

ATTACHMENT A

BYLAWS

OF

SYCAMORE HILL PROPERTY OWNERS' ASSOCIATION, INC.

a Texas Non-Profit Corporation

BYLAWS

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SYCAMORE HILL PROPERTY OWNERS' ASSOCIATION, INC.

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BYLAWS

OF

SYCAMORE HILL PROPERTY OWENRS' ASSOCIATION, INC.

Article 1)

Offices

Section a) **Principal Office:** The principal office of the Sycamore Hill Property Owners' Association, Inc. (the "Association") in the State of Texas shall be located at 14941 Frantz Road, Cat Spring, TX 78933. The Association may have such other offices, either within or without the State of Texas, as the Board of Directors may designate or as the operations of the Association may require from time to time.

Section b) **Registered Office:** The registered office of the Association required by the Texas Non-Profit Corporation Act to be maintained in the State of Texas may be, but need not be, identical with the principal office in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

Article 2)

Project/Declaration

Section a) **Project:** The Association has been formed in connection with that certain tract of land containing approximately 155.521 acres in Austin County, Texas, presently consisting of twenty-seven (27) residential lots (each called a "Lot") in one block, and two (2) reserves, commonly known as Sycamore Hill (the "Project"), as is more fully described in the Declaration (defined below). Each of the Lots in the Project (as defined in the Declaration) is referred to in these Bylaws as a "Residential Unit". The Project is being developed by Land of Oaks Development LLC ("Developer").

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Section b) **Declaration:** The Project is subject to and governed by the provisions of the Declaration of Covenants, Conditions and Restrictions for Sycamore Hill, dated on or about September 10, 2010, filed in the Official Records of Real Property of Austin County, Texas (the "Declaration"). Unless otherwise defined in these Bylaws, any capitalized term will have the meaning described in the Declaration. If any of these Bylaws appear to conflict with the any provision of the Declaration, then the terms of the Declaration shall control. These Bylaws may be amended or replaced from time to time by the Board, as provided herein.

Section c) **Personal Application:** These Bylaws bind following persons (present or future), who are each subject to the terms and conditions hereof: Owners, tenants, employees or other persons that use or occupy any portion of the Project in any manner. The act of using, occupying or acquiring title to any portion of the Project shall constitute such person's full acceptance and ratification of these Bylaws.

Article 3)
Members

Section a) **Members:** The members of the Association shall be those persons described in the Declaration as "Members" of the Association. A Member is the Owner of a Residential Unit, who is identified as the person who will represent the Residential Unit, as provided in the Declaration. Developer is also a Member of the Association, as provided in the Declaration. Membership in the Association is appurtenant to ownership of a Residential Unit, as provided herein and in the Declaration. The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary of the Council that the person is qualified as a Member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of a Unit in the Project. Such deed shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

Section b) **First Meeting:** At the first meeting thereof, the Members of the Association shall elect the first Member-elected Board of Directors of the Association, in the same manner as an annual meeting of the Members.

Section c) **Annual Meeting:** Unless otherwise determined by the Board of Directors, the annual meeting of the Members shall be held on the third Tuesday in the fourth month after the end of the Association's fiscal year for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as convenient.

Section d) **Special Meeting:** Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by law or by the Articles of Incorporation, may be called by the Chairman of the Board, the Board of Directors, the President, or at least fifty percent (50%) of the Members entitled to vote at the meeting. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the notice of the meeting.

Section e) **Place of Meeting:** Meetings of the Members may be held at any place, within or without the State of Texas, designated in the notice or waiver of notice of the meeting. If no designation is so made, meetings of the Members shall be held at the principal office of the Association.

Section f) **Notice of Meeting:** Written notice stating the place, date, and time of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each Member of record entitled to vote at such meeting. Such notice shall have been given if hand-delivered or mailed to each Residential Unit.

Section g) **List of Members:** A complete list of the Members entitled to vote at each Members' meeting or any adjournment thereof, arranged in alphabetical order, with the address of the Residential Unit owned by each Member, shall be prepared by the Secretary and kept on file at the registered office of the Association. Such list shall be subject to inspection by any Member of the Association during usual business hours for a period of at least ten days prior to each meeting and shall be produced and kept open at each meeting and at all times during each meeting. The membership roll maintained by the Secretary of the Association shall be prima facie evidence as to who are the Members entitled to vote at any meeting of the Members.

