



**BYLAWS OF
HIGHLAND LAKES HABITAT FOR HUMANITY**

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Highland Lakes Habitat for Humanity**

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ARTICLE 1

NAME, FORM OF ORGANIZATION & PURPOSES

Section 1.1 Name. The name of the corporation is Highland Lakes Habitat for Humanity

Section 1.2 Nonprofit and Tax Exempt Status. The Corporation is organized as a nonprofit corporation under the Texas Nonprofit Corporation Act and as a tax exempt organization under Section 501 (c) (3) of the Internal Revenue Code as amended.

Section 1.3 Reserved.

Section 1.4 Purposes. The purposes for which the corporation is organizes, as stated in its articles of incorporation, are as follows;

- (a) To witness to and implement the Gospel of Jesus Christ in Texas and throughout the United States and the world by working with economically disadvantaged people to help them create a better human habitat in which to live and work;
- (b) To cooperate with other charitable organizations, through grants and otherwise, which are working to develop a better human habitat for economically disadvantaged people;
- (c) To communicate the Gospel of Jesus Christ by means of the spoken and written work;
- (d) To receive, maintain, and accept as assets of the corporation, and property, whether real, personal, or mixed, by way of gift, bequest, devise or purchase from any person, firm ,trust or corporation to be held, administered, and disposed of exclusively for charitable, religious, education, and scientific purposes within the meaning of Section 501 (c) (3) of the IRS cost, as amended , and in accordance with and pursuant to the provisions of these articles of incorporation; but no gift, bequest, devise, or purchase or any such property shall be received or made and accepted if it is conditioned or limited in such manner as shall require the disposition of income or principal to any organization other than a “charitable organization” or for any purposes other than charitable purposes” which would jeopardize the stats of the corporation as an entity exempt from federal income tax pursuant to the relevant provisions of the IRS code as amended; and

- (e) To exclusively promote and carry on any other religious, charitable, or educational purposes and activities for which corporations may be organized and operated under the relevant provisions of the IRS code, as amended, and under the Texas Nonprofit Corporation Act.

Article II

Offices

Section 2.1 Principal Office. The principal office of the corporation shall be located in Marble Falls, TX at the address designated in the most recent annual report filed with the Texas Secretary of State. The corporate shall maintain at its principal office a copy of the corporate records specified in Section 7.5 of Article VII.

Section 2.2 Registered Office and Agent. The registered office of the corporation required by law to be maintained in the State of Texas may, but need not, be identical with the principal office. The corporation shall maintain a registered agent whose office is identical with the registered office. The corporation may change its registered office or registered agent from time to time in the manner required by law.

Section 2.3 Other Offices. The corporation may have offices at such other places within the State of Texas as the board of directions from time to time may determine, or as the affairs of the corporation may require.

Article III

Board of Directors

Section 3.1 General Powers & Authority of the Board. All corporate powers shall be exercised by or under the authority of, and the affairs of the corporation managed under direction of, the board of directors.

Section 3.2 Number, Term & Qualifications. The authorized number of directors of the corporation shall be not less than seven (7) or more than fifteen (15), as the board of directors shall determine at its annual meeting each year. The actual number of directors may be increased between annual meetings by resolution of the board of directors. Each director shall hold office until the next annual meeting of the board of directors, of until such director's death, resignation, removal or disqualification, or until such director's successor is elector and qualifies. No director may be elected to serve for more than eight (8) successive one (1) year terms. Directors must be individual residents of the State of Texas.

(This was amended April 10, 2008, prior Bylaws had no less than 15 directors and no more than 24 directors))

Section 3.3 Election of Directors. Except as provided in Section 3.6 below relating to vacancies, directors shall be elected by the board of directors at its annual meeting each year. The Nominating Committee shall present a slate of nominees for election as directors. Nominations may also be made by directors from the floor. Those persons who receive a plurality of the votes cast shall be deemed to have been elected. If any director then holding office so demands, the election of directors shall be by secret ballot.

Section 3.4 Resignation of Directors. A director may resign by delivering written notice to the board of directors, president or secretary of the corporation. A resignation is effective when the noticed is received unless the notice specifies a later effective date. If resignation is made effective at a later date, the board of directors may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date.

