

BY-LAWS
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BYLAWS
OF
HIGHLAND VILLAGE CIVIC CLUB, INC.

After Recording Return To:

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BYLAWS OF HIGHLAND VILLAGE CIVIC CLUB, INC.

ARTICLE I. NAME, PRINCIPAL OFFICE, AND DEFINITIONS

A. Name

The name of the Association shall be the Highland Village Civic Club, Inc. (hereinafter sometimes referred to as the "Association").

B. Principal Office

The principal office of the Association shall be located in Harris County or such other place as may be designated by the Board of Directors of the Association from time to time.

C. Definitions

The words used in these Bylaws shall have the same meaning as set forth in that Declaration of Covenants, Conditions and Restrictions for Highland Village, recorded in the Harris County, Texas public records under Clerk's File No. V868642 (said Declaration, as has been or may be amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration").

D. Property

The property affected by these Bylaws is the property described on the first recorded plat for Highland Village, recorded on the 13th day of May, 1948, under Clerk's File No. 525833 in the Map Records of Harris County, Texas, and any other subdivisions which are subsequently annexed and made subject to the authority of the Association.

**ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM,
VOTING, PROXIES**

A. Membership

The Association shall have one class of membership, as more fully set forth in the Declaration and specifically incorporated herein by reference.

B. Place of Meetings

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board.

C. Annual Meetings

Regular annual meetings shall be set by the Board. Directors to be elected by the membership shall be elected at the annual meeting.

D. Special Meetings

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Members if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Members representing at least ten percent (10%) of the total votes entitled to be cast, of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof.

E. Notice of Meetings

Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, fax or other electronic media, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Such notice must contain a description of the topics or issues to be discussed.

Notice to a Member by email or facsimile must be sent to the email address or facsimile number provided to the Association in writing by that Member. If emailed, the notice of meeting shall be deemed to be delivered as of the date and time shown on a confirmation that the email was successfully transmitted. If faxed, the notice of meeting shall be deemed to be delivered as of the date and time shown on a written confirmation that the facsimile was successfully transmitted. For any given meeting, the Board may use any combination of the alternative methods for providing notice to the Members.

For the purpose of determining the Members entitled to notice of a meeting, the membership of the Association shall be determined on the date the notice of meeting is first given.

In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail first class postage pre-paid addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon prepaid. One notice, addressed to multiple Members at the same address, shall suffice if more than one (1) Member resides at any address.

F. Waiver of Notice

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, either in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice in writing at the time the meeting is called to order. Further, casting a vote by any technological means authorized in these Bylaws, by a Member on any issue to be voted upon at the meeting shall be deemed a waiver by such Member

of notice of the meeting. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised in writing before the business is put to a vote.

G. Adjournment of Meetings

If any meeting of the Association cannot be held because a quorum is not present, either in person or by proxy, the presiding officer or a majority of the Members in Good Standing who are present at such meeting, in person [or by proxy], may adjourn the meeting to a time not less than five (5) nor more than sixty (60) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted. All votes cast by Members prior to the originally called meeting by proxy, or by any technological means authorized in these Bylaws, on issues to be considered at the meeting shall be valid and may be counted at the reconvened meeting at which a quorum is present; provided that a Member who cast a vote on an issue by proxy or by any technological means authorized in these Bylaws may change that Member's vote at any time prior to the time that a call for a vote on the issue is made at the reconvened meeting at which a quorum is present. A Member may change his vote by attending the reconvened meeting in person, submitting a proxy at the reconvened meeting which either directs or authorizes the proxy holder to vote in a different manner, or changing the Member's vote by any technological means for voting authorized in these Bylaws. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

H. Voting

The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein. To be eligible to vote, a Member must be a Member in Good Standing (as same is defined hereinbelow). Each Member may vote in person or by proxy appointed by instrument in writing and subscribed by the Member or by the duly authorized attorney of such Member. Facsimile proxies shall be valid. Electronic voting shall be valid pursuant to rules and regulations promulgated by the Board. At any election where there is an equal number of nominees as there are positions to be filled, the Board may determine that election by ballot or vote is not required and may declare that the nominees are elected by unanimous consent or acclamation. At all meetings of Members, all questions, except those the manner of which is otherwise expressly governed by statute, the charter of the Association or by the Bylaws, shall be decided by the vote of a majority of the Members of the Association present in person or by proxy and entitled to vote, a quorum being present. All voting shall be via voice, except that, upon the determination of the presiding officer of any meeting or upon demand of a majority of Members in Good Standing present or their proxies, voting on any issues remaining on the agenda at any meeting shall be by ballot. Each ballot shall be signed by the Member voting or by his proxy. At the option of the Board, any vote may be taken by mail ballot, or any combination of mail, proxy or in person. Mail ballots may be counted toward a quorum of Members present (as if in attendance at a meeting).

