

Settlers Corner
Townhouse Association
PO Box 7654
The Woodlands, TX 77387

Bylaws Dated: October, 2018 and any subsequent amendments
Replaces previous Bylaws

Settlers Corner Townhouse Association

BY-LAWS OF SETTLERS CORNER TOWNHOUSE ASSOCIATION
A NON-PROFIT CORPORATION
3131 Eastside St. Ste 130
Houston, TX 77098

ARTICLE ONE GENERAL

1.01. Name. These By-Laws (the "By-Laws") govern the affairs of SETTLERS CORNER TOWNHOUSE ASSOCIATION, INC., a corporation organized under the Texas Non-Profit Corporation Act.

1.02. Principal office. The principal office of the corporation in the state of Texas shall be located in the city of the Woodlands, County of Montgomery, Texas.

1.03. Registered Office and Registered Agent. The corporation shall have and continuously maintain in the state of Texas a registered office and a registered agent whose office is identical with such registered office as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

1.04. Management Certificate. Settlers Corner Homeowners Association shall maintain an up-to-date Management Certificate recorded with the county clerk of Montgomery County, Texas, signed and acknowledged by an officer or the managing agent of the association.

1.05. Governing Laws. These By-Laws shall be governed by and construed in accordance with the laws of the State of Texas. If an inconsistency exists between the By-Laws and the Covenants of the Corporation, the Covenants shall control, subject to the laws of the State of Texas.

ARTICLE TWO MEMBERS

2.01. Class of Members. The Corporation shall have one class of Members. The sole qualification for membership is record ownership of a Townhouse Lot. Upon acquiring record ownership of a Townhouse Lot, membership status is automatically achieved. Every person or entity who is an owner of record of a townhouse lot shall be a member of the corporation. Each Townhouse Lot, regardless of number of inhabitants is equivalent to and represents only one Member. Members must be eighteen (18) years of age or older.

2.02 Voting Rights. Members under these By-Laws shall be entitled to vote on each matter submitted at a meeting of Members. Each Member of the Association shall have one vote subject to the following exceptions and conditions;

A. The board may make such regulations as it deems advisable for any meeting of Members in regard to proof of membership in the Association, registration of Members for voting purposes, evidence of right to vote, the appointment and duties of inspectors of votes and all other matters concerning the conduct of meetings and voting. Any proof of membership or evidence of right to vote required of one member shall be applied uniformly to all members.

B. The Board of Directors shall not bar a Member from voting in an election based solely on the fact that: (1.) There is a pending enforcement action against the property owner; or (2.) The property owner owes the association any delinquent assessments, fees, or fines. (Sec 209.0059 p246).

2.03 Termination of Membership. Termination of membership is achieved solely upon the conveyance of record ownership of the Townhouse Lot by a Member. Thereafter, the membership status of the conveying Member shall cease and terminate.

2.04 Transfer of Membership. Membership in this Corporation is neither transferable nor assignable other than by the fee conveyance of the Townhouse Lot.

ARTICLE THREE MEETINGS OF MEMBERS

3.01 Annual Meeting. An Annual Meeting of the Members shall be held on the third Thursday of June in each year, at the hour of 7 o'clock, p.m., for the purpose of electing Directors and for the transaction of other business as may come before the meeting. If the day fixed for the annual meeting shall be on a legal holiday in the State of Texas, such meeting will be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a Special Meeting of the members as soon thereafter as possible.

3.01 (a). Notice to Members. The Board of Directors will give notice to Members not later than 10 days nor earlier than 60 days before the date of the meeting at which an election or vote by Members will occur. (Sec 209.0056).

3.01(b). Solicitation of Candidates. The Board must provide notice to association members, soliciting candidates interested in running for a position on the Board. (Sec 209.00593(a-1)). The notice must contain instructions for an eligible candidate to notify the association of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request. Every candidate running for the Board must complete and submit the "Candidate for Board Member" form in order to be included on the ballot. No provision that restricts a Member's right to run for a position on the Board may be enacted in the SCTA dedicatory instruments, and any such provision is void as per Section 209.00591(a).

