

## BYLAWS OF

### CHATEAU WOODS PROPERTY OWNERS ASSOCIATION, INC.

#### ARTICLE I. NAME AND LOCATION

Section 1.1. Name. The name of the corporation is CHATEAU WOODS PROPERTY OWNERS ASSOCIATION, INC., hereinafter sometimes referred to as the "Association" or the "Corporation."

Section 1.2. Location. The principal office of the of the Corporation shall be located at 25211 Grogan's Mill Road, Suite 450, The Woodlands, Montgomery County, Texas, but meetings of members and directors may be held at such places within Montgomery County, Texas, as may be designated by the Board of Directors.

#### ARTICLE II. DEFINITIONS

Section 2.1. "Association" shall mean and refer to the CHATEAU WOODS PROPERTY OWNERS ASSOCIATION, INC., a Texas nonprofit corporation, its successors and assigns.

Section 2.2. "Owner" shall mean and refer to the owner, whether one or more persons or entities, of record, fee simple title to each lot which is part of the Properties, but excluding any person whose interest in a lot is held merely as security for the performance of an obligation.

Section 2.3 "Properties" shall mean and refer to that certain real property described in the Declaration and such additional property as may hereafter be brought within the jurisdiction of the Association by amendment to or supplementation of the Declaration.

Section 2.4. "Common Area" shall mean and refer to all real property owned and/or controlled by the Association for the common use and enjoyment of the Owners as described in the Declaration. "Common Properties" shall mean property, both real and personal, owned or managed by the Association.

Section 2.5. "Lot" shall mean and refer to any plot of land shown on the recorded subdivision plat of the Properties, in Cabinet Z, on sheets 536 through 539, in the Map and Plat Records in Montgomery County, Texas, with the exception to Common Area, easements and dedicated rights-of-way.

Section 2.6. "Declarant" shall mean and refer to MARLCO, LTD., a Texas limited partnership, its successors or assigns, provided such successor or assign acquires in a single transaction not less than ten (10) residential lots for purposes of development or residential construction and and receives an assignment of Declarant's rights as a part of the acquisition.

Section 2.7. "Declaration" shall mean and refer to the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CHATEAU WOODS, applicable to the Properties, and recorded in the Official Public Records of Real Property of Montgomery County, Texas under the Montgomery County Clerk's Instrument File No.

292-11-2750

Section 2.8. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

### ARTICLE III. MEETINGS OF MEMBERS

Section 3.1. Annual Meetings. There shall be a meeting of the Association on the 2<sup>nd</sup> Tuesday of March in each year, commencing in the year 2007, at 6:30 p.m. or at such other reasonable time and date (not more than sixty days before or after such date), and at such other place in Montgomery County, Texas, as the Board of Directors may determine.

Section 3.2. Special Meetings. Special meetings of the members may be called at any time by the president of the Association or by the Board of Directors, or upon written request of the members who hold at least one-fourth (1/4) of all of the Class A Voting Interest (as "Voting Interest" is defined in the Declaration).

Section 3.3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or the person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than twenty (20) days before such meeting date, to each member of the Association, addressed to such member at the members address on the books of the Association. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. The Board of Directors shall determine the place of the meeting.

Section 3.4. Quorum. The presence at the meeting of members, in person or by proxy, entitled to cast one-tenth (1/10) of the votes of each class of membership, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. No such subsequent meeting shall be held more than thirty (30) days after the date of the original

called meeting, except as provided in the Declaration for special meetings called in regard to special assessments.

Section 3.5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, on a form approved by the Board of Directors and filed with the Secretary of the Association at least ten (10) days before the preparation of ballots. Every proxy shall be revocable and shall be for no period greater than eleven (11) months.

Section 3.6. Member in Good Standing. Only members in good standing shall be entitled to cast votes or serve as a Member of the Board of Directors. A member is "in good standing" only if all assessments affecting the member's lot or lots are paid in full and there are no unsatisfied judgments against the member in favor of the Association.