I. Majority

As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

J. Quorum

Except as otherwise provided in these Bylaws or in the Declaration, the presence in person, or by proxy, of Owners representing ten percent (10%) of the total eligible votes in the Association shall constitute a quorum at all meetings of the Association. If the required quorum is not present another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the initial or first meeting.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment.

K. Conduct of Meetings

The President, or his/her designee, shall preside over all meetings of the Association, and the Secretary, or his/her designee, shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting and all transactions occurring at the meeting.

L. Action Without a Meeting

Notwithstanding anything contained herein to the contrary, any action required by law to be taken at a meeting of the Members or any action that may be taken at a meeting of the Members, may be taken without a meeting if written consent setting forth the action so taken is signed by Members holding the number of votes necessary to pass a proposition concerning the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the Members.

M. Proxies and Absentee Ballots

At all meetings of Members, each Member may attend and/or vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting or by any earlier date or time specified in the notice of meeting. Every proxy shall be revocable and shall automatically cease upon (i) conveyance by the Member of the Member's interest in the property; (ii) receipt of notice by the Secretary of the death or judicially declared incompetence of a Member; (iii) receipt of written revocation; or, (iv) expiration of eleven (11) months from the date of the proxy. In the case of a Member's execution of more than one proxy, the proxy with the latest date shall be valid. Proxies not delivered prior to the start of any meeting or by any earlier date or time, if specified in the notice of meeting, shall not be valid.

To the extent permitted by law, a Member may vote on any issue to be voted upon by the Members under these Bylaws by absentee ballot that is delivered or mailed to the Association or

transmitted to the Association by facsimile or by electronic communication over the Internet or the Association network. To be valid, any vote cast by a Member by any of the alternative means must be received by the Association by the date and time specified in the notice of meeting or, if no date and time is specified in the notice of meeting, by midnight of the day before the date of the scheduled meeting. The mechanism for voting by electronic communication must provide a sufficient method of identifying the Member and verifying the Member's vote. The Board shall have the authority to adopt an electronic voting policy. Any requirement imposed by the Articles of Incorporation, these Bylaws, a duly adopted Board policy, or by applicable law for a signature on any such absentee ballot may also be satisfied by a digital signature meeting the requirements of such documents or applicable law.

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 1. Governing Body; Composition

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. Except as provided in Section 2 of this Article, each Director must be a Member in Good Standing. Not more than one (1) representative of a corporation or other entity that is a Member in Good Standing may serve on the Board at any given time. Further, no Members in Good Standing who are related by marriage or consanguinity may serve on the Board at the same time. Further, a Member who is or becomes a registered sex offender or who has been convicted of a crime of moral turpitude may not serve on the Board. A "Member in Good Standing" means (a) a Member who is not delinquent in the payment of any Annual Maintenance Charge levied by the Association against the Member's property or any interest, late charges, costs or reasonable attorney's fees added to such Annual Maintenance Charge under the provisions of the Declaration or an applicable supplemental amendment or as provided by law, (b) a Member who does not have any condition on his property which violates any provision of the Declaration or any applicable supplemental amendment which has progressed to the stage of a written notice of a hearing to be held by the Board or its designated committee, or beyond, and which remains unresolved as of the date of determination of the Member's standing, (c) a Member who has not failed to pay any fine levied against the Member and/or the Member's property pursuant to the provisions of the Declaration and Bylaws, and (d) a Member who has not failed to comply with all terms of a judgment obtained against the Member by the Association, including the payment of all sums due the Association by virtue of such judgment.

All directors must be Members. In the case of a Member that is a corporation or partnership, the person designated in writing by either proxy or a resolution to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Election of Directors

Election of directors by the Membership may be by any mail ballot, and/or electronic media, by a plurality vote of the Members in Good Standing in person or by proxy at a properly called meeting at which a quorum is present, or by any combination of the same.