Section 3.5 Removal of Directors. A director may be removed without cause by the vote of two-thirds (2/3) of the directors then in office. In addition, a director may be removed by the affirmative vote of a majority of the directors then in office for failing to attend two (2) consecutive, regular meetings of the board of directors.

Section 3.6 Vacancies. If a vacancy occurs on the board of directors, including a vacancy from an increase in the number of directors, the board of directors may fill the vacancy; provided, that if the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy only by the affirmative vote of a majority of all the directors remaining in office or by the sole remaining director. A director elected to fill a vacancy shall hold office until the next annual meeting of the board of directors, or until the end of the unexpired term that such director is filling, or until such director's death, resignation, removal or disqualification, or until such director's successor is elected and qualifies.

Section 3.7 Chairperson and Vice Chairperson. The president of the corporation shall serve as the chairperson of the board of directors and shall preside at all meetings of the board of directors and perform such other duties as may be prescribed from time to time by the board. The vice president shall serve as the vice chairperson of the board of directors and, in the absence of the president, or in the event of the death, inability of refusal to act of the president, shall preside at all meetings of the board.

Section 3.8 Compensation. The board of directions shall not permit compensation of directors for their services as such.

Meetings of Directors

Section 4.1 Place of Meetings. All meetings of the board of directors shall be held in Marble Falls (and environs), Texas.

Section 4.2 Annual Meeting. The annual meeting of the board of directors, for the purpose of electing directors, appointing officers, approving a budget for the year, and transacting other business, shall be held on the second Thursday of January of each year, or at such other time as the board of directors may determine.

(This was amended April 10, 2008, prior bylaws had the annual meeting held the third Saturday of January at 10 AM))

Section 4.3 Regular Meetings. Additional regular meetings of the board of directors shall be held at 6:00 PM on the second Thursday of each month during the year, or at such other times as the board of directors may determine.

(This was amended April 10, 2008, prior Bylaws had the regular meeting every other Saturday of each month at 9:30 AM)

Section 4.4 Special Meetings. Special meetings of the board of directors may be called by or at the request of the president or twenty percent (20%) of the directors then in office. Such meetings must be held within Marble Falls (or environs), Texas.

Section 4.5 Notice of Meetings. Regular meetings of the board of directors may be held without notice if the date, time and place of the meeting previously has been fixed by the board; otherwise, regular meetings must be preceded by at least ten (10) days' notice to each director of the date, time and place, but not the purpose of the meeting. Special meetings of the board of directors must be preceded by at least ten (10) days notice to each director of the date, time, place and purpose of the meeting. Notice required by the foregoing provision must be given in writing. Written notice, if in a comprehensible form, is effective at the earliest of the following: (a) when received; (b) ten (10) days after its deposit in the United States mail, as evidenced by the postmark, if mailed correctly addressed and with first class postage affixed. Written notice is correctly addressed to a director if addressed to the director's address shown in the corporation's current list of directors.

Section 4.6 Reserved.

Section 4.7 Quorum. A quorum of the board of directors consists of a majority of the directors in office immediately before a meeting begins; provided that in no event shall a quorum consist of fewer than two (2) directors.

Section 4.8 Manner of Acting. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board of directors, unless the vote of a greater number of directors is required by law or these laws.

Section 4.9 Presumption of Assent. A director of the corporate who is present at a meeting of the board of directors or a committee of the board of directors when corporate action is taken is deemed to have assented to the action taken unless: (a) such director objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting; or (b) such director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (c) such director delivers written notice of dissent or abstention to the corporation immediately after adjournment or to the right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 4.10 Meeting via Communications Equipment. The board of directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.11 Action without Meeting. Action required or permitted by law or these bylaws to be taken at a meeting of the board of directors may be taken by all of the duly elected and qualified directors of the corporation. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

