorporation and in the by-laws of the Association, the directors, by way of resolution, may pass, amend or repeal any by-law governing the business and affairs of the Association. By-laws passed, amended or repealed by the directors according to the above shall be submitted to the members at the following annual general meeting. By-laws passed, amended or repealed by the directors shall take effect on the date of their passage, of their amendment or of their repeal by the directors. After confirmation or amendment by the members, they shall cease to have in their original or amended state, as the case may be. However, they shall cease to have effect following their rejection by the members or in the event of failure by the directors to submit them to the members at the annual general meeting following their passage. Nevertheless, it shall be possible, in the meantime, to obtain confirmation of these by-laws by a special general meeting of the members of the Association. Duly called for this purpose. By-laws relating to the appointment, to the office, to duties, to the remuneration and to the removal from office of the officers or to the hiring, to the duties, to the remuneration and to the dismissal of the employees shall provide need not be approved by the members in order to continue in force. Furthermore, in the event of a rejection by the members of a by-law or of a failure by the directors to submit such by-law to the annual general meeting of the members, any subsequent resolution by the directors to the same general effect, within two (2) years immediately following, cannot come into force until after confirmation by the members.
47. **Banking or finance.** The banking or financial operations of the Association shall be carried on with the banks or with the financial institutions designated by the directors. The directors shall also designate one or more persons to carry out these banking or financial operations on behalf of the Association.
48. **Financial year.** The date of the end of the financial year of the Association shall be determined by the directors.

49. **Approval by members.** The directors, in their discretion, may submit any contract, decision made or transaction for approval, confirmation or ratification at a meeting of the members called for this purpose. Subject to the Act, any such contract, decision made or transaction shall be approved, confirmed or ratified by way of a resolution passed by a simple majority of the votes cast at any such meeting and, unless any different or additional requirement is imposed by the Act, by the deed of incorporation or by any other by-law of the Association, such contract, such decision made or such transaction shall be as valid and as binding upon the Association and upon the members as if it had been approved, confirmed or ratified by all the members of the Association.

**C. MEETING OF THE BOARD OF DIRECTORS**

50. **Calling of meetings.** The chairman of the Board of Directors, the President, any Vice-President, the Secretary or any two (2) directors may call at any time a meeting of the Board of Directors and the Secretary shall call the meeting when so directed or otherwise authorized to do so. Such meetings shall be called by way of a notice sent by mail, by telegram, by telex or by any other electronic means or delivered in person to the directors, to or at the address appearing at that time in the Book of the Association or at the relevant time in the declaration deposited in the Register. The notice of the meeting shall specify the place, the date and the time of such meeting and, subject to paragraph 54 below, be received at least two (2) clear juridical days prior to the date set for the meeting. It need specify neither the purpose nor the agenda of the meeting but it shall detain any question respecting the powers which the directors must necessarily exercise themselves. The director shall be deemed to have received such notice within the normal time for delivery according to the means of communication used unless there are reasonable grounds for believing that the notice was not received on time or that it was not received at all. If the address of a director does not appear in the Book of the Association, such notice may be sent to the address where, in judgment of the sender, it is most likely to be received promptly by the director.
51. **First director's resolutions.** After the issue of the letter patent incorporation the Association, the first directors, by way of resolution in writing, may pass by-laws approve forms or certificates, of membership and of registers of the Association, authorize members to join, appoint officers, appoint one or more auditors or, as the case may e, accountants of the Association, make any necessary arrangements with the bank s or with financial institutions, and deal with any other question.
52. **Regular meetings.** The directors may determine the place, the date and the time where or when regular meetings of the Board of Directors shall be held. A copy of any resolution of the directors setting the place, the date and the time of these regular meetings shall be sent to each director immediately after its passage but no further notice of a regular meeting shall be required unless a question relating to the powers which the directors must necessarily exercise themselves must be dealt with or settled at that meeting.
53. **Annual meeting.** Each year, immediately after the annual general meeting of the members, a meeting of the Board of Directors made up of newly –elected directors shall be held, provided that a quorum exists, for the purposes of appointing the officers, the accountant of the Association, as the case may be and the other representatives of the

Association, and to deal with any question which may be raise the threat. Such meeting shall be held without notice unless a question which respecting the powers which the directors must necessarily exercise themselves must be dealt with or settled at that meeting.

54. **Emergency meeting.** A meeting of the Board of Directors may be called by any means, at least three (3) hours before the meeting, by one of the persons who have the power to call a meeting of the Board of Directors, if, in the opinion of such person, it is urgent that a meeting be held. In determining the validity of a meeting so called, such notice shall be considered sufficient in itself.
55. **Waiver of notice.** Any director, orally or in writing, may waive his right to receive notice of a meeting of the Board of Directors or of a change in such notice or in the time limit indicated therein. Such waiver may be given validly before, during or after the meeting in question, The attendance of a director at the meeting, in itself, shall constitute a waiver, except where the indicated that he is attending the meeting for the express purpose of objecting to the proceedings because, among other reasons, the meeting was not validly called, The signing of a of a written resolution lieu of a meeting shall also constitute a waiver of notice of the calling and of the holding of an actual meeting.
56. **Place of meetings.** Meetings of the Board of Directors shall be held at the head office of the Association or at any other place, in the Province of Quebec or elsewhere, which the directors may determine.
57. **Quorum.** Subject to the Act, to the deed of incorporation and to the by-laws of the Association, the quorum at a meeting of the Board of Directors shall be a simple a majority of the director then in office. If quorum is not attained within fifteen (15) minutes after commencement of the meeting, the directors may only decide on an adjournment thereof. The quorum shall be maintained for the duration of the meeting.
58. **President and Secretary.** The Chairman of the Board of Directors or, in his absence, the President or any Vice-President shall chair all meetings of the Board of Director, and the Secretary shall act as the secretary thereof. In the absence of these persons, the directors shall choose a chairman from their number, and, as the case may be, any person to cat as secretary of the meeting.
59. **Procedure.** The chairman of a meeting of the Board of directors shall be responsible for the proper conduct of the meeting, shall submit to the directors the proposals which must be put to a vote and, generally, shall establish reasonable and impartial rules of procedure to be followed, subject to the Act, to the by-laws of the Association or to the rules of procedure usually followed during deliberating assemblies. Failure by the chairman of the meeting to submit a proposal shall entitle any director to do so before the rising or the adjournment of said meeting; if such proposal falls within the powers of the directors and if no reference thereto is required in the notice of the meeting, the directors may consider the proposal without it having been seconded,. To this end, the agenda for any meeting of the Board of Directors shall be deemed to allow time for the directors to submit their proposals.
60. **Vote.** Each director may cast on (1) vote and all questions submitted to the Board of Directors shall be decided by a simple majority vote of the directors in attendance and voting. Voting shall be by a show of hands unless the chairman of the meeting or a director in attendance requests a ballot. If a ballot is held, the secretary of the meeting

shall act as scrutineer and count the ballots. In both cases, if one or more directors participate in a meeting by way of technical means, they shall indicate orally to the secretary the manner in which they shall be casting their vote. Voting by proxy shall not be permitted at meetings of the Board of Directors. The chairman of the meeting shall not have a second or casting vote in the event of a tie vote.

