

Lost Prairie Club

Palestine, Texas

Bylaws

BYLAWS OF LOST PRAIRIE LAKE

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ARTICLE ONE – CORPORATE CHARTER AND BYLAWS

1.1 CORPORATE CHARTER PROVISIONS

The charter of Lost Prairie Club (hereinafter “the Corporation” or “the Club”) authorizes shares, one for each Lot, to be issued. The officers issuing shares of the Corporation shall not exceed this number. Such officers shall advise the Board at least annually of the authorized shares remaining available to be issued. No shares shall be issued for less than the par value stated in the Articles of Incorporation. Each Charter provision shall be observed until amended by Restated Articles or Articles of Amendment duly filed with the Secretary of State of the State of Texas.

1.2 REGISTERED AGENT OR OFFICE REQUIREMENT OF FILING CHANGES WITH SECRETARY OF STATE

A. The address of the Registered Office of the Corporation as duly placed on record with the Secretary of State for the State of Texas will be the duly elected Secretary/Treasurer’s current mailing address.

B. The name of the Registered Agent of the corporation will be the current Secretary/Treasurer.

C. The Registered Agent or Office may be changed by filing appropriate documents with the Secretary of State, and not otherwise. Such filing shall be made promptly with each change. Arrangements for each change in Registered Agent or Office shall ensure that the Corporation is not exposed to the possibility of a default judgment. Each successive Registered Agent shall be of reliable character and well informed of the necessity of immediately furnishing the papers of any lawsuit against the corporation to its attorney.

1.3 BUSINESS OFFICES

A. The address of the principal business office of the Corporation is hereby established as the current mailing address of the Secretary/Treasurer of the Club.

B. The corporation may have additional business offices within the State of Texas as the Board of Directors may from time to time designate or the business of the Corporation may require.

1.4 AMENDMENT OF BYLAWS

The Board of Directors may alter, amend, or “repeal these Bylaws, and adopt new Bylaws. All such Bylaw changes shall take effect upon adoption by the Directors, subject to repeal or change by the Shareholders. Notice of Bylaws changes shall be given in or before the notice announcing the Shareholders’ Meeting next following the adoption of such changes.

ARTICLE TWO - DIRECTORS AND DIRECTORS’ MEETING

2.1 ACTION WITHOUT MEETING

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, and shall have the same force and effect as a unanimous vote of Directors, if all members of the Board consent to the action in writing or approve the action by phone. Such consent may be given individually or collectively.

2.2 PLACE OF MEETINGS

Meetings of the Board of Directors shall be held at the business office of the Corporation or at such other place within Anderson County, Texas, as may be designated by the Board.

2.3 REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held, without call or notice, immediately following each annual meeting of the Shareholders of the Corporation, and at such other regular times as the Directors may determine.

2.4 CALL OF SPECIAL MEETINGS

A. Special meetings of the Board of Directors for any purpose may be called at any time by the President or, if the President is absent or unable or refuses to act, by any Vice President or any two Directors. Written notice of the special meetings, stating the time and place of the meeting, shall be mailed not more than ten days before or personally delivered so that such notice may be received by each Director not later than two days before the day appointed for the meeting. Phone calls may be used to notify the members if agreed upon by the members. Notice of meetings need not indicate an agenda. Generally, a tentative agenda will be included, but the meeting shall not be confined to any agenda included with the notices.

B. Meetings provided for in these Bylaws shall not be invalid for lack of notice if all persons entitled to notice are present at the meeting in person or by proxy and do not object to the notice given; or if such persons consent to the meeting in writing. Such consent may be given either before or after the meeting.

C. Upon providing notice, the Secretary/Treasurer or other officer sending notice shall sign and file in the Corporate Record Book a statement of the details of giving notice to each Director. If such statement should later not be found in the Corporate Record Book, due notice shall be presumed.

2.5 QUORUM

The presence at any Directors' meeting of a majority of the authorized number of Directors shall be necessary to constitute a quorum to transact any business, except to adjourn. If a quorum is present, every act done or resolution passed by a majority of the Directors present shall be the act of the Board of Directors.

2.6 ADJOURNMENT - NOTICE OF ADJOURNED MEETINGS

A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated hour on a stated day. Notice of the time and place where an adjourned meeting will be held need not be given to absent Directors if the time and place are fixed at the adjourned meeting. In the absence of a quorum, a majority of the Directors present may adjourn to a set time and place if notice is duly given to the absent members, or until the time of the next regular meeting of the Board.

