

BYLAWS
of
Walnut Grove Homeowners Association

ARTICLE I

(Name)

- 1.1 *Name* – The name of the organization shall be Walnut Grove Homeowners Association, hereinafter called the “Association.” The principle office of the corporation shall be located at 33406 Walnut Grove Lane Magnolia, Texas 77355, but meetings of members and Officers may be held at such places within Montgomery County, Texas, as may be designated by the Officers.

ARTICLE II

(Definitions and Terms)

- 2.1 “*Association*” shall mean and refer to Walnut Grove Homeowners Association, its successors and assigns.
- 2.2 “*Properties*” shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- 2.3 “*Lot*” shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties.
- 2.4 “*Owner*” shall mean and refer to the record owner, whether one or more persons or entities of the fee simple title to any Lot which is a part of the Properties, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE III***(Purpose)***

3.1 ***Purpose*** – The Association is organized and shall be operated exclusively as a homeowners association within the meaning of § 528 of the Internal Revenue Code, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws. The primary purpose of the Association is for civic and social benefit and betterment of the residents and property owners of Walnut Grove Subdivision in Montgomery County, Texas.

To carry out such purposes properly, the Association may at the discretion of its Officers perform the following functions and the execution of such functions shall be deemed to be within the scope of activities contemplated by the corporate formation documents:

- (a) The Association may care for vacant, unimproved and unkempt lots in said development, remove and destroy grass, weeds and rodents therefrom, and any unsightly and obnoxious thing therefrom and do any other things and perform any labor necessary to desirable in the judgment of this Association to keep the property, and the land contiguous and adjacent thereto, neat and in good order.
- (b) The Association may enforce charges, restrictions, conditions and covenants existing upon and created for the benefit of said property over which this Association has jurisdiction; the Association may pay all expenses incidental thereto; the Association may enforce the decisions and ruling of the Association having the jurisdiction over any of said property; the Association may pay all of the expenses in connection therewith; and may reimburse any declarant under any declaration of condition, covenants, restrictions, assessments or charges affecting said property, or any part thereof, for all costs and expenses incurred or paid by it in connection with the enforcement of any of the conditions, covenants, restrictions, charges, assessments or terms set forth in any declaration.
- (c) The Association may perform any and all lawful things and acts which this Association at any time and from time to time, shall, in its discretion, deem to be to the best interest of said property and the owners of the buildings sites thereon, and shall pay all costs and expenses in connection therewith.
- (d) Any powers and duties exercised by said Association relating to maintenance, operation, construction, or reconstruction of any facilities provided for herein maybe contracted for with any qualified contractor as agent.

- (e) The Association may provide for garbage and rubbish collection and disposal.
 - (f) The Association may expend the funds collected by it from assessments, maintenance charges and all other moneys received by the Association for the payment and discharge of all proper costs, expenses and obligations incurred by this Association in carrying out any or all of the purposes for which the Association is formed.
- 3.2 Area – The activities of the Association shall be limited to the area known as Walnut Grove, a development in Montgomery County, Texas and to such other areas which may hereinafter through the operations of conditions, covenants, restrictions, easements, reservations or charges, covenants, to the same be place under or submitted to the jurisdiction of this Association and be accepted as within the jurisdiction of this Association by resolution of the Officers of this Association.
- 3.3 Owner/Tenant/User Obligation – All present or future owners or tenants of any of the Lots, or any other person who might use the Properties in any manner, are subject to the regulations set forth in these Bylaws.

ARTICLE IV

(Membership and Voting Rights)

- 4.1 Membership – Membership in the Association shall vest as follows:
- (a) Any person on becoming a record owner (“Owner”) of a fess simple interest in all or any part of a Lot shall automatically become a member (“Member”) of the Association and shall be subject to these Bylaws and to the Declaration. Neither the holder of a deed of trust or other lien against a Lot securing performance of any obligation not the beneficiary of any conveyance in trust to secure performance of an obligation shall be an Owner or Member by virtue only of such interest in a Lot. Membership shall terminate without any formal Association action whenever such person ceases to own all or any part of a Lot. Such termination shall not relieve or release any such former owner from any liability or obligation incurred as a Member. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one Membership Card (herein so called) per Lot to the owner(s) of a Lot. Such Membership Card should

be surrendered to the Secretary whenever ownership of the Lot designated therein is terminated.