61. **Meeting by way of technical means.** All the directors, or one or several directors with the consent of all the other directors of the Association, which consent may be given before, during or after the meeting in a specific manner for a given meeting or in a general manner for all subsequent meetings may participate in a meeting of the Board of Directors by way of technical means, such as a telephone, which enable them to communicate simultaneously and instantaneously with the other directors or persons attending, or participate in, the meeting. In such cases, these directors shall be deemed to have attended the meeting, which shall be deemed to have been held in the Province of Quebec. The directors attending, or participating in, a meeting held using such technical means may decide on any matter, such as the passage of a by-law, one of the powers which the directors must necessarily exercise themselves or the replacement of a director. A director may also declare any conflict of interest at such meetings. The Secretary shall keep minute of such meetings and shall record any dissent. The statement by the chairman and by the secretary of the meeting so held to affect that director participated in the meeting shall be valid until proven otherwise. In the event of an interruption in the communication with one or more directors, the meeting shall continue to be valid if a quorum is maintained.
62. **Resolutions in lieu of meetings.** Resolution in writing, signed by all the directors entitled to vote thereon at meetings of the Board of Directors, shall be as valid as if they had been passed at such meetings. A copy of these resolutions, once passed, shall be kept with the minutes of the proceedings of the Board of Directors.
63. **Adjournment.** The chairman of a meeting of the Board of Directors, with the consent of the simple majority of the directors in attendance, may adjourn this meeting to another place, date and time without having to provide notice of the meeting again to the directors. The reconvening of any meeting so adjourned may take place without notice if the place, the date and the time of the adjourned meeting are announced at the original meeting. Upon reconvening of the meeting, the directors may validly decide on any matter which was not settled at the original meeting, provided a quorum is present. The directors who constitute the quorum at the original meeting need not be those constituting a quorum at the reconvened meeting. If a quorum does not exist at the reconvened meeting, the meeting shall be deemed to have ended at the previous meeting when the adjournment was pronounced.
64. **Validity.** Decision made during the course of a meeting of the Board of Directors shall be valid notwithstanding any irregularity, thereafter discovered, in the election or in the appointment of one or more directors or their inability to serve as directors.

#### **D. OFFICERS AND REPRESENTATIVES**

65. **Mandataries.** The officers and their representatives shall be considered to be mandataries of the Associations. They shall have the powers and the duties set out in the

Act, in its Regulations, in the deed of incorporation and in the present by-laws as well as those which are inherent in the nature of their office. In the course of discharging their duties, they shall respect the duties with which they are charged under the Act, its Regulations, the deed of incorporation and the present by-laws and they shall act within the limits of the powers granted to them.

66. **Appointment.** Subject to the provisions of the deed of incorporation or of the by-laws, the directors may appoint any qualified person, who, unless otherwise provided in the present by-laws, need not necessarily be a member or a director of the Association, to the office of President, of Chairman of the Board of Directors, of Vice-President, of Treasurer or of Secretary, and they may provide for assistants to such officers, Moreover, the directors, or the President or the Chairman of the Board of Directors with the consent of the directors, may create any other office and appoint thereto qualified persons, whether they be members of the Association or not, to represent the Association and to discharge the duties which they may determine. The officers or the representative may delegate the powers which they have received from the directors as well as those which are inherent in their office. However, they shall select their substitute carefully and provide them with appropriate instructions.
67. **Cumulative duties.** The same person may hold two (2) or more offices within the Association provided that they are not incompatible with each other. Where the same person hold the offices of Secretary and Treasurer, he may, but need not, be designated as the “Secretary-Treasurer” of the Association.
68. **Term of office.** The term of office of the officers and of the representatives of the Association shall begin with their acceptance of the office and such acceptance may be inferred from their actions, from their act or from their deeds. The term of office shall continue until their successors or their replacements shall have been appointed by the directors unless their term of office ends prematurely in accordance with paragraphs 87 to 89 of the present by-laws.
69. **Remuneration.** The remuneration of the officers or of the representatives of the Association shall be fixed by the directors without having to pass a resolution to this end, or, in the absence of such a decision, by the President. Unless otherwise provided, such representative in another capacity by the Association. The fact that any officer, representative or employee shall also be a director or a member of the Association shall not disqualify him from receiving, in his capacity as officer, representative or employee, such remuneration as may be.
70. **Powers.** Subject to the deed of incorporation and to the by-laws, the directors shall determine the powers of the officers and of the representatives of the Association. The directors may delegate to them all their powers, except the powers which the directors must necessarily exercise themselves or those which require the approval of the members. The officers and representatives shall also have the powers inherent in the Act or which normally relate to their office. Furthermore, they may exercise these powers either within or outside of the Province of Quebec.
71. **Duties.** The officers and the representative, in the discharge of their duties, shall act prudently, diligently, honestly and faithfully in the best interest of the Association and

within the limits of their respective offices and they shall avoid placing themselves in a position of conflict of interest between their personal interest and that of the Association. They shall be deemed to have acted within the limits of their offices when they discharge their duties in a manner which is more advantageous for the Association. They shall be held liable to the Association for actions, act or deeds performed alone which they were only authorized to carry out in conjunction with one or more other persons unless they acted in a manner which turned out to be more advantageous for the Association than that which had been agreed upon. In arriving at a decision, they may rely in good faith on the opinion or on the report of an expert and, in such a case, shall be deemed to have acted prudently, diligently, honestly and faithfully in the best interest of the Association.