Section 4.12 Director Conflict of Interest Transactions. A conflict of interest transaction is a transaction with the corporation in which a director of the corporation has a direct or indirect interest. For purposes of this section, a director has an indirect interest in a transaction if: (a) another entity in which the director has a material interest or in which the director is a general partner is party to the transaction, or (b) another entity of which the director is a director, officer, or trustee is a party to the transaction. A conflict of interest transaction is not voidable of the basis of imposing liability on the director if the transaction was fair at the time it was entered into or is approved in advance as hereinafter provided. A transaction in which a director has a conflict of interest may be approved in advance by the vote of the board of directors or a committee of the board if; (a) the material facts of the transaction of the director's interest are disclosed or known to the board or committee of the board; and (b) the directors approving the transaction in good faith reasonably believe that the transaction is fair to the corporation. For purposes of this section, a conflict of interest transaction is approved if it receives the affirmative vote of a majority of the directors on the board or on the committee, who have no director or indirect interest in the transaction, but a transaction may not be approved under this section by a single director. If a majority of the directors on the board who

have no direct or indirect interest in the transaction vote to approve the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with the direct or indirect interest in the transaction does not affect the validity of any action taken under this section if the transaction is otherwise approve as hereinabove provided.

ARTICLE V

OFFICERS

Section 5.1 Number. The officers of the corporation shall consist of a President, Vice President, Secretary, Treasurer and such assistant Secretaries, treasurers and other officers as are appointed by the board of directors from time to time. No more than one (1) of the four (4) principal offices may be held by the same person.

Section 5.2 Appointment and Term. The principal officers of the corporation shall be appointed by the board of directions at its annual meeting. The Nominating committee shall present a slate of nominees for appointment. Nominations may be made from the floor. All nominees for the four (4) principal offices must be members of the board of directors. Each officer shall hold office for a period of one (1) year, or until such officer's death, resignation, or removal, or until such officer's successor is elected and qualifies. No person may be appointed to serve for more than three (3) successive terms in the office of president or in the office of vice president. No officer may be appointed to serve for more than six (6) successive terms in the office of secretary or in the office of treasurer. The board of directors may appoint assistant secretaries, assistant treasurers and other officers at such time or times as the need may arise. A vacancy occurring in a position of officer of the corporation may be filled at any time by the board of directors. The term of an officer elected to fill a vacancy shall expire at the end of the unexpired term that such office is filling.

Section 5.3 Resignation and Removal. Any officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is effective unless the notice specifies a future effective date. If a resignation is made effective at a future date and the board of directors accepts the future effective date, the board may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date. The board of directors may remove any officer at any time with or without cause.

Section 5.4 Contract Rights of Officers. The appointment of an officer does not itself create contract rights. An officer's removal does not affect the officer's contract rights, if any, with the corporation. An officer's resignation does not affect the corporation's contract rights, if any, with the officer.

Section 5.5 President. The president shall be the chief executive officer of the corporation and, subject to the control of the board of directors, shall supervise and control the management of

the corporation in accordance with these bylaws. The president may sign, with the secretary or any other proper officer of the corporation so authorized by the board of directors, any deeds, leases, mortgages, bonds, contracts, or other corporation, except where the signing and execution thereof expressly shall be delegated by the board of directors to some other officer or agent of the corporation, or where required by law to be otherwise signed and executed. The president shall serve as the chairperson of the board of directors and shall preside at all meetings of the board of directors. The president shall, in general, perform all duties incident to the office of president and such other duties as may be prescribed from time to time by the board of directors.

Section 5.6 Vice President. In the absence of the President, or in the event of the death, inability or refusal to act of the president, the vice president, unless otherwise determined by the board of directors, shall perform the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall also serve as vice chairperson of the board of directors and, in the absence of the president, or in the event of death, inability or refusal to act of the president, shall preside at all meetings of the board. The vice president shall perform such other duties as may be assigned from time to time by the president or the board of directors.

Section 5.7 Secretary. The secretary shall: (a) cause to be prepared minutes of all meetings of the board of directors and of the Executive Committee; (b) authenticate records of the corporation when requested to do so; (c) give all notices required by law and by these bylaws; (d) have general charge of the corporate books and records; (e) sign such instruments as may require such signature; (f) cause such corporate reports as may be required by state law to be prepared and filed in a timely manner; and (g) in general, perform all duties as may be assigned from time to time by the president or board of directors.