Section h) **Quorum:** Members representing at least fifty percent (50%) Members entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the Members. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section i) **Adjournments:** If the number of Members necessary to constitute a quorum shall fail to attend any meeting of the Members in person or by proxy, then the Members present at such meeting, representing a majority of the Members, in person or by proxy, may adjourn any such meeting from time to time without notice, provided that they shall announce (at such time) the time and place at which the meeting will reconvene. Members representing a majority of the Members entitled to vote and present at such meeting (in person or represented by proxy) may also adjourn any meeting of the Members from time to time and without notice, provided that they shall announce (at such time) the time and place at which the meeting will reconvene. If the adjournment is for more than 60 days, or if after adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record

entitled to vote at such meeting. At any such adjourned meeting at which a quorum is present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally notified or called.

Section j) **Proxies:** At all meetings of the Members a Member may vote by proxy executed in writing by the Member or by his duly authorized attorney in fact. To be effective, such proxy must be in writing and must be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after the occurrence of any of the following events: (a) eleven months from the date of the execution of such proxy, unless otherwise provided in the proxy; (b) the death of the person that granted the proxy, or the declaration in a court of competent jurisdiction that the person that granted the proxy is legally incompetent; or (c) the conveyance of the interest in the project held by the person that granted the proxy, so that he/she is no longer a Member. A proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law. Should a proxy designate two or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if any even number attend and a majority do not agree on any particular issue, each proxy so attending shall be entitled to exercise such powers in respect of the number of Members that is represented by such proxies.

Section k) **Nomination and Election:** Nominations for election to the Board of Directors shall be made by the Members from the floor at the annual meeting of Members, with respect to each Directorship subject to election. Members (or their properly authorized proxies) may cast the number of votes to which they are entitled under the Declaration. The nominee receiving the highest number of votes shall be elected.

Section l) **Voting by Members:** Except as otherwise provided by law, the Articles of Incorporation, or these Bylaws the following shall apply:

i) When a quorum is present at any meeting, the vote of Members representing a majority of the Members entitled to vote and present at such meeting (in person or represented by proxy) shall decide any matter submitted to such meeting, unless the matter is one upon which by law, the Articles of Incorporation, or these Bylaws the vote of a greater number is required, in which case the vote of such greater number shall govern and control the decision of such matter.

ii) All voting shall be by oral vote, except that upon the determination of the Chairman of the meeting or upon the demand of any qualified voter or his proxy, voting on any question, matter, or business at such meeting shall be by ballot. In the event any business, question, or matter is so voted upon by ballot, then each ballot shall be signed by the Member voting or by his proxy and shall state the number of Members so voted.

iii) IN THE EVENT THAT AN OWNER OF A RESIDENTIAL UNIT IS IN DEFAULT IN THE PAYMENT OF ASSESSMENTS UNDER THE DECLARATION, THEN SUCH RESIDENTIAL UNIT (AND THE MEMBER REPRESENTING SUCH RESIDENTIAL UNIT) SHALL NOT BE ENTITLED TO VOTE WITH RESPECT TO SUCH RESIDENTIAL UNIT. For purposes of these Bylaws, all Assessments shall be deemed to be valid and the proper exercise of the Board's power unless and until a final, non-appealable judgment is entered overturning such Assessment.

Section m) Voting by Certain Members:

i) The vote of a Residential Unit owned by a corporation may be exercised by the President of such corporation or any other officer, agent, or proxy as the bylaws or resolution of such corporation may prescribe, or other person acceptable to the Board of Directors.

ii) The vote of a Residential Unit owned by a partnership, joint venture or other entity may be exercised by any person who is duly authorized by such entity, or by any other partner, member, owner, or agent thereof acceptable to the Board of Directors.

iii) The vote of a Residential Unit subject to a duly appointed administrator, executor, guardian, or conservator may be exercised by such administrator, executor, guardian or conservator as a Member on behalf of such Residential Unit, either in person or by proxy, without a transfer of the Residential Unit into his/her name.

iv) The vote of a Residential Unit that is held in the name of a trustee may be exercised by the trustee, either in person or by proxy, but no trustee shall be entitled to vote on behalf of a Residential Unit without transfer of such Residential Unit into his/her name.

v) The vote of a Residential Unit standing in the name of or under the control of a receiver may be exercised by such receiver, without the transfer of such shares into his/her name, if authority to vote as a Member of the Association is contained in an appropriate order of the court by which such receiver was appointed.

vi) A Member whose Residential Unit is subject to a lien, mortgage, deed of trust or other security interest shall be entitled to vote as a Member of the Association until legal title to the Residential Unit has been transferred on the books and records of the Association into the name of the mortgagee or other transferee, and thereafter the transferee shall be entitled to vote as a Member of the Association.

