

1 **FEDERATION OF KINGS POINT ASSOCIATIONS, INC.**  
2 **ADMINISTRATIVE CODE AC-1**

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4 **LEGAL FUND**

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6 The Federation of Kings Point Associations, Inc. shall maintain a legal Reserve fund, hereafter  
7 referred to as the "Fund", all of which shall be funded and administered as follows:  
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9 1. FUNDING:

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11 The Federation membership shall establish the Fund with a minimum of TWENTY-FIVE  
12 THOUSAND DOLLARS (\$25,000.00) which shall be funded through the annual budget of  
13 the Federation.  
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15 Through income derived by the parties authorized to use the Fund, such as but not limited to  
16 interest, refunds, awards and other sources not derived from assessment on the Federation  
17 members, the fund may increase to ONE HUNDRED THOUSAND DOLLARS  
18 (\$100,000.00).  
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20 When or if income to the Fund should cause said Fund to exceed ONE HUNDRED  
21 THOUSAND DOLLARS (\$100,000.00), approval shall be sought from and must be given  
22 by the Federation membership for retention or disposition of those amounts in excess of the  
23 TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) minimum.  
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25 Any need for legal expense in excess of the Fund balance shall be paid for through a special  
26 assessment on the Federation members. Said special assessment shall require approval of the  
27 Federation membership present and voting at a membership meeting where not less than  
28 TEN (10) days prior notice of said special assessment shall have been given.  
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30 2. ADMINISTRATION:

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32 2.01 In defense of legal action, the Federation's Board of Directors shall first  
33 determine if its common carrier of Directors and Officers insurance can be used in lieu of  
34 using the Fund.  
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36 2.02 The Fund shall be used only for paying legal expenses incurred in accordance  
37 with and subsequent to the written approval of the Federation's Board of Directors.  
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39 2.03 In the case of disputes where the use of the Fund is requested, the Board of  
40 Directors shall pursue all appropriate means of settling said disputes, such as but not  
41 limited to professional mediation and/or arbitration, prior to approving litigation by the  
42 applicant.  
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3. PARTIES TO THE USE OF THE FUND:

3.01 The Federation may use the Fund in pursuing any legal action approved by the Federation membership present and voting at the membership meeting where not less than TEN (10) days prior notice of said use shall have been given.

3.02 The Board of Directors may reserve a maximum of FIFTY THOUSAND DOLLARS (\$50,000.00) of the fund for its own legal counsel or other legal use. Legal expenses over FIFTY THOUSAND DOLLARS (\$50,000) in any one year for Board legal counsel, for other direct legal services to the Board or its members, or for legal services to Federation Member Associations must be approved by the Membership.

3.03 Subject to the requirements of Section 3.02 above and after having first obtained written approval from the Board of Directors for that specific purpose, Federation Member Association(s) may use the Fund in pursuing a legal action.

4. SETTLEMENTS:

4.01 Federation income derived by the parties authorized to use the Fund, such as but not limited to interest, refunds, awards and other sources not derived from assessments on the Federation members; shall be deposited to the account of the Fund, even though said deposit may increase the Fund in excess of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00). Approval shall be sought from and must be given by the Federation membership for retention or disposition of those amounts in excess of the TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) minimum.

This Legal Fund Administrative Code and any amendments hereto shall be adopted upon approval by an affirmative vote of the Federation membership present and voting at a meeting where not less than TEN (10) days prior notice of said Code and/or any amendment hereto shall have been given. Adoption of this version of AC-1 supersedes and replaces all earlier versions.



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3. PARTIES TO THE USE OF THE FUND:

3.01 The Fund shall be used for the payment of authorized expenses incurred by Member Associations in accordance with this Administrative Code (AC-2).

4. SETTLEMENTS:

4.01 Income derived by the parties authorized to use the Fund, such as but not limited to interest, refunds, awards and other sources not derived from assessments on the Federation members, shall be deposited to the account of the Fund even though said deposit may increase the Fund in excess of TWO HUNDRED THOUSAND DOLLARS (\$200,000).

The Insurance Deductible Fund's Administrative Code and any amendments hereto shall be adopted upon approval by an affirmative vote of the Federation membership present and voting at a meeting where not less than TEN (10) days prior notice of said Code and/or any amendments hereto shall have been given.