Notwithstanding anything contained herein to the contrary, in an election of directors in which election there are more candidates than vacant positions and where two or more candidates receive the same number of votes resulting in a tie, the winner of the election shall be chosen by lot (i.e., the names of the candidates who are running for a director position and have received the same number of votes shall be written on separate pieces of paper by the presiding officer of the meeting, the pieces of paper shall be folded by the presiding officer and placed in a container provided by the then-serving Board of Directors; the presiding officer shall ask for a volunteer Member from the audience of Owners to pick any one piece of paper from the container and the person whose name is picked shall be declared the winner of such election).

Section 3. Number of Directors

The number of directors in the Association shall be not less than three (3) nor more than seven (7), as provided in Section 5 below. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation. The elected directors must be Members of the Association.

Section 4. Term of Office of Directors

The term of office of each Director elected by the Members shall be for three (3) years from the date of their election or appointment, with the understanding that a Director may be reelected for additional three-year terms. Each Director shall continue to hold office until his/her successor is appointed or elected and qualified.

In the event the number of directors increases as provided for in Section 3, at no time shall more than one-third (1/3) of the total number of Directors be added to the same elected term.

Section 5. Nomination of Directors

The Board may establish a Nominating Committee consisting of a chairperson, who shall be a member of the Board, and three (3) or more Members or representatives of Members. If established, the Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine but in no event less than the number of positions to be filled if a sufficient number of Members have submitted their names as candidates to the Nominating Committee.

Section 6. Removal of Directors and Vacancies

Any vacancy created during the term of a Board member may be filled by the remaining directors.

Any director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that

purpose. A director may be removed from office prior to the expiration of his or her term by the votes of a majority of Members. Upon removal of a director, a successor shall then and there be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association or not in compliance with the recorded restrictions for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and the Board may appoint a successor.

B. Meetings

Section 1. Organizational Meetings

The first meeting of the Board following each annual meeting of the Members shall be held within sixty (60) days thereafter at such time and place as shall be fixed by the Board.

Section 2. Regular Meetings

Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to the directors not less than forty-eight (48) hours prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Alternatively, the Board may schedule a regular meeting date, place and time and, after forwarding notice of the same, shall not have the obligation to give future notices until a change is made.

Section 3. Special Meetings

Special meetings of the Board shall be held when called by written notice issued at the request of the President of the Board or by written resolution of a majority of a quorum of the Board. The notice shall specify the time and place of the meeting. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, facsimile, email or other such communication methods, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notice of the time and place of the meeting shall be communicated to the directors not less than forty-eight (48) hours prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 4. Waiver of Notice

The transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting in writing before or at its commencement about the lack of adequate notice.

Section 5. Quorum of Board of Directors

At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

Section 6. Compensation

No director shall receive any compensation from the Association for acting as such unless approved by Members in Good Standing representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided, however, that a director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Provided however, the Board can adopt a policy setting a value under which anything received is not considered compensation.

Section 7. Conduct of Meetings

The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.

Section 8. Open Meetings

Subject to the provisions of Section B(9) or (10) of this Article, all meetings of the Board may be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, excluding Members, to discuss or vote on matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 9. Action Without a Formal Meeting

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by the number of directors necessary to take that action at a meeting at which all of the directors are present and voting, and such consent shall have the same force and effect as a unanimous vote. Written consent, for the purposes of this Section 9, can be satisfied by facsimile or electronically transmitted consent received from a director.

Section 10. Executive Session

The Board may close a portion of its meetings for the purpose of discussing items which require confidentiality, matters involving the personal accounts of Lot Owners, matters currently in litigation and other matters that the Board, in its discretion, considers to be of a sensitive nature.

C. Powers and Duties

Section 1. Powers

The Board shall be responsible for the affairs of the Association and shall have all of the powers necessary for the administration of the Association's affairs.

The Board may delegate to one (1) or more of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, that might arise between meetings of the Board.