72. **Chairman of the Board of Directors.** The directors may appoint a Chairman of the Board of Directors who shall be a director. If a Chairman of the Board of Directors is appointed, the directors may delegate to him all of the powers and duties conferred by the present by-laws on the President as well as any other powers which the directors may determine.
73. **President.** The President shall be its chief executive officer subject to the control of the directors. He shall supervise, administer and manage generally the business and the affairs of the Association, except for the powers which the directors must necessarily exercise themselves and for the business which must be transacted by the members at annual or special general meetings. He shall appoint and dismiss the mandataries as well as hire, lay off, fire or dismiss the employees of the Association. He shall also exercise all the powers and discharge all the duties delegated to him by the directors. When requested to do so by the directors, or by one or more of them, he shall provide all relevant information relating to the business and to the affairs of the Association. If no Chairman of the Board of Directors has been elected, or, if he is absent or unable to act, the President, if he is a director and if he is in attendance, shall chair all meetings of the Board of Directors and all meetings of the members.
74. **Vice-President.** In the absence of the President or in the event of a latter's inability refusal or failure to act, the Vice-President shall possess all the powers and assume all the duties of the President save that no Vice-President shall chair a meeting of the Board of Directors or a meeting of the members who is not otherwise qualified to attend such meeting as a director or as a member, as the case may be. If there is more than one (1) Vice-President, the President shall designate any Vice-President to act on his behalf, and, finally, failing such designation by the directors, the Vice-Presidents may act on the basis of seniority.
75. **Treasurer.** The Treasurer shall manage generally the finances of the Association. He shall be responsible for all funds, shares, books, receipts or discharges and other documents of the Association. He shall deposit all money and other valuable in the name and to the credit of the Association in the bank or financial institution chosen by the directors. He shall submit at each meeting of the Board of Directors, whenever required to do so by the President or by a director, a detailed statement of account of the receipts and disbursements as well as a detailed accounting of the financial statement of the Association, prepared in accordance with the Act, at the meeting of the Board of Directors prior to the annual general meeting of the members. He shall be responsible for receiving and for issuing receipts for, the amounts payable to the Association, and for

paying, and for receiving receipts, for amounts which the Association owes, whatever the source of the funds may be. He shall discharge all duties which are inherent in his office as well as those powers and duties determined by the directors. The latter may appoint an Assistant-Treasurer in order to assist the Treasurer in the discharge of his duties.

76. **Secretary.** The Secretary shall act as secretary at all meetings of the Board of Directors, of the Executive Committee, unless the latter decides otherwise, and of the other committees of the Board of Directors as well as at all the meetings of the members, He shall ensure that all notices are given and that all documents are sent in accordance with the provisions of the Act and with the by-laws of the Association and he shall keep, in the Book of the Association, the minutes of the meetings of the Board of Directors, of the Executive Committee and of the other committees of the Board of Directors and of the meetings of the members as well as the resolutions of the directors, of the Executive Committee and of other committees of the Board of Directors. Moreover, he shall be responsible for the safekeeping of the seal of the Association and shall ensure the maintenance and the updating of all books, registers, reports, certificates and other documents of the Association. He shall also be responsible for the filing of the records of the latter. He shall countersign the minutes. Finally, he shall discharge such other duties as shall be exercise the powers and discharge the duties which are delegated to him by the directors or by the Secretary.
77. **General Manager.** The directors may appoint a person to act as General Manager. They may delegate to him all the powers except for the powers which the directors must necessarily exercise themselves. The remuneration of the General Manager shall be fixed by the directors. Unless otherwise provided, such remuneration shall be in addition to any other remuneration to be paid to him in another capacity by the Association. The General Manager shall be entitled to be compensated by the Association for fees and expenses incurred in the discharge of his duties except of those incurred as a result of his own fault.
78. **Posting of security bond.** The directors, the President or any person designated by any one of them, may require that certain officers, representatives or employees of the Association post a security bond, in such form and containing such guarantees as the directors may determine, in order to guarantee the proper performance of their powers and discharge of their duties.
79. **Conflict of interest.** Any officer or representatives shall avoid placing himself in a position of conflict of interest between his personal interest and tat of the Association and he shall declare any conflict of interest to the directors. The rules governing conflicts of interest of the directors shall apply, with all necessary changes, to the officers and to the representatives.
80. **Signing of documents.** Contracts, documents or instruments in writing requiring the signature of the Association may be signed by the President alone or by two (2) persons holding the office of Vice-President, of Chairman of the Board of Directors, of director, of Secretary, of Treasurer or of General Manager or but their duly authorized assistants and all contracts, documents or instruments in writing so signed shall bind the Association without the necessity of any other authorization or formality. The directors

may also authorize any other person to sign and to deliver on behalf of the Association all contract, resolution in general or in specific terms.

81. **Signing of declarations to be deposited in the Register.** The declarations which are to be filed with the Inspector General pursuant of *An Act respecting the legal publicity of sole proprietorships* may be signed by the President, by any director of the Association or by any person designated by the director.
82. **Mechanically-reproduced signature.** Subject to the Act, the director may permit the contracts, documents or instruments in writing which are issued by the Association to bear mechanically-reproduced signatures. The signature appearing on a resolution in lieu of a meeting of the Board of Directors may also be mechanically reproduced, including the use of a stamp as a signature.
83. **Proxyholder of the Association.** The directors may authorize any person to sign and to convey proxies and to ensure that the proper ballots or other evidence of the right to vote attached to all the shares held by the Association shall be issued. Furthermore, the directors, from time to time, may determine the manner in which, and designate one or more persons by whom, the rights to vote may or shall be exercised.
84. **Legal or other proceedings. The President** or any other person authorized by the directors or by the President shall be respectively authorized to commence any action, suit, application, proceeding of a civil, of a criminal or of an administrative nature or any other legal proceeding on behalf of the Association or to appear and to answer for the Association with respect to any writ, order or injunction, issued by any court of law or by any tribunal, with respect to any interrogatories upon articulated facts, and with respect to any other action, suit, application or other legal proceeding in which the Association shall be involved; to answering the name of the Association with respect to any seizure by garnishment in which the Association shall be garnishee and to make any affidavit or sworn declaration relating to such garnishment or to any other legal proceeding to which the Association shall be made a party; to make demands or requests for assignment of debtor or the Association; to attend, and to vote at, any meetings or the creditors or of the debtors of the Association; to grant proxies and to take, with respect to such actions, suits, applications or other legal proceedings, any other action, act or deed or to make any other decision deemed to be in the best interest of the Association.
85. **Prima facie evidence of by-law.** A copy of a by-law of the Association to which the seal of the Association has been affixed and which purports to have been signed by the President or by the Secretary thereof shall be admissible as against any member of the Association as being, in itself, *prima facie* evidence of the by-law.
86. **De facto officers or representatives.** The actions, the act or the deed carried out by the officers or by the representatives shall not be avoidable by reason only of the fact that the latter were incapable or that their appointment was irregularly made.
87. **Resignation.** Any officer or representative may resign from office by forwarding a letter of resignation to the head office of the Association by courier or by registered or certified mail. The resignation shall become effective upon receipt of the letter of resignation by the Association or at any later date specified therein. The resignation of an

