

BY - LAWS

FOREST HILLS IMPROVEMENT ASSOCIATION, INC., Sec II & III

A NON-PROFIT CORPORATION

ARTICLE I

PURPOSE

- 1.01 The corporation is organized for the purpose of transacting any and all lawful business for which non-profit corporation may be incorporated under the Texas Non-Profit Corporation Act, and to protect and promote the residential and recreational environment Sec II & III of Forest Hills Subdivision through maintenance and enforcement of the property restrictions adopted for the subdivision.

ARTICLE II

LOCATION

- 2.01 The location and principal office of the corporation shall be the residence of the President in the Forest Hills Subdivision, Jasper County, Texas. 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 Principle 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.

ARTICLE III

DEFINITIONS

- 3.01 "Association" shall mean and refer to Forest Hills Improvement Association, Inc. Sec II & III.
- 3.02 "Lot" shall mean a plot of land located within the subdivision according to the plats filed in Office of County Clerk of Jasper County, Texas. The plats are filed in Volume 1 pages 107 & 108, to which plats reference is hereby made for all purposes.
- 3.03 "Owner/Member" shall mean the record owner whether one or more persons, of any lot by deed or contract of sale, excluding those having such interest merely as security for the performance of any obligation.

- 3.04 "Property Restrictions/Deed Restrictions" shall mean and refer to the Second Amended Restrictions of Forest Hills Subdivision, Section II & III, recorded in the office of County Clerk, Jasper, Texas, volume 519, pages 547-55 and all amendments to the above referenced restrictions.

#### ARTICLE IV

##### MEMBERSHIP

- 4.01 MEMBERS: Membership in the association shall be determined by the ownership of lots within Forest Hills Subdivision as show on the records of the association.
- 4.02 VOTING RIGHTS: Members whose annual dues are current shall have one vote per lot or living unit. Failure to report to the Board of Directors a transfer of ownership by the new owner shall cause the loss of all voting rights until reported. Failure to comply with the property restrictions including the payment of dues shall cause the loss of the right to vote on any issues before the membership. The Board of Directors shall determine reinstatement of loss of voting rights.
- 4.03 TRANSFER OF MEMBERSHIP: Membership in this corporation is not transferable of assignable. Sale of property to another, shall however effect a transfer, provided however such transfer of ownership is reported to the Board of Directors.

#### ARTICLE V

##### MEMBERSHIP MEETINGS

- 5.01 REGULAR ANNUAL MEETINGS: The regular annual meeting of the members, shall be held on the <sup>FIRST</sup> ~~Saturday of the Memorial-Day-Weekend~~ <sup>MAY</sup> each year for the purpose of electing Directors and for the transaction of other business as may come before the meeting.
- 5.02 SPECIAL MEETINGS: Special meetings of the membership may be called by a majority of the Board of Directors and shall be called by the Board of Directors upon receipt of a written petition signed by ten percent (10%) of the members of the association in good standing.
- 5.03 NOTICE OF MEETING: Written or printed notice stating the place, day, and hour of any meeting of Members, shall be delivered, either personally or by mail to each member entitled to vote at such meeting, not less than ten days nor more than fifty days, before the date of the meeting. In case of a special meeting, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered

when deposited in the United States Mail addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid.

5.04 QUORUM: The members holding ten (10%) percent of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at a meeting of the meeting from time to time without further notice. A quorum as herein above set out shall be required at any adjourned meeting.

5.05 PROXIES: At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution or shall not be valid after the termination date indicated on the proxy. Every proxy shall automatically terminate upon conveyance by a member of his lot.

#### ARTICLE VI

##### POWERS AND DUTIES OF THE ASSOCIATION

6.01 POWERS: The Association, by and through its Board of Directors, shall have the following rights and powers:

- (a) To procure, construct, manage and maintain common properties and facilities and to make annual assessments therefore, and for other purposes, all pursuant to the Property Restrictions;
- (b) To make, publish and enforce reasonable rules and regulations governing the use and enjoyment of the common properties and facilities, or any part thereof, all of which rules and regulations may include provision to govern and control use of the common properties and facilities by guests of the Members, including without limitation, the number of guests who may use the common properties and facilities, or any part thereof, at the same time;
- (c) To suspend the voting rights of a member and the members right, including the rights of the members immediate family and guests to use any recreational facility of the common properties during the period the member is in default in the payment of any fees or assessments against the members lot or lots;

- (d) To enter management and/or operating contracts or agreements relative to the maintenance and operation of the common properties and facilities; and
- (e) To exercise such other rights and powers granted to it under the Article of Incorporation of the Association or these By Laws.