In addition to the duties imposed by these Bylaws, Texas law or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to establish policies relating to, and for performing or causing to be performed, the following, by way of explanation, but not limitation:

- (a) preparing and adopting of annual budgets;
- (b) making assessments, establishing the means and methods of collecting such assessments, and establishing the payment schedule for Special Assessments;
- (c) collecting the assessments, depositing the proceeds thereof in a bank depository that it shall approve, and using the proceeds to operate the Association; provided, any reserve funds may be deposited, in the directors' best business judgment, in depositories other than banks;
- (d) providing for the operation, care, upkeep and maintenance of all Common Areas, including entering into a contract to provide for such operation, care, upkeep and maintenance;

(e) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(f) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its Property and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(g) making and amending rules and regulations and promulgating, implementing and collecting fines for violations and/or collecting fees related to enforcement of the rules and regulations, the Declaration, and all Dedicatory Instruments (as that term is defined in the Texas Property Code) for the Highland Village subdivision;

(h) opening of bank accounts on behalf of the Association and designating the signatories required;

(i) enforcing by legal means the provisions of the Declaration, including the provisions concerning architectural control, these Bylaws, and the rules and regulations adopted by the Association and bringing any proceedings that may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities with policy limits, coverage and deductibles as deemed reasonable by the Board and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) maintaining a membership register reflecting, in alphabetical order, the names, property addresses and mailing addresses of all Members;

(n) making available upon request to any prospective purchaser, any Owner, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any property, for any proper purpose during normal business hours by advance appointment, copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing such property and all other books, records, and financial statements of the Association for a reasonable charge; and making copies thereof available for a reasonable charge; and

(o) permitting utility suppliers to use portions of the Common Areas reasonably necessary to the ongoing development or operation of the Property.

Section 2. Management

The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws, other than the powers set forth in subparagraphs (b), (g), and (i) of Section C(1) of this Article.

Section 3. Accounts and Reports

The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) Accrual or cash accounting, as defined by generally accepted accounting principles, shall be employed.

(b) Accounting and controls should conform to generally accepted accounting principles.

(c) Cash accounts of the Association shall not be commingled with any other accounts.

(d) No remuneration without full disclosure and prior agreement of the Board, or as contained in a written management contract, shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise. Provided however, the Board can adopt a policy setting a value under which anything received is not considered remuneration.

(e) Any financial or other interest that any director, or the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board.

(f) Financial reports may be prepared for the Association monthly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual or cash basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments that remain delinquent.

(g) An annual report consisting of at least the following shall be made available at the annual meeting of Members to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above may be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant.

Section 4. Borrowing

The Board shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Common Areas or for any other proper purpose without the approval of the Members of the Association. The Board, on behalf of the Association, may pledge the Association's assessments and assign the Association's lien rights as collateral for any loan obtained by the Board on behalf of the Association.

Section 5. Rights of the Association

With respect to the Common Areas and in accordance with the Articles of Incorporation and the Declaration, the Board shall have the right to contract with any person or entity for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Board to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other neighborhood owner or resident associations, both within and without the Property. Such agreements shall require the consent of a majority of the total number of directors of the Board.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause. Such notice of termination must be submitted in writing, with receipted delivery confirmation, to all parties to the contract, lease or other agreement.

Section 6. Enforcement

After notice and an opportunity to be heard, if same is required by law, the Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or any person's right to use the Common Areas for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted by the Board; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Lot. In addition, the Board shall be entitled to suspend any services provided by the Association to a Lot in the event that the Owners of such Lot is more than thirty (30) days delinquent in paying any assessment due to the Association. In the event that an occupant, guest or invitee of a Lot Owner violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant and/or Owner; provided, however, if the fine is not paid by the

occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

As provided in the Declaration, each Owner is obligated to pay to the Association certain charges and Assessments, including such charges and Assessments as may be included, from time to time, by amendment to the Declaration. All costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, such charges and Assessments, as well as interest as specified in the Declaration, shall be assessed against the Owner and the Lot, and shall become part of the Assessments due on the Lot. Likewise, all costs, expenses, and fees incurred by the Association in rectifying, or attempting to rectify, a violation of the Declaration, Rules and Regulations, the Guidelines, or Board Policies, shall be assessed against the Owner and the Lot, and shall become part of the Assessments due on the Lot. Such costs, expenses, and fees include, but are not limited to:

