

Clear Lake Forest Community Association, Inc.

BY-LAWS

ARTICLE 1

Name, Purpose and Offices

1.1 The name of this corporation is CLEAR LAKE FOREST COMMUNITY ASSOCIATION, INC.

1.2 This corporation is organized exclusively for civic, education and recreational purposes, to-wit:

- (1) To render constructive civic service for the promotion of the social welfare of the community and of the citizens of Clear Lake Forest, to inculcate civic consciousness by means of active participation in constructive projects which will improve the community, state and nation. The purpose of the corporation will not be the promotion or stimulation of any business organized for profit:
- (2) To promote and to provide educational and public recreation facilities for the residents of Clear Lake Forest and surrounding areas: and
- (3) Subject to the provisions of Part Four of the Texas Miscellaneous Corporation Laws Act, to acquire, maintain and conduct buildings and property for charitable public services and educational and recreational facilities.

Neither any donation, contribution or payment made to this corporation nor any fund or property arising therefrom, in whatever form it may take, shall be diverted from the purposes here set out.

1.3 The principal office shall be in the City of Taylor Lake village, State of Texas, or such place as may be determined by the Board of Trustees.

1.4 The corporation may also have offices at such other places both within and without the State of Texas as the Board of Trustees may from time to time determine or the business of the corporation may require.

ARTICLE 2

Membership and Meetings of Members

2.1 Membership. Any owner of a lot in Clear Lake Forest shall be a member of the Association, provided, however that if there are multiple owners of a lot, they shall be entitled to one (1) vote per lot, such vote being exercised as they among themselves shall determine, but in no event shall more than one vote be cast with regard to any lot. Membership shall be appurtenant to and may not be separated from ownership of any lot

Clear Lake Forest Community Association, Inc.
BY-LAWS

which is subject to assessment. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

2.2 Annual Meetings. Annual meetings of the members shall be held each May at a place, date and time to be determined by the Board of Trustees. Written notice shall be given to each member no more than forty-five (45) and no less than fifteen (15) days prior to the meeting.

2.3 Special Meetings. Special meeting of the Members may be called at any time by the President or by the Board of Directors, or upon written request of one percent (1%) of the Members who are entitled to vote.

2.4 Notice of Meetings. Written or verbal notice will be required for Special Meetings of the Members no more than forty-five (45) and no less than (15) days prior to the meeting.

2.5 Quorum. The presence at the meeting of Members and proxies entitled to cast one percent (1%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

2.6 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his lot.

ARTICLE 3

Trustees and Meetings

3.1 The direction and management of the affairs of this corporation and control and disposition of its property and funds shall be vested in a Board of Trustees of five (5) persons, or lesser number, not less than three (3), as may be determined by these By-Laws. Until changed pursuant to these By-Laws the number of Trustees is fixed at five (5).

3.2 Trustee Selection and Term of Office

3.2.1 Five Trustees shall be elected by the members of the Association. Trustees shall be members of the Association and shall serve for a term of two years. Terms shall be staggered with two trustees' terms expiring in even numbered years and three trustees' terms expiring in odd numbered years. Trustee positions becoming vacant due to death, resignation or incapacity may be filled by election by the remaining trustees at a meeting of the Board of Trustees. Trustees so elected shall serve out the term of the vacated position.

Clear Lake Forest Community Association, Inc.
BY-LAWS

3.2.2 Elections to fill vacant Trustee positions shall be held annually in May on a date to be set by the Trustees. Provided however, no election shall be necessary if on the twenty ninth (29th) day prior to the election there are not contested races. In that event, the unopposed candidates shall be deemed to have been elected by a plurality of Clear Lake Forest residents. Validated absentee ballots will be accepted if received by the Secretary or designees before the day of election. Individuals desiring to run for office of Trustee shall be qualified in accordance with 3.2.1 above and shall file notice of their intention to run in writing with the Secretary of the Board of trustees not later than thirty (30) days prior to the date of election. Candidates' names shall be placed on a ballot by the Secretary in order drawn by lot at the last regularly scheduled meeting of the Board of Trustees prior to the election.

3.3.3 Subject to the Articles of Incorporation, the number of Trustees may be increased or decreased from time to time by amendment to these By-Laws but no decrease shall have the effect of shortening the term of any incumbent Trustee. Any Trusteeship to be filled by reason of an increase in the number of Trustees shall be filled as provided in Section 3.2 above.

3.4 The Board of Trustees shall meet monthly on the fourth Tuesday of each month unless such day be a legal holiday, in which event the meeting shall be on the first business day following thereafter.

3.5 Special meetings of the Trustees may be called by the President joined by any Trustee, or by two of the Trustees acting jointly, at any time, or by one Trustee if there be only one serving at the time. At least ten (10) days written notice of any special meeting shall be given to all Trustees, unless same is waived as provided below.

3.6 A trustee by writing may waive call and notice of any meeting of Trustees. Except for matters requiring specification in call or notice and as to which a Trustee votes against. Attendance at any meeting shall constitute a Waiver of Call and Notice of such meeting by such Trustee.

3.7 The duly elected and qualified Trustees in attendance at any meeting properly called, shall constitute a quorum for transaction of business and the vote of a majority of the Trustees thus present (provided that at least two (2) Trustees shall vote in favor thereof in each case unless there be only one Trustee serving the Association at the time) shall be sufficient for transaction of ordinary business of the corporation and all other business, except as otherwise provided by the Articles of Incorporation and these By-Laws.