- (b) **Suspension of Membership and/or Voting Rights** – The rights of membership, including the right to participate in Association affairs, and the right to vote are subject to suspension by the Officers of the Association for: (i) failure or refusal to pay any assessment payable by the member during the period that such assessment payable by the member remains unpaid for more than 30 days; (ii) an infraction of, default in, or breach of the Bylaws of the Association, the Declaration, or in the Regulations of the Association by the members, as provided therein; and (iii) any other breach or non-compliance by the member, determined from time to time by the Officers of the Association.

4.2 **Voting Rights** – The Association shall have two classes of voting membership as follows:

- (a) **Class A** – Class A Members shall be all Members who own all of any part of a Lot.

Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest in any Lot, all such persons shall be Members, and the vote for such a Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect any Class A Member Lot. In the event of a dispute among owners of a Lot or Lots entitled to exercise a vote as to which of such owners shall cast a vote, or in the event of a dispute among owners of a Lot or Lots entitled to exercise a vote as to the substance of such vote, the Officers may, after providing a reasonable opportunity for such owners to resolve their disputes among themselves, determine not to consider or count a vote exercised on account of the affected Lot(s), either for or against a candidate, measure or proposal.

- (b) **Class B** – Class B Members shall be all Members who own all or any part of a Lot AND have a COMPLETED residential building upon any part of the Lot. To qualify for Class B Membership, the COMPLETED residential building shall be in complete compliance with restrictions and covenants established in Walnut Grove restrictions on record in Montgomery County, Texas and in complete compliance with current government codes applicable to residential buildings. Additionally, the Class B Member shall be physically residing in the COMPLETED residential building at least 181 days a calendar year. Class B Members shall be entitled to four votes for each Lot in which they hold the interest required

for membership. When more than one person hold such interest in any Lot, all such persons shall be Members, and the votes for such a Lot shall be exercised as they, among themselves, determine, but in no event shall more than four votes be cast with respect to any Class B Member Lot. In the event of a dispute among owners of a Lot or Lots entitled to exercise votes as to which of such owners shall cast votes, or in the event of a dispute among owners of a Lot or Lots entitled to exercise votes as to the substance of such votes, the Officers may, after providing a reasonable opportunity for such owners to resolve their disputes among themselves, determine not to consider or count votes exercised on account of the affected Lot(s), either for or against a candidate, measure or proposal.

ARTICLE V

(Meeting of Members)

- 5.1 Annual Meetings – The first annual meeting of the members shall be held within one (1) year from the date of formation of the Association as determined by the filing date established by the Texas Secretary of State. Each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter at a date, time and place with the State of Texas selected by the Officers of the Association.
- 5.2 Special Meetings – Special meetings of the Members may be called at any time by the president or by the Officers, or upon written request of the Members who are (i) entitled to vote two-thirds (2/3 rds) of all the votes of the Class A Membership or (ii) entitled to vote one-half (1/2) of the votes of the Class B Membership.
- 5.3 Notice of Meetings – Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, not less than five (5) nor more than fifteen (15) days before the meeting, to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied in writing by the Member to the Association for the purpose of notice. The notice shall specify the place, day and hour of the meeting. In the case of a special meeting, the notice shall state the purpose of the meeting.
- 5.4 Quorum – The presence at the meeting of Members or proxies entitled to cast the majority of the votes of the Membership shall constitute a quorum for any action except as

otherwise provided in the Declarations, Restrictions, Covenants, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have the power to adjourn the meeting without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

5.5 Proxies – At all meeting of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed and on record with the Secretary at least 30 days prior to said proxies taking effect. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

5.6 General Order of Business – The order of business at all meetings of the Members shall be as follows:

- (a) Roll Call
- (b) Proof of Notice of Meeting or Waive of Notice
- (c) Reading of Minutes of Preceding Meeting
- (d) Reports of Officers
- (e) Reports of Committees
- (f) Election of Officers (if applicable)
- (g) Unfinished Business
- (h) New Business
- (i) Conclusion

5.7 Motions – All motions or matters proposed for consideration by a Class B Member at any annual meeting, special meeting or other meeting of the Association shall be considered and voted upon by the Members, regardless of whether the Class B Member's motion or other matter proposed for consideration has been seconded by any other Member of the Association.

