

**BY-LAWS  
OF  
MANSIONS - WOODLAND PROPERTY OWNERS ASSOCIATION, INC.**

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**BY-LAWS  
OF  
THE ESTATES-WOODLAND PROPERTY OWNERS ASSOCIATION, INC.**

Article I.

Name, Membership, Applicability, and Definitions

Section 1.1 Name. The name of the Association shall be Mansions - Woodland Property Owners Association, Inc. (hereinafter sometimes referred to as the "**Association**").

Section 1.2 Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as is more fully set forth in that Master Declaration for Mansions - Woodland (the "**Declaration**") by The Mansions in the Forest, L.P., a Texas limited partnership (the "**Declarant**"), The Estates-Woodland, L.P., a Texas limited partnership and The Mansion Villas, L.P., a Texas limited partnership, dated on or about the date hereof, pertaining to the subdivisions known as The Estates-Woodland, The Mansions in the Forest and The Mansions Villas Addition within the City of Conroe, Montgomery County, Texas, as recorded (and amended from time to time) in the Real Property Records of Montgomery County, Texas, the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 1.3 Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article II.

Association: Meetings, Quorum, Voting, Proxies

Section 2.1 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 of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2.2 First Meeting and Annual Meetings. An annual or special meeting shall be held within one (1) year from the date the Declaration is recorded. Annual meetings shall be set by the Board so as to occur no later than one hundred twenty (120) days after the close of the Association's fiscal year, but not a legal holiday, or a Saturday and Sunday.

Section 2.3 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 Association

if so directed by resolution of a Majority of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the Class "A" members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 2.4 Notice of Meeting. It shall be the duty of the Secretary to mail or to cause to be delivered to the members a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. Each member shall designate by notice in writing to the Secretary its address for such purpose. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 2.5 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, whether 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 at the time the meeting is called to order.

Section 2.6 Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a Majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.7 Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein. The Declaration provides that any member delinquent in the payment of any assessment due may not be entitled to exercise the rights and privileges of membership, including but not limited to the right to vote and hold office.

Section 2.8 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 2.9 Quorum. The presence, in person or by proxy, of twenty-five percent (25%) of the Owners to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The members present at a duly called or held

meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 2.10 Voting by Mail and/or E-mail. The Board of Directors may authorize members to vote by mail and/or e-mail on the election of directors and officers or on any other matter that may be voted on by the members.

### Article III.

#### Board of Directors: Number, Powers, Meetings

##### A. Composition and Selection.

Section 3.1 Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors.

Section 3.2 Number of Directors. The Board shall consist of five (5) members.

Section 3.3 Appointment of Directors. Directors shall be appointed by the members as provided in the Declaration (with each member having the right to appoint the number of Directors designated for that member in the Declaration).

Section 3.4 Initial Directors and Successor Directors. The initial Directors shall be those set forth in the Articles of Incorporation for the Association. At the first annual meeting of the members, the members shall appoint five (5) Directors (and any member shall have the right to select an initial Director to fill the appointment by such member). Each appointed Director shall serve for a term of one (1) year. At each annual meeting thereafter successors for each Director shall be appointed by the members to serve for a term of one (1) year.

Section 3.5 Removal of Directors. Each Director (whether an initial or a successor Director) shall cease to be a Director upon the earliest to occur of the following events: (i) such Director shall engage in gross negligence or willful misconduct in the performance of its duties as a Director and, as a result thereof, shall be removed by the affirmative vote of 4 Directors at a meeting of the Director called for that purpose; (ii) such Director shall resign as a Director, by giving notice of such resignation to the members; (iii) such Director shall die or (v) such Director is removed by the member who designated such Director (in each case the member who appointed the Director so removed or otherwise ceasing to be a Director shall designate a replacement Director by notice to the other members).

Section 3.6 Vacancies. Vacancies in the Board of Directors caused by any reason, shall be filled by appointment by the member who appointed the Director creating the vacancy. Each Person so selected shall serve the unexpired portion of the term.



