

**By-Laws Of
Broken Bayou, Inc.
A Non-Profit Corporation**

BROKEN BAYOU, INC. is a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act for the purposes of conducting property improvement campaigns, safety campaigns, and health campaigns for the residents of Broken Bayou, a subdivision in Harris County, Texas. The corporation's charter authorizes certain powers necessary to carry out said purposes, including owning and caring for all the common area in the Broken Bayou subdivision and providing recreational and maintenance facilities and amenities for the property owners of said subdivision. In exercising such powers and fulfilling such purposes, the corporation shall be operated in accordance with these by-laws.

Article I. Offices

Section One. Principal Office. The principal office of the corporation in the State of Texas shall be located in the City of Houston, County of Harris.

Section Two. Other Offices. The corporation may have such other offices, either within or without the County of Harris, State of Texas, as the board of directors may determine or as the affairs of the corporation may require from time to time.

Article II. Members

Section One. Classes of Members. The corporation shall have one class of members. In addition to the members designated in the corporation's Articles of Incorporation, the owner of each lot in the Broken Bayou subdivision shall be eligible for membership; provided that, if any lot is owned by more than one person, only one of the joint owners shall be eligible for membership. Eligibility for membership shall cease upon the sale or other transfer of the lot in the subdivision and one's membership shall automatically terminate upon a member's sale or other transfer of his lot. Any eligible person may submit an application for membership to the board of directors for consideration, said application to be on a form prescribed by the directors. The application of any joint owner of a lot shall be joined by all owners of the lot and shall designate which joint owner is eligible for membership.

Membership shall entitle one to all rights of a member specified in these By-Laws and in the Texas Non-Profit Corporation Act.

Section Two. Election of Members. Members shall be elected by the board of directors. An affirmative vote of a majority of the directors shall be required for election.

Section Three. Voting Rights. Each member shall be entitled to one vote on each matter submitted to a vote of the members.

Section Four. Termination of Membership. The board of directors, by a majority vote of those present at any regularly constituted meeting, may suspend or expel a member for cause. Cause for suspension or expulsion includes, but is not limited to, violation of the Rules and Regulations for the use of the subdivision's common facilities and amenities and default in the payment of dues for the period fixed in Article IX of these by-laws.

Section Five. Resignation. Any member may resign by filing a written resignation with the secretary, but such resignation shall not relieve the member so resigning of the obligation to pay any dues, assessments, or other charges theretofore accrued and unpaid.

Section Six. Reinstatement. On written request signed by a former member and filed with the secretary, the board of directors, by the affirmative vote of a majority of the members of the

board present at any regularly constituted meeting, may reinstate such former member to membership on such terms as the board of directors may deem appropriate.

Section Seven. Transfer of Membership. Membership in this corporation is not transferable.

Article III. Meetings of Members

Section One. Annual Meeting. An annual meeting of the members shall be held at the corporation's office on the first Wednesday in the month of October in each year, beginning with the year 1977, at the hour of 7:00 o'clock. p.m., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Texas, such meeting shall 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 conveniently may be.

Section Two. Special Meetings. Special meetings of the members may be called by the president, the board of directors, or not less than one-third of the members having voting rights.

Section Three. Place of Meeting. The board of directors may designate any place, either within or without the State of Texas, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the corporation in the State of Texas; but if all of the members shall meet at any time and place, either within or without the Sate of Texas, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and as such meeting any corporate action may be taken.

Section Four. Notice of Meetings. 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 (10) nor more than forty-five (45) days before the date of such meeting, by or at the direction of the president, or the secretary, or by the officers or persons calling the meeting. In case of a special meeting or when required by statute or these By-laws, 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.

Section Five. Informal Action by Members. Any action required by law to be taken at a meeting of the members, or any action that may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

Section Six. Quorum. The members holding twenty-five percent (25%) of the votes that may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section Seven. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

Section Eight. Voting by Mail. Where directors or officers are to be elected by members, such election may be conducted by mail in such manner as the board of directors shall determine.

Article IV. Board of Directors

Section One. General Powers. The affairs of the corporation shall be managed by its board of directors. Directors need not be members of the corporation.

Section Two. Number, Tenure, and Qualifications. The number of directors shall be three. Each director shall hold office until the next annual meeting of members and until his successors shall have been elected and qualified.

Section Three. Regular Meetings. A regular annual meeting of the board of directors shall be held without other notice than this by-law, immediately after, and at the same place, as the annual meeting of members. The board of directors may provide by resolutions the time and place, either within or without the State of Texas, for the holding of additional regular meetings of the board without other notice than such resolution.

Section Four. Special Meetings. Special meetings 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, either within or without the state, as the place for holding any special meeting of the board called by them.

Section Five. Notice. Notice of any special meeting of the board of directors shall be given at least ten (10) days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these by-laws.

Section Six. 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 from time to time without further notice.

Section Seven. 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, unless the act of a greater number is required by law or by these by-laws.

Section Eight. Vacancies. Any vacancy occurring in the board of directors shall be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of members called for that purpose. If no members have the right to vote thereon, the directorship shall be filled by the affirmative vote of a majority of the directors present at a meeting at which a quorum is present.

