

BY-LAWS

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THE WOODLANDS HOMEOWNERS' ASSOCIATION OF AUSTIN  
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ARTICLE I

Name

1.1. NAME. The name of the organization shall be THE WOODLANDS HOMEOWNERS' ASSOCIATION OF AUSTIN.

ARTICLE II

Purpose and Owner Obligation

2.1. PURPOSE. The purpose for which this non-profit association is formed is to govern that certain property located in Travis County, Texas, known as The Woodlands of Austin, and which property is described on the attached Exhibit "A", which is incorporated herein by reference.

2.2. OWNER OBLIGATION. All present and future owners of any lot located on the Property, and their tenants, and any other person who may use the facilities on the property in any manner, are subject to the regulations set forth in these By-laws. The mere acquisition or rental of any of the lots located on the property, or of a dwelling located thereon, or the mere act of occupancy of any such dwelling will signify that these By-laws are accepted, ratified, and will be strictly followed.

ARTICLE III

Definitions and Terms

3.1. MEMBERSHIP. Any person on becoming an Owner of a Lot located on the property shall automatically become a member of this Association. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot located on the property. Such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with ownership of such lot or membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former owner or member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. The Board of Directors, if it so elects, may issue membership cards to members of the Association; such membership cards shall be surrendered to the Secretary whenever ownership of the lot designated thereon is terminated.

This instrument being refiled of record to include the legal description shown in attached Exhibit "A",

DEED RECORDS  
Travis County, Texas

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3.2. VOTING RIGHTS. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owner, with the exception of The Woodlands of Austin, Inc., and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. The Class B member shall be The Woodlands of Austin, Inc., and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership.

3.3. MAJORITY OF VOTES. As used in these By-laws, the term "majority of votes" shall mean not less than fifty-one percent of all Class A votes and all Class B votes entitled to be cast.

3.4. QUORUM. Except as otherwise provided in these By-laws, the presence in person or by proxy of those persons entitled to cast a majority of votes as defined in Paragraph 3.3 of this Article shall constitute a quorum.

3.5. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE IV

Meetings

4.1. PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Directors and designated in the notices of such meetings.

4.2. ANNUAL MEETINGS. Annual meetings shall be held the fourth (4th) Tuesday of January each year.

4.3. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the Owners and presented to the Secretary. The notice of any special meeting shall state the 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 unless by consent of four-fifths (4/5) of the Owners present, either in person or by proxy.

4.4. NOTICE OF MEETINGS. The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed to his or her last known post office address, as shown on the records of the Association, by uncertified

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mail, postage prepaid. Such notice shall be mailed not less than ten (10) days nor more than twenty (20) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand or left at their residence in their absence. If requested, any Mortgagee of Record or its designee may be entitled to receive similar notice.

4.5. NOTICE TO FIRST MORTGAGEES. The Association shall furnish each First Mortgagee, upon request of such First Mortgagee, prior written notice of all meetings of the Association and permit the designation of a representative of such mortgagee to attend such meetings, one (1) such request to be deemed to be a request for prior written notice of all subsequent meetings of the Association.

4.6. ADJOURNED MEETING. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is attained.

4.7. ORDER OF BUSINESS. The order of business at all meetings of the Owners of Units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

ARTICLE V

Board of Directors

5.1. NUMBER AND QUALIFICATION. The affairs of this Association shall be governed by a Board of Directors composed of three (3) persons. The following persons shall act in such capacity and shall manage the affairs of the Association until their successors are elected, to-wit:

<u>Name</u>	<u>Address</u>
Joe R. Dobson	5902 Mountainclimb Austin, Texas
Margaret H. Dobson	5902 Mountainclimb Austin, Texas
Terrence Kendall	5007 Arax Cove Austin, Texas

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5.2. **POWERS AND DUTIES.** The Board of Directors shall have the powers and duties necessary for the administration of the Association's affairs and for the operation and maintenance of the property. The Board of Directors may do all such acts and things that are not by these By-laws or by the Declaration of Covenants, Conditions and Restrictions directed to be exercised and done by the owners.

5.3. **OTHER POWERS AND DUTIES.** The Board of Directors shall have the following duties:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declaration of Covenants, Conditions and Restrictions.

(b) To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of the property, a copy of which rules and regulations are to be mailed or delivered to each Member upon adoption thereof.

(c) To keep in good order, condition and repair all of the Common Area and all items of personal property used in the enjoyment of the entire Premises.

(d) To insure and keep insured all of the insurable Common Area, and to obtain and maintain comprehensive liability insurance covering the entire property.

(e) To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments subject to the provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expenses. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these By-laws.

(g) To protect and defend the entire Premises from loss and damage by suit or otherwise.

(h) To borrow funds in order to pay for any expenditure or outlay required; to execute all such instruments evidencing such indebtedness which shall be the several obligations of all of the Owners.

(i) To enter into contracts within the scope of their duties and power.

(j) To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.

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(k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners and any First Mortgagee, and to cause a complete audit of the books and accounts of a competent accountant, once each year. The Association shall cause to be prepared and delivered annually to each Owner a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be furnished to any First Mortgagee within ninety (90) days following the fiscal year end.

