

BHPO By-Laws

BY-LAWS OF BLUEBONNET HILLS PROPERTY OWNERS, INC.

ARTICLE I. OFFICERS

The registered office of the Corporation will be located at P.O. Box 179, Chappell Hill, Texas 77426 and the name of the registered agent of the Corporation at the address is Robers L North.

ARTICLE II. PURPOSE

The primary purpose of the Corporation is to further the common good and general welfare of the residents of the Bluebonnet Hills Subdivision of Washington County, Texas by bringing about civic betterment and social improvements in the area. Such actions shall include, without limitation, efforts to maintain common green areas and streets, and to enforce, amend, or create covenants to preserve the appearance and value of the area.

ARTICLE III. TERM

The term of this Corporation shall be perpetual or until dissolved by a vote of two-thirds of the membership thereof.

ARTICLE IV. MEMBERSHIP

1. Subject to the provisions of Article V hereof, the membership of the Corporation shall consist of natural persons owning a free title to real estate located with the Bluebonnet Hills Subdivision; provided, however, that not more than two memberships shall be allowed by any single lot or multiple lots owned by the same person. A husband and wife shall each be entitled to membership.
2. Other forms of membership may be established by the Board of Directors, subject to an affirmative majority vote of the membership present in person or by proxy at a regular or called meeting of the membership.

ARTICLE V. APPLICATION AND OBLIGATIONS FOR MEMBERSHIP

1. All applications for membership shall be made on forms prescribed and furnished by the Board of Directors.
2. All applications for membership upon their receipt by the Corporation shall be referred to and acted upon by the Board of Directors or by such committee as the Board shall appoint, and the proceedings on such applications shall be confidential. Action taken thereon shall be final.
3. Each application for membership upon acceptance and payment of the required fee, and the current installment of dues, shall receive a card, badge, or certificate of membership, if any, as may be prescribed by the Board of Directors.

4. The initiation fee, if any, for membership of the Corporation shall be determined from time to time by the Board of Directors.
5. Annual dues shall be determined from time to time by the Board of Directors. Dues shall be payable annually, monthly, or at such other periods of time as the Board of Directors may, from time to time, prescribe. In the event of sale of a lot, the membership dues may be refunded on a pro rata basis at the discretion of the Board.
6. Payment of the initiation fee, if any, to the Corporation shall accompany the application for membership; should the application be rejected, the initiation fee, if any, will promptly be refunded to the applicant. The Board of Directors shall have the authority to require that an advance payment of annual dues in whole or in part as the Board of Directors may determine, accompany the application for membership in the Corporation.
7. Membership in the Corporation and certificates evidencing same, if any, shall not be assignable, or otherwise transferable.
8. Memberships shall be terminated in the following manner:
 - A. Upon termination by a member of ownership in a lot in Bluebonnet Hills.
 - B. By an affirmative unanimous vote of all of the members of the Board of Directors, for conduct of a member detrimental to the Corporation.
 - C. By voluntary resignation tendered in writing addressed to the President or Secretary of the Corporation. The member desiring to resign shall at the same time surrender and deliver up his certificate of membership, if any, to the Secretary.
9. The termination of membership for any cause whatsoever shall operate as a release of all right, title and interest in the property and to the assets of the Corporation. Membership certificates, if any, shall become void as to such member whose membership shall have been terminated.

ARTICLE VI. VOTING PRIVILEGES

Each membership shall have the right to one vote at all meetings of the membership of the Corporation, either in person or by proxy as provided in Article IX, Sections 8 and 9 below.

ARTICLE VII. BOARD OF DIRECTORS

1. **NUMBER AND TERM OF OFFICE:** The business and property of the Corporation shall be managed and controlled by the Board of Directors; and subject to the restrictions imposed by law, by the charter, or by these By-Laws, the Board of Directors may exercise all the powers of the Corporation.

The number of Directors shall be seven (7) and shall consist of the President and six (6) members of the Corporation in good standing. At the initial annual meeting of membership as provided in Article IX, Section 1, three (3) Directors shall be elected for a term of one (1) year

and three (3) Directors shall be elected for a term of two (2) years. Thereafter the election of Directors shall be for a term of two (2) years. If any Director shall resign or otherwise be unable to serve his full term of office, his remaining term shall be filled either by appointment by majority of the Board of Directors (if the remaining term is less than one year) or by a majority vote at a regular annual meeting of the members (if remaining term is one year or more). In case of a vacancy on the Board of Directors will the remaining unfilled term of more than one year, a majority of the Board shall make interim appointment to fill said vacancy until the next regular annual meeting of the members.