2.7 CONDUCT OF MEETINGS

At every meeting of the Board of Directors, the President, or in the President's absence, a Vice President designated by the President, or in the absence of such designation, a Chairman chosen by a majority of the Directors present, shall preside. The Secretary/Treasurer of the Corporation shall act as secretary of the Board of Directors. When the Secretary/Treasurer is absent from any meeting, the Chairman may appoint any person to act as secretary of that meeting.

2.8 VOTING

At each meeting of Directors, each Director entitled to vote shall have one (1) vote and shall be in person or by proxy. The voting at all meetings of the Directors may be by voice, but any Director may demand that a vote shall be taken by written ballot. Whereupon such vote shall be taken by written ballot, each of which shall state the name of the Director voting, and if such ballot be cast by proxy it shall also state the name of such proxy.

2.9 POWERS OF THE BOARD OF DIRECTORS

The business and affairs of the corporation and all corporate powers shall be exercised by or under authority of the Board of Directors, subject to limitations imposed by law, the Articles of Incorporation, or by these Bylaws.

2.10 BOARD COMMITTEES .AUTHORITY TO APPOINT

The Board of Directors may designate an executive committee and one or more other committees to conduct the business and affairs of the Corporation, to the extent authorized by the resolution establishing such committee. The Board shall have the power at any time to change the powers and membership of any committee, fill vacancies, and dissolve any committee. Members of any committee shall receive such compensation as the Board of Directors may from time to time provide. The designation of any committee and the delegation of authority thereto shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

2.11 TRANSACTIONS WITH INTERESTED DIRECTORS

Any contract or other transaction between the Corporation and any of its Directors (or any corporation in which any of its Directors are directly or indirectly interested) shall be valid for all purposes notwithstanding the presence of that Director at the meeting during which the contract or transaction was authorized, and notwithstanding the Director's participation in that meeting. This section shall apply only if the contract or transaction is just and reasonable to the Corporation at the time it is authorized and ratified, the interest of each Director is known or disclosed to the Board of Directors, and the Board nevertheless authorizes or ratifies the contract or transaction by a majority of the disinterested Directors present. Each interested Director is to be counted in determining whether a quorum is present, but shall not vote and shall not be counted in calculating the majority necessary to carry the vote. This section shall not be construed to invalidate contracts or transactions that would be valid in its absence.

2.12 NUMBER OF DIRECTORS

The number of Directors of the Corporation shall be nine. Each Director must be a Shareholder of the corporation and a resident citizen of Texas. Each Director will be elected for a term of three (3) years. Terms will be staggered so there will be a rotation of three (3) members per year.

2.13 TERM OF OFFICE

Directors shall be entitled to hold office for three (3) years or until the successors are elected and qualified. Election of Directors shall occur at each annual meeting of the Shareholders and may be held at any special meeting of Shareholders called specifically for that purpose.

The entire Board of Directors or any individual Director may be removed, with or without cause, from office by a vote of Shareholders holding at least 66% of the number of outstanding shares entitled to vote at an election of Directors. If any or all Directors are removed, new Directors may be elected at the same meeting.

2.15 VACANCIES

A. HOW CREATED

Vacancies on the Board of Directors shall exist upon the occurrence of any of the following events: (a) the death, resignation, or removal of any Director; (b) an increase in the authorized number of Directors' or (c) the failure of the Shareholders to elect the full authorized number of Directors to be voted for at any annual, regular, or special Shareholders' meeting at which any Director is to be elected.

B. DECLARATION OF VACANCY

The Board of Directors may declare the office of a Director vacant if a court of competent jurisdiction adjudges the Director incompetent, is convicted of a crime involving moral turpitude, or fails to accept the office of Director, in writing or by attending a meeting of the Board of Directors, within thirty (30) days of notice of election.

C. FILLING VACANCIES BY DIRECTORS

Vacancies other than those caused by an increase in the number of Directors may be filled by majority vote of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until a qualified successor is elected at a meeting of the Shareholders.

D. FILLING VACANCIES BY SHAREHOLDERS

Any vacancy caused by an increase in the number of Directors shall be filled by the Shareholders at an annual meeting or at a special meeting called for that purpose. The Shareholders may also elect a Director at any time to fill any vacancy not filled by the Directors. Upon the resignation of a Director tendered to take effect at a future time, the Board or the Shareholders may elect a successor to take office when the resignation becomes effective.

2.16 COMPENSATION

Directors shall receive such compensation for their services as Directors as shall be determined from time to time by the Board. Any Director may serve the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receive compensation there for.