(l) To meet at least once each quarter.

(m) To designate the personnel necessary for the maintenance and operation of the Common Area.

5.4. ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association the term of office of one (1) Director shall be fixed for one (1) year, the term of office of one (1) Director shall be fixed at two (2) years, and the term of office of the remaining one (1) Director shall be fixed at three (3) years. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected to serve a term of three (3) years. The three (3) persons acting as Directors shall hold office until their successors have been elected and hold their first meeting.

5.5. VACANCIES. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

5.6. REMOVAL OF DIRECTORS. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

5.7. ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.8. REGULAR MEETINGS. Regular meetings of the Board of Directors 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 four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

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5.9. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary on three (3) days' notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

5.10. WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.11. BOARD OF DIRECTOR'S QUORUM. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. 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. At any such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without additional notice.

5.12. FIDELITY BONDS. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

## ARTICLE VI

### Officers

6.1. DESIGNATION. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors.

6.2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

6.3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

6.4. PRESIDENT. The President shall be the chief executive officer of the Association, and shall preside at all meetings of both the Association and the Board of Directors. He or she shall have all the general powers and duties which are

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usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners to assist in the administration of the affairs of the Association.

6.5. VICE PRESIDENT. The Vice President shall perform all of the duties of the President in his absence and such other duties as may be required from time to time by the Board of Directors.

6.6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of the Secretary.

The Secretary shall compile and keep up to date at the principal offices of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall show opposite each Member's name, the number of Members and the garage or parking space and storage space assigned for use in connection with such Unit. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.7. TREASURER. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors, including authority to: sign all checks and promissory notes of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to the Treasurer by the Board of Directors.

## ARTICLE VII

### Management Contract

7.1. MANAGEMENT COMPANY. The Board of Directors may contract with a management company, at a rate of compensation agreed upon by the Board of Directors, for the management company to have, without limitations, the following functions, duties and responsibilities:

1. Fiscal Management.

(a) Prepare annual operating budget detailed to reflect expected operation for each month. This budget is established to show expected recurring receipts and operating disbursements; it is further used for comparison with actual monthly income and expenditures.

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- (b) Prepare five (5)-year sinking fund reserve budget projection for capital expenditures on items recurring only periodically, i.e., painting, etc., for Common Elements.
- (c) Prepare monthly operating and cash position statements and statements concerning sinking fund reserve accounts.
- (d) Analyze and compare operating receipts and disbursements against the Board-approved budget. Where a significant variation is shown (10%) above or below the budgeted amount, prepare explanations of variations from budgeted figures. Suggest corrective recommendations if applicable.
- (e) Collect maintenance fees and special assessments; deposit them in checking, savings or other income producing accounts on behalf of the Board and maintain comprehensive records thereof. Establish individual checking and sinking fund reserve accounts, as directed by the Board.
- (f) Mail notices of delinquency to any Owner in arrears, and exert reasonable effort to collect delinquent accounts.
- (g) Examine all expense invoices for accuracy and pay all bills in accordance with the terms of the property management agreement.
- (h) Prepare year-end statement of operations for Owners.

2. Physical Management.

- (a) Assume full responsibility for maintenance and control of Common Area improvements and equipment. Maintain the Property in constant repair to reflect Owner pride and to insure high property values in accordance with the provisions of the operating budget as approved by the Board of Directors.
- (b) Enter into contracts and supervise services for lawn care, refuse hauling, pump maintenance, etc., as approved operating budgets.
- (c) Select, train and supervise competent personnel, as directed by the Board.
- (d) Compile, assemble and analyze data; and prepare specifications and call for bids for major improvement projects. Analyze and compare bids, issue contracts and coordinate the work; maintain close and constant inspection to insure that work is performed according to specifications.
- (e) Perform any other projects with diligence and economy in the Board's best interests.

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3. Administrative Management.

(a) Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to Vendors.

(b) Obtain and analyze bids for insurance coverage specified in By-laws, recommend modifications or additional coverages. Prepare claims when required and follow up on payment; act as Board's representative in negotiating settlement.

(c) Exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Resident-Owner relationships.

(d) Act as liaison for the Association in any negotiations or disputes with local, federal or state taxing agencies or regulatory bodies.

(e) Exercise close supervision over hours and working conditions of employed personnel to insure compliance with Wage and Hour and Workman's Compensation Laws.

(f) Assist in resolving individual Owner's problems as they pertain to the Association, Common Elements and governing rules and regulations.

(g) Represent an absentee Owner when requested.

(h) Administer the development in such a way as to promote a pleasant and harmonious relationship within the complex for all Owners, Residents and Tenants alike.

7.2. MANAGEMENT AGREEMENT. Any management agreement entered into by the Association relating to the Properties shall be terminable by the Association for cause upon thirty days written notice thereof. The term of any such management agreement may not exceed one year, although it may provide that it is renewable by agreement of the parties for successive one year periods.