2. MEETING OF DIRECTORS: The Directors may hold their meetings and have offices and keep books of the Corporation, except as otherwise provided by statute, in such place or places in Washington County, Texas that the Board of Directors may from time to time determine.
3. FIRST MEETING: The newly elected Board of Directors may hold its first meeting for the purpose of organization and the transaction of business, if a quorum is present, immediately after each annual meeting of the members or adjourned annual meeting of the members, and no such notice of such meeting shall be necessary.
4. REGULAR MEETINGS: Regular meetings of the Board of Directors shall be held at such time and place as shall be designated, from time to time, by resolution of the Board of Directors. Notice to the membership of such regular meetings shall not be required.
5. SPECIAL MEETINGS: Special meetings of the Board of Directors shall be held whenever called by the President or majority of the Directors then in office. Notice of each special meeting shall be given by an officer of the Corporation by telegraph, mail, telephone, or personal delivery to each Director at his residence or usual place of business at least two days prior to the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted. However, unless all Directors are present, notice of such special meetings shall be an essential requirement prerequisite to a valid meeting.
6. QUORUM: The majority of the Directors then in office shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time without notice; other than by announcement at the meeting, until a quorum be present or in attendance thereat.
7. ORDER OF BUSINESS: At meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine. At all meetings of the Board of Directors, the President shall preside, and the absence of the President, a chairman shall be chosen from the Directors present. The Secretary of the Corporation shall act as Secretary at all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as Secretary of the meeting. An agenda will be presented at each meeting of the Board.
8. SERVICES: No Director or officer of the Corporation shall be required to devote his or her time or render services exclusively to the Corporation. Each Director and officer of the Corporation shall be free to engage in any and all other businesses and activities either similar or dissimilar to the

business of this Corporation without breach of duty to this Corporation and without liability to this Corporation. Likewise, each and every Director and officer of this Corporation shall be entirely free to act for and serve any other corporation or corporations, entity or entities, in any capacities and become a director or officer of any other corporations, entity or entities, in any capacity or capacities and become a director or officer of any other corporation or corporations, entity or entities, whether or not the purpose, business or activities of this Corporation without breach of duty to this Corporation or its members and without liability of any character of description to the Corporation or its members. Directors shall serve without compensation.

In addition to all powers granted to the Board of Directors by the Texas Non-Profit Corporation Act, the Board of Directors shall also have power:

- a. To admit applicants to membership;
- b. By unanimous vote, of the Directors, to suspend or expel a member for any conduct not in violation of the By-Laws or rules, but improper and prejudicial to the interest of the Corporation;
- c. To make and amend rules for its own governmental consistent with these By-Laws;
- d. To make such other rules and regulations, not inconsistent with these By-Laws, as it may deem necessary or advisable;
- e. To fix and enforce penalties for the violations of By-Laws and rules;
- f. To select the employees and to fix and provide for the payment of salaries or other compensation to the employees;
- g. To expend the funds of the Corporation for the purpose of carrying out the objects and purposes thereof; however, in no event shall any such single expenditure exceed \$2,000.00 without prior expressed approval of a majority vote at a regular meeting of the membership. Ratification of any annual operating budget by a majority vote of those present in person or by proxy at a duly convened meeting shall be considered a single expenditure as required in the foregoing statement.
- h. To extend to dues paying residents all of the benefits and privileges of membership;
- i. To purchase, receive, lease or otherwise acquire, own, hold, improve, use, or otherwise deal in and with, real or personal property, or any interest therein wherever situated, as the purposes of the Corporation shall require; and after prior expressed approval by a majority vote at a regular or special meeting of the membership, to sell, convey, mortgage, pledge, lease, exchange, transfer, or otherwise dispose of all or any part of its real property and assets; to make contracts and incur liabilities, borrow money at such rates of interest as the Board of Directors may determine, to invest and re-invest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested; and to have and exercise all powers necessary of appropriate to effect any or all of the foregoing. The Board of Directors of the Corporation shall have the power, by appropriate resolution, to authorize and perform

such acts and execute such instruments as the Board of Directors may deem necessary to carry out the foregoing powers.

