

WILLOW MEADOWS CIVIC CLUB, INC
BY-LAWS

ARTICLE I. Organization and Purpose

SECTION 1. The Willow Meadows Civic Club, Inc., is a Texas non-profit corporation, comprising property owners in the Willow Meadows subdivision as defined in Article I.01(A) of the Restrictions.

SECTION 2. The purposes of the Willow Meadows Civic Club, Inc. (the “Association”) are to promote the civic and social welfare and well-being of the Members living within the Willow Meadows subdivision in Harris County, Texas; to provide for the maintenance, preservation, and enhancement of the Willow Meadows subdivision; and to promote and engage in activities for the use and benefit of the Members. The Association shall use its powers and rights conferred by the Texas Non-Profit Corporation Act, Texas Property Code Chapter 204, and the Declarations, Covenants, Conditions, and Restrictions, Willow Meadows Subdivision filed and recorded in the real property records of Harris County, Texas, effective January 1, 1999; provided that where such powers and rights are inconsistent with the By-Laws, the By-Laws shall control, except as required by law.

ARTICLE II. Definitions

“Association” means the Willow Meadows Civic Club, Inc., a Texas non-profit corporation.

“Board of Directors” or “Board” means the governing board of the Association. The Board of Directors comprises the Officers and the At-Large Directors, Positions 1 through 8.

“Officers” means the elected officers of the Association, which are the President, Vice President, Treasurer, and Secretary.

“Restrictions” means the Declarations, Covenants, Conditions, and Restrictions filed and recorded in the real property records of Harris County, Texas in 1998. The effective date of the Restrictions was January 1, 1999.

“Member” means every person who is an owner of a lot located in the Willow Meadows subdivision. All such persons are Members of the Association.

“Member in Good Standing” means a Member who has no outstanding balance owed to the Association for non-payment of his or her annual assessment for the prior calendar year(s). A Member is not in Good Standing if:

(1) the Member has violated any of the Restrictions, as determined by a court of law, or

(2) the Member has admitted the violation in writing to the Board and the deadline for correcting the admitted violation has passed.

Only Members in Good Standing are entitled to hold office and/or vote. For all matters involving a vote of the Association, there is only one vote per lot.

The term “quorum” means the number of Members in Good Standing required for the Association to carry out its business at the General and Special Meetings. Except as provided below, a quorum is the number of Members in Good Standing present at a General or Special Meeting. A quorum for voting on the proposed operating and capital budgets and amendments thereto, and for Board of Directors elections, is 25 Members entitled to vote, represented in person or by mail-out ballots received by the day of the meeting. A quorum for proposed revisions, changes or amendments to these By-Laws is 82 Members entitled to vote, represented in person or by mail-out ballots received by the day of the meeting, representing ten percent (10%) of the total number of lots in the Willow Meadows subdivision.

“Fiscal Year” means the financial accounting period for the Association. It commences on January 1st each year and closes at the end of December 31st of that same year.

“General Meeting” means a meeting of all Members of the Association held quarterly.

“Special Meeting” means a meeting of all Members of the Association called for a stated purpose in accordance with Article VIII, Section 1 of these By-Laws.

“Publication” means any method of printed communication available and calculated to fairly notify all Members of important events. Unless otherwise stated herein, publication of special notices must be by first class, U.S. Mail. In addition, best faith effort shall be made to post all printed Publication(s) to the Willow Meadows website.

ARTICLE III. Annual Assessment and Other Fees

SECTION 1. As required in the Restrictions at Article IV.06, the maximum annual assessment is two hundred dollars (\$200), subject to amendment as stated in Section 2 below. This annual assessment is incurred as of January 1st of each year.

SECTION 2. Except as provided below in Section 3, the annual assessment may be increased in a given year by an amount not in excess of ten (10) percent of the assessment for the previous year by approval of a simple majority of the Members in Good Standing represented in person at a meeting of the Association or by mail-out ballots received by the day of the meeting. The annual assessment may not be increased cumulatively since the last prior increase. The annual assessment may be increased in a given year by an amount greater than ten (10) percent only by a two-thirds majority of the Members in Good Standing represented in person or by mail-out ballots received by the day of the meeting. Written notice of any increase in the annual assessment, including a mail-out ballot, must be mailed to all

Members not less than thirty (30) days, but not more than sixty (60) days, in advance of the meeting.

SECTION 3. Pursuant to the Restrictions at Article IV.10, any Member who is a full time resident of Willow Meadows subdivision may defer the annual assessment for that year on the deferral form provided by the Board in the annual notice of assessment. Upon receipt by the Board of the deferral form from a Member, that Member will be deemed to have deferred the obligation for the year, and shall remain a Member in Good Standing for that year with respect to the annual assessment. The deferral does not eliminate the obligation to pay the annual assessment, but merely postpones payment until (1), such time as the house is sold, or (2), the deferral reason has passed and the Member chooses to make payment for the year in which the deferment is made, or (3), the Member, or surviving spouse of the Member, dies and the house passes ownership in probate trust, at which time the Association may collect all deferred annual assessments, and shall have the right to a lien on the property for the assessments that are due at such time. At no time will the Association collect interest on the deferred annual assessment.