ARTICLE VIII

Indemnification Of Officers and Managers

8.1. INDEMNIFICATION. The Association shall indemnify every manager or officer, his or her heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred in connection with any action, suit or proceeding to which he or she may be made a party by reason of being or having been a manager or officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such manager or officer in relation to the matter involved. The foregoing rights shall not be

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exclusive of other rights to which such manager or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as common expenses; provided, however, nothing contained in this Article VIII shall be deemed to obligate the Association to indemnify any Member or Owner of a lot, who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him or her under and by virtue of the Declaration as a Member or Owner of a lot covered thereby.

### ARTICLE IX

#### Obligations Of The Owners .

9.1. ASSESSMENTS. All Owners shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses. The assessments shall be made in accordance with Article IV of the Declaration, and shall be due monthly in advance. A Member shall be deemed to be in good standing and entitled to vote at any annual or a special meeting of Members, within the meaning of these By-laws, only if he or she is current in the assessments made or levied against the lot or lots owned by such Member.

#### 9.2. MAINTENANCE AND REPAIR.

(a) Every Owner must perform promptly at his or her own expense all maintenance and repair work within his or her own dwelling unit.

(b) All the repairs of internal installations of the Unit such as patio planting, water, light, gas power, sewage, telephone, air conditioning, sanitary installations, doors, windows, glass, electrical fixtures and all other accessories, equipment and fixtures belonging to the Unit area shall be at the Owner's expense.

(c) An Owner shall be obligated to promptly reimburse the Association upon receipt of its statement for any expenditures incurred by it in repairing or replacing any Common Area property damaged by his negligence or by the negligence of his or her tenants or agents.

9.3. GENERAL. Each Owner shall comply strictly with the Declaration of Covenants, Conditions and Restrictions for the property. Each Owner shall always endeavor to observe and promote the cooperative purposes for which The Woodlands of Austin was built.

9.4. RULES AND REGULATIONS. All Owners shall promptly and completely comply with each of the rules and regulations herein contained or adopted hereunder.

ARTICLE X

Mortgagees

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10.1. NOTICE TO ASSOCIATION. An Owner who mortgages his Lot shall notify the Association, giving the name and address of the mortgagee. Each First Mortgagee shall be permitted to notify the Association of the fact that such mortgagee holds a deed of trust or mortgage on a Lot. The Association shall maintain a record of such information.

10.2. NOTICE OF DEFAULT. The Association shall notify a First Mortgagee in writing, upon request of such mortgagee, of any default by the mortgagor in the performance of such mortgagor's obligations which is not cured within thirty (30) days.

10.3. APPROVAL FOR AMENDMENTS. The prior written approval of each First Mortgagee shall be required for: (a) any material amendment to the Declaration or to the By-laws of the Association; or (b) the effectuation of any decision by the Association to terminate professional management and assume self-management of the project.

10.4. NOTICE OF DAMAGE OR DESTRUCTION. The Association shall furnish the First Mortgagees timely written notice of any substantial damage or destruction of the building on any Lot if such loss exceeds One Thousand Dollars and of any part of the Common Area and facilities if such loss exceeds Ten Thousand Dollars.

10.5. NOTICE OF CONDEMNATION PROCEEDINGS. The Association shall in writing notify each First Mortgagee of which it has notice of any condemnation or other similar proceedings or proposed proceedings relating to any of the Properties or improvements thereon.

10.6. OTHER ACTS REQUIRING APPROVAL. Except as to the Association's right to grant easements for utilities and similar related purposes, the Association shall not alienate, transfer, hypothecate, or otherwise encumber any of the Common Area or the facilities thereon without the prior written approval of all of the First Mortgage holders of record.

ARTICLE XI

Amendment

11.1. BY-LAWS. These By-laws may be amended by the Association at a duly constituted meeting for such purpose, but no amendment shall take effect unless approved by the affirmative vote of at least two-thirds of the votes outstanding. In no event shall the By-laws be amended to conflict with the Declaration; in the event of any conflict between the two documents, the Declaration shall control.

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CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the By-laws of THE WOODLANDS HOMEOWNERS' ASSOCIATION OF AUSTIN, as adopted by the initial Board of Directors at its organizational meeting on the 15 day of January, 1980.

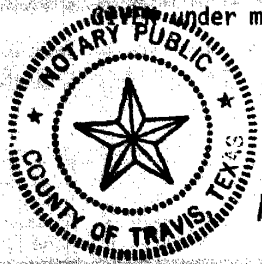
(NO SEAL) Margaret H. Dobson  
Secretary

THE STATE OF TEXAS  
COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared Margaret H. Dobson, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, on this the 3rd day of July, 1980.

Frances A. Neely  
Notary Public in and for Travis County, Texas.



NOTARY SEAL

STATE OF TEXAS COUNTY OF TRAVIS  
I hereby certify that this instrument was FILED on the  
date and at the time stamped herein by me; and was duly  
RECORDED, in the Volume and Page of the nearest RECORDS  
of Travis County, Texas, as Stamped herein by me, on

JUL 3 1980



Eric S. [Signature]  
COUNTY CLERK  
TRAVIS COUNTY, TEXAS

FILED

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Eric S. [Signature]  
COUNTY CLERK  
TRAVIS COUNTY, TEXAS

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