3.02 Voting. Every property owner has the right to vote in a property owners' association election of board Directors or any matter concerning the rights or responsibilities of the owner. (Sec 209.0059(a)).

3.02(a). Member Registration at Annual Meetings The Board of Directors will prepare a list of all its eligible, voting Members prior to the Annual meeting in order to register Members to vote at Annual meeting.

3.02(b). Voting by Members. Voting by proxy, written ballot, absentee ballot, or mail shall be by secret ballot. The Board shall adopt rules designed to reasonably ensure that: (1) a Member cannot cast more votes than the Member is eligible to cast in an election or vote; and (2) the Subdivision Association counts each vote cast by a Lot Owner that the Lot Owner is eligible to cast. The Board is not required to provide more than one (1) voting method so long as an owner may vote by either absentee ballot or by proxy. (Sec 209.00592 (a-1))

3.02(c). If the Board of Directors chooses to allow members to vote by proxy, no Board member may solicit proxies before proxies are made available to the Members; in the event two or more proxies are signed by the same homeowner neither proxy will be counted; it is unethical for any board employee to solicit a proxy from any homeowner during regular working hours when said employee is being paid by the board as this may be construed as a conflict of interest.

3.03 Special Meetings of Members Special Meetings of Members may be called at any time by the President or, in the President's absence, the Vice President or the next Elective Officer. A Special Meeting must be called upon receiving the written request of a majority of the Board or the written request of twenty-five percent of the Members of the Association. The Board will issue notice of a Special Meeting to all Members of the Corporation not less than ten (10) days or more than sixty (60) days in advance of the meeting.

3.03(a) Members will be provided a general description of any matter to be brought up for deliberation at the meeting.

3.04 Place of Meetings. Except for a meeting held by electronic or telephonic means, Board Meetings must be held in Montgomery County, Texas (Sec 209.0051 (c-1))

3.05 Informal Action by Members. Any action required by law to be taken at a meeting of the Members or any action which made may be taken at a meeting of the Members may be taken without a meeting, if a consent in writing is sent to all Members, setting forth the action so taken and shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

3.06 Quorum. The Members holding ten percent of the votes shall constitute a quorum at the Annual Meeting and Special Meetings of Members. If a quorum is not present at the Annual Meeting of Members, no election may be held, and the President or Elective officer in charge of the meeting may adjourn the meeting until a quorum is present.

3.07 Rules of Order. The Board may establish rules of order for its meetings. In absence of the rules of order by the Board, Roberts Rules of Order will govern.

3.08 Rules of Conduct. Association meetings are intended, among other things, to provide a forum for open discussion and deliberation by of the Board and concerns of its Members when requested. Proper respect, civility and decorum shall be maintained by Members, including Officers and Directors, at all times.

ARTICLE FOUR

BOARD OF DIRECTORS AND RESPONSIBILITIES

4.01 Duties. The duty of the Board of Directors is to act in the best interest of the Settlers Corner community. All of the affairs, policies and regulations of the Corporation shall be administered by the Board of Directors of the Corporation. Duties and responsibilities of the Board of Directors will be to ensure that the assessments levied by the Corporation will be used exclusively for the purpose of promoting the health, safety, and welfare of the residents in Settlers Corner and, in particular, for the improvement and maintenance of the property, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and of the Townhouses situated in Settlers Corner. Specific duties include adopting an annual budget, setting annual assessment fees, evying special assessment fees, maintaining appropriate insurance coverage, providing oversight, setting priorities, and general direction for maintaining property and infrastructure for the benefit of all Settlers Corner homeowners. (Covenants Art IV Sec 4.02, 1974).

4.02 Membership. The number of Directors, serving on the Board, shall be no fewer than three (3) and no more than seven (7).

4.02(a). The Board of Directors may set the number of Directors by amending these By-Laws at a Regular, open or open Special meeting of the Board. Any change in the number of directors will take affect following the next Annual Meeting of Members.

4.02(b). Election of a Director is duly achieved upon receipt of a plurality vote from a quorum of, or by a vote of acclamation, by the Members present at the Annual Meeting.