officer or of a representative may only take place subject to the provisions of any existing employment contract between him and the Association. However the resignation shall not relieve the officer or the representative of the obligation of paying any debts owing by him to the Association before such resignation became effective. The officer or the representative shall be liable for any injury caused to the Association by his resignation if he submits it without a serious reason and at an inopportune moment.

88. **Removal from office.** The directors may remove from office any officer or representative of the Association and may choose the successor or the replacement of such person. Nevertheless, the removal from office of an officer or of a representative may only take place subject to the provisions of any existing employment contract between him and the Association. However, the Association shall be liable for any injury caused to the officer or the representative by his removal from office without serious reason and at an inopportune moment.
89. **End of term of office.** The term of office of an officer or of a representative shall end upon his death, resignation, his removal from office, upon expiry of his term of office as officer or representative, if he is declared incapable by court of law in another province, in another territory, in another state or in another country or political subdivision thereof, if he becomes an undischarged bankrupt, upon appointment or his successor or of his replacement, by the institution of a method of protective supervision in his respect or by one of the common causes of extinction of obligations provided by law.

#### ***E. EXECUTIVE COMMITTEE AND OTHER COMMITTEES***

90. **Appointment.** The Board of Directors, if it is made up of more than six (6) directors, may create an Executive Committee made up of at least three (3) directors, provided it is authorized to do so by by-law duly passed by the vote of at least two-thirds ( $\frac{2}{3}$ ) of the members entitled to vote and in attendance at a special general meeting of the Association. The appointment of members of the Executive Committee shall normally take place at the meeting of the Board of Directors immediately following the annual general meeting of the members.
91. **Qualifications.** The members of the Executive Committee of the Board of Directors shall be chosen from among the directors. A majority of the members of the Executive Committee need not be made up of resident Canadians or of residents of the Province of Quebec.
92. **Powers.** Subject to restrictions contained in the by-law passed by the members with respect to the Executive Committee and subject to other by-laws which may be passed from time to time by the directors, the Executive Committee shall exercise, under the control of the directors all the powers of the directors with regard to the management and control of the business and of the affairs of the Association, except for the powers which require the approval of the members. The Executive Committee shall report on its activities to the directors who may reverse or modify the decisions of the Executive Committee, subject to the rights of third parties. The Executive Committee shall consult with, and assist, the officers and the representatives in all the business and the affairs concerning the Association and its management.

93. **Meetings.** The directors or any person appointed by them may call meetings of the Executive Committee at any time. These meetings shall be chaired by the Chairman of the Board of Directors, or, in his absence, by a chairman selected from among their number by the members of the Executive Committee in attendance at the meeting. The Secretary shall also act as the secretary of the Executive Committee, unless the Executive Committee decides otherwise. Written resolutions signed by all the members of the Executive Committee shall be as valid as if they had been passed at a meeting of the Executive Committee. A copy of these resolutions, once passed, shall be kept with the minute of the proceedings of the Executive Committee. The rules applicable to meetings of the Executive Board of Directors shall apply, with all necessary changes, to meetings of the Executive Committee. The quorum at meetings of the Executive Committee shall be simple majority of the Executive Committee.
94. **Remuneration.** Members of the Executive Committee shall be entitled for their services to the remuneration which the directors of the Association shall fix without having to pass a resolution to this end. Unless otherwise provided, such remuneration shall be in addition to any other remuneration paid to them in another capacity by the Association.
95. **Compensation.** Members of the Executive Committee shall be entitled to be compensated by the Association for fees and expenses incurred in the discharge of their duties. Such compensation shall be made in accordance with the Division of the present by-laws entitled “Protection of the Directors, of the Officers and of the Representatives”.
96. **Other committees.** In addition to an Architectural Committee, the directors may also create other advisory committees which they deem necessary and appoint any person to serve thereon, whether or not such person be a director of the Association. The powers of these committees shall be limited to those powers delegated to them by the directors and these committees shall only have access to such information as the directors may determine. Members of these other committees shall be entitled for their services to the remuneration which the directors of the Association shall fix without having to pass a resolution to this end. They shall also be entitled to be compensated by the Association for fees and expenses incurred in the discharge of their duties. Such compensation shall be made in accordance with the Division of the present by-laws entitled “Protection of the Directors, of the Officers and of the Representative”. The rules applicable to meetings of the Board of Directors shall apply, with all necessary changes, to meetings of these other committees. The quorum at meetings of each of these committees shall be a simple majority of the members of that committee.
97. **Removal from office and replacement.** The directors may remove from office any member of the Executive Committee or of any other committee of the Board of Directors. Despite the fact that the removal from office of a member of the Executive Committee shall have been carried out prematurely, without serious reason and at an inopportune moment, the Association shall not be liable for any injury caused to the member of the Executive Committee. The directors may fill any vacancy which occurs on any committee at a meeting called for this purpose or by way of resolution.

**End of term of office.** The term of office of a member of the Executive Committee or of any other committee of the Board of Directors shall end by reason of his death, of his resignation, of his removal from office by the directors, upon expiry of his term of office,

if he is declared incapable by a court of law in another province, in another territory, in another state or in another country or political subdivision thereof, if he becomes an undischarged bankrupt, if he become disqualified from serving as director or as a member of the Executive Committee or another committee of the Board of Directors, upon appointment of his successor or of his replacement, by the institution of a method of protective supervision in his respect or by one of the common causes of extinction of obligations provided by law.