2.17 INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Board of Directors may authorize the payment to, or reimburse, any present or former Director or officer of the Corporation for any costs or expenses actually and necessarily incurred by that Director or officer in any action, suit, or proceeding to which the Director or officer is made a party by reason of holding that position. However, no Director or officer shall receive such indemnification if such Director is finally adjudicated to be liable for negligence or misconduct in office. This indemnification shall extend to good-faith expenditures incurred in anticipation of threatened or proposed litigation. The Board of Directors may, in proper cases, extend the indemnification to cover the good-faith settlement of any such action, suit, or proceeding, whether formally instituted or not.

2.18 INSURING DIRECTORS, OFFICERS, AND EMPLOYEES

The Corporation, at the discretion of the Board of Directors, may purchase and maintain insurance on behalf of any Director, officer, employee, or agent of the Corporation or on behalf of any person serving at the request of the Corporation as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against that person and incurred by that person in any such corporation, whether or not the Corporation has the power to indemnify that person against liability for such acts.

ARTICLE THREE- SHAREHOLDERS' MEETINGS

3.1 ACTION WITHOUT MEETING

Any action that may be taken at a meeting of the Shareholders under any provision of the Texas Business Corporation Code may be taken without a meeting if authorized by a consent or waiver filed with the Secretary of the Corporation and signed by all persons who would be entitled to vote on that action at a Shareholders meeting. Each such signed consent or waiver, or a true copy thereof, shall be placed in the minute book of the Corporation.

3.2 TELEPHONE MEETINGS

Subject to the notice provisions required by these Bylaws and by the Texas Business Corporation Code, Shareholders of the Corporation may participate in and hold meetings by means of conference calls or similar communication by which all persons participating can hear each other. Participation in such a meeting shall constitute presence in person at such meeting, except participation for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

3.3 PLACE OF MEETINGS

Meetings of Shareholders shall be held at the business office of the Corporation or at such other place within Anderson County, Texas, as may be designated by the Board of Directors.

3.4 NOTICE OF MEETINGS

The President, the Secretary/Treasurer, or the officer or persons calling a Shareholders' Meeting, shall give notice, or cause it to be given, in writing to each Shareholder entitled to vote at the meeting at least ten (10), but not more than fifty (50), days before the date of the meeting. Such notice shall state the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called. Such written notice may be given personally, by mail, or other means. Such notice shall be addressed to each recipient at such address as appears on the Books of the Corporation or was given by the recipient to the Corporation for the purpose of notice. Any meeting provided for herein shall not be invalid for lack of notice if consent to the meeting is given in writing by all persons entitled to vote at the meeting and such consent is filed with the Secretary of the Corporation. Said consent may be given either before or after the meeting. Notice of the reconvening of an adjourned meeting is not necessary unless the meeting is adjourned for more than thirty days past the date stated in the notice, in which case notice of the adjourned meeting shall be given as in the case of any special meeting. Notice may be waived by a written waiver signed before or after the meeting by the person entitled to the notice.

3.5 VOTING LIST

At least ten (10) days before each Shareholders' meeting, the officer or agent having charge of the stock transfer books for shares of the Corporation shall make a complete list of the Shareholders entitled to vote at that meeting or any adjournment thereof, arranged in alphabetical order, with the address and the number of shares held by each Shareholder. The list shall be kept on file at the registered office of the Corporation for ten (10) days prior to the meeting, and shall be subject to inspection by any Shareholder at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting and during the entire meeting. Said list shall be subject to the inspection of any Shareholder. The original share transfer books shall be prima facie evidence as to the Shareholders entitled to examine such list or transfer books or to vote at any meeting of Shareholders. However, failure to prepare and to make the list available in the manner provided above shall not affect the validity of any action taken at the meeting.

3.6 VOTES PER SHARE

Each outstanding share shall be entitled to one (1) vote on each matter submitted to a vote at a meeting of Shareholders. A Shareholder may vote either in person, or by proxy executed in writing by the shareholder, or by the Shareholder's duly authorized attorney-in-fact.

3.7 PROXIES

A Shareholder may vote either in person or by proxy executed in writing by the Shareholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy or by law, each proxy shall be revocable at will and shall not be valid after eleven (11) months from the date of its execution.

3.8 QUORUM

A. QUORUM OF SHAREHOLDERS

The presence (in person or by proxy) of the persons who are entitled to vote a majority of the outstanding voting shares shall constitute the quorum necessary for the transaction of business at a meeting of the Shareholders of the Corporation. The vote of the holders of a majority of the shares entitled to vote and represented a meeting at which a quorum is present shall be the act of the Shareholders' meeting.