Section 3.7. Order of Business. Unless determined otherwise by the Board of Directors, the order of business at all meetings of the membership of the Association shall be as follows:

- a. Roll Call
- b. Proof of Notice of Meeting or Waiver of Notice
- c. Reading of Minutes of Preceding Meeting
- d. Reports of Officers
- e. Reports of Committees
- f. Election of Directors
- g. Unfinished Business
- h. New Business
- i. Adjournment

#### **ARTICLE IV. BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE**

Section 4.1. Number. The affairs of the Association shall be managed by a board of three (3) directors who must be a member in good standing of the Association (See Section 3.4) or appointed by Declarant. The number of directors may be changed by amendment of the Bylaws of the Association, but in no event shall the Board of Directors have fewer than three members.

Section 4.2. Term of Office. Members of the Board of Directors appointed by Declarant shall serve until removed by Declarant or Class A member elected directors are elected to replace directors appointed by Declarant. For so long as any director appointed by Declarant holds office, elected directors shall serve from the time of the election until the next annual meeting. At the first annual meeting of the members after all appointed directors have been replaced with elected directors, one director shall be elected for a term of one year, one director shall be elected for a term of two years and one director shall be elected for a term of three years; thereafter at each annual meeting one director shall be elected for a period of three years. After there are no serving appointed members of the

Board of Directors, if the membership of the Board of Directors is increased from three to five members, one additional position shall be, initially, for a period of two years and the other new member for a period of three years; thereafter each position shall be a three year term. In the case of the resignation, removal, death or incapacity to serve of any of the aforesaid directors elected to office, by the members of the corporation, a special meeting of the members entitled to elect such director shall be called to elect a successor to serve the balance of the term of said directors.

Section 4.3. Removal. Any member of the Board of Directors elected by the Class A members may be removed from the Board of Directors, with or without cause, by a majority vote of the Class A members. Any member of the Board of Directors appointed by Declarant may be removed and replaced only by Declarant.

Section 4.4 Compensation. No member of the Board of Directors shall receive compensation for any service rendered to the Association; however, and members of the Board of Directors may be reimbursed for reasonable expenses actually paid for by a member of the Board of Directors and incurred in the performance of his or her duties.

Section 4.5. Action Taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all members of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE V. NOMINATION AND ELECTION OF DIRECTORS

Section 5.1 Nomination. Nomination for election to the Board of Directors may be made by a nominating committee, by the Board of Directors and by the membership. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and one or more members of the Association. Any nominating committee must be appointed by the Board of Directors at least ninety (90) days prior an annual meeting of members and shall serve until the close of the next annual meeting. Such appointments shall be announced at each annual meeting. A nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion, determine, but not less than the number of vacancies to be filled at the next annual meeting of the members.

Section 5.2 Election. Election to the Board of Directors shall be by secret ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. However, if the number of candidates does not exceed the number of director positions to be filled, the candidates may be elected by acclamation through a voice vote.

**ARTICLE VI.  
MEETINGS OF DIRECTORS**

Section 6.1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly, without the requirement of notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should a regular meeting fall on a legal holiday, then that meeting shall be held at the same time on the next day that is not a legal holiday.

Section 6.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two Directors, after not less than three (3) days' notice to all members of the Board of Directors.

Section 6.3. Quorum. A majority of the number of members of the Board of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the members of the Board of Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

**ARTICLE VII.  
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 7.1. Powers. The Board of Directors shall have the power to:

- (a) Adopt and publish rules and regulations governing the use of Common Properties and facilities, if any, and the personal conduct of the members and their guest thereon, and to establish penalties for the infraction thereof.
- (b) Suspend the voting rights and other privileges of a member during any period in which such member shall be in default in the payment of any assessment and/or other fees levied by the Association. Such rights may also be suspended after notice of hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations or continuing violation of the standards established in the Declaration.
- (c) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.
- (d) Declare the office of an elected member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(e) Enter into contracts with independent contractors or municipalities for police or security protection, fire protection, landscaping services, and sanitary services such as garbage collection.

(f) Employ a manager, independent contractors, or such other employees as the Board of Directors may deem necessary and to prescribe their duties.

(g) Cause audited or unaudited reports of the business affairs of the Association to be prepared from time to time.

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs, and to present a statement thereof to the members at each annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote.