4.02(c). The number of Directors elected to the Board will be a maximum of seven (7) or equal to the number previously set by the board. If Members who completed and properly submitted the Candidate for Board Member Application form (the "Application Form") is fewer than five (5) Members, as long as the number of Directors is three (3) or more then a Board will be established. If fewer than three (3) Members submit the Application Form to be elected to the Board, those Directors duly elected must solicit Members to fill the vacancies. The Board must then appoint Directors to fill the vacancies at the first opportunity in an open Board meeting.

4.02(d). Each Director shall hold office until the next Annual Meeting of Members or until his/her successor may have been elected. The Board has no obligation to fill Director vacancies, which may occur between the Annual Meeting of Members, unless requested by a majority of the Board.

4.02(d). Directors, at least a majority of whom must reside in Settlers Corner, and (Sec

209.00591(a)) must be Members of the Corporation. No provision that restricts a Member's right to run for a position on the Board may be enacted in the SCTA dedicatory instruments, and any such provision is void as per Section 209.00591 (a). Notwithstanding, a Member may not serve on the Board if the person cohabits at the same primary residence with another Board Member of the Association.

4.03 Regular Meetings of the Board of Directors. Each year the Board of Directors may set regularly scheduled meetings open to the Members. Both Regular Meetings and Special Meetings must be open to owners (Members). For both Regular Meetings and Special Meetings, members will be given 72 hours notice of the date, hour, place, and general subject of a regular or special board meeting, including a general description of any matter to be brought up for deliberation in executive sessions. (Sec 209.0051 (e))

4.04 Special Meetings. Special meetings of the Board of Directors may be called any time by the President or, in his absence, the Vice President or next Elective Officer, and must be called by following a written or electronic mail communication request by a majority of the Board. For special meetings, Members will be given 72 hours notice of the date, hour, place, and general subject of a regular or special board meeting, including a general description of any matter to be brought up for deliberation in executive sessions. (Sec 209.0051(e))

4.05 Executive Sessions of the Board of Directors. Executive Sessions may be convened to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property owners' association's attorney, and matters involving the invasion of privacy of individual owners. Following an executive session, any decision made in executive session must be summarized orally and placed in the minutes, in general terms. (Sec 209.0051 (c))

4.06. The board may not, unless done in an open meeting for which prior notice was given to owners, consider or vote on:

- (1) fines;
- (2) damage assessments;
- (3) initiation of foreclosure actions;
- (4) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
- (5) increases in assessments;
- (6) levying of special assessments;
- (7) appeals from a denial of architectural control approval;
- (8) The suspension of a right of a particular owner before the owner has an opportunity to attend a board meeting to present the owner's position, including any defense, on that issue;
- (9) lending or borrowing money;
- (10) The adoption or amendment of a dedicatory instrument, that is, the By-Laws;
- (11) The approval of an annual budget for a new year or the approval of an amendment of an annual budget for the current year that increases the budget by more than 10 percent;
- (12) The sale or purchase of real property;
- (13) The filling of a vacancy on the board;
- (14) The construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or
- (15) The election of an officer of the Board of Directors.

4.07 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting without further notice.

4.08 Vacancies. Any vacancy in the Board of Directors of the Corporation, which occurs between the Annual meeting of the Members, may be filled by an affirmative vote of a majority of the remaining Directors, regardless of whether the majority is less than a quorum. A Director appointed to fill a vacant position shall serve for the remainder of the unexpired term of the position. (Sec 209.00593(a))

4.09 Compensation. Directors shall not receive any stated salaries or compensation for their services. No-Director or family members may serve the Corporation in any other paid capacity and receive compensation for such services.

4.10 Action taken by Directors outside of a Board meeting. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing or communication by electronic approval setting forth the action so taken shall be approved-by a majority of the Directors with respect to the subject matter set forth thereof.

4.11. Removal of Officers or Directors for Breach of Duties. Any Officer or Director of the Board may be removed for the remaining term for material breach of duties whenever the best interest of the Association shall be served, by a majority vote of Member-Homeowners voting at a Special Meeting of Homeowners, by a majority of the Board of Directors, in an open meeting, for material breach of duty defined as failure to participate in two consecutive, open Board meetings without approval by remaining Directors. Such approval shall not be unreasonably withheld.