Section Nine. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the board of directors any director may be indemnified for expenses and costs, including attorneys' fees, actually and necessarily incurred by him in

connection with any claim asserted against him, by action in court or otherwise, by reason of his being or having been such director, except in relation to matters as to which he shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

Article V. Officers

Section One. 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. The board of directors may elect or appoint such other officers, including one or more assistant secretaries, and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the board of directors. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section Two. Election and Term of Office. The officers of the corporation shall be elected annually by the board of directors at the regular annual meeting of the board of directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the board of directors. Each officer shall hold office until his successor shall have been duly elected and shall have been qualified.

Section Three. Removal. Any officer elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section Four. Vacancies. A vacancy in any office, because of death, resignation, removal, disqualification, or otherwise, may be filled by the board of directors for the unexpired portion of the term.

Section Five. President. The president 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. He 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 that 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 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

Section Six. Vice-President. In the 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, vice-presidents in the order of their election shall perform the duties of the president when so acting, shall have all the powers of and be subject to all the restrictions on the president. Any vice-president shall perform such other duties as from time to time may be assigned to him by the president or by the board of directors.

Section Seven. Treasurer. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his *dutes in such sum and with surety or sureties as the board of directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositaries as shall be selected by the board

of directors; and, in general, perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the board of directors.

Section Eight. 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; see that all notices are duly given 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 see that the seal of the corporation is affixed 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 such member; 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 by the president or by the board of directors.

Section Nine. Assistant Treasurers and Assistant Secretaries. If required by the board of directors, the assistant treasurers shall give 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 perform such duties as shall be assigned to them by the treasurer or the secretary or by the president or the board of directors.

Article VI. Committees

Section One. Committees of Directors. The board of directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the board of directors in the management of the corporation; but the designation of such committees 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 by law.

A committee duly designated may perform the functions of any officer and the functions of any two or more officers may be performed by a single committee, including the functions of both president and secretary.

Section Two. 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 resolution 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 directors of the corporation shall appoint the members thereof. Any member thereof may be removed by a majority vote of the directors at a meeting where a quorum is present whenever in their judgment the best interests of the corporation shall be served by such removal.

Section Three. Term of Office. Each member of a committee shall continue as such until the next annual meeting of the directors of the corporation and until his 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.

Section Four. Chairman. One member of each committee shall be appointed chairman by the directors.

Section Five. 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.

Section Six. 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.

Section Seven. Rules. Each committee may adopt rules for its own government not inconsistent with these by-laws or with rules adopted by the board of directors.

Article VII. Contracts, Checks Deposits and Funds

Section One. Contracts. The board of directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these by-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section Two. Checks, Drafts, or Orders for Payment. 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, agent 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 by the board of directors, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice-president of the corporation.

Section Three. 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 depositaries as the board of directors may select.

Section Four. Gifts. The board of directors may accept on behalf of the corporation any contribution, gift, bequest, or *devise for the general purposes, or for any special purpose, of the corporation.

Article VIII. Certificates of Membership

Section One. Certificate 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 *ahll be signed by the president or a vice-president and by the secretary or an assistant 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 certificate shall become lost, mutilated, or destroyed, a new certificate may be issued *therefor on such terms and conditions as the board of directors may determine.

Section Two. Issuance of Certificates. When a member has been elected to membership and has paid any initiation fee and dues that may then be required, a certificate of membership shall be issued in his name and delivered to him by the secretary, if the board of directors shall have provided for the issuance of certificates of membership under the provisions of Section One of this Article VIII.

Article IX. Dues

Section One. Annual Dues. The board of directors may determine from time to time the amount of initiation fee, if any, and annual dues payable to the corporation by members of each class.

Section Two. Payment of Dues. Dues shall be payable in advance of the first day of January in each fiscal year. Dues of a new member shall be prorated from the first day of the

month in which such new member is elected to membership for the remainder of the fiscal year of the corporation.

Section Three. Default and Termination of Membership. When any member of any class shall be in default in the payment of dues for a period of three (3) months from the beginning of the fiscal year or period in which such dues become payable, his membership may thereupon be terminated by the board of directors in the manner provided in Article II of these by-laws.

Article X.

Section One. Books and Records. The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, 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 the members entitled to vote. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

Section Two. 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.

Section Three. Corporate Seal. The board of directors shall provide a corporate seal, which shall be in the form of a five pointed star within two concentric circles with the name "Texas" situated around the points of the star and the name of the corporation between the two circles.

Section Four. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the articles of incorporation or by 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.

Section Five. Rules and Regulations for Use of Facilities. Upon completion of the recreational amenities and occupation of residents in the subdivision necessitating garbage removal and other maintenance, rules and regulations for the use of the common facilities and services shall be promulgated. The proposed rules and regulations shall be presented to the members of the corporation, and, upon approval by a majority of the members, shall be adopted and added to these By-Laws as an addendum thereto.

Article XI. Amendments

Section One. Power of Members to Amend By-Laws. The by-laws of this corporation may be amended, repealed, or added to, or new by-laws may be adopted by the written assent of a majority of the members entitled to vote or by the vote of a majority of a quorum at a meeting of members duly called for the purpose.