**F. *PROTECTION OF THE DIRECTORS, OF THE OFFICERS AND OF THE REPRESENTATIVES***

98. **Exclusion of liability vis-à-vis the Association and third parties.** Except as otherwise provided in the Act or in the by-laws of the Association, no director or officer acting or having acted for or in the name of the Association shall be held liable, in this capacity or in his capacity as mandatary of the latter, whether it be vis-à-vis the Association or third parties, for the actions, the acts or the deeds the things done or allowed to be done, the omissions, the decisions made or not made, the liabilities, the undertakings, the payments made, the receipts given or the discharges granted, the negligence or the faults, of any other director, officer, employee, servant or representative of the Association. Among other things, no director or officer shall be held liable vis-à-vis the Association for any direct or indirect loss suffered but the latter for any reason whatsoever; more specifically, he shall not be held liable either for the insufficiency or title to any property acquired by the Association, or for or on its behalf, or for the insufficiency or the deficiency of any security or debt instrument in or by which any of the funds or the assets of the Association shall be or have been placed or invested or yet for any loss or damage resulting from the bankruptcy, from the insolvency or from the delictual action, act or deed of any person, including any person with whom or with which funds, shares, assets or negotiable instruments shall be or have been placed or deposited. Furthermore the directors or the officers shall not be held liable vis-a-vis the Association for any loss, conversion of property, misappropriation, embezzlement or any other damage resulting from any dealings with respect to any funds, assets or shares or for any other loss, damage discharge of, their duties unless the same shall occur owing to their failure to discharge the duties of their prudently, diligently, honestly and faithfully in the best interest of the Association or owing to the fact that the directors or the officers shall have placed themselves in a position of conflict of interest between their personal interest and that of the Association. None of the above shall be interpreted in such a way as to relieve a director or an officer of his duty to act in accordance with the Act and with its Regulations or of his joint or solitary liability for any breach thereof, in particular in the event of a breach of the specific provisions of the Act or of its Regulations. Moreover the directors or the officers shall not be held individually or personally liable vis-à-vis third parties for the duration of their term of office in respect of a contract, a decision made, an undertaking or a transaction, whether or not concluded, or with respect to bills of exchange, to promissory notes or to cheques drawn, accepted or endorsed, to the extent that they are acting or they acted in the name, or on behalf, of the Association, in the ordinary course of the performance of the powers which they have receive, unless they acted prior to the incorporation of the Association and unless their actions, act or their deeds have not been ratified by the Association within prescribed by the Act after its incorporated.

99. **Right to compensation.** The Association shall compensate its directors, its officers or its representatives in respect of all costs or expenses reasonably incurred by them in connection with the defence of an action, of suit, of an application, of a proceeding of a civil, of a criminal or of an administrative nature or of any other legal proceeding to which one or more of them were parties by reason of their duties or of their office, whether this action suit this application or this legal proceeding was commenced by or on behalf of the Association or by third party. Reasonable costs or expenses shall include, in particular, all damages or fines arising from the actions, from the acts or from the deeds done by the directors, by the officers or by the representatives in the discharge of their duties as well as all amounts paid to settle and action or to satisfy a judgment. The right to compensation shall exist only to the extent that the directors, the officers or the representatives were substantially successful on the merits in their defence of the action of the suit, of the application or of the legal proceeding, that they acted prudently, diligently, honestly and faithfully in the best interests of the Association, that they did not place themselves in a position of conflict of interest between their interest and that of the Association, and, in the case of an action of a suit, of an application or of a proceeding of a criminal or of an administrative nature leading to the imposition of a fine, to the extent that they had reasonable grounds for believing that their conduct was lawful or to the extent that they were acquitted or freed. The Association shall assume these liabilities in respect of any person who acts or acted at its request as a director, as an officer or as a representative of a body corporate of which the Association is or was a member or a creditor. As the case may be, this compensation shall be paid to heirs, legatee, liquidators, transferees, mandataries, legal representative, successors, assigns or rightful claimants of the directors, of the officers or of the representatives, in accordance with paragraph 104 below.
100. **Legal action by third party. Where an action, a suit, an application.** A proceeding of a civil, of a criminal or of an administrative nature or any other legal proceeding is commenced by a third party against one or more of the director, of the officers or of the representatives of the Association for one or more actions, act or deeds, done in the discharge of their duties, the Association shall assume the defence of its mandatary.
101. **Legal action by the Association.** Where an action, a suit, an application, a proceeding of a civil, of a criminal or of an administrative nature or any other legal proceeding is commenced by the Association against one or more of its directors, of its officers or of its representatives for one or more actions, acts or deed done in the discharge of their duties the Association may pay compensation to the directors, to the officers or to the representatives if it loses its case and if a court of law or the tribunal so orders. If the Association wins its case only in part, the court of law or the tribunal may determine the amount of costs or of the expenses which the Association shall assume.
102. **Liability insurance.** The Association may purchase and maintain liability insurance for the benefit of its directors, of its officers, of its representatives, of their predecessors as well as of their heirs, legatees, liquidators, transferees, mandataries, legal representative, successors, assigns or rightful claimant covering any liability incurred by them by reason of their acting or having acted as a director, as an officer or as a representative of the Association or, at the request of the latter, of a body corporate of which the Association is or was a member or a creditor. However, this insurance may cover neither the liability arising from the failure of the insured to act prudently, diligently, honestly and faithfully

in the best interests, of the Association, nor the liability arising from a fault or from a personal offence severable from the discharge of their duties or the liability arising from the fact that the insured shall have placed themselves in a position of conflict of interest between their personal interest and that of the Association.

104. **Compensation after end of term of office.** The compensation provided for in the preceding paragraphs may be obtained even after the person has ceased to hold the office of director, of officer or of representatives of the Association or, as the case may be, of a body corporate of which the Association is or was a member or a creditor. In the event of death, the compensation may be paid to the heirs, legatees, liquidators, transferees, mandataries, legal representatives, successors, assigns or rightful claimants of such person. Such compensation may also be combined with any other recourse which the director, the liquidators, transferees, mandataries, legal representative, successors, assigns or rightful claimants may have.
105. **Determination of conditions precedent to compensation.** In the event that a court of law or a tribunal has not made a finding on the matter, the compliance or the non-compliance of the conduct of a director, of an officer or of a representative with the standards of conduct set out in paragraph 100 above, or the question of whether a case was won in part or whether a person was substantially successful on the merits in this defence of the action of the suit, of the application or of the legal proceeding shall be determined in the following manner:
- a. By a simple majority vote of the directors who are not parties to such action, suit, application or legal proceeding, if a quorum exists; or
  - b. By way of opinion from an independent legal counsel if such a quorum of the directors cannot be attained, or even if attained, if a quorum of the directors who are not parties to such action, suit, application or legal proceeding so decides; or
  - c. Failing the above, by decision of the simple majority of the members of the Association.
106. **Place of action.** The powers and duties of the Association with respect to the compensation of any director, officer or representative shall apply regardless of the place where the action, the suit, the application or the legal proceeding shall have been filed.