At it's discretion, the Board may appoint a replacement for the remaining term of a removed Officer or Director. No Officer or Director removed under this section shall have any legal recourse against the Board, it's individual Officers or the Association for any action taken in good faith under these By-Law.

4.12 Complaints by a Member. Complaints by a Member qualified to vote, against a Board Member, Management (Property or Accounting), Employees or its Agents must be made in writing and sent by Certified Mail to SCTA, Attention: Board of Directors, c/O RISE at 3131 Eastside Street, Suite 130, Houston, TX 77098. The letter must state the complaint, the name of the person the complaint is against and the reason(s) for the complaint. Any such letter to the Board will be made available to all Board Members. The Board may attempt resolution by email or conversation with the Member. If a resolution is not achieved, the Board will respond by Certified Mail within 30 days.

4.13 Dissent to Action. A director who is present at a meeting of the Board of Directors at which action is taken is presumed to have assented to action taken, unless: 1) the The director's dissent has been entered in the minutes of the meeting; 2) The director has filed a written dissent to the action with the person acting as the secretary of the meeting before the meeting is adjourned: 3) The director has sent a written dissent to the Secretary of the Corporation immediately after the meeting has been adjourned.

ARTICLE FIVE OFFICERS

5.01 Officers. The Officers of the corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors, a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this article. Any two or more offices may be held by the same person except the offices of President and Secretary.

5.02 Elective Officers. The Officers of the Corporation shall be elected annually by the Board of Directors in a Board Meeting open to homeowners. New offices may be created and filled at any Regular or Special meeting of the Board of Directors. Each Officer shall hold office until his/her successor shall have been duly elected and shall have been qualified.

5.03 President. The President shall be the principal executive officer of the Corporation and shall, in general, supervise and direct all of the business and affairs of the Corporation. He/she shall preside at all meetings of the members and of the Board of Directors. He/she may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws or by statute to some other Officer or agent of the Corporation; and in general he/she shall perform all the duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

5.04 Vice President. In the absence of the President or in the event of his/her the President's inability or refusal to act, the Vice President (or in the event there is more than one Vice President, the Vice President in order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him/her by the President or Board of Directors.

5.05 Treasurer. The Treasurer will have responsibility for providing monthly financial reports to the Board of Directors, for auditing the financial reports provided by the appointed Agent, Management, Accounting Administrator, CPA, etc., contracted or employed by the Board of Directors for Settlers Corner Townhouse Association, which will provide full and accurate financial records and books of accounts showing all receipts and disbursements, prepare all required financial reports, file all quarterly and annual reports required by the law of the association, and deposit all monies in the name of Settlers Corner Townhouse Association in such depositories as, from time to time, designated by the Board; and, said Agent, in general may perform or oversee all the duties incident to the accounting needs of the Corporation as determined by the Board of Directors.

5.06 Secretary. The Secretary shall keep the minutes of the meetings of the Members and of Meetings of the Board of Directors; give all notices in accordance with provisions of these By-Laws or as required by law; be custodian of the corporate records and of the seal of the corporation, and affix the seal of the Corporation to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; keep a register of the post-office address of each Member which shall be furnished to the Secretary by each Member or by SCTA Management if a Member has provided his/her address to SCTA Management; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be

assigned to him/her by the President or by the Board of Directors. The minutes will accurately reflect decisions and actions taken or approved by the Board of Directors. The Secretary may be assisted by any Member of the Corporation who is in good standing in taking the minutes at any meeting called by the Board. The Secretary may also delegate any of the aforementioned responsibilities to SCTA management or other Board Members, if it is in the best interest in the operations of the corporation. Delegation of any duty by the Secretary does not relieve the Secretary of the responsibilities of ensuring the duty is carried out.

5.07 Assistant Treasurers and Secretaries. If required by the Board of Directors, the Assistant Treasurers and Secretaries may be given bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries in general shall preform such duties as shall be assigned to them by the Treasurer and the Secretary and by the President of the Board of Directors.