Section n) Order of Business and Rules of Procedure: The President of the Association, or in the event of his absence, omission, or refusal to so act, a Vice President of the Association, shall call each meeting of the Members to order and shall act as Chairman of such

meeting. If neither the President nor a Vice President of the Association acts or will act as the Chairman of the meeting of the Members, then the Members may appoint a Chairman who shall act as Chairman of the meeting.

The Secretary of the Association, or in the event of his absence, omission, or refusal to act, an Assistant Secretary, shall act as Secretary of each meeting of the Members. If neither the Secretary nor an Assistant Secretary acts or will act as Secretary of the meeting of the Members, then the Chairman of the meeting or, if he fails to do so, the Members, may appoint any person to act as Secretary of the meeting and such person shall act as Secretary of the meeting.

The Chairman of any meeting shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him in order. Unless the Chairman of the meeting shall otherwise determine, the order of business shall be as follows:

- (1) Call to order.
- (2) Election of a Chairman and the appointment of a Secretary, if necessary.
- (3) Presentation of proof of due calling and notice of the meeting.
- (4) Presentation and examination of proxies.
- (5) Ascertainment and announcement of presence of quorum.
- (6) Approval or waiver of approval of prior minutes.
- (7) Report of officers.
- (8) Nomination for Directors.
- (9) Receiving motions and resolutions.
- (10) Discussion of election of Directors, motions, and resolutions.
- (11) Vote on Directors, motions, and resolutions.
- (12) Any other unfinished business.
- (13) Any other new business.
- (14) Receipt of report of inspector on results of election and vote on motions and resolutions.

(15) Adjournment.

In all matters pertaining to conduct of the Members' meetings, the procedures set forth in Robert's Rules of Order shall be followed. Legal counsel to the Association, or such other person as is specified in notice of the meeting, shall act as parliamentarian.

Section o) **Inspectors of Election:** In advance of any meeting of the Members, the Board of Directors may appoint one or more inspectors of election. If there is no such appointment made in advance, or if any appointed person refuses or fails to serve, the Chairman of the meeting may appoint such inspectors or appoint a replacement for any inspector refusing or failing to serve. Inspectors of election shall determine the legal ownership of the Residential Units, the Member who is qualified to vote with respect to such Residential Unit, whether the Owners of such Residential Unit(s) is in default in the payment of Assessments, the existence of a quorum, and authenticity, validity, and effect of proxies. The inspectors shall receive votes, ballots, assents, and consents, and hear and determine all challenges and questions in any way arising in connection with a vote. They shall count and tabulate all votes, assents, and consents, and determine and announce results and do all other acts as may be proper to conduct elections or votes with fairness to all of the Members.

Section p) **Action Without a Meeting:** Any action required by law or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members and filed with the Secretary of the Council.

Article 4)
Board of Directors

Section a) **General Powers:** The business and affairs of the Association shall be managed by its Board of Directors. In addition to the powers and authorities expressly conferred upon them by these Bylaws, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by law or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the Members.

Section b) **Number, Tenure, and Qualifications:** The number of Directors of the Association shall be determined from time to time by resolution adopted by a majority of the Board of Directors or by the Members (but in no event shall be less than three); provided, however, that no decrease in the number of Directors by the Board of Directors shall have the effect of shortening the term of any incumbent Director. If the Board of Directors makes no such determination, the number of Directors shall be the number set forth in the Articles of Incorporation. Each Director shall hold office until the next annual meeting of the Members, or special meeting held for the purpose of electing Directors, and until his successor shall have been elected and qualified. Directors need not be Owners or residents of the State of Texas or Members of the Association.

Section c) **Regular Meetings:** A regular meeting of the Board of Directors shall be held without other notice than these Bylaws immediately after, and at the same place as, the annual meeting of the Members. The Board of Directors may provide by resolution, the time and place, either within or without the State of Texas, for the holding of additional regular meetings without other notice than such resolution.