Candidates for election to the Board of Directors shall be nominated by one of the following methods:

- a. By nominating committee appointed by the President with the approval of a majority of the Board of Directors. Members of the nominating committee shall be members of the Corporation in good standing and shall not be current members of the Board of Directors.
- b. By a petition to the Board of Directors, signed by not less than fifteen (15) members in good standing.

ARTICLE VIII. OFFICERS

1. **TITLES, TERMS OF OFFICE AND ELECTION:** The officers of the Corporation shall be a President, Vice President, a Secretary, a Treasurer, and such other officers, including but not limited to one or more Assistant Secretaries and one or more Assistant Treasurers. All officers shall be elected for a term of one year at each annual meeting of the members by a majority of members present or voting by proxy. No one person shall hold more than one office. A vacancy in the office of any officer shall be filled by a majority vote of the Directors then in office for the unexpired term of said vacancy. The Board of Directors may at any time appoint assistants to the elected officers. Candidates for election to office shall be nominated by one of the following methods:
 - A. By nominating committee appointed by the President with the approval of a majority of the Board of Directors. Members of the nominating committee shall be members of the Corporation in good standing and shall not be current members of the Board of Directors.
 - B. By a petition to the Board of Directors, signed by not less than fifteen (15) members in good standing.
2. **POWERS AND DUTIES OF THE PRESIDENT:** The President, subject to control of the Board of Directors, shall be in general charge of the affairs of the Corporation in the ordinary course of its business; he/she shall preside at all meetings of the members and of the Board of Directors; he/she may take, sign, and execute with the prior approval of the Board of Directors or a majority vote of the members present or voting by proxy at a special or regular meeting of the membership, all deeds, conveyances, assignments, bonds, contracts, and other obligations requiring consent of the members; and, he/she shall do and perform such other duties including execution of instruments as may from time to time be assigned to him/her by the Board of Directors.
3. **VICE PRESIDENT:** The Vice President shall have the usual powers and duties pertaining to his/her office together with such other powers and duties as may be assigned to

him/her by the Board of Directors, and the Vice President shall have and exercise the powers of the President during that officer's absence or inability to act. Any action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability of the President to act at the time such action was taken. The Vice President shall not serve on the Board of Directors.

4. **TREASURER:** The Treasurer shall have custody of all of the funds and securities of the Corporation which come into his/her hands. When necessary or proper, he/she may endorse, on behalf of the Corporation for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or depositories as shall be designated in the manner prescribed by the Board of Directors; he/she may sign all receipts and vouchers for payment made to the Corporation either alone or jointly with such officer as is designated by the Board of Directors; whenever required by the Board of Directors; he/she shall render a statement of his/her cash account; he/she shall enter or entered regularly on the books of the Corporation to be kept by him/her for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; he/she shall at all reasonable times exhibit his/her books and accounts to any Director of the Corporation during business hours; he/she shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors; he/she shall, if required by the Board of Directors, give such bond for the faithful discharge of his/her duties in such form as the Board of Directors may require, such bond being paid for by the Corporation.
5. **ASSISTANT TREASURER:** Each Assistant Treasurer shall have the usual powers and duties pertaining to his/her office, together with such other powers and duties as may be assigned to him/her by the Board of Directors and the Assistant Treasurer shall exercise the powers of the Treasurer during that officer's absence or inability to act.
6. **SECRETARY:** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members in the books. provided for that purpose; he/she shall attend to the giving and serving of all notices; he/she may sign with the President or a Vice President in the name of the Corporation all contracts, conveyances, transfers, assignments, authorizations and other instruments of the Corporation and affix the seal of Corporation thereto. He/She shall have charge of and maintain and keep such books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to the inspection of any Director upon request at the office of the Corporation during business hours, and he/she shall in general perform all the duties incident to the office of Secretary subject to the control of the Board of Directors.
7. **ASSISTANT SECRETARIES:** Each Assistant Secretary shall have the usual powers and duties pertaining to the office, and such powers and duties as assigned to such officer by the Board of Directors, and the Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability to act.