5.08 Financial Qualifications of Board Members. There are no financial qualifications to be a Board Member.

5.09 Residential Requirements. All candidates and current Directors must be Members meeting the requirements of having his or her name as the owner of record as indicated on the Property Deed with Montgomery County.

ARTICLE SIX COMMITTEES

6.01 Committees of Directors. The Board of Directors may establish one or more committees by vote at any board meeting. Each committee shall consist of two or more Directors and other homeowners as approved by the Board of Directors. Any committee established by the Board of Directors will be limited in authority to making recommendations to the Board of Directors or to spending an amount approved by the Board of Directors on projects approved by the Board of Directors. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on it or him/her by law.

6.02 Other Committees. Other Committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be designated by a vote adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the Corporation and the Board of Directors shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interest of the Corporation shall be served by such removal.

6.03 Term of Office. Each member of a committee shall continue as such until the next annual meeting of the members of the Corporation and until his/her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

6.04 Chairman. One member of each committee shall be appointed chairman by vote of the Board of Directors.

6.05 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

6.06 Quorum. Unless otherwise provided in the resolution of the Board of Directors, designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the Members present at a meeting at which a quorum is present shall be the act of the committee.

6.07 Rules. Each committee may adopt rules for its own government consistent with these By-Laws or with rules adopted by the Board of Directors.

ARTICLE SEVEN CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

7.01 Contracts. The Board of Directors may authorize any officers, agents, or agents of the Corporation, in addition to the officers so authorized by these By-Laws, to enter into any contracts or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

7.02 Checks and Drafts. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agents, or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination of the board of directors, such instruments shall be signed by the Treasurer, President, Vice President, or Secretary of the Corporation.

7.03 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

7.04 Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or device for the general purposes or for the special purpose of the Corporation.

ARTICLE EIGHT CERTIFICATES OF MEMBERSHIP

8.01 Certificates of Membership. The Board of Directors may provide for the issuance of certificates evidencing membership in the Corporation, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or a Vice President or by the Secretary and shall be sealed with the seal of the Corporation. All certificates evidencing membership of any class shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Corporation. If any certificates shall become lost, mutilated, or destroyed, a new certificate may be issued therefore on such terms and conditions as the Board of Directors may determine.

ISSUANCE OF CERTIFICATES

8.02 Issuance of Certificates. When a member has been elected to membership and has paid any

initiation fee and dues that may be required, a certificate of membership may be issued in his/her name and delivered to him/her by the Secretary, if the Board of Directors shall have provided for the issuance of certificates of membership under the provisions of paragraph 8.01 of the Article Eight.

ARTICLE NINE BOOKS AND RECORDS

9.01 Books and Records. The Corporation will keep correct and complete books and records of accounts and shall also keep minutes of the proceedings of its meetings of the Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of members entitled to vote. A Member of the Corporation, on written demand, is entitled to examine, in person or by agent, accountant, or attorney, at a reasonable time (Sec 209.005(c)), the books and records of the Corporation. Any requests must be submitted in writing by certified mail. On or before the 10th business day after such request is received, the Board of Directors will send written notice of when the requested records would be available. The Board of Directors and homeowner will endeavor to agree upon a mutually agreeable time.

9.01 (a). The Board of Directors will establish and adhere to a record retention policy.

9.01 (b). The Board of Directors must adopt a records production and copying policy that prescribes the cost the Association will charge for the compilation, production, and reproduction of information request under this section. The policy required by this subsection must be recorded as a dedicatory instrument with the County Clerk of Montgomery county. Such costs may be paid by either certified or personal check, payable to Settlers Corner Townhouse Association.