Section 5.8 Assistant Secretaries. In the absence of the secretary or in the event of the death, inability or refusal to act of the secretary, the assistant secretaries, in the order of length of service as assistant secretaries, unless otherwise determined by the board of directors, shall perform the duties of the secretary and, when so acting, shall have all the powers of and be subject to all the restrictions upon the secretary. They shall perform such other duties as may be assigned to them by the secretary, the president or the board of directors.

Section 5.9 Treasurer. The treasurer shall: (a) have custody of all funds and securities belonging to the corporation and receive, deposit or disburse the same under the direction of the board of directors; (b) keep full and accurate accounts of the finances of the corporation in books especially provided for that purpose; (c) cause such returns, reports and/or schedules as may be required by the Internal Revenue Service and the states taxing authorities to be prepared and filed in a timely manner; (d) cause a true balance sheet (statement of the assets, liabilities and fund balance) of the corporation as of the close of each fiscal year and true statements of activity (support and revenues, expenses, and changes in fund balance), functional expense, and cash flow for such fiscal year, all in reasonable detail, to be prepared and submitted to the board of directors; (e) in general, perform all duties incident to the office

of treasurer and such other duties as may be assigned from time to time by the president or the board of directors.

Section 5.10. Assistant Treasurers. In the absence of the treasurer or in the event of the death, inability or refusal to act of the treasurer, the assistant treasurers, in the order of their service as assistant treasurers, unless otherwise determined by the board of directors, shall perform the duties of the treasurer and, when so acting, shall have all the powers of and be performed such other duties as may be assigned to them by the treasurer, the president, or the board of directors.

Section 5.11 No Compensation. The principal and assistant officers of the corporation described in the foregoing sections shall not be compensated for the services as such.

Section 5.12 Executive Director. The board of directors may appoint an executive director, who shall be the chief operating officer of the corporation and, subject to the control of the board of directors, have overall responsibility for the routine management of the affairs of the corporation. The executive director shall report to the board of directors and shall work closely with the president of the corporation. Duties of the executive director shall include; (a) coordinating the activities of the operation committees; (b) representing the corporation in the community; (c) overseeing the building projects of the corporation; (e) in general, performing such other duties as may be assigned from time to time by the president of the board of directors. The board of directors may approve compensation and benefits for the executive director. The executive director may not be elected to serve on the board of directors.

ARTICLE VI

COMMITTEES

Section 6.1 Board Committees in General. The board of directors may create one or more committees of the board, in addition to the Executive Committee established by these bylaws. Committees of the board shall be composed solely of individuals currently serving as duly elected and qualified directors of the corporation. Each committee of the board shall have two or more directors, who shall be appointed by and serve at the pleasure of the board. The creation of a committee of the board and appointment of members to it must be approved by a majority of all the directors in office when the action is taken. The provisions of Article IV of these bylaws, which govern meetings of the board of directors, shall apply to committees of the board and their members as well, except that no committee of the board shall be required to have an annual meeting or scheduled regular meetings. To the extent specified or authorized by the board of directors or in these bylaws, each committee of the board may exercise the authority of the board. A committee of the board may not, however: (a) authorize distributions; (b) approve or recommend dissolution, merger or the sale, pledge of transfer of all or substantially all of the corporations assets; (c) elect, appoint or remove directors or fill vacancies on the board or on any committee of the board; or (d) adopt, amend or repeal the articles of incorporation or any bylaws.

Section 6.2 Executive Committee. The Executive Committee, which is a committee of the board shall consist of the four principal officers of the corporation and up to three (3) additional directors appointed by the president, to serve in such capacity until the next annual meeting of the board of directors; provided, that the appointment of additional directors must be approved by a majority of all directors in office when such action is taken. The president shall serve as chairperson of the Executive Committee and shall preside at all of its meetings. Except to the extent prohibited or limited by Section 6.1 above or by resolution of the board of directors, the Executive Committee may exercise the authority of the board of directors at such times as the board is not in session. In addition, the Executive Committee shall perform the functions described below.