B. ADJOURNMENT FOR LACK OR LOSS OF QUORUM

No business may be transacted in the absence of a quorum, or upon the withdrawal of enough Shareholders to leave less than a quorum, other than to adjourn the meeting from time to time by the vote of the holders of a majority of the shares of which are present in person or by proxy

3.9 VOTING BY VOICE OR BALLOT

Elections for Directors need not be by ballot unless a Shareholder demands election by ballot at the election before the voting begins.

3.10 CONDUCT OF MEETINGS

Meetings of the Shareholders shall be chaired by the, President, or, in the President's absence, a Vice President designated by the President, or, in the absence of such designation, any other person chosen by a majority of the stock-

holders present in person or by proxy and entitled to vote. The Secretary/Treasurer of the Corporation or in the Secretary/Treasurer's absence, an Assistant Secretary/Treasurer; shall act as secretary of all meetings of the Stockholders. In the absence of the Secretary/Treasurer or the Assistant Secretary/Treasurer, the Chairman shall appoint another person to act as Secretary of the meeting.

3.11 ORDER OF MEETING

Unless otherwise stated in the notice of any meeting, the order of business at all meetings shall be as follows: Calling meeting to order; Calling of roll and checking proxies; Proof of notice of meeting; Reading of any unapproved minutes; Reports of Officers; Reports of Committees; Elections of Directors; Unfinished business; New business; and Adjournment.

3.12 ANNUAL MEETINGS

The annual meeting of the Shareholders of the Corporation shall be held in Anderson County, Texas, during the month of February on a date and at a place designated by the Board of Directors.

3.13 FAILURE TO HOLD AN ANNUAL MEETING

If, within any 13-month period, an annual Shareholders' Meeting is not held, any Shareholder may apply to a court of competent jurisdiction in the county in which the principal office of the Corporation is located for a summary order commanding that an annual meeting be held.

3.14 SPECIAL MEETINGS

Special Shareholders' meeting may be called at any time by any of the following: (a) the President; (b) the Board of Directors; (c) one or more Shareholders holding in the aggregate ten percent (10%) or more of all the shares entitled to vote at the meeting. The notice of a special Shareholders' meeting must state the purpose or purposes of the meeting and absent consent of every shareholder to the specific action taken, shall be limited to purposes plainly stated in the notice, other provisions herein notwithstanding.

ARTICLE FOUR . OFFICERS

4.1 TITLE AND APPOINTMENT

The officers of the Corporation shall be a President, a Vice President, and Secretary/Treasurer. The Corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, and one or more Secretary/Treasurers.

All officers shall be elected by and hold office at the pleasure of the Board of Directors, which shall fix the compensation and tenure of all officers.

4.2 REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by vote of a majority of the Directors, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any committee or officer upon whom that power of removal may be conferred by the Board of Directors. Such removal shall be without prejudice to the contract rights, if any, of the person removed. Any officer may resign at any time by giving written notice to the Board

of Directors, the President, or the Corporation. Any resignation shall take effect on the receipt of that notice or at any later time specified therein. The acceptance of the resignation shall not be necessary to make it effective.

4.3 VACANCIES

Upon the occasion of any vacancy occurring in an office of the Corporation, by reason of death, resignation, removal, or otherwise, the Board of Directors may elect an acting successor to hold office for the unexpired term or until a permanent successor is elected.

4.4 PRESIDENT

The President shall be a member of the Board of Directors and the chief executive and operating officer of the Corporation. Subject to the control of the Board of the Directors, the President has general daily supervision, direction, and control of the business and officers of the Corporation. The President shall have the general powers and duties of daily management usually vested in the office of President of a corporation. He shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. The President shall be officio a member of all standing committees, including the executive committee, if any. In addition, the President shall preside at all meetings of the Shareholders and at all meetings of the Board of Directors.

4.5 VICE PRESIDENT

Any Vice President shall have such powers and perform such duties as from time to time may be prescribed by these Bylaws, by the Board of Directors, or by the President. In the absence or disability of the President, the senior or duly appointed Vice President, if any, shall perform all the duties of the President, pending action by the Board of Directors. When so acting, such Vice President shall have all the powers of, and be subject to all the restrictions on, the President.

4.6 SECRETARY/ TREASURER

The Secretary/Treasurer shall:

A. Assure that notices are duly given in accordance with the provisions of these Bylaws or as required bylaw. In case of the absence or disability of the Secretary/Treasurer; or the refusal or neglect to act, notice may be given and served by the President and Vice President, or by the Board of Directors.

B. Keep the minutes of all meetings of the Shareholders, Directors and committees appointed by the Board of Directors.

C. Maintain, in the official record book of the Corporation, a record of all share certificates issued or canceled and all shares of the Corporation canceled or transferred.