Section d) **Special Meetings:** Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President, or a majority of the Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Texas, as the place for holding any special meeting of the Board of Directors called by them.

Section e) **Notice:** Notice of any special meeting shall be given at least three (3) business days in advance by written notice, telephone, telegram, or other reasonable means of communication. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting.

Section f) **Quorum:** A majority of the number of Directors fixed by Section 2 of this Article IV (but not less than three Directors) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than a quorum is present at a meeting, a majority of the Directors present at such meeting may adjourn the meeting from time to time without further notice, other than by announcement at such meeting of the time and place at which the meeting will reconvene, until the transaction of any and all business submitted or proposed to be submitted to such meeting or any adjournment thereof shall have been completed.

Section g) **Manner of Acting:** The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws. Regular and Special meetings of the Board of Directors shall be open to all Members of the Association; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of the Board present at such meeting. The Board may, with the approval of a majority of the Board present at such meeting, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, and other business of a confidential nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section h) **Removal:** At any meeting of the Members (after the Transition Date) called expressly for that purpose, any Director or the entire Board of Directors may be removed from



office, with or without cause, by a vote of the Members who represent at least seventy-five percent (75%) of the Residential Units then entitled to vote at an election of Directors. Any vacancy or vacancies in the Board resulting therefrom may be filled as described below.

Section i) **Resignation:** Any Director may resign at any time by giving written notice to the President or Secretary. Such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective. Any vacancy or vacancies in the Board resulting therefrom may be filled as described below.

Section j) **Vacancies:** Any vacancy occurring in the Board of Directors may be filled by the appointment of a successor by a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of any increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of the Members called for that purpose, or by the Board of Directors, for a term of office continuing only until the next election of one or more Directors by the Members; provided, however, that the Board of Directors may not fill more than two such Directorships during the period between any two successive annual meetings of the Members.

Section k) **Compensation:** By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a Director. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section l) **Presumption of Assent:** A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who abstained or voted in favor of such action.

Section m) **Chairman of the Board:** The Board of Directors may select from among its members a Chairman of the Board who may, if so elected, preside at all meetings of the Board of Directors and approve the minutes of all proceedings thereat, and he shall be available to consult with and advise the officers of the Association with respect to the conduct of the business and affairs of the Association and shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to him by the Board of Directors.

Article 5)
Officers

Section a) **Principal Officers:** The officers of the Association shall be a President and a Secretary, each of whom shall be elected by the Board of Directors. The Association may also establish one or more Vice Presidents, a Treasurer, and such other officers and assistant officers as the Board of Directors may deem to be necessary. All such offices shall be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, other than the office of the President and the Secretary, which must be held by different persons.

Section b) **Election and Term of Office:** The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his successor shall have been duly elected and shall have been qualified or until his death or until he shall resign or shall have been removed from office in the manner hereinafter provided.

Section c) **Removal:** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section d) **Resignation:** Any officer may resign at any time by giving written notice thereof to the Board of Directors or to the President or Secretary of the Association. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section e) **Vacancies:** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section f) **Powers and Duties of Officers:** The officers shall perform the duties and exercise the powers expressly conferred or provided for in these Bylaws, as well as the usual duties and powers incident to such offices, respectively, and such other duties and powers as may be assigned to them by the Board of Directors or by the President.

Section g) **President:** Subject to the Board of Directors, the President shall be the chief executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. He may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution shall be expressly delegated by the Board of

Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section h) **Vice President:** In the absence of the President or in the event of his death, inability, or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) 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. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section i) **Secretary:** The Secretary shall keep the minutes of the Members' and the Board of Directors' meetings in one or more books provided for that purpose; see that all notices are given in accordance with the provisions of these Bylaws and as required by law; be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; keep a register of the address of each Member which shall be furnished to the Secretary by such Member; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section j) **Treasurer:** If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; and shall in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or the Board of Directors.

Section k) **Assistant Secretaries and Assistant Treasurers:** The Assistant Secretaries, when authorized by the Board of Directors, may sign with the President or a Vice President. The Assistant Treasurers shall, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

Section l) **Compensation:** The compensation of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such compensation by reason of the fact that he is also a Director of the Association.