- (a) **Finance and Budget functions.** In performing this function, the Committee shall ; (i) oversee the implementation and administration of policies and procedures for handling the accounting for the finances of the corporation; (ii) prepare an annual revenue and expense budget for submission to the full board of directors; (iii) work closely with the Fund- Raising Committee to coordinate development of the resources needed to meet the revenue goals of the budget; (iv) monitor the implementation of the budget; and, (v) when necessary, make recommendations to the board of directors regarding adjustments to the budgets.
- (b) **Human Resource Functions.** In performing this function, the committee shall oversee the implementation and administration of policies and procedures relating to volunteers and employees, if any, of the corporation.
- (c) **Strategic and Long Range Functions.** In performing this function, the committee shall; (i) coordinate the strategic and long range, planning activities of the corporation; (ii) monitor and evaluate the performance of the corporation with respect to the achievement of its mission, purposes and goals.

Section 6.3 Non-Board Committees in General. The board of directors may create one or more non-board committees, in addition to the Nominating Committee and the operating committees established by these bylaws, and delegate non-board functions to such committees. Non-board committees may include both directors and individuals who are not directors of the corporation. Non-board committees may not exercise the authority of the board.

Section 6.4 Nominating Committee. The Nominating committee shall consist of four (4) members, no more than two (2) of whom currently shall be directors of the corporation. Retiring and former directors of the corporation shall be encouraged to consider serving on this committee. The current president may not be a member of this committee. The committee members shall be appointed by the board of directors on an annual basis, to serve until the next annual meeting of the board. A vacancy on the committee may be filled by the board of

directors at any time. Members of the Nominating committee may be appointed to successive terms. The committee shall be responsible for identifying and recruiting prospective directors of the corporation and shall present a slate of nominees for election as directors at the annual meeting. The committee shall also present a slate of nominees for appointment, as principal officers of the corporation and may make recommendations for chairpersons of the operating committees.

Section 6.5 Operating Committees. Within 30 days after the annual meeting each year, the president shall appoint a chairperson of each of the operating committees described below. The names of the chairpersons so appointed shall be submitted for ratification by the directors at the next meeting of the board of directors. A vacancy occurring in the position of an operating committee chairperson shall be filled in like manner, upon appointment by the president and ratification by the board of directors. The chairpersons of each operating committee, in consultation with the president, shall appoint the members of the committee. New members of the operating committees may be appointed at any time. Each director of the corporation shall serve on at least one (1) of the operating committees. Operating committee chairpersons shall be expected to attend the regular meetings of the board of directors for the purpose of reporting on the work of their committees, receiving guidance from the board, and seeking approval of actions proposed by their committees which require board approval. The operating committees shall perform the functions described below and such other functions as the board of directors may provide.

- (a) **Fund-Raising Committee.** The committee shall be coordinating the raising of funds needed to conduct the business of the corporation. The tasks to be coordinated by this committee shall include fund raising campaigns, grant proposal writing, special fund-raising events and cultivation of major donors. This committee shall emphasize and promote the importance of Christian stewardship in the servicing of donors and supporters.
- (b) **Public Relations Committee.** This committee shall be responsible for education and information the public regarding mission and purposes of the corporation, the need for better and more affordable housing in certain areas, and the steps being taken to meet this need. The tasks to be coordinated by this committee shall include public speaking, communicating with the news media and publishing of a periodic newsletter.
- (c) **Family Selection Committee.** This committee shall be responsible for drafting the selection criteria and application forms, screening applications, interviewing applicants, and recommending applicants to the board of directors for approval as prospective homeowners.
- (d) **Family Nurture Committee (Now Family Support Committee).** The committee shall be responsible for providing Habitat homeowners and prospective homeowners

with a mutual support system, educational opportunities, and a forum for discussion pertaining to home ownership and maintenance, all for the purpose of helping families to break the poverty cycle and become independent.

(e) Site Selection Committee. This committee shall be responsible for targeting the area or areas of the community in which the projects of the corporation shall be developed, investigating and researching the availability of property, for recommending property to the board of directors for acquisition. The committee shall work in conjunction with the Building Committee to evaluate the suitability of potential sites prior to acquisition.

(f) Building Committee. This committee shall be responsible for planning and implementing the construction projects of the corporation. The tasks to be directed by this committee shall including obtaining house plans, soliciting professional help and donations of building materials, coordinating volunteers and supervising construction.

Article VII

General Provisions

Section 7.1 Corporate Seal. The corporation shall not be required to have a corporate seal.