8. FAMILY MEMBERS AND OFFICERS: No two members of a household shall hold elective officers simultaneously.
9. Officers of the Corporation shall serve without compensation with the exception of the Treasurer who shall receive such compensation as determined by a quorum of members whether in person or by proxy at an annual meeting of the membership.

ARTICLE IX. MEETINGS

1. THE ANNUAL MEETING: The annual meeting of the members will be held at 7:00 p.m. on the 3rd Tuesday in February of each year for the purposes of electing Directors and officers, and for transacting such other business as may properly come before the meeting. If the day fixed for the meeting is a legal holiday in the State of Texas, the meeting will be held on the next succeeding business day. Failure to hold the annual meeting at the time designated will not cause the dissolution of the Corporation. Should the Board of Directors fail to call the annual meeting at the time designated, any member may make a demand in writing by certified mail to any officer of the Corporation that the meeting be held within a reasonable time. The annual meeting will then be held within sixty (60) days after the demand.
2. LOCATION OF MEETINGS: The annual meeting and any special meetings of members will be held at the registered office of the Corporation or at any other place within Washington County, Texas stated in the notice of the meeting or in a duly executed waiver of notice of the meeting.
3. SPECIAL MEETINGS: A special meeting of the members for any purpose or purposes may be called by the President of the Corporation, by the Board of Directors, or by not less than one-fifth of all members entitled to a vote at the meeting. Notice of a special meeting must specify the business to be transacted, and no business will be transacted which is not specified in the notice of the meeting.
4. NOTICE OF MEETINGS: Written or printed notice of a members meeting must be delivered to each member entitled to vote at the meeting. Notice must be delivered either personally or by mail, by or at the direction of the President, or personally at the meeting. The Notice must be delivered not less than 10 nor more than 30 days before meeting. The notice must contain the location, date and time of the meeting, and if the meeting is a special meeting such notice must state the purposes for which the meeting was called. If the notice is mailed, it is deemed delivered when deposited in the United States mail, with postage prepaid, and addressed to the member at his/her address as it appears on the books of the Corporation. Notice of a meeting may be waived in writing signed by the person or persons entitled to notice. A waiver of notice may be executed at any time before or after the meeting to which it applies. Attendance at a meeting constitutes waiver unless attendance is for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

5. **FIXING OF THE RECORD DATE:** The record date for purposes of determining members entitled to notice of any meeting or to vote at any meeting, or adjournment thereof, will be the date on which the notice of the meeting is mailed.
6. **VOTING RECORD:** The Secretary shall maintain a complete list of members entitled to vote and that list must be arranged in alphabetical order and must contain the address of each member. The list must be kept on file at the Corporation's registered office subject to inspection by any member during usual business hours. The list must be produced and kept open at the time and place of the meeting and subject to inspection by any member during the entire time of the meeting.
7. **QUORUM:** A majority of members entitled to vote, whether represented in person or by proxy, will constitute a quorum at a meeting of members. If less than a quorum is represented at a meeting, the members entitled to vote, whether represented in person or by proxy, may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present or represented. At any adjourned meeting at which a quorum is present or represented any business may be transacted which might have been transacted at the meeting as originally noticed except as provided by Article XI, Section S at a members meeting at which a quorum is present, the vote of a majority of members represented whether in person or by proxy, will decide any question brought before the meeting, unless a greater than majority vote is required by Jaw, by the Articles of Incorporation, or by these By-Laws. Members present or represented at a meeting at which a quorum exists may continue to transact business until adjournment despite the withdrawal of enough members to leave less than a quorum.
8. **PROXIES:** At all meetings of members, a member may vote in person or by proxy executed in writing by the member or by his duly authorized attorney in fact A proxy must be filed with the Secretary of the Corporation before or at the meeting and a proxy will not be valid eleven months from the date of its execution unless the proxy provides otherwise. A proxy will be revocable unless it expressly states it is irrevocable and it is made irrevocable by law.
9. **VOTING MEMBERS:**
 - 9.1. Unless the voting rights of the members of any class or classes are limited or denied by the Articles of Incorporation, each member will be entitled to one vote on any matter submitted to a vote at a meeting of the members.
 - 9.2. Action may be taken at a members meeting by a voice vote or a standing vote, unless an objection is raised.