Article 6)
Committees

Section a) **Committees of Directors:** The Board of Directors may by resolution designate and appoint one or more committees, each of which shall consist of two or more Directors, which committees, to the extent provided in such resolution, shall exercise the authority of the Board of Directors in the management of the Association. However, no such committee shall have the authority of the Board of Directors in reference to amending, altering, or repealing the Bylaws; electing, appointing, or removing any member of any such committee or any Director or officer of the Association; amending the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another Association; authorizing the sale, lease, or exchange of all or substantially all of the property or assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Association; or amending, altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on it or him by law.

Section b) **Other Committees:** Other committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated by resolution adopted by the Board of Directors. Except as otherwise provided in such resolution, the President of the Association shall appoint the members thereof. Any members thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

Section c) **Term of Office:** Each member of a committee shall continue as such until the next annual meeting of the members of the Association and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section d) **Chairman:** One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Section e) **Vacancies:** Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section f) **Quorum:** Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum

and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section g) **Rules:** Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

Article 7)

Indemnification and Interested Transactions

Section a) **Indemnification:**

i) Defined Terms: The following terms used in this Article VII are specifically defined as follows:

(1) "Association" includes any domestic or foreign predecessor entity of the Association in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the Association by operation of law and in any other transaction in which the Association assumes the liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of this Article VII.

(2) "Director" means any person who is or was a Director of the Association and any person who, while a Director of the Association, is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic Association, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(3) "Expenses" include court costs and attorneys' fees.

(4) "Official Capacity" means:

- (a) when used with respect to a Director, the office of Director in the Association; and
- (b) when used with respect to a person other than a Director, the elective or appointive office in the Association held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the Association; but
- (c) Neither Paragraph (a) nor (b) includes service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(5) "Proceeding" means any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

ii) The Association may indemnify any person who was, is, or is threatened to be made a named defendant or respondent in any Proceeding because, in whole or in part, he is or was a Director only if it is determined in accordance with these Bylaws that the person:

(1) conducted himself in good faith;

(2) reasonably believed:

(a) in the case of conduct in his Official Capacity as a Director of the Association, that his conduct was in the Association's best interests; and

(b) in all other cases, that his conduct was at least not opposed to the Association's best interests; and

(c) in the case of any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

iii) Except to the extent permitted by Section 1.E. of this Article VII, a Director shall not be indemnified under Section 1.B. of this Article VII with respect to obligations resulting from a Proceeding:

(1) in which the person is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the person's Official Capacity; or

(2) in which the person is found liable to the Association.

iv) The termination of a Proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, be determinative that the person did not meet the requirements for indemnification set forth in Section 1.B. of this Article VII. A person shall be deemed to have been found liable in respect of any claim, issue or matter only after the person shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

v) A person may be indemnified under Section 1.B. of this Article against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable Expenses actually incurred by the person in connection with the Proceeding; but if the person is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the person, the indemnification (1) is limited to reasonable expenses actually incurred by the person in connection with the proceeding, and (2) shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association.

vi) Indemnification under Section 1.B. of this Article VII (unless ordered by a court of competent jurisdiction) shall be made:

(1) by a majority vote of a quorum of the Board of Directors at a meeting thereof, which quorum consists of Directors who at the time of the vote are not named defendants or respondents in the Proceeding;

(2) if such a quorum (described in subparagraph (1)) cannot be obtained, then by a majority vote of a committee of the Board of Directors, which committee shall be designated to act in the matter by a majority vote of the full Board of Directors (in which vote Directors who are named defendants or respondents may participate), which committee shall consist solely of two or more Directors who at the time of the vote are not named defendants or respondents in the Proceeding;

(3) by special legal counsel, selected by (i) the Board of Directors or (ii) a committee of the Board of Directors by vote as set forth in subparagraphs (1) or (2) of this Section 1.F., or (iii) (if such quorum of the full Board of Directors cannot be obtained and such a committee cannot be established) by a majority vote of the full Board of Directors (in which vote Directors who are named defendants or respondents may participate); or

(4) by the Members in a vote that excludes the Members who are Directors named defendants or respondents in the Proceeding.

vii) Authorization of indemnification and determination as to reasonableness of Expenses must be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of Expenses must be made in a manner specified in Section 1.F.(3) of this Article VII for the selection of such special legal counsel. In the event a determination is made under Section 1.F. of this Article VII that the Director has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably pro rated.