3.8 The trustees may act or carry on the business of the corporation without formal meeting upon consent in writing of all of the Trustees.

3.9 A full set of books and records shall be maintained by the Board of Trustees that show the financial condition of the Association in a manner consistent with

Clear Lake Forest Community Association, Inc.
BY-LAWS

generally accepted accounting principles. The Board of Trustees, of an at no greater than annual intervals, shall obtain an audit (which need not be certified) made available within ninety (90) days after the completion of such audit.

ARTICLE 5

Officers

4.1 The officers of the corporation shall consist of a president, a vice president, a secretary and a treasurer and such other officers as the Board of Trustees may, from time to time, determine. The Trustees at the first regularly scheduled Board meeting following the election of Trustees shall elect all officers of the Corporation for the ensuing year.

4.2 Any individual, otherwise qualified, may hold any two offices in the Corporation, except the Offices of President and Secretary.

4.3 The salaries of all officers and agents of the Corporation shall be fixed by the Board of Trustees.

4.4 The officers of the Corporation shall hold office until their successors are elected or appointed, or until their death or until their resignation or removal from office. Any officer elected or appointed by the Board of Trustees may be removed at any time by the affirmative vote of a majority of the Board of Trustees, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of any officer or agent shall not of itself create contract rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Trustees.

The President

4.5 The president shall be the chief executive officer of the corporation, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board of Trustees are carried into effect. The president shall preside at all meetings of the Board of Trustees.

The Vice President

4.6 The vice president shall, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. The vice president shall perform such other duties and have such other authority and powers as the Board of Trustees may from time to time prescribe or as the president from time to time may prescribe.

The Secretary

4.7 The secretary shall attend or cause an assistant secretary to attend all meetings of the Board of Trustees and record all of the proceedings of the meetings of the

Clear Lake Forest Community Association, Inc.
BY-LAWS

Board of Trustees in a minute book to be kept for that purpose and shall perform like duties for standing committees when required. The secretary shall perform such other duties as may be prescribed by the Board of Trustees or president, under whose supervision he/she shall be. The secretary shall keep in safe custody the seal of the Corporation and when properly authorized, the secretary, or treasurer, shall affix the same to any instrument requiring it., and when so affixed, it shall be attested by the signature of the officer affixing same.

The Treasurer

4.8 The treasurer shall have custody of the Corporate funds and securities and shall keep full and accurate accounts of records and receipts, disbursements and other transactions in books belonging to the Corporation, and shall deposit all money and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Trustees, and treasurer may be authorized by said Board to designate such depositories and withdraw or transfer deposit or authorize others to do so in accordance with resolutions of such Board.

4.9 The treasurer shall disburse the funds of the corporation in accordance with orders or resolutions of the Board of Trustees, taking proper vouchers and disbursements, and shall render to the president and the Board of Trustees, at its regular meetings, or with the president or Board of Trustees so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation.

4.10 If required by the Board of Trustees, the treasurer shall give the Corporation a bond of such type, character and amount as the Board of Trustees may require.

ARTICLE 5

Committees

The Board of Trustees may create special and standing committees, with the powers and duties as the Board of Trustees may determine.

ARTICLE 6

Amendments

The By-Laws may be amended by the Association members by the affirmative vote of a majority of a quorum at a regular or special meeting of the members. These By-Laws may also be amended by a majority of the Board of Trustees at a regular or special meeting of the Board of Trustees. Notice of the proposed amendments must be given in writing at least ten (10) days prior to the meeting.

Clear Lake Forest Community Association, Inc.
BY-LAWS

ARTICLE 7

General Provisions

Annual Statement

7.1 The Board of Trustees shall review at each regular meeting a full and clear statement of the business and condition of the Corporation.

7.2 All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Trustees from time to time designate or may be designated pursuant to resolution of the Board.

Fiscal Year

7.3 The fiscal year of the Corporation shall be fixed by resolution of the Board of Trustees.

Seal

7.4 The corporate seal shall be in such form as may be prescribed by the Board of Trustees. The seal may be used by causing it, or facsimile thereof, to be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by officers of the Corporation.

Books and Records

7.5 The Association shall keep minutes of the proceedings of its Board of Trustees at its registered office or principal place of business.

ARTICLE 8

Maintenance Fees

8.1 Each Member is obligated under the Service Charge Agreement and the Restrictions to pay the Association an annual maintenance fee. Assessments are due within thirty (30) days of the billing date. Any assessment not paid by the due date shall incur a late charge in an amount to be set by the Board of Trustees to help defray administrative costs in collecting this delinquent account. The Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, late fees, costs and attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive to otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of his lot.

Clear Lake Forest Community Association, Inc.
BY-LAWS

8.2 The Association has the right to deny use of the common areas to a Member of his tenant during the period in which the Member is in default in paying his maintenance assessment in excess of thirty (30) days. Such rights may also be suspended after a notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

8.3 The Association may assess reasonable charges for property transfer fees. These will be due at the time of transfer of title and shall be collected at the time of settlement by the title company and forwarded to the Association.

8.4 The Association may also assess a charge for any check submitted to pay assessments that is returned to the Association by the bank because of insufficient funds. The amount of the charge will be the current bank rate.

APPROVED AND ADOPTED THIS ____ day of _____, 1996

S/George Young
Board Member

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Board Member

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Board Member

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Board Member

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Board Member