6.02 DUTIES: It shall be the duty of the Association, by and through its Board of Directors, to;

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or any special meeting when such statement is required in writing by ten (10) percent of the members who are entitled to vote;
- (b) Supervise all officers, agents and employees of this association, and see that their duties are properly performed.
- (c) Fix the amount of the annual fee and/or assessment against properties subject to the jurisdiction of the Association and take such actions, as it deems appropriate to collect such fee and/or assessment and to enforce the liens given to secure payment thereof, all pursuant to the property restrictions.
- (d) To procure and maintain such liability and hazard insurance as it may deem appropriate on any property or facility owned by the Association; and
- (e) Cause any officers or employees having fiscal responsibilities to be bonded, as it deems necessary.

## ARTICLE VII

### BOARD OF DIRECTORS

7.01 GENERAL POWERS: The affairs of the corporation shall be managed by its Board of Directors. It shall be the duty and the responsibility of each director to enforce the Deed Restrictions and uphold the By-laws of the corporation. The Board of Directors shall have no authority except that granted by the membership.

7.02 NUMBER AND TENURE: The number of Directors shall be six (6). Each director will be elected to a three-year term. Elections shall be held annually for the two positions whose three-

year terms expire. Each Director shall hold office until his successor shall have been elected and qualified.

- 7.03 QUALIFICATIONS: Each director shall be a member in good standing of the Association. At least four (4) of the directors shall be citizens of the United States with their primary residence as Forest Hills subdivision. Each director shall attend the Board of Director's meetings as provided for under Article VII, Section 7.06 and 7.07 of the By-laws. A director who fails to attend any three (3) consecutively scheduled meetings shall be subject to removal by a majority vote of the remaining board members.
- 7.04 REMOVAL: Any director elected by the members or Board of Directors, may be removed by a majority of the votes cast of the Association members at any annual or special meeting when in their judgment the best interest of the Association will be served thereby.
- 7.05 RESIGNATION: Any director may resign upon rendering a resignation in writing to the Board of Directors.
- 7.06 REGULAR MEETINGS: A regular meeting is defined as a meeting which has been scheduled by the Board of Directors in order to discuss routine business matters of the Association.
- 7.07 NOTICE OF REGULAR MEETING: Written notice shall be mailed five (5) days prior to the scheduled meeting.
- 7.08 SPECIAL MEETINGS: Special meeting of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board may fix any place as the place for holding any special meeting of the Board called by them.
- 7.09 NOTICE: A special meeting of the Board of Directors may be called upon two days written or actual notice. The attendance of a Director at any special meeting shall constitute notice of such meeting.
- 7.10 QUORUM: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the Directors are present at any meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

- 7.11 MANNER OF ACTING: The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Each Director shall have one vote.
- 7.12 ACTION WITHOUT A MEETING: Any action required or permitted to be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken is signed by a majority of the Directors.
- 7.13 VACANCIES: Any vacancy occurring in the Board of Directors shall be filled by the remaining members of the board in accordance with Article VII Section 7.02. A member elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.
- 7.14 COMPENSATION: Members of the Board of Directors as such shall not receive any stated salaries for their services. However, membership on the board shall not preclude any Director from serving the association in any other capacity and receiving compensation therefore.
- 7.15 MANAGEMENT: The President and such other members as may be designated by the Board of Directors may be authorized to manage the day to day functions of the association without the need for a special meeting of the Board on every item of business. Limitations on expenditures and other guidelines for such management may be established by the Board from time to time.
- 7.16 NOMINATION AND ELECTION: Candidates for places on the Board of Directors shall be nominated by the nomination committee appointed by the Board of Directors. Nominations may also be made from the floor by any association member at the annual meeting. All nominations shall be in accordance with Article VII, Section 7.02. The two nominees receiving a majority of the votes cast at the annual meeting for each of the two places on the Board of Directors shall be elected as Directors, subject to the presence of a quorum in person, by proxy or by written ballot, and any other applicable provision of the By-laws.

## ARTICLE VIII

### OFFICERS

- 8.01 OFFICERS: The officers of the Corporation shall be a President, Vice-President, Secretary, and Treasurer. The Board of Directors may elect or appoint such other officers as it shall deem desirable to facilitate the conduct of business of the association, such officers to have the authority and perform the duties prescribed, from time to time, by the Board.