viii) A Director who has been wholly successful, on the merits or otherwise, in the defense of any Proceeding in which he is a party because he is or was a Director shall be indemnified by the Association against reasonable Expenses incurred by him in connection with the Proceeding.

ix) If, in a suit for the indemnification required by Section H of this Article VII, a court of competent jurisdiction determines that the Director is entitled to indemnification

under that Section, the court shall order indemnification and shall award to the Director the expenses incurred in securing the indemnification.

x) If, upon application of a Director, a court of competent jurisdiction determines, after giving any notice the court considers necessary, that the Director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he has met the requirements set forth in subsection 1.B. of this Article VII or has been found liable in the circumstances described in Section 1.C. of this Article VII, the court may order the indemnification that the court determines is proper and equitable; however, the court shall limit indemnification to reasonable Expenses actually incurred by the person in connection with such Proceeding, if the Proceeding is brought by or in behalf of the Association or if the Director is found liable on the basis of circumstances described in Section 1.C., whether or not the benefit resulted from an action taken in the person's Official Capacity.

xi) Reasonable Expenses incurred by a Director who was, is, or is threatened to be made a named defendant or respondent in a Proceeding may be paid or reimbursed by the Association in advance of the final disposition of such Proceeding and without the determination specified in Section F of this Article VII or the authorization or determination specified in Section G of this Article VII, after the Association receives the following: (i) a written affirmation by the Director of his good faith belief that he has met the standard of conduct necessary for indemnification set forth in this Article VII, and (ii) a written undertaking by or on behalf of the Director to repay the amount paid or reimbursed if it is ultimately determined that he has not met that standard, or if it is ultimately determined that indemnification of the Director against Expenses incurred by him in connection with that Proceeding is prohibited by Section E of this Article VII. A provision contained in the Articles of Incorporation of the Association, the Bylaws of the Association, a resolution of Members or Directors or an agreement that makes mandatory the payment or reimbursement permitted under this section shall be deemed to constitute authorization of that payment or reimbursement.

xii) The written undertaking required by Section K of this Article VII must be an unlimited general obligation of the Director but need not be secured. It may be accepted without reference to financial ability to make repayment.

xiii) A provision for the Association to indemnify or to advance Expenses to a Director who was, is, or is threatened to be made a named defendant or respondent in a Proceeding, whether contained in the Articles of Incorporation, these Bylaws, a resolution of Members or Directors, an agreement, or otherwise (except as contemplated by Section 2. of this Article VII), is valid only to the extent that it is consistent with this Article VII or, to the extent that indemnity hereunder is limited by the Texas Non-Profit Corporation Act or the Articles of Incorporation, if any such limitations exist. The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, agreement, insurance policy, vote of

Members or disinterested Directors or otherwise, both as to action in their Official Capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person. The indemnification provided by this Article VII shall be subject to all valid and applicable laws, including, without limitation, Article 2.22A of the Texas Non-Profit Corporation Act, and, in the event this Article VII or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article VII shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

xiv) Notwithstanding any other provision of this Article VII, the Association may pay or reimburse Expenses incurred by a Director in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

xv) An officer of the Association shall be indemnified as and to the same extent provided in Sections H, I and J of this Article VII for a Director and is entitled to seek indemnification under those sections to the same extent as a Director. The Association may indemnify and advance Expenses to an officer, employee, or agent of the Association to the same extent that it may indemnify and advance Expenses to Directors pursuant to this Article VII.

xvi) The Association may indemnify and advance Expenses to a person who is not or was not an officer, employee, or agent of the Association but who is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise to the same extent that it may indemnify and advance expenses to Directors under this Article VII.

xvii) The Association may indemnify and advance Expenses to an officer, employee, or agent or person who is identified Section P of this Article VII and who is not a Director to such further extent, consistent with law, as may be provided by the Articles of Incorporation, these Bylaws, general or specific action of the Board of Directors, or contract or as permitted or required by common law.

xviii) Any indemnification of or advance of Expenses to a Director in accordance with this Article VII shall be reported in writing to the Members with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to Members of a consent to action without a meeting pursuant to these Bylaws and/or the Texas Non-Profit Corporation Act, and in any case, within the 12-month period immediately following the date of the indemnification or advance.