ARTICLE VI

(Officers)

6.1 Number – The affairs of the Association shall be managed by the Officers, who SHALL be Members of the Association. There shall be Group A Members and Group B Members elected

as officers. Officers shall be elected for terms of two (2) years. An Officer shall cease to be eligible to serve as an Officer on the date the Officer ceases to own any Lot(s). No Officer shall be eligible to stand for re-election or to be re-elected to the same office for a period of two (2) years following the expiration of such Officer's term of office after serving as an Officer of the specified office for four continuous years. There shall be at minimum three (3) Officers and thereafter, the number of Officers shall be not more than seven (7) in number nor less than three (3) in number at any given time.

- (a) Group A – There shall be no more than four (4) and no less than two (2) Officers, classified as “Group A” Officers, whose terms shall begin and end in even numbered years.
- (b) Group B – There shall be no more than three (3) and no less than one (1) Officer(s), classified as “Group B” Officers, whose terms shall begin and end in odd numbered years.

6.2 *Powers and Duties* – The Officers shall have the powers and duties necessary for the operation, maintenance, and administration of the Association. The Board of Officers shall have the following enumerated duties in addition to the preceding sentence:

- (a) To administer and enforce the covenants, conditions, restrictions, uses, limitation obligations and other provisions of the Declaration
- (b) To establish and enforce rules, conditions, restrictions, limitations and other provisions necessary for the orderly operation, use and maintenance of any Common Areas. (A copy of such rules shall be delivered or mailed to each Member promptly upon the adoption thereof).
- (c) To keep in good order, condition and repair the Common Area and all items of personal property used in the enjoyment of the Common Area
- (d) To fix, levy and collect the Initiation Fee, Assessments, Abeyance Fees, other fees and fined to be paid by each of the Lot owners in accordance with the terms of the Declaration or these Bylaws, as amended from time to time; and by majority vote of the Officers to decrease or increase such fees, and Assessments, subject to the provisions of the Declaration or these Bylaws; to levy and collect special Assessments in order to meet increased operating or maintenance expenses or costs, additional capital expenses, and other expenses and costs for which a special Assessment is authorized under the

Declaration or these Bylaws. All Assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the Assessments are being made.

- (e) To collect delinquent fees, fines, or assessments by suit, lien, foreclosure or otherwise and to enjoin or seek damages from an Lot owner for violation of the Declaration or these Bylaws or the rules or regulations of the Association.
- (f) To protect and defend the Common Area from loss and damage by suit or otherwise.
- (g) To borrow funds in order to pay for any required expenditure or outlay; to execute all such instruments evidencing such indebtedness; and to mortgage, pledge or hypothecate any or all of the real or personal property of the Association as security for money borrowed or debts incurred in connection with the affairs of the Association.
- (h) To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Officers
- (i) To maintain complete 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 Members and any mortgagee of a Lot. The Association shall cause to be prepared and delivered annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any mortgagee of a Lot, on request, within ninety (90) day following the fiscal year end of the Association. Any Member may require that the Association cause to be prepared and delivered, at such Member's expense, an audited financial statement of the Association. In addition, each member shall have the right to inspect the books and records of the Association during normal business hours.

6.3 Vacancies – Vacancies on the Officers cause by any reason other than the removal of an Officer by a vote of the Members shall be filled by vote of the majority of the remaining Officers, even though they may constitute less than a quorum. Each Officer so elected shall serve out the remaining term of his/her predecessor.

6.4 Removal – Any Officer, may be removed, with or without cause, by the affirmative vote of a quorum of those entitled to cast votes. This removal vote shall be not less than sixty-six percent (66%) of all voting of the Members.

- (a) Example – If 100 voting Members, then 67 members would have to vote to remove the Officer.