## §4 MEMBERS

### A. GENERAL

107. **Qualifications for membership.** All owners of immovable property in the *Territoire des Lacs* shall be members of the Association. A person ceases to be a member of the Association upon no longer owning any immovable property in the *Territoire des Lacs*.
108. **Updating of membership register.** For the purposes of updating the register of members, each member shall be obliged, and the directors shall make arrangements to oblige all members, to promptly advise the Association of any transfer, in whole or in part, to another person of a member's immovable property in the *Territoire des Lacs*.

109. **Right to vote.** For matters requiring a vote by members, each member shall be entitled to one (1) vote for each distinct registered deed of ownership the member holds for immovable property in the Territoire des Lacs.
110. **Annual fees.** The directors may set the annual fees of the members. As the case may be, these amounts shall be paid in specie or by cheque and the annual fees shall be due before the date of the annual general meeting of the members of the Association. The amount of the annual fees shall be subject to revision by a resolution of the members adopted at a general meeting.
111. **Obligation to contribute.** The obligation of a member to pay annual fees shall be equal to and in proportion to the number of votes such member holds as determined in paragraph 109 of the present by-laws relative to the total number of votes held by all members as of the date the amount of the annual fees are fixed.
112. **Effect of non-payment of annual fees.** Any member who shall fail to pay or shall not pay his annual fees for a period of three (3) months for the date when such fees were due may have his rights to participate in the Association suspended, including, among others, the right to vote, the right to nominate candidates for membership and the right to act as officer of the Association. The Secretary shall notify any member in writing of such suspension of rights, after confirmation by a resolution to the Board of Directors.

**B. NOTICES AND INFORMATION TO MEMBERS**

113. **Notices to members.** Subject to the provisions of paragraphs 117, 118, and 120 below, the notices of the documents required by the Act, by its Regulations, by the deed of incorporation or by the by-laws of the Association to be sent to the members may be sent by registered or by certified mail or delivered in person to the members, to or at the address indicated at that time in the Book of the Association. Receipt by a member of a notice or of a document sent by registered or by certified mail shall be deemed to have taken place at the time when, according to the ordinary course of mail delivery, the registered or certified letter containing such notice or document should have been received, In order to prove receipt of such notices or documents and the date thereof, it shall be sufficient to establish that the letter was registered or certified, that it was properly addressed and that it was deposited at a post office, as well as the date on which it was so deposited and the time which was required for its delivery in the ordinary course of mail delivery or, if the letter was delivered in person, it shall be sufficient to produce a dated acknowledgement of receipt bearing the signature of the member.
114. **Addresses of members.** The Association may consider the member who is registered in the register of members of the Association as being the only person entitled to receive the document to such person, in accordance with paragraph 113 above, shall constitute representatives, successors, assigns or rightful claimants of the member. Each member shall provide the Association with an address where the notices or the documents shall be sent to him or left for him, failing which he shall be deemed to have waived his right to receive such notices or documents.
115. **Untraceable member.** The association shall not be obliged to send the notices or the documents required by the Act, by its Regulations, by the deed of incorporation or by the

by-laws of the Association to be sent to the members where previous notices or documents have been returned to it on more than three (3) consecutive occasions, unless the untraceable member has notified the Association in writing of his new address.

**C. MEETINGS OF THE MEMBERS.**

116. **Annual general meetings.** Annual general meetings of the members of the Association shall be held within six (6) months following the end of the financial year of the Association. The directors shall determine the place, the date and the time of any annual general meeting. At such meetings, the members shall convene to receive and to take notice of the financial statements of the Association and of the auditor's report, to elect directors, to appoint one or more auditors or to pass a resolution deciding not to appoint any and to take notice of, and to decide on, any other matter which the annual general meeting may legally consider. The annual general meetings may be called by the President or by any director in accordance with paragraph 120.
117. **Special general meeting.** Special general meetings of the members may be called at any time by the Chairman of the Board of Directors, by the President, by the General Manager or by two (2) directors by way of a notice of meeting sent at least seven (7) clear juridical days prior to such meeting. A special general meeting of the members may also be called by any means at least two (2) days before such meeting, if, in the directors' opinion, it is urgent that a meeting be held.
118. **Calling by members.** A special general meeting of the members shall be called at the request of members who, on the date of the filing of the request, hold at least one-tenth (1/10) of the votes at a general meeting. Such request shall set out, in general terms, the business to be discussed at the meeting so requested, be signed by the petitioners and be incumbent on the President or on the Secretary to call the meeting in accordance with the by-laws of the Association. If they fail to do so, any director may call such a meeting. Finally, if the meeting is not called within twenty-one (21) days of the date upon which the request was filed at the head office of the Association, one or more members, whether or not they be signatories thereof, holding at least one-tenth (1/10) of the votes at a general meeting, may call this special general meeting themselves.
119. **Meeting in the Province of Quebec.** Subject to the deed of incorporation, the meetings of the members shall be held at the head office of the Association or at any other place in the Province of Quebec designated by the directors. The meetings may be held validly within the territorial limits of the Province of Quebec on land, at sea or in the air.
120. **Notice of meeting.** A notice of the calling of any meeting of the members shall be sent to each member entitled to attend such meeting and/or entitled to vote thereat. This notice shall be sent by mail, by telegram or by courier to his last-known address, as indicated in the Book of the Association, at least ten (10) clear juridical days prior to the date set for the meeting. If the address of any member does not appear in the Book of the Association, the notice may be delivered by courier or by mail to the address where, in the opinion of the sender, it shall be most likely to be promptly received by this member. It shall not be necessary to give notice of the calling of a meeting in the case of the reconvening of an adjourned meeting of members.