Section 7.2 Amendments. The bylaws may be amended or repealed and new bylaws may be adopted by the board of directions. The corporation shall provide at least ten (10) days written notice of any meeting of directors at which an amendment is to be approved. The notice must state that the purpose, or one of the purposes of the meeting, is to consider a proposed amendment to the bylaws and contain or be accompanied by copy of summary of amendments or state the general nature of the amendment. Any amendment must be approved by a majority of the directors in office at the time the amendment is adopted.

Section 7.3 Fiscal Year. The fiscal year of the corporation shall be the calendar year, beginning on July 1 and ending June 30.

(This was amended July 1, 2008, prior bylaws had the fiscal year on a calendar year basis, the change was made to accommodate Habitat for Humanity International)

Section 7.4 Financial Reports. The books of the corporation shall be closed as of the end of each fiscal year and the financial statements shall be prepared and submitted to the board of directors (see Section 5.9 regarding duties of the treasurer). In the discretion of the board of directors, the corporation may engage an independent certified public accountant to audit or review the financial statements.

Section 7.5 Corporate Minutes and Records. The corporation shall keep as permanent records minutes of all meetings of its board of directors, a record of all actions taken by the directors without a meeting, and a record of actions taken by the Executive Committee and any other committees of the board of directors. The corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. The corporation shall keep a copy of the following records at its principal office: (a) its articles of incorporation or restated articles of incorporation and all amendments to them currently in effect; (b) its bylaws or restated bylaws and all amendments to them currently in effect; (c) a list of the names and business or home addresses of its current directors and officers; and, (d) its most recent annual reports delivered to the current directors and officers; and, (e) its most recent annual report delivered to the secretary of state, as required by the Texas Nonprofit Corporation Act. The minutes and records described above shall be made available for inspection by current directors of the corporation during normal business hours. In addition, to the extent required by applicable law, the corporation shall make available for inspection during regular business hours, by any individual, copies of: (i) any application filed with and any letter or other document issued by the Internal Revenue Service with respect to the tax exempt status of the corporation; and, (ii) the annual returns filed with the Internal Revenue Service for the three most recent years (to the extent the corporation is required to file such returns); provided that the names and addresses of contributors to the corporation may be kept confidential.

Section 7.6 Investments. The corporation shall have all the right to retain all of any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the board of directors without being restricted to the class of investments which a director or trustee is or may hereafter be permitted by law to make or any similar restriction; provided, that no action shall be taken by or on behalf of the corporation if such action is a forbidden activity or would result in the denial of tax exempt status under Section 501(c)3 of the Internal Revenue Code, as amended.

Section 7.7 Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors; provided, that any check, draft or other order for the payment of an amount in excess of Two Hundred Fifty Dollars (\$250.00) shall require two (2) authorized signatures.

Section 7.8 Prohibited Activities. The corporation is organized as a nonprofit corporation exclusively for charitable, religious, educational and scientific purposes within the meaning of the Section 501(c) 3 of the Internal Revenue Code, as amended. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these articles of incorporation. No

substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Anything contained in these bylaws to the contrary notwithstanding, the corporation shall not carry on or otherwise engage in any activities not permitted to be carried on or engaged in by; (i) a corporation exempt from federal income tax under Section 501(c) of the Internal Revenue Code, as amended, or any corresponding section of any future tax code; (ii) a corporation, contributions to which are deductible under Section 170(C)(2) of the Internal Revenue Code, as amended, or any corresponding section of any future tax code; (iii) a corporation organized and existing under the Texas Nonprofit Corporation Act.

Section 7.9 No Loans to or Guaranties For Directors. The corporation may not lend money to or guarantee the obligation of a director or officer of the corporation, but the fact that a loan or guaranty is made in violation of this section does not affect the borrower's liability on the loan.

Section 7.10 Indemnification. The corporation shall indemnify a director who incurs any liability or expense associated with any proceeding or claim arising because of the fact that the person was a director of the corporation except that this provision does not eliminate or limit the liability of a director; (1) a breach of the directors duty of loyalty to the corporation; (2) an act or omission not exercised in good faith or that involves intentional misconduct or a knowing violation of the law; (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or (4) an act of omission for which the liability of a director is expressly provided by statute.