- (a) actual expenses, including attorney fees and court costs;
- (b) a Late Processing Fee may be set annually by the Board, which may be assessed for any account that has an unpaid balance on or after thirty (30) days after due date, as an inducement to pay on time and to offset administrative costs and expenses incurred in the collection process;
- (c) a Dishonored-Check Processing Fee, set by the Board, which may be assessed for any payment check dishonored by the bank, to offset the additional processing cost incurred;
- (d) a Partial Payment Processing Fee, set by the Board, which may be assessed if any payment for less than the full amount due at the time payment is made, to offset the additional processing costs incurred;
- (e) an Administrative Fee which may be assessed for the transfer of ownership of any Lot, including by foreclosure, to offset the administrative costs and expenses associated with (1) quoting, verbally or in writing, the status of the Assessments and other charges due on the Lot, (2) tracking, researching, and determining or attempting to determine ownership, (3) updating the books and records of the Association to reflect the transfer, and (4) preparing and mailing introductory information regarding the subdivision, the Association, and/or the covenants, conditions, restrictions, rules, and regulations applicable to the new Owner; and
- (f) a Refinance Fee which may be assessed for the refinance of any Lot, to offset the administrative costs and expenses associated with quoting the status of the Assessments and other charges due on the Lot and updating the books and records of the Association.
- (g) a reasonable fee to assemble, copy, deliver and update a Resale Certificate.

Any such Assessment or charge that is not paid when due shall be delinquent. All payments shall be applied first to costs and attorneys fees, then to interest, and then to delinquent fees and charges, then to delinquent Assessments (if any).

Notwithstanding anything to the contrary herein contained, the Association, acting through the Board, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and perform exterior maintenance) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, fines, costs to repair, including reasonable attorneys' fees actually incurred.

ARTICLE IV. OFFICERS

A. Officers

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

B. Election, Term of Office and Vacancies

The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

C. Removal

Any officer may be removed from office, but not as a director of the Board, with or without cause, by a majority vote of the Board whenever in its judgment the best interests of the Association will be served thereby.

D. Powers and Duties

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

E. Resignation

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the 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. For the purposes of this Subsection E, written resignation to the Board may be accomplished by facsimile, electronic transmission, certified mail, or receipted hand delivery.

F. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or such other person or persons as may be designated by resolution of the Board.

ARTICLE V. COMMITTEES

The Board is hereby authorized to establish committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board shall operate in accordance with the terms of the resolution of the Board designating the committee and in accordance with such rules as are adopted by the Board. All committees of the Board shall be vested with advisory powers only and are not authorized to act on behalf of the Board.

ARTICLE VI. MISCELLANEOUS

A. Fiscal Year

The fiscal year of the Association shall be January 1st to December 31st of each year.

B. Parliamentary Rules

Except as may be modified by Board resolution, Robert's Rules of Order (current edition) may, but are not required to, govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these Bylaws.

C. Conflicts

If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration, and/or these Bylaws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

D. Books and Records

Section 1. Inspection by Members and Mortgagees

The Declaration, Bylaws, and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of

account, and the minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Lot, Member of the Association, or by the duly appointed representative of any of the foregoing upon receipt of a written request, for inspection at any reasonable time and for a proper purpose during normal business hours at the office of the Association or at such other place within the Property as the Board shall prescribe, by appointment.

Section 2. Rules for Inspection

The Board may establish reasonable rules with respect to:

- (i) notice to be given to the custodian of records;
- (ii) hours and days of the week when such an inspection may be made by appointment for a proper purpose; and
- (iii) payment of the cost of reproducing copies of documents requested.

Section 3. Inspection by Directors

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical Property owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

E. Notices

Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first-class postage pre-paid:

(a) if to a Member at the address that the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or

(b) if to the Association, to the Board, or to the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

F. Amendment

These Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of a majority of the Board present, in person or by proxy, at any regular or special meeting. Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

G. Indemnity

To the fullest extent permitted by applicable law, the Association shall and does hereby agree to indemnify, protect, hold harmless and defend its officers, directors, and committee members, hereinafter referred to as "Indemnitees" from and against all claims, demands, damages, injuries, losses, liens, causes of action, suits, judgments, penalties, liabilities, debts, costs and expenses, including court costs and attorneys' fees (collectively, "Liabilities"), of any nature, kind or description, whether arising out of contract, tort, strict liability, misrepresentation, violation of applicable law and/or any cause whatsoever (including without limitation, claims for injuries to or death of any person, or damages to or loss of any property) of any person or entity directly or indirectly arising out of, caused by, in connection with, or resulting from any act or omission of any of the Indemnitees; provided, however, that the Association shall not indemnify the Indemnitees for any Liabilities arising as a result of the gross negligence or willful misconduct of Indemnitees. **THE OBLIGATIONS OF THE ASSOCIATION UNDER THIS SECTION SHALL APPLY TO LIABILITIES EVEN IF SUCH LIABILITIES ARE CAUSED IN WHOLE OR IN PART BY THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY OF ANY INDEMNITEE AND WHETHER OR NOT SUCH SOLE OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY WAS ACTIVE OR PASSIVE.**