121. **Contents of notice.** Any notice of the calling of a meeting of the Association shall indicate the place, the date and the time of the meeting. The notice of the calling of an annual general meeting need not necessarily specify the purpose of the meeting, unless the meeting be called to pass or to confirm a by-law or to decide on any other matter which ordinarily would be submitted to a special general meeting of the members. The notice of the calling of a special general meeting shall, in general terms, to any item placed on the agenda which must be settled at this meeting. The notice of the calling of a meeting may be signed manually or may contain a mechanically-reproduced signature.
122. **Waiver of notice.** A meeting of the members may be held validly at any time and for any purpose without the notice required by the Act or by the by- laws, if all the members entitled to attend, and vote at, the meeting waive notice of the meeting in any manner whatsoever, This waiver of the notice of the meeting may take place before, during or after the holding of the meeting. Moreover, the attendance of a member or of any other person entitled to attend such meeting shall constitute a waiver on his part of notice of the meeting, unless he indicates that he is attending for the express purpose of objecting to the proceedings because, among other reasons, the meeting was not validly called.
123. **Irregularities.** Irregularities affecting the notice of a meeting or the sending thereof, the accidental omission to give such notice or the non-receipt of the notice by a member or by any other person entitled to attend a meeting in no way shall affect the validity of a meeting of the members. Moreover, the accidental failure in the notice of a meeting to refer to one or more of the matters to be submitted to such meeting, even though reference thereto, is required, shall not prohibit the meeting from considering this matter unless it is prejudicial to a member or unless there is a risk of his interest being injured.
124. **Quorum.** Subject to the Act, to the deed of incorporation and to the by-laws of the Association, the attendance of a member entitled to vote shall constitute a quorum at the meeting for the purpose of choosing a chairman of the meetings, as the case may be, and of pronouncing the adjournment of the meeting. For any other purpose, a quorum at a meeting of the members shall be attained, no matter how many persons are actually in attendance when, at least fifteen (15) minutes after the time set for the meeting, the members representing a simple majority of the votes are in attendance. Where a quorum is attained at the opening of a meeting of the members, the members attending the meeting may proceed with the business of the meeting notwithstanding the fact that the quorum is not maintained throughout the entire meeting.
125. **Adjournment.** A member attending a meeting and constituting a quorum for the purposes of adjourning a meeting may adjourn any meeting of the members. The chairman of the meeting, with the consent of the members attending the meeting and entitled to vote, may adjourn any meeting of members to a specific place, date and time if he deems it appropriate. Notice of the adjournment of a meeting to a date less than thirty (30) days later shall be given by an announcement made before the latter is adjourned. If a meeting of the members is adjourned one or more times for a total of thirty (30) days or more, notice of the adjournment of such meeting shall be given in the same manner as the notice of the original meeting. In the event that a meeting is held according to the terms of the adjournment, it may validly consider any matter provided that a quorum is attained. The persons who constituted the quorum at the original meeting shall not be required to constitute the quorum at the reconvening of the meeting. If a quorum is not

attained at the reconvening of the meeting, the meeting shall be deemed to have ended immediately after adjournment thereof.

- 126. Chairman and Secretary.** The meetings of the members shall be chaired by the President or, failing him, by any Vice-President. The Secretary shall act as the secretary at meetings of the members. In the absence of these persons, the members attending the meeting shall designate any person to act as chairman or secretary of the meeting. It shall not be necessary to appoint a chairman and a secretary in the event of an adjournment.
- 127. Procedure.** The chairman of a meeting of the members shall be responsible for the proper conduct of the meetings, shall submit to the members the proposals which must be put to a vote and shall establish reasonable and impartial rules of procedure to be followed, subject to the Act, to the deed of incorporation, to the by-laws or the Association and to the rules of procedure usually followed during deliberating assemblies. He shall decide on any matter including, but without restricting the generality of the forgoing, issues relating to the right of members to vote. His decision shall be final and binding on the members.

**D. VOTING BY MEMEBERS**

- 128. General rule.** Each member shall be entitled to the number of votes determined by paragraph 109 of the present by-laws. Members whose names appear in the register of members immediately prior to the time of the start of the meeting shall be entitled to vote at such meeting.
- 129. Voting by a show of hands and casting vote.** Subject to paragraph 132 below, any question submitted to a meeting of the members shall be decided by a vote by a show of hands, unless a ballot is requested or unless the chairman of the meeting prescribes another voting procedure. The chairman of the meeting shall not be entitled to a second or casting vote in the event of a tie vote. At any meeting, a statement by the chairman of the meeting to the effect that a resolution has been passed or defeated unanimously or by a particular majority shall constitute conclusive evidence thereof without it being necessary to prove the number or the percentage of votes cast in favour, or against, the proposal.
- 130. Voting on behalf of a body corporate.** The Association shall permit any individual authorized by a resolution of the board of directors or of the governing body of a body corporate which is one of the members of the Association to represent the body corporate at meetings, of the members of the Association. An individual so authorized may exercise, on behalf of the body corporate which he represents, all the powers which such persons could exercise if it were an individual member.
- 131. Ballot.** Voting at a meeting of the members shall be by ballot where the President or at least ten percent (10%) of the members present so request. Each member shall deliver to the scrutineer of the meeting a ballot on which he has written his name and the manner in which he shall be casting his vote. A vote by ballot. May be requested before or after any vote by a show of hands. Such request may also be withdrawn before the ballot is taken. A vote by ballot shall take precedence over a vote by a show of hands.