Upon receiving the written request from any director past or present of the corporation, the corporation at its own cost and without unreasonable delay, shall provide for the defense of any present or past director of the corporation in proceedings in which any third party asserts a claim adverse to the interest of such director or directors requesting such defense, arising by virtue of the fact that the person against whom the claim is being made is or was a director or arose out of conduct of the person against whom the claim is being made who was acting in his or her capacity of director for the corporation . The corporation shall have the right to select counsel of its own choice (subject to the right of the director to object for reasonable cause) to represent the director and shall not be liable for and will not pay the fees of any other counsel. The corporation shall pay any fees, costs or expenses incurred by the director in connection with the defense of all claims made against the director for actions taken while in office as a director or while acting in the capacity of a director, whether or not such claims are for any of the enumerated acts for which the director will not be indemnified if the claim is settled or there is a finding that the director did engage in acts that give rise to the action for which the director would not be indemnified as follows; (1) a breach of the directors duty of loyalty to the corporation; (2) an act or omission not exercised in good faith or that involves intentional conduct misconduct or a knowing violation of the law; (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within

the scope of the director's office; or (4) an act or omission for which the liability of a director is expressly provided for by statute.

- (a) The corporation shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any Other act that the corporate representatives deem necessary or desirable to prevent or reduce damage or loss to the directors for whom the corporation is providing a defense and to the corporation itself. If the corporation shall exercise any of its rights under this paragraph it shall do so diligently.
- (b) Whenever the corporation shall have brought an action or interposed a defense required or permitted by these Bylaws, the corporation may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in the sole discretion of its representatives, to appeal from any adverse judgment order.
- (c) Whenever a director or directors request the corporation to provide for the defense of any action or proceeding, such director shall secure to the corporation the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the corporation at the option of its representatives, the use of the name of the director for his purpose. Whenever requested by the corporation, the director, at the corporations expense, shall give the corporation all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action of proceeding, or effecting settlement, and (ii) in any other lawful act that may in the option of the corporations representatives be necessary or desirable to establish a defense to the asserted claim being defended against. If the corporation is prejudiced by the failure of the director to furnish the required cooperation, the corporations obligations to the director shall terminate, including any liability or duty to defend, prosecute or continue any litigation or proceeding, which regard to the matter or matters requiring such cooperation.
- (d) An officer of the corporation who is not a director is entitled to indemnification to the same extent as a director. In addition, if any individual is made party to a proceeding because the individual is or was a director, officer, employee or agent of the corporation, the board of directors may, to the extent permitted by law, authorize the corporation to advance expenses to such individual and/or indemnify such individual against liability incurred in the proceeding.

ARTICLE VIII DISSOLUTION & WINDING UP

Section 8.1 Winding Up.

In the event that dissolution and/or winding up of [AFFILIATE] is necessary, the Board shall oversee such process and ensure compliance with all relevant provisions of the Texas and other applicable state and federal laws.

Section 8.2 Assets.

Upon dissolution of Highland Lakes Habitat for Humanity, the assets of Highland Lakes Habitat for Humanity are permanently committed to a tax-exempt organization for purposes set forth in its Articles of Incorporation and Bylaws. In the event of dissolution, the assets, after payments of debt, will be, as determined by the board of directors, given, transferred, donated, or assigned to (i) Habitat for Humanity International, Inc., a Georgia Nonprofit Corporation and a corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, as amended; or (ii) any other organization(s) which itself has tax-exempt status under the Section 501(c)(3) of the Internal Revenue Code and whose mission is similar to the mission of Highland Lakes Habitat for Humanity.

**ARTICLE IX
AMENDMENTS TO BYLAWS**

Section 9.1 Amendments

These bylaws may be amended or repealed and new bylaws may be adopted by the board of directors. The corporation shall provide at least seven (7) days' written notice of any meeting of directors at which an amendment is to be approved, unless notice is waived pursuant to Section 4.6 above. The notice must state that the purpose or one of the purposes of the meeting is to consider a proposed amendment to the bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. Any amendment must be approved by two-thirds (2/3) of the directors in office at the time the amendment must be approved, and by at least a majority of the directors in office at the time the amendment is adopted.

Executed this Tenth day of May, 1994 and Amended where noted.