SECTION 4. A senior citizen who owns a lot located in Willow Meadows and resides in the home situated on that lot may request that his or her annual assessment be frozen at the then current assessment level. A request for the senior rate freeze must be submitted using the form provided with the annual assessment notice. This assessment rate freeze must be annually renewed, using the form provided, until such time that the lot is sold, title is transferred, or the senior is no longer residing in the home. It may not be used in conjunction with a deferral of the annual assessment as described in Section 3. A senior citizen is someone who is eligible for an Over-65 Homestead Exemption with the Harris County Appraisal District.

SECTION 5. Consistent with the Texas Property Code, the Association may charge a reasonable fee for all property sales, transfers, or refinancing. This fee covers costs to prepare a Resale Certificate that may be requested by the seller or transferor from the Association.

SECTION 6. A penalty of 2.5% of the Annual Assessment will be levied for each month the Assessment is delinquent past the due date of notice as stated in the Annual Assessment letter.

SECTION 7. When a property is sold or title is transferred, any remaining balance of the assessment as of December 31st of that year shall be paid by the owner of record as of that date.

ARTICLE IV. Board of Directors

- SECTION 1. The Board of Directors of the Association (the “Board”) consists of twelve directors (each, a “Director”), four of whom must be the President, the Vice President, the Secretary, the Treasurer (each, an Officer). The remaining eight Directors are known as the “At-Large Directors,” Positions 1 through 8. Each Director is elected by the Members in accordance with Article V.
- SECTION 2. The full term for each Director begins on January 1 after the December General Meeting in which that Director was elected and ends on December 31 of that year following the December General Elections.
- SECTION 3. The President and Vice President shall serve for not more than two (2) consecutive one-year terms or until his or her successor is elected.
- SECTION 4. The Board of Directors must meet in all months in which no General Meeting is scheduled. A quorum for all meetings of the Board of Directors is seven (7) Directors, or if one or more positions are temporarily vacant, 50% of the directors plus one director. If a Board Member misses three consecutive or three out of five consecutive Board meetings, the Board may consider the position to be vacant.
- SECTION 5. If a vacancy in any of the twelve Director positions occurs, the Board of Directors must appoint a Member in Good Standing to fill the vacancy for the unexpired term. Any Board appointments shall be noted in the next Newsletter and announced at the next Special or General Meeting.
- SECTION 6. Any elected Director or Officer of the Association may be removed for cause from office by a two-thirds vote of the Members in Good Standing present at a General or Special Meeting, provided that notice of the proposed removal has been given pursuant to Article VIII, Section 2.
- SECTION 7. The Board of Directors is authorized to maintain a Policy and Procedures Manual which guides the operations of the Board, Committees, and the Association in the spirit of the Restrictions and the By-Laws.

ARTICLE V. Elections

- SECTION 1. Prior to the General Meeting for the third quarter of the Fiscal Year (the “September General Meeting”), the Board will publish in the Association’s Newsletter an invitation for Members in Good Standing to seek elected positions on the Board. The Association may actively encourage and seek candidates from among all Members in Good Standing. Any Member in Good Standing may be nominated by any other Member or may nominate himself or herself either prior to the September General Meeting or from the floor during the September General Meeting. A Member in Good Standing who would like to be a candidate, but who is unable to attend the September General Meeting, may submit a written request

to run for office to a member of the Board of Directors prior to the September General Meeting.

- SECTION 2. Notice of the election must be sent via first class U.S. Mail to all Members, as recorded in the latest version of the Association's database, at least fifteen (15) days prior to the last General Meeting of the Fiscal Year (the "December General Meeting"). This notice must include a mail-out ballot listing all the candidates and the respective positions for which the candidates are running. This notice also must include biographical statements submitted by each candidate who chooses to do so.
- SECTION 3. All candidates must be Members in Good Standing. To be listed on the mail-out ballot and to be eligible to submit a biographical statement, the candidate must have been nominated in accordance with Article V, Section 1. Ballots must provide space for write-in candidates.
- SECTION 4. Each Member in Good Standing may complete the mail-out ballot and return it to the address provided in the notice. A mail-out ballot must have been received at that address by the day of the December General Meeting in order for it to be counted. A separate ballot must be provided at the December General Meeting for each Member in Good Standing who chooses to vote at the meeting instead of by mail. Members in Good Standing must vote for the Board of Directors either by the mail-out ballot or by the ballot provided at the December General Meeting. No other form of ballot or proxy will be accepted.
- SECTION 5. The presiding officer must ensure that a quorum of the Members exists before the ballots are counted. Once the ballots have been counted, the presiding officer will announce the results of the vote.
- SECTION 6. A majority of the votes cast, inclusive of mail-out ballots received by the day of the meeting and ballots cast at the meeting by Members present entitled to vote, is required to win the election for each office. If more than two candidates run for an office, none of whom receives a majority of the vote, a runoff election between the candidates receiving the most votes will be held. A majority of the