ARTICLE TEN FISCAL YEAR

10.01 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE ELEVEN ASSESSMENTS

11.01 Annual Assessments. The Board of Directors may determine from time to time the amount of initiation fee, if any, and the annual assessments payable to the Corporation by Members. The Board of Directors, by majority vote in a Regular or Special meeting, may increase the annual assessments by an amount up to but not more than the percentage increase of the consumer price index for the immediately preceding 12 months. The Board of Directors may choose to assess the increase annually or accumulate and assess the increase after a number of years. Any increase in annual fees above the consumer price index for the immediately preceding 12 months, or accumulated increase, requires consent of seventy five percent (75%) of the members of the Corporation voting at a meeting duly called for such purpose, written notice of such meeting having been sent to all members of the Corporation not less than ten (10) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of such meeting. (Covenants, 1976, Sections 4.03(a) and (b))

11.02 Payment of Assessments. Assessments shall be payable in advance on the first day of

each month. Assessments of a new member shall be prorated from the first day of the month following the month in which such new Member is elected to membership, for the remainder of the fiscal year of the Corporation. Three months dues in advance shall be collected for each new Member and regular payments that begin on the first of each month and every succeeding month, the initial payment serving to provide the Corporation with adequate funds in case of default. A Transfer Fee, set by vote of the Board of Directors, will be assessed to all new Members.

11.03 Member Voting Rights. There will be no provision in any dedicatory instrument that would disqualify a property owner from voting in a property owners' association election of board members or of any matter concerning the right responsibility of the owner. (Sec 209.0059(a))

11.04 Default. The holder of a first mortgage in a Townhouse Lot may be given written notice of any default by the Member when such default is not cured within forty-five (45) days. The Board of Directors shall adopt reasonable guidelines to establish an alternative payment schedule by which an owner may make partial payments to the property owners' Association for delinquent regular or special assessments or any other amount owed to the association without occurring additional monetary penalties. (Sec 209.0062(a))

ARTICLE TWELVE CORPORATE SEAL

12.01 Corporate Seal. The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal of Settlers Corner Townhouse Association"!

ARTICLE THIRTEEN MORTGAGE PAYMENT OF TAXES AND INSURANCE

13.01 Mortgage Payment of Taxes and Insurance. First mortgages of Townhouse Lots may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against any common area and may pay past due premiums on hazard insurance policies and other insurance expense.

ARTICLE FOURTEEN WAIVER OF NOTICE

14.01 Waiver of Notice. Whenever any notice is required to be given under the provisions of the Texas Non-profit Corporate Act or under the provisions of the Articles of Incorporation or the By-laws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE FIFTEEN LIABILITIES

15.01 No Partnership. Nothing herein shall constitute Officers or Directors of the Association as partners for any purpose. No Officer, Director, agent, or employee shall be liable for the acts or failure to act of any other Officer, Director, agent, or employee of the Association; nor shall any Officer, Director, agent or employee be liable for acts or failure to act under these By-laws excepting only acts

or omissions arising out of his/her willful misfeasance.

15.02 Indemnification. All Board of Directors and Officers alike, will be indemnified by the Association to the fullest extent permitted by law for legal costs, damages, in attorney's fees incurred for any action taken by an Officer or Director of the Board, preformed in good faith, in carrying out their duties on behalf of the Association. The Association shall maintain a policy of Officers' and Directors' liability insurance coverage for this purpose,

ARTICLE SIXTEEN FINANCES AND BONDS

16.01 Finances. The Association is organized under the Texas Non-profit Corporate Act and is a non-profit organization and was not funded with the expectation of making a profit. The Association shall use its funds only for the objectives and purposes specified in the Articles of Incorporation. The Board of Directors will ensure that the assessments levied by the Corporation will be used exclusively for the purpose of promoting the health, safety, and welfare of the residents in Settlers Corner and, in particular, for the improvement and maintenance of the property, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and of the Townhouses situated in Settlers Corner.

16.02 Bonds. Persons entrusted with handling the Association funds may be required, at the discretion of the Board, to furnish, at the Association expense, a suitable fidelity bond.

ARTICLE SEVENTEEN AMENDMENTS To BY-LAWS

17.01 These Bylaws may be altered, amended, or repealed and new bylaws may be adopted by a majority of the Directors present at any Regular or special meeting. Members will be given notice at least 72 hours before the start of the meeting of the date, hour, place and general description of the matter to be brought up for deliberation.