(b) Supervise all officers, agents and employees of the Association.

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner of property subject thereto at least thirty (30) days in advance of each annual assessment period.

(d) Procure and maintain adequate liability and hazard insurance on property owned and/or managed by the Association.

(e) Cause all officers or employees having fiscal responsibilities to be bonded, as the Board of Directors may deems appropriate.

(f) Cause the Common Area, if any, to be maintained (including, but not limited to, any private streets, entry and gates serving the Properties).

(g) Maintain landscaped areas described in or covered by the Declaration.

## ARTICLE VII. OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Offices. The officers of this Association shall be a president and vice president, each of whom shall at all times be members of the Board of Directors, a secretary and treasurer, and such other officers as the Board of Directors may from time to time create by resolution.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board of Directors, and shall hold office until their replacements or successors are elected by the Board of Directors, or earlier upon resignation, removal or disqualification.

Section 8.4. Special Appointments. The Board of Directors may elect such other officers as the business and affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 8.5. Resignation and Removal. Any officer may be removed from office without cause by the Board of Directors, at any time. Any officer may resign at any time by giving written notice to one or more of the Board of Directors, the president or the secretary of the Association. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. Vacancies. A vacancy in an office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 8.7. Multiple Offices. The offices of vice president, secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article.

Section 8.8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at meeting of the Board of Directors and of the membership, and shall sign all contracts, leases, mortgages, deeds and other written instruments.

(b) Vice President. The vice president shall act in the place and stead of the President in event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The secretary shall be responsible for the recording of the votes and the keeping of minutes of all meetings and proceedings of the Board of Directors and of the annual meeting and special meetings of the membership, the service of notice of meetings of the Board of Directors and of the membership, the maintenance of appropriate and current records showing the members of the Association, together with their addresses and such other duties as required by the Board of Directors.

(d) Treasurer. The treasurer shall be responsible for the receipt and deposit, in appropriate bank accounts, of all monies of the Association, and the disbursement of such funds as directed by resolution of the Board of Directors; the maintenance of proper books of account; the issuance of audited or unaudited financial statements for the Association, based on its books and records, to be prepared at the completion of each fiscal year; and the preparation an annual budget and statement of income and expenditures to be presented to the membership at each annual meeting, and delivery of copies (which delivery may be by mail or publishing same in an Association newsletter) of each to the members. Further, the treasurer shall sign all promissory notes of the Association.

## ARTICLE IX. BOOKS AND RECORDS

Section 9.1. Books and Records. The books, records and papers of the Association, except for the personal files of each member for which disclosure may be prohibited by the FAIR DEBT COLLECTION ACT or other rule of law, shall at all times, during reasonable business ours, Monday through Friday, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased for a reasonable price.

## ARTICLE X. COMMITTEES

Section 10.1. Architectural Control Committee. When the Board of Directors of the Association is vested with the power and authority to appoint and remove members of the Architectural Control Committee, hereinafter sometimes called the "ACC", pursuant to the Declaration, the Board of Directors shall appoint an Architectural Control Committee, as provided by the Declaration. The ACC, regardless of who appointed its membership, shall prepare and adopt a written statement setting forth development and building standards and procedures for the implementation and enforcement of same, said statement to be called "Architectural Design Guidelines", shall perform such functions as directed by the Declaration, and shall advise the Board on all matters pertaining to the maintenance, sue, repair or improvements to the Properties. The ACC may have delegated to it, by the Board, such powers and duties as are necessary to enforce the Declaration. The actions of the ACC shall not conflict with the Declaration.

Section 10.2. Nominating Committee. The Board of Directors may appoint, from time to time, a nominating committee, as provided by these Bylaws, for the selection of members to the ACC or any other committee established pursuant to these Bylaws or the Declaration.

Section 10.3. Other Committees. The Board of Directors shall appoint such other committees as it deems appropriate to carry out the purposes of the Declaration, the Articles



of Incorporation and these Bylaws, and delegate to said committees such powers and duties required to execute and enforce the committee's responsibilities.