- 8.02 ELECTION AND TERM OF OFFICE: The officers of the association shall be elected annually by the Board of Directors at the regular annual meeting of the Board, or as soon thereafter as practicable. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.
- 8.03 COMPENSATION: No officer shall for reason of his office be entitled to receive any salary or compensation, but nothing herein shall be construed to prevent an officer from receiving compensation from the organization for duties or to be reimbursed for out of pocket expenses as approved by the Board of Directors.
- 8.04 REMOVAL: Any officer elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the association will be served thereby.
- 8.05 RESIGNATION: Any officer may resign his office upon rendering a resignation in writing to the Board of Directors.
- 8.06 VACANCIES: A vacancy in any office because of death, resignation, disqualification, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.
- 8.07 MULTIPLE OFFICES: No person shall simultaneously hold more than one office.
- 8.08 PRESIDENT: THE President, who shall be a resident of Forest Hills, shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He may sign, with Secretary or an other proper officer of the corporation authorized by the Board of Directors, an instrument which the Board of Directors have authorized to executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or the these By-laws or by statute to some other officer or agent of the corporation; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- 8.09 In absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents 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 by the President or Board of Directors.

8.10 SECRETARY: The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the 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 corporate seal to all documents requiring said seal; keep a register of the Post Office address of each member which shall be furnished to the Secretary by each member; and , in general, perform all duties as from time to time may be assigned by the President or by the Board of Directors.

8.11 TREASURER: If required by the Board of Directors, the Treasurer shall furnish a bond for the faithful discharge of his duties in such sum and with such surety as the Board may determine. The cost of such bond shall be the expense of the association. The Treasurer shall have charge and custody of, and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies, or other disburse such funds in accordance Article X, Section 10.02, and shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

8.12 ASSISTANT SECRETARIES AND TREASURERS: The Assistant Secretaries and Treasurers in general or the Treasurers in general shall perform such duties as shall be assigned to them by the Secretary or the Treasurer or by the President or the Board of Directors. If required by the Board of Directors, such Assistance shall furnish bonds for the faithful discharge of their duties in such sums and with such sureties as the Board shall determine. The cost of such bond shall be the expense of the corporation.

#### ARTICLE IX

#### COMMITTEE

9.01 The Board of Directors shall appoint a nominating committee, as provided in these By-laws, shall appoint other committees as deemed appropriate in carrying out its purpose.

- 9.02 TERM OF OFFICE: Each member of a committee shall continue in office until the next annual meeting of the Board of Directors, or until his successor is appointed, unless the committee shall be sooner terminated, or unless a member be removed from such committee, or unless a member shall cease to qualify as a committee member.
- 9.03 OPERATION: Each committee shall operate in accordance with these By-laws and shall report to the President and/or the Board of Directors as directed.

#### ARTICLE X

##### CONTRACT, CHECK, AND DRAFTS

- 10.01 CONTRACTS: The Board of Directors by resolution may authorize any officer or agent of the corporation, in addition to the officers authorized by these By-laws, to enter into any contractor execute and deliver any instrument in the name and on behalf of the corporation.
- 10.02 CHECKS AND DRAFTS: Subject to limitations which may be placed upon such authority by the Board of Directors, the Treasurer shall sign all checks, drafts, or orders for the payment of money, such instruments to be counter signed by the President or Vice-President of the corporation. Notes, mortgages, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, or agent of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

#### ARTICLE XI

##### BOOK AND RECORD

- 11.01 The corporation shall keep, correct, and complete books and records of account and shall also keep minutes of the proceeding of its members, Board of Directors, and committees having any authority of the Board of Directors, and committees having any authority of the Board of Directors and shall keep a record of the names and addresses of the members and their voting rights. All books and records of the corporation may be inspected by any member or his designee for any proper purpose at any reasonable time.

ARTICLE XII

FISCAL YEAR

- 12.01 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 XIII

FEES, DUES, AND ASSESSMENTS

- 13.01 Members of the association shall be obligated to pay such fees, dues, or assessments as may be established by the Association. Any fees, dues, or assessments which are not paid when due shall be delinquent. When any member shall be in default in the payment of the fees, dues, or assessments for a period of one month from the due date his voting rights are thereupon suspended automatically by the Board of Directors, and the association may bring an action at law against the member obligated to pay same.

ARTICLE XIV

- 14.01 The corporation shall have a seal in circular form and shall have, within its circumference, inscribed the words "Forest Hills Improvement Association, Inc."

ARTICLE XV

AMENDMENTS TO BY-LAWS

- 15.01 These By-laws may be altered, amended, or repealed and new By Laws may be adopted by a majority of the members at any regular meeting or at any special meeting, if notice is given of an intention to alter, amend, or repeal and adopt new By Laws at such meeting in accordance with Article V, Section 5.03.