The Indemnitees shall promptly advise the Association in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and Association, at Association's expense, shall assume on behalf of Indemnitees and conduct with due diligence and in good faith the defense thereof with competent trial counsel, provided, however, that Indemnitees shall have the right, at their own option, to be represented therein by advisory counsel of their own selection and at their own expense.

In the event of the failure by Association to fully perform its obligations in accordance with this Section, Indemnitees, at their option, and without relieving the Association of its obligations hereunder, may so perform, but all costs and expenses so incurred by Indemnitees in that event shall be reimbursed by the Association to Indemnitees, together with interest, on the same from the date any such expense was paid by Indemnitees until reimbursed by the Association, at the highest lawful rate of interest allowed under applicable usury laws of the State of Texas (or if no maximum rate is applicable, at the rate of eighteen percent (18%) per annum). The indemnification shall not be limited to damages, compensation or benefits payable under insurance policies. It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the indemnification obligations under this Section, such legal limitations are made a part of indemnification obligations and shall operate to amend the indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, the indemnification obligations shall continue in full force and effect.

H. Business Judgment Rule

Any act or thing done by any Director, Officer, or Committee Member taken in furtherance of the purposes of the Association, and accomplished in conformity with the procedures set forth in the Declaration, Articles of Incorporation, the laws of the State of Texas, and/or these Bylaws, shall be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing done shall not be a breach of duty

on the part of the Director, Officer, or Committee Member if they have been done within the exercise of their discretion and judgment.

The Business Judgment Rule means that a court shall not substitute its judgment for that of the Director, Officer or Committee Member. A court shall not re-examine the quality of the decisions made by the Director, Officer, or Committee Member by determining the reasonableness of the decision as long as the decision is made in good faith in what the Director, Officer, or Committee Member believes to be the best interest of the corporation.

I. Owner Conflict

If an Owner is involved in litigation with the Association as to a conflict of interpretation of the Declaration of Covenants, Conditions and Restrictions for Highland Village, the Articles of Incorporation for the Highland Village Civic Club, rules and regulations promulgated by the Association, duly adopted Board Policies, or these Bylaws, and/or the amount of delinquent assessments, that Owner may not participate in any Association meeting or activity. Additionally, after notice and an opportunity to be heard if required by law, an Owner's right to vote and use of facilities may be withheld to the extent allowed by law.

J. Dissolution/Winding Up Termination

The Association may be wound-up/dissolved upon the affirmative vote of not less than seventy-five percent (75%) of the Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association, if any, shall be granted, conveyed and assigned to any non-profit corporations, associations or other organizations deemed by the Board of Directors of the Association to be appropriate, to be devoted to similar purposes.

APPROVED BY:



Treasurer, DIRECTOR

_____, DIRECTOR

_____, DIRECTOR

CAROLINE DE LOS SANTOS

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APPROVED BY:



SALLY HOLMES, DIRECTOR

SALLY HOLMES
SECRET

, DIRECTOR

, DIRECTOR

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APPROVED BY:


ESTELLE LOZMACK, DIRECTOR



_____, DIRECTOR

_____, DIRECTOR

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APPROVED BY:

Elizabeth G. McCurdy
ELIZABETH G. MCCURDY, DIRECTOR

_____, DIRECTOR

_____, DIRECTOR

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APPROVED BY:

Jeff Wagner V. BEE
JEFF WAGNER, DIRECTOR

_____, DIRECTOR

_____, DIRECTOR

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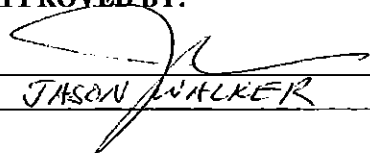
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APPROVED BY:


_____, DIRECTOR

_____, DIRECTOR

_____, DIRECTOR

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Pages 28
05/09/2011 10:25:43 AM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
STAN STANART
COUNTY CLERK
Fees 120.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



Stan Stanart

COUNTY CLERK
HARRIS COUNTY, TEXAS