132. **Postal ballot.** The members may validly exercise their right to vote in order to elect the directors and to appoint the officers or representatives of the Association by way of a postal ballot provided that:
- a) the decision to hold a postal ballot had been taken by the director;
  - b) the name of the candidates and a ballot have been sent to the members at least twenty-one (21) days before the close of the ballot;
  - c) the candidates have been able to circulate to the members a statement of their position with respect to the business of the Association, either at the expense of the Association in the mailing referred to above, or at their expense at any other time before the ballot;
  - d) at least fifty percent (50%) of the members participates in the postal ballot; and
  - e) the ballots have been returned to the Secretary who shall check the identity of members, satisfy himself that the latter are in good standing with the Association and deliver these ballots to the scrutineer for compilation.
133. **Scrutineer.** The chairman of the meeting of the members may appoint one or more persons, whether or not they be representatives or members of the Association, to act as scrutineers at any meeting of the members. Failing such an appointment, the secretary of the meeting shall act as the scrutineer. The scrutineer shall take into account any ballot received by mail which the Secretary has delivered to him as the case may be.
134. **Proxies.** A member entitled to vote at a meeting by means of a proxy, may appoint a proxyholder as well as one or more alternate proxyholders, who need not be members, to attend the meeting and to act thereat within the limits set out in the proxy. The instrument in writing appointing a proxyholder shall be signed by the member or by his mandatary authorized in writing. However it shall not be necessary for the instrument in writing to be signed before witnesses. A proxyholder may hold the proxies of several members. A proxy shall be valid, only at the meeting in respect of which it was given as well as at any reconvening thereof in the event of an adjournment. A proxy may be general in nature and shall be in respect of the exercise of all of the voting rights of the member granting the proxy. Unless it be for a determined period, a proxy shall become null and void one (1) year after the date which it bears.
135. **Form of proxy.** The instrument in writing appointing a proxyholder may read as follows:
- The undersigned, \_\_\_\_\_, member of L' Association de Propriétaires du Territoires des Lacs Inc., hereby appoints \_\_\_\_\_, or, in his absence \_\_\_\_\_, as his mandatary for the purpose of attending the meeting of the members to be held on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ and any reconvening of this meeting in the event of an adjournment, and for the purpose of acting on his behalf with the same authority as if the undersigned had attended in person the said meeting or its reconvening in the event of an adjournment.
- Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_
- \_\_\_\_\_  
Signature of member.

136. **Filing of proxies.** A proxy shall be filed at the head office of the Association, before the end of the last judicial day preceding the meeting, or its reconvening in the event of an adjournment.
137. **Revocation.** The instrument appointing a proxyholder shall revoke any prior instrument appointing another proxyholder. Such an instrument may be revoked by the filing, at the head office of the Association, before the end of the last judicial day preceding the meeting, or its reconvening in the event of an adjournment, or an instrument in writing there of with the chairman of the meeting on the day of the meeting, or upon reconvening thereof in the event of an adjournment, or in any other manner permitted by law.

**E. AUDITOR OR ACCOUNTANT**

138. **Appointment of auditor.** Subject to paragraph 142 below, the members, by way of a resolution, at the first meeting of the members and at each subsequent annual general meeting, shall appoint an auditor to serve until the close of the next annual general meeting. Failing the appointment of an auditor at a meeting, the incumbent auditor shall continue to serve the appointment of his successor or of his replacement. The members may also appoint more than one auditor.
139. **Remuneration of auditor.** The members shall fix the remuneration of the auditor or of the auditors unless this power has been delegated to the directors.
140. **Removal of auditor.** The auditor may be removed at any time by the members of the Association at a special general meeting. However, the Association shall be liable for any injury caused to the auditor by his removal without a serious reason and at an inopportune moment. A vacancy created by the removal of the auditor may be filled by the members at the meeting at which it was decided to remove him or, if the vacancy is not so filled by the members, by the directors. Any other vacancy in the position of auditor shall be filled by the directors. The person appointed to replace the auditor shall hold the position for the unexpired term of his predecessor.
141. **End of term of auditor.** The term of the auditor shall end upon his death, his resignation, his removal in accordance with paragraph 140 of the present by-laws, upon expiry of his term, if he is declared incapable by a court of law in another province, in another territory, in another state or in another country or political subdivision thereof if he becomes an undischarged bankrupt, if he becomes disqualified from practicing as an auditor in the province where the head office of the Association is located, upon appointment of his successor or of his replacement, by the institution of a method of protective supervision in his respect or by one of the common causes of extinction of obligations provided by law. The resignation of the auditor shall take effect on the date on which is specified therein. However, the auditor shall be liable for any injury caused to the Association by his resignation in he submit it without a serious reason and at an inopportune moment.
142. **Accountant.** If the members of the Association decide not to appoint an auditor by way of a resolution passes by a simple majority of the votes present, the directors may appoint an accountant to prepare the financial statement of the Association and to discharge such other duties as they may determine. The directors shall also fix the remuneration of the

accountant without having to pass a resolution to this end and they shall fill any vacancy which may occur in the position of the accountant.

143. **End of term accountant.** The term of the accountant shall end upon his death, his resignation, his removal by the directors, upon expiry of his term, if he is declared incapable by a court of law in another province, in another territory, in another state or in another country or political subdivision thereof, if he becomes an undischarged bankrupt, if he becomes disqualified from practicing as an auditor in the province where the head office of the Association is located, upon appointment of his successor or of his replacement, by the institution of a method of protective supervision in his respect or by one of the common causes of extinction of obligations provided by law. The resignation of the accountant shall take effect on the date on which written notice of his resignation is received by the Association or on any later date which is specified therein. However the accountant shall be liable for any injury cause to the Association by his resignation if he submits it without a serious reason and at an inopportune moment.
144. **Audit committee.** The directors may create an Audit Committee made up of not less than three (3) directors of the Association, a simple majority of whom shall be made up of persons who are neither officers nor employees of the Association or of corporate which are members of the Association. Each member of the Audit Committee shall hold office until he is replaced by the directors or, as the case may be, until he ceases to be a director. The directors may fill any vacancy on the Audit Committee.
145. **Duty of Audit Committee.** The Audit Committee shall review the financial statement of the Association before their approval according to the Act. It shall also receive notification of any errors or misstatements contained in the financial statements of the Association which have been the subject of a report by the auditor or by one of his predecessors. Any director or officer of the Association shall notify the Audit Committee forthwith of any errors or misstatements of which he becomes aware in financial statement which have been subject of a report by the auditor or by one of his predecessors.
146. **Meetings of Audit Committee.** Meetings of the Audit Committee shall be subject, with all necessary changes, to the rules and to the procedures which govern the meetings of the Board of Directors.

**F. MISCELLANEOUS**

147. **Dissolution and winding-up.** In the event of the dissolution and of the winding-up of the Association, the residual assets, if any, after payment in full of the debts and of the liabilities of the Association, shall be distributed in accordance with the deed of incorporation of the Association and, failing any provision in this respect, the residual assets of the Association shall be distributed among its members proportionally to the total amount which they have paid to the Association, in the form of a membership fee and in the form of annual fees, since becoming members.

**L'ASSOCIATION DES PROPRIÉTAIRES**  
**DU TERRITOIRE DES LACS INC.**

**By-Law 2000-1**

**Change of number of Directors**

The number of directors of the Association is changed to six (6).

**By-Law 2000-2**

**Change of place of head office**

The place where the head office of the Association is situated is changed to the Metropolitan Montreal region.