- 6.5 **Compensation** – No Officer shall receive compensation for any service he or she may render to the Association; however, any Officer may be reimbursed for actual expenses incurred in the performance of his or her duties.
- 6.6 **Regular Meeting** – Regular meetings of the Officers may be held at such time and place as shall be determined, from time to time, by a majority of the Officers, but at least one such meeting shall be held at least every six (6) months during each fiscal year. Notice of regular meetings of the Officers shall be given to each Director; either personally, by telephone, facsimile or e-mail at least seven (7) days prior to the day named for such meeting, or by deposit of notice in the U.S. Mail (postage prepaid) at least fourteen (14) days prior to the day named for such meeting.
- 6.7 **Special Meeting** – Special meetings of the Officers may be called by the President or Secretary, or upon written request of a least two Officers. The President or Secretary will give notice to each Officer of the time, place and purpose of the meeting, either personally, by telephone, facsimile or e-mail at least three (3) days prior to the day named for such meeting, or by deposit of notice in the U.S. Mail (postage prepaid) at least seven (7) days prior to the day named for such meeting.
- 6.8 **Officers of Quorum** – At all meeting of the Officers, a majority of Officers shall constitute a quorum for the transaction of business, and the act of the majority of the Officers present at the meeting at which a quorum is present shall be the act of the Officers. If, at any meeting of the Officers, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time.
- 6.9 **Committees** – The Officers may establish one or more advisory committees and committees for the purpose of administering or managing the Common Areas or routine or special projects of the Association. The Officers may appoint the members of such committees by procedures to be established by the Officers. Members are the only persons eligible to serve on such advisory committees.
- 6.10 **Designation** – The officers of the Association shall be at minimum a President, a Secretary and a Treasurer, all of whom shall be elected by the Members. The Officers may also, from time to time, appoint one or more Vice Presidents, Historian, etc. of the Association. The Officers may, in its sole discretion, elect to combine any two or more offices such that one person shall hold the combined offices, except that the offices of President and Secretary may

not be combined, and the office of President and Treasurer may not be combined.

6.11 *Election of Officers* – The officers of the Association shall be elected annually by the Members at the annual meeting of the Members following an election of Group A or Group B Directors and shall hold office at the pleasure of the Members.

6.12 *President* – The President shall be the Chief Executive Officer of the Association and be designated and elected in accordance with Group B. The President shall preside at all meetings of both the Association and the Officers, and shall have all the general powers and duties which are usually vested in the office of President of an association, including without limitation the power to appoint committees from among the Members to assist in the administration of the affairs of the Association. The President, or his designated alternate, shall represent the Association at all meetings of the Association.

6.13 *Vice-President* – Any Vice-President elected by the Members shall perform such duties as may be required of him from time to time by the President of the Board of Directors and be designated and elected in accordance with Group A. A Vice-President shall perform the functions of President in the President's absence.

6.14 *Secretary* – The Secretary shall keep the minutes of all meetings of the Officers and the minutes of all meetings of the Association and be designated and elected in accordance with Group B. The Secretary shall have charge of such books and papers as the Officers may direct and shall, in general, perform all duties incident to the office of the Secretary.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. 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.

6.15 *Treasurer* – The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and be designated and elected in accordance with Group B. Additionally The Treasurer shall disburse such money as directed by resolution of the Officers of Directors; provided, however, that a resolution of the Officers shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Officers The Treasurer shall also have the authority to: (i) keep proper books of account; (ii) cause an annual statement of the Association's books to be made at the completion of each fiscal year; (iii) prepare an annual budget and a statement of income expenditures to be

presented to the Members at their regular annual meeting, and (iv) deliver a copy of each to the Members; and perform all other duties assigned to him by the Officers.

6.16 Members at Large – The Members at Large will be any Member of the Association who has been appointed by popular vote of the Association Members and be designated and elected in accordance with Group A.

6.17 Assistant Officers – The Board may appoint such assistant secretaries and treasurers as the Board determines to be in the best interest of the Association to carry on routine and day-to-day operations of the Association as authorized by the Board.

ARTICLE VII

(Obligations of Lot Owners)

7.1 Fees and Assessments – All Lot Owners shall be obligated to pay the Initiation Fee, Assessments, and other fees and fines imposed by the Association in accordance with Declaration or these Bylaws. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, only if he is current in payment of the Initiation Fee, Assessments, and other fees and fines levied against him/her and the Lot owned by him/her in accordance with the Declaration or these Bylaws.

Each Member is obligated to pay to the Association assessments which are secured by a continuing Lien upon the Lot against which the assessment is made. If the assessment is not paid on the due day, the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18.00%) per annum, and the Association may bring an action at law against the Lot Owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. **NO LOT OWNER MAY WAIVE OR OTHERWISE ESCAPE LIABILITY FOR THE ASSESSMENT PROVIDED FOR HEREIN.**

The Initiation Fee of \$100.00 shall be a one-time fee required by each lot owner regardless of

the lot owner's member class.

The Assessment is hereby modified from the Assessment as stated in the Declaration. The modified amount are:

Class A Members pay \$75.00 per year

Class B Members pay \$300.00 per year

7.2 *General* – Each Owner shall comply strictly with the provisions of the Declaration and these Bylaws and shall cause all his/her tenants, guests, and visitors using any part of the Property to comply with the provisions of the Declaration or these Bylaws and any regulations regarding use of any Common Areas promulgated by the Association.