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present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.12 Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority of the members.

Section 3.13 Open Meetings. All meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 3.14 Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, contract negotiations, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 3.15 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 a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. Such consent may be executed by multiple counterpart, fax signatures or email.

Section 3.16 Meeting by Telephone. The Board of Directors may hold a meeting by telephone conference-call procedures in which all persons participating in the meeting can hear each other. The notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice. Participation of a person in a conference-call meeting constitutes presence of that person at the meeting.

### C. Powers and Duties.

Section 3.17 Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each member to the common expenses.
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;



(c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending use restrictions and rules and regulations;

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

(h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Project Owners or Lot Owners concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Project Owners or Lot Owners;

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

(l) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity; and

Section 3.18 Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Declarant or an affiliate of the Declarant may be employed as managing agent or Manager. The term of any management shall not exceed one (1) year and shall be subject to termination by either party without cause and without penalty, upon ninety (90) days written notice.

Section 3.19 Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities

without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Twenty-Five Thousand Dollars (\$25,000.00) outstanding debt at any one time.

Section 3.20 Finning Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

- (i) the nature of the alleged violation;
- (ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;

(iii) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and

(iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

Article IV.

Officers

Section 4.1 Officers. The officers of the Association shall be a Chairman, President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 4.2 Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors 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 of Directors for the unexpired portion of the term.

Section 4.3 Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4.4 Chairman. The Chairman shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors.

Section 4.5 President. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Texas Non-Profit Corporation Act

Section 4.6 Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 4.7 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform or cause to be performed all duties incident to the office of the secretary of a corporation organized in accordance with Texas law.

Section 4.8 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 4.9 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, 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.

Article V.

Committees

Section 5.1 General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Article VI.

Miscellaneous

Section 6.1 Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 6.2 Parliamentary Rules. *Roberts Rules of Order* (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Texas law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

Section 6.3 Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 6.4 Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws. In addition, these Bylaws may be amended by the Board of Directors.

Article VII.

Indemnification

Section 7.1 When Indemnification is Required, Permitted and Prohibited.

(a) The Association shall indemnify a director, officer, committee member, employee, or agent of the Association who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Association. For



the purposes of this article, an agent includes one who is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Association shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Association's best interests. In a case of a criminal proceeding, the person **may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful.** The Association shall not indemnify a person who is found liable to the Association or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the corporation.

(c) The Association shall pay or reimburse expenses incurred by a director, officer, member, committee member, employee, or agent of the Association in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Association when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Association may indemnify a director, officer, member, committee member, employee, or agent of the Association to the extent permitted by law. However, the Association shall not indemnify any person in any situation in which indemnification is prohibited by the terms of Section 7.1 (a) above.

(e) Before the final disposition of a proceeding, the Association may pay indemnification expenses permitted by the bylaws and authorized by the Association. However, the Association shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is a named defendant or respondent in a proceeding brought by the Association or one or more members or the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.

(f) If the Association may indemnify a person under the bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

#### Section 7.2. Procedure Relating to Indemnification Payments.



(a) Before the Association may pay any indemnification expenses (including attorney's fees), the Association shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in Section 7.2 (c) below. The Association may make these determinations and decisions by any one of the following procedures:

(i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

(ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding.

(iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in Section 7(a)(i) or 7(a)(ii) or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

(iv) Majority vote of members at a meeting at which a quorum is present, excluding directors who are named defendants or respondents in the proceeding.

(b) The Association shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by Section 7.2 (a) above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, or a resolution of members or the Board of Directors that requires the indemnification permitted by Section 7.1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(c) The Association shall pay indemnification expenses before final disposition of a proceeding only after the Association determines that the facts then known would not preclude indemnification and the Association receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under Section 7.2 (a) above. The person's written affirmation shall state that he or she

has met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Association if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the members of the Association. The report shall be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to members of a consent to action without a meeting. In any case, the report shall be sent within the 12-month period immediately following the date of the indemnification or advance.

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Secretary of Association

Effective Date: August \_\_, 2005