## **ARTICLE XI. ASSESSMENT**

Section 11.1. Assessment. As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments that are secured by a continuing lien upon the property against which the assessment is made. Assessments not paid when due are delinquent. If an assessment is not paid within sixty (60) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum or the highest lawful rate permitted by applicable law, whichever is lower, and the Association may bring an action at law against any person obligated to pay the same and to foreclose a lien against any property so encumbered for the payment of such debt, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for assessments provided for herein by nonuse of the Common Properties or abandonment of his, her or their property.

## **ARTICLE XII. NO CORPORATE SEAL**

Section 12.1. No Corporate Seal Required. The Association shall not be required to have a corporate seal for any purposes. However, the Board of Directors may adopt a corporate seal if it so wishes.

## **ARTICLE XIII. AMENDMENTS AND CONFLICTS**

Section 13.1. Amendment. These Bylaws may be amended at a regular or special meeting of the members by a vote of a majority of a quorum of each class of members present in person or by proxy, provided that so long as there is a Class B membership, the approval of the VA or HUD must be obtained for any amendment hereto.

Section 13.2. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control, and in the case of any conflict between the Declaration and the Articles of Incorporation, or between the Declaration and these Bylaws, the Declaration shall control.

## **ARTICLE XIV. FISCAL YEAR**

Section 14.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December of each year, except for the year of incorporation when the fiscal year shall begin on the date of incorporation.

## ARTICLE XV. INDEMNIFICATION OF DIRECTORS, OFFICERS AND MANAGERS

Section 15.1. Indemnification. The Association shall indemnify every member of the Board of Director, officer and manager of the Association, his or her heirs, executors, administrators, personal representatives, successors, and assigns against all loss, costs and expense, including counsel fees, reasonably incurred in connection with any action, suit or proceeding to which he/she may be made a party by reason of being or having been a director, officer or manager of the Association, except for matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such Directors, officer or manager in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such member of the Board of Directors, officer or manager may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense incurred in connection with the Common Properties; provided, however, that nothing in this Article shall be deemed to obligate the Association to indemnify any member or owner of a lot, who is or has been a Member of the Board of Directors, officer or manager of the Association, with respect to any duties or obligations assumed or liabilities incurred by him or her under and by virtue of the Declaration related to the Properties or as a member or owner of a lot covered by the Declaration. The Association may obtain such insurance as the Board of Directors may deem advisable to cover the foregoing described matters.

## ARTICLE XVI. DISSOLUTION

Section 16.1 Manner of Dissolution. The Corporation may be dissolved only with the assent, signed in writing, of sixty-seven percent (67%) of the members of all of then existing classes of membership and with the written consent of the Class B member. Written notice of a proposal to dissolve, setting forth the reasons therefore and the disposition to be made of the assets and/or the methods available to satisfy all outstanding indebtedness and obligations, shall be given to every member at least ninety (90) days in advance of any meeting at which any such action may be taken.

Section 16.2. Distribution of Assets. Upon dissolution of the Corporation, the assets both real and personal of the Corporation shall be applied and distributed in accordance with the provisions of Article 1396-6.02 of the Texas Non-Profit Corporation Act, as it may be amended from time to time.

IN WITNESS WHEREOF, we, being all of the initial Directors of CHATEAU WOODS PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands as of NOVEMBER 1, 2006

  
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J. MARK DOOLEY, Director

  
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OMERO L. DEL PAPA, III, Director

  
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ROBERT L. SMITH, Director

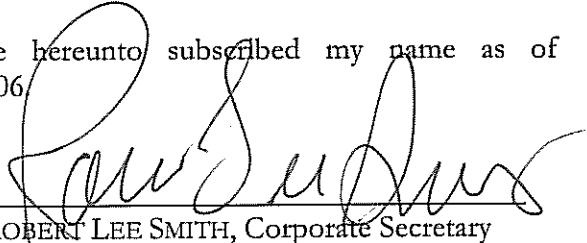
### CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of CHATEAU WOODS PROPERTY OWNERS ASSOCIATION, INC., a Texas nonprofit corporation; and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the initial Board of Directors thereof, held on NOVEMBER 1, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of NOVEMBER 1, 2006

  
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ROBERT LEE SMITH, Corporate Secretary