ARTICLE VIII

(Amendments to Bylaws)

8.1 *Amendments* – These Bylaws may be amended or repealed or new Bylaws may be adopted, at an annual or special meeting of the Members by the affirmative vote of those holding not less $\frac{3}{4}$ of all votes entitled to be cast in such election, in a manner and procedures as provided in the Declaration (as amended from time to time) and these Bylaws (as amended from time to time) for amendment by the Members; provided that the notice requirement shall not prohibit the Members from adopting the proposed amendment, effecting the proposed repeal, or adopting the proposed new Bylaws, as the case may be, in a modified form which is not identical to that described or set forth in the notice of such meeting.

ARTICLE IX

(Mortgages)

9.1 *Notice to Association* – An Owner who mortgages his Lot shall notify the Association through the President or Secretary of the Association, giving the name and address of his/her

mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Lots."

9.2 Notice of Unpaid Assessments – The Association shall, at the request of a mortgagee of a Lot, report any unpaid assessments due from the Owner of such Lot.

ARTICLE X

(Non-Profit Association)

10.1 Non-Profit Purpose – This Association is not organized for profit. No Lot Owner, Member, Officers or person from the Association shall receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Officers; provided, however, (a) reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (b) any Director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, subject to prior approval by the Board of Directors.

10.2 Filing of Papers – The Officers shall cause to be filed with all applicable government agencies such certificates, reports and other paperwork as necessary to assure that the Association, to the maximum extent possible, retains its tax-exempt status as a Texas nonprofit corporation operating exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws.

CONSENT TO ACTION
WALNUT GROVE HOMEOWNERS ASSOCIATION

WHEREAS, Walnut Grove Homeowners Association desires to establish these Bylaw;

WHEREAS, each of the undersigned, constituting all the directors of the Association, approve the proposed Bylaws and consent to each action set forth below, it is therefore,

RESOLVED that the Officers of the Walnut Grove Homeowners Association adopts the Bylaws to supersede and replace any and all prior Bylaws of the Association, and it is further

RESOLVED that the President of the Association is authorized and directed to execute the Bylaws this 8th day of December, 2007.

Signatures:

Printed Name:

Kim Hodge
Kim Hodge, President

Kim Hodge

Virginia Buchanan
Virginia Buchanan, Secretary

Virginia Buchanan

Dale Lash
Dale Lash, Treasurer

DALE LASH

Roger Petter
Roger Petter, Member at Large

ROGER PETTER

Gary Gonzalez
Gary Gonzalez, Member at Large

GARY K. GONZALEZ

STATE OF TEXAS

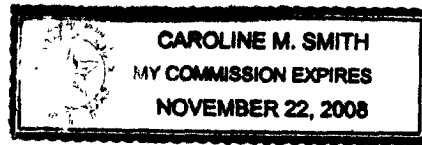
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COUNTY OF HARRIS

Before me, the undersigned notary, on this day, personally appeared the above named persons whose identity is known to me. After I administered an oath to them, upon their oath, they state that they have adopted the By-Laws above as indicated by each signature.

SWORN TO and SUBSCRIBED before my by the above named persons on the 8th day of December, 2007.

Caroline M. Smith
Notary Public:



STATE OF TEXAS

COUNTY OF HARRIS

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Before me, the undersigned notary, on this the 26th day of March, 2008, personally appeared the above named persons whose identity is known to me. After I administered an oath to them, upon their oath, they state that they have re-adopted the By-Laws above as indicated by each signature above and pursuant to the Deed restrictions established for Walnut Grove Subdivision.

SWORN TO and SUBSCRIBED before my by the above named persons on the 26th day of March, 2008.

RECORDER'S MEMORANDUM:
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded.

Caroline M. Smith
Notary Public:

CAROLINE M. SMITH
MY COMMISSION EXPIRES
NOVEMBER 22, 2008

FILED FOR RECORD

2008 APR -3 PM 2:55

Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify this instrument was filed in File Number Sequence on the date and at the time stamped herein by me and was duly RECORDED in the Official Public Records of Real Property at Montgomery County, Texas.

APR - 3 2008



Mark Turnbull
County Clerk
Montgomery County, Texas