ARTICLE X. CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

1. The Board of Directors, except as in the By-Laws otherwise provided, may authorize any officer or officers, agent or agents. in .the name of and on behalf of the Corporation to enter into any contract or execute and delivery any instrument, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors or expressly authorized by the By-Laws, no officer or agent or employee shall have any

- power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniary for any purpose or to any amount.
2. No loan shall be contracted on behalf of the Corporation and no negotiable papers shall be issued in its name unless authorized by the vote of the Board of Directors.
 3. All checks, drafts and other orders for the payment of money out of the Corporation and all notes or other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.
 4. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks or other depositories as the Board of Directors may select, and for the purpose of such deposit the President, a Vice President, the Treasurer, the Secretary or any other officer or agent or employee of the Corporation to whom such powers may be delegated by the Board of Directors, may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

ARTICLE XI. MISCELLANEOUS PROVISIONS

1. FISCAL YEAR: The fiscal year of the Corporation shall end at midnight on December 31 of each calendar year or at such other time as the Board of Directors determine.
2. CORPORATE SEAL: The Board of Directors will provide a Corporate Seal which will consist of two concentric circles with the words "Bluebonnet Hills Property Owners, Inc. Texas 1986" inscribed between the circles and the words "Corporate Seal" inscribed inside the smaller circle.
3. NOTICE AND WAIVER OF NOTICE: Subject to the provisions of Article IX, Section 4, when any notice whatsoever is required to be given under the provisions of these By-Laws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box, postpaid and addressed to the person entitled thereto at his post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, signed by the person or persons is entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.
4. RESIGNATION: Any Director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at a time specified therein; or, if no time be specified) at the time of its receipt by the President or Secretary. The acceptance of the resignation shall not be necessary to make it effective) unless expressly so provided in the resignation.
5. REMOVAL OF DIRECTOR OR OFFICER: Any Director or officer may be removed, either for or without cause, at any special meeting of the members by the affirmative vote of a majority in number of the members entitled to vote. If notice of the intention to act upon such matters shall have been given in the notice calling such meeting, the vacancy caused by such removal may be filled at such meeting by a vote of a majority of the members represented at such meeting and entitled to vote.

6. DEPOSITORIES: The Directors are authorized to select, by appropriate resolution of the Board, such depositories as they deem proper for the funds of the Corporation.
7. INDEMNIFICATION OF DIRECTORS AND OFFICERS: Each person who may serve as a Director or officer of this Corporation may be indemnified by the Corporation against liabilities imposed upon him/her and expenses reasonably incurred by him/her in connection with any claim made against him/her, on any action, suit or proceeding to which he/she may be a party by reason of his/her being, or having been such Director or officer including such sums as independent counsel selected by the Board shall deem reasonable payment in settlement of any such claim, action, suit, or proceeding, and further including payments in settlement to avoid expenses of litigation; provided, however, that no Director or officer shall be indemnified, with respect to matters as to as to which he/she shall be adjudged in such action, suit or proceeding to be liable for willful negligence or misconduct in performance of duty or with respect to any matters which shall be settled by the payment of sums which counsel selected by the Board shall not deem reasonable payment for avoiding expenses of litigation, or with respect to matters for which such indemnification shall be in addition to any other rights to which Directors or officers may be entitled.
8. PROXY FORMS: Proxy forms referred to herein shall be understood to include the use of mail ballots.
9. AMENDMENT OF BY-LAWS: These By-Laws may be modified or altered by a two-thirds vote of the membership, present or voting by proxy, at any annual meeting or at any session thereof, or any special meeting called for that purpose. The same amendment to the By-Laws shall not be submitted to the membership for vote more often than once every twelve (12) months unless determined necessary by the Board of Directors.
10. ANNUAL AUDIT: An annual audit of the fiscal affairs, books of records, fiscal year transactions and statement of income and expenses for the fiscal year and statement of condition as of December 31 shall be conducted annually, or as prescribed by State of Texas, by an auditing committee of two members of the Corporation appointed by majority vote of the Board of Directors. Such audit report shall be submitted at the annual meeting of the Corporation. Other interim audits may be performed as directed by the Board of Directors.