D. Be custodian of the Corporation's records, and of any seal that the Corporation may from time to time adopt. When so directed by the Board of Directors or under these Bylaws, the Secretary/Treasurer shall affix the seal on all share certificates prior to their issuance and on all documents authorized to be executed under any provision of these Bylaws.

E. Have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all funds in the name of the Corporation in those banks, trust companies, or other depositories that shall be selected by the Board of Directors.

F. Receive and, give receipt for, moneys due and payable to the Corporation.

G. Disburse or cause to be disbursed the funds of the Corporation as may be directed by the Board of Directors, taking proper vouchers or receipts for those disbursements.

H. If required by the Board of Directors or the President, give to the Corporation a bond to assure the faithful performance of the duties of the Secretary/Treasurer's office and the restoration to the Corporation of all corporate books, papers, vouchers, money, and other property in the Secretary/Treasurer's possession or control, in case of the Secretary/Treasurer's death, resignation, retirement or removal from office such bond shall be in a sum satisfactory to the Board of Directors, with one or more sureties or a surety company satisfactory to the Board of Directors.

I. In general, perform all the duties incident to the office of Secretary/Treasurer and such other duties as from time to time may be assigned to the Secretary/Treasurer by these Bylaws, the Board of Directors, or the President.

4.7 ASSISTANT SECRETARY/TREASURER

The Assistant Secretary/Treasurer shall have such powers and perform such duties as the Secretary/treasurer, or as the Board of Directors or the President may prescribe. In case of the absence of the Secretary/Treasurer, the Assistant Secretary/Treasurer, may respectively perform all the functions of the Secretary/Treasurer.

4.8 COMPENSATION

The compensation of the Secretary/Treasurer shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving, a salary by reason of the fact that he or she is also a Shareholder or a Director of the Corporation, or both.

ARTICLE FIVE - AUTHORITY TO EXECUTE INSTRUMENTS

5.1 NO AUTHORITY ABSENT SPECIFIC AUTHORIZATION

These Bylaws provide certain authority for the execution of instruments. The Board of Directors, except as otherwise provided in these Bylaws, may additionally authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver and instrument in the name of and on behalf of the Corporation, and such authority may be general or restricted to specific instances. Unless expressly authorized by these Bylaws or by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render the Corporation liable for any purpose or in any amount.

.2 EXECUTION OF CERTAIN INSTRUMENTS

Formal contracts of the corporation, promissory notes, deeds, deeds of trust, mortgages, pledges, and other evidence of indebtedness of the corporation, other corporate documents, and certificates of ownership of liquid assets held by the Corporation shall be signed or endorsed by the President or any Vice President and by the Secretary/Treasurer, unless otherwise specifically directed by the Board of Directors or required by law.

ARTICLE SIX - ISSUANCE AND TRANSFER OF SHARES

6.1 CLASSES AND SERIES OF SHARES

The Corporation may issue only one class or series of shares. One share of stock shall be issued for each Lot heretofore or hereafter developed on property owned by the Corporation. This class or series shall have full voting rights, and may have such other preferences, rights, privileges, and restrictions as are stated or authorized in the Articles of Incorporation. All shares shall have the same voting rights, conversion, redemption, and other rights, preferences, privileges, and restrictions.

6.2 CERTIFICATES FOR FULLY PAID SHARES

Neither shares nor certificates representing shares nor replacement shares may be issued by the Corporation until the full amount of the consideration has been received or until the Stockholder to whom the certificate that is to be replaced was issued has paid all indebtedness owed by him to the Corporation. When the consideration or indebtedness has been paid to the Corporation, the certificate representing the share shall be issued to the Shareholder entitled thereto.

6.3 CONSIDERATION FOR SHARES

New shares may be issued for such consideration as may be fixed from time to time by the Board of Directors. Said consideration shall be not less than the par value stated in the Articles of Incorporation. The consideration paid for the issuance of shares shall consist of money paid, labor done, or property actually received. Neither promissory notes nor the promise of future services shall constitute payment nor partial payment for shares of the Corporation.

6.4 REPLACEMENT OF CERTIFICATES

No replacement share certificate shall be issued until the former certificate for the shares represented thereby shall have been surrendered and canceled. Replacements for lost or destroyed certificates may be issued, upon such terms, conditions, and guarantees as the Board may see fit to impose including, but not limited to, the furnishing of an indemnity satisfactory to the Board.

6.5 SIGNING CERTIFICATES .FACSIMILE SIGNATURES

All share certificates shall be signed by the President and Secretary/Treasurer of the Corporation. The signatures of the foregoing officers may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar, either of which is not the Corporation itself or an employee of the Corporation. If the officer who has signed or whose facsimile signature has been placed on the certificate has ceased to be such officer before the certificate issued, the certificate may be issued by the Corporation with the same effect as if he were such officer on the date of its issuance.