xix) For purposes of this Article VII, the Association shall be deemed to have requested a Director to serve an employee benefit plan whenever the performance by him of his duties to the Association also imposes duties on, or otherwise involves services by, him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on a Director with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by him with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Association.

xx) The provisions of this Article VII: (i) are for the benefit of, and may be enforced by, each Director and officer of the Association, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Director or officer; and (ii) constitute a continuing offer to all present and future Directors and officers of the Association. The Association, by its adoption of these Bylaws: (a) acknowledges and agrees that each present and future Director and officer of the Association has relied upon and will continue to rely upon the provisions of this Article VII in accepting and serving in any of the capacities referred to in this Article VII; (b) waives reliance upon, and all notices of acceptance of, such provisions by such Directors and officers; and (c) acknowledges and agrees that no present or future Director or officer of the Association shall be prejudiced in his right to enforce the provisions of this Article VII in accordance with their terms by any act or failure to act on the part of the Association.

xxi) No amendment, modification, or repeal of this Article VII or any provision hereof shall in any manner terminate, reduce, or impair the right of any past, present, or future Director or officer of the Association to be indemnified by the Association, nor the obligation of the Association to indemnify any such Director or officer, under and in accordance with the provisions of this Article VII as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification, or repeal, regardless of when such claims may arise or be asserted.

Section b) **Insurance:**

(1) The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Association, or who is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic Association, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Association would have the

power to indemnify him against such liability under the provisions of the Texas Non-Profit Corporation Act or this Article VII.

(2)

(a) In addition to the powers described in Subsection (1), the Association may purchase, maintain, or enter into other arrangements on behalf of any person who is or was a director, officer, or trustee of the Association against any liability asserted against him and incurred by him in such capacity or arising out of his status as such a person, whether or not the Association would have the power to indemnify him against that liability under this Article VII.

(b) If the other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the arrangement may provide for payment of a liability with respect to which the corporation would not have the power to indemnify a person only if coverage for that liability has been approved by the Members of the Association.

(c) Without limiting the power of the Association to procure or maintain any kind of other arrangement, the Association, for the benefit of persons described in Subsection (2)(a) may:

- (i) create a trust fund;
- (ii) establish any form of self-insurance;
- (iii) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Association; or
- (iv) establish a letter of credit, guaranty, or surety arrangement.

(3) The insurance may be procured or maintained with an insurer, or the other arrangement may be procured, maintained, or established within the Association or with any insurer or other person considered appropriate by the Board of Directors, regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or in part by the Association. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement is conclusive, and the insurance or arrangement is not voidable and does not subject the directors approving the insurance or arrangement to liability, on any ground regardless of whether directors participating in the approval are beneficiaries of the insurance or arrangement.

Section c) **Interested Transactions:** No contract or transaction between the Association and one or more of its Directors or officers, or between the Association and any other Association, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers or have a financial interest, shall be void or voidable solely for this reason, solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or (ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Members entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the Members; or (iii) the contract or transaction is fair as to the Association as of the time it is authorized, approved, or ratified by the Board of Directors, a committee thereof, or the Members. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Article 8)
Miscellaneous

Section a) **Fiscal Year:** The fiscal year of the Association shall be determined by resolution of the Board of Directors.

Section b) **Seal:** The Association may have a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association and the state of incorporation.

Section c) **Contracts:** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section d) **Loans:** No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section e) **Checks, Drafts, Etc:** All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents, and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section f) **Deposits:** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

Section g) **Notice and Waiver of Notice:** Except as otherwise expressly provided herein, whenever any notice whatever is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a box in a sealed postpaid wrapper addressed to the person entitled thereto at his post office address as it appears on the books of the Association, and such notice shall be deemed to have been given when deposited in the United States mail. A waiver of notice, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Neither the business to be transacted at, nor the purposes of, any regular or special meeting of the Board of Directors or the Members need be specified in the waiver of notice of such meeting.

Section h) **Amendments:** The Board of Directors shall have the power to alter, amend, or repeal these Bylaws and adopt new Bylaws, but any Bylaws so adopted, altered, or amended by the Board of Directors may be altered or repealed by the Members.

Adopted by the Board of Directors on September 15, 2010.

By: Nancy S. Maron
Nancy S. Maron