6.6 TRANSFER AGENTS AND REGISTRARS

The Board of Directors may appoint one or more transfer agents or transfer clerks, and one or more registrars, at such times and place as the requirements of the Corporation may necessitate. Each registrar appointed, if any, shall be an incorporated bank or trust company, either domestic or foreign.

6.7 CONDITIONS OF TRANSFER

The party in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof with respect to the Corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, and prior written notice thereof has been given to the Secretary/Treasurer of the Corporation, or to the Corporation's transfer agent, if any, such fact shall be stated in the entry of the transfer.

6.8 REASONABLE DOUBTS AS TO RIGHT TO TRANSFER

When a transfer of shares is requested and there is reasonable doubt as to the right of the person seeking the transfer, the Corporation or its transfer agent, before recording the transfer of shares on its books or issuing any certificate therefor, may require from the person seeking the transfer reasonable proof of that person's right to the transfer. If the Board has any doubt of such person's right to make or receive the transfer, the corporation may refuse a transfer until the Corporation is given security, a bond of indemnity or other guaranties satisfactory to the Board.

ARTICLE SEVEN - CORPORATE RECORDS AND FISCAL YEAR

7.1 MINUTES OF CORPORATE MEETINGS

The Corporation shall keep at the registered or principal office, or such other place as the Board of Directors may order, a record of the minutes of all meetings of its Directors and of its Shareholders, with the time and place of each meeting, whether such meeting was regular or special, a copy of the notice given for such meeting, or of the written waiver thereof, and, if a special meeting, how the meeting was authorized. The record book shall further show the names of those present at Directors' meetings, the number of shares present or represented at Shareholders' meetings, and the proceedings of all meetings.

7.2 SHARE REGISTER

The Corporation shall keep at the registered or principal office, a share register, showing the names of the Shareholders, their addresses, the number of shares issued to each Shareholder, the number and date of certificates issued for such shares, and the number and date of cancellation of every certificate surrendered for cancellation. The above specified information may be kept on an information storage device such as electronic data processing equipment, provided the equipment is capable of reproducing the information in clearly legible form for the purposes of inspection by any Shareholder, Director, Officer, or agent of the Corporation during regular business hours.

7.3 BOOKS OF ACCOUNT

The Corporation shall maintain correct and adequate accounts of its properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus, and shares. The corporate bookkeeping procedures shall conform to accepted accounting practices for the business or businesses in which the Corporation is engaged. Subject to the foregoing, the chart of financial accounts

shall be taken from, and designed to facilitate preparation of, current corporate tax returns. Any surplus, including earned surplus, paid-in surplus, and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account.

7.4 FISCAL YEAR

The fiscal year of the Corporation shall be as determined by the Board of Directors and approved by the U.S. Internal Revenue Service (IRS). If the Board determines that the Corporation is to have a fiscal year other than the calendar year, the Secretary/Treasurer shall timely file an appropriate election with the IRS.

ARTICLE EIGHT SHAREHOLDERS' LOTS AND RIGHT TO CONSTRUCT

8.1 AREA ASSIGNED FOR EACH SHARE OF STOCK

The owner of each share of stock of the Corporation is hereby given a continuous easement to and upon the Lot assigned to his share of stock. The term of said easement shall extend throughout the existence of the Corporation. At the dissolution of the Corporation, each Shareholder shall have an option to purchase from the Corporation, the Lot assigned to his share of stock.

8.2 ASSIGNMENT OF RIGHT TO USE LOTS

Shareholders shall assign the right to use all or any part of a lot owned by him only in accordance with the provisions of section 9.2 of these Bylaws except that said Shareholder and his prospective assignee shall have first entered into a binding, written agreement providing, among other things; that such assignment shall be made subject to and under the terms and provisions of these Bylaws.

8.3 RIGHT TO ERECT STRUCTURES

Each Shareholder, upon becoming a member of the Club has the right to erect and maintain upon said Lot improvements, except mobile homes, in the form of houses, boathouses, garages, and other improvements in keeping with the purpose of the Corporation and approved by the Board. All such improvements shall be for the sole use of said Shareholder, his Family, and his Guests as set forth in the Club Rules. Each Shareholder, subject to the other provisions of these Bylaws, has the right to remove or to mortgage any or all the improvements located on the Lot assigned to his share of stock. The mortgagee of any such improvements shall be subject to the provisions of these Bylaws. Each Shareholder shall be solely responsible for the payment of all taxes assessed against any improvements maintained upon the Lot assigned to his share of stock of the Corporation.

ARTICLE NINE CERTIFICATES

9.1 STOCK CERTIFICATES

Certificates for shares of the Capital Stock of the Club shall be in such form as shall be approved by the Board of Directors. The shares shall be numbered in the order of their issue; shall be signed by the President or Vice-President and by the Secretary/Treasurer and the seal of the Club shall be affixed thereto. A record shall be kept by the Secretary of each certificate; the name and address of the person represented thereby, and the date thereof. The Club may, upon fixing of a price and approval by the Board of Directors, purchase any number of outstanding shares of Capital Stock to be held in the Treasury

of the Club or reissued and sold as may be directed by the Board. Every certificate surrendered to the Club for cash, transfer or in exchange for a new certificate shall be marked "Canceled" with date of cancellation shown thereon.

9.2 SALE OR TRANSFER OF STOCK

Stock certificates can be issued or transferred only after all the following conditions have been met:

- A. If an outstanding share is to be transferred to a new owner, the prospective new Shareholder must first sign a binding agreement to purchase a share of stock from the present owners of such share and said owner has certified to the Board that such agreement is in full force and effect and is subject to the provisions of these Bylaws, or
- B. If new shares have been authorized by the Shareholders, the prospective purchaser of a new share must first sign a binding agreement with the Corporation to purchase a new share at a price to be fixed by the Board, and
- C. The prospective new Shareholder has completed and signed an application to become a member of the Club and submitted said application to the Secretary/Treasurer of the Club. Said application shall, among other things, contain a provision stating that the Club is under no obligation or liability of any kind to the applicant, and that the applicant shall not be entitled to enjoy any privileges of the Club, unless and until the applicant has been approved for membership by the Shareholders and all other prerequisites for membership have been met to the satisfaction of the Board.
- D. The prospective new Shareholder has executed a Membership Agreement, in form and substance prescribed from time to time by the Board, and delivered said signed agreement to the Secretary/Treasurer.
- E. The prospective new Shareholder shall have been investigated by the Board of Directors and a written recommendation made to the Shareholders.
- F. A ballot containing the Board's recommendation is sent to each Shareholder with the request that the Shareholder vote either for or against the sale of a share of the Corporation's stock to the applicant. No Shareholder shall ever be required to explain or give a reason for the vote.
- G. The applicant receives approval for membership by an affirmative vote of at least a simple majority of votes cast in such referendum.
- H. All dues, charges and assessments against the share to be transferred, and the owner thereof, together with the seller's and buyer's transfer or processing fees, have been paid in full to the Club; the amount of such fee shall be set from time to time by the Board of Directors.
- I. The certificate of stock to be transferred has been endorsed by the owner thereof and surrendered to the Secretary.

9.3 SECRETARY TO NOTIFY APPLICANT OF REFERENDUM RESULTS

Within 10 days after the results of the referendum provided for in this Article have been tabulated and certified by the Board, the Secretary/Treasurer shall notify the applicant, in writing, of the Shareholders' approval or disapproval of his application to become a shareholder.

9.4 MUTILATED, LOST OR DESTROYED CERTIFICATES

The holder of any share of stock of the Club shall immediately notify the Secretary/Treasurer of the loss, destruction or mutilation of the certificate therefor and request the Board to issue a replacement certificate. The Board of Directors may cause a new certificate to be issued upon surrender of the mutilated certificate or in case of loss or destruction of the certificate, upon proof satisfactory to the Board of such loss or destruction. The Board, in its sole discretion, prior to issuing a replacement certificate, and as a condition to the issuance of said certificate may require the Shareholder making such request to furnish a security, a bond of indemnity, or other guaranty satisfactory to the Board.

ARTICLE TEN -SEAL

10.1 FORM

The corporate seal of the Club shall be in circular form and shall bear the words "Lost Prairie Club" surrounding a five pointed star.

ARTICLE ELEVEN -ANNUAL AUDIT

11.1 FISCAL YEAR

The fiscal year of the Club shall begin on the first day of January of each year.

11.2 ANNUAL AUDIT

The President shall cause the accounts of the Club to be audited at least once each year by a committee of three Shareholders, none of whom shall, at the time, be serving in the capacity of Secretary/Treasurer of the Club. The committee's report shall be submitted to the Shareholders at the annual meeting of Shareholders for such year.

ARTICLE TWELVE -MEMBERSHIP AND DUES

12.1 SHAREHOLDERS

The number of Shareholders shall not exceed one shareholder for each share of stock authorized by the Articles of Incorporation and which has been issued and is outstanding. The number of authorized, issued and outstanding shares on the date of the adoption of these Bylaws is fifty (50).

12.2 ANNUAL DUES

Each Shareholder of record shall pay to the Secretary/Treasurer of the Club the dues to be fixed annually by the Board of Directors. Said dues shall be used for the maintenance and upkeep of the Club's property and for such other lawful purposes as may be determined by the Board of Directors. Such dues shall be due and payable

thirty (30) days after the date of the notice of the annual Shareholders' meeting. The Board of Directors shall not fix the annual dues in an amount beyond the reasonable and ordinary requirements of the Club for the ensuing fiscal year.

12.3 DUES PAYMENT DATE AND DELINQUENCY

Dues, assessments and charges shall be due and payable to the Club on dates fixed from time to time by the Board of Directors. All dues, assessments and charges shall be payable to the Club and delivered to the Treasurer at the address set forth in the statements therefor. All dues, assessments and charges not paid by the payment date fixed by the Board of Directors shall bear interest at the rate of one per cent (1%) per month on the unpaid balance from the date due until paid. Any present or future Shareholder who is delinquent in the payment of his dues, assessments and charges shall be suspended from Club privileges effective the date the Shareholder became delinquent. Said suspension shall remain in effect until all dues, assessments, penalties and interest are paid in full. The Secretary/Treasurer shall mail to each Shareholder who is delinquent in payment of his dues, assessments or charges a notice of such delinquency and the suspension of the Shareholder's privileges. Failure of the Shareholder to receive said notice shall not affect the validity of such notice or the validity of the Shareholder's suspension. The Secretary/Treasurer's records of such mailing shall be conclusive evidence thereof.

12.4 FORFEITURE OF STOCK CERTIFICATES

Upon a Shareholder's expulsion from the Club, sale, or transfer of his stock in the Corporation, or upon the foreclosure by the Corporation of its lien upon a Shareholder's share of stock, or upon the happening of any similar event, the Shareholder so affected shall, among other things, surrender his stock certificate to the Secretary/Treasurer for cancellation.

ARTICLE THIRTEEN - NON-DISCRIMINATION

13.1 EQUAL RIGHTS

Subject to the other provisions of these Bylaws, all Shareholders shall have equal rights and privileges upon the Club property.

13.2 OWNERSHIP OF ADDITIONAL SHARES

If a Shareholder owns more than one share of the stock of the Corporation, each share owned by said Shareholder shall, for all purposes hereof, shall have attached thereto the same rights, duties, liabilities and obligations that attach to the other shares of the Corporation.

13.3 CONDUCT OF MEMBERS, THEIR FAMILIES AND GUESTS

All Shareholders, their Families and Guests shall observe and comply with all Rules that may be promulgated and prescribed from time to time by the Board of Directors.

13.4 ACTION BY THE CORPORATION, THE BOARD AND THE SHAREHOLDERS

All actions by the Corporation, the Board and the Shareholders shall be taken without reference to the sex, race, color, religion, handicaps, creed or national origin of any person.

ARTICLE FOURTEEN AMENDMENTS

14.1 BYLAWS

These Bylaws, or any of them, maybe repealed, altered or amended at any annual or special meeting of the Shareholders by a majority vote of not less than 66% of all the outstanding shares of capital stock of the Corporation represented and entitled to vote at such meetings, provided that such proposed repeal, alteration or amendments shall have been included in the notice of the meeting at which such proposals are to be considered.

14.2 RULES

The Board of Directors, at its discretion, at any time and from time to time, may amend or repeal all or any part of the Rules of the Club in such manner as the Board of Directors deems to be in the best interests of the Shareholders.

ARTICLE FIFTEEN MISCELLANEOUS

15.1 GENDER AND NUMBER

The reference to the Masculine in these Bylaws shall include the feminine or neuter gender and the singular shall include the plural, whichever is appropriate to the context of these Bylaws.

15.2 DIRECTORS, OFFICERS AND CLUB

A. All references in these Bylaws to "the Board" or "the Board of Directors" shall mean the Board of Directors of the Corporation.

B. All references, in these Bylaws, to an officer (e.g., President) shall mean an officer of the Corporation or the person acting for such officer in accordance with these Bylaws.

C. All references to "the Club" in these Bylaws shall mean the Corporation.

15.3 HEADINGS

All headings above any Article or section of these Bylaws are for convenience only and shall not be used to construe or interpret any provision.

President

Robert D. Johnston

Vice President

Jim Lile

2-25-2012

Leon A. Willhite

2-25-2012

Secretary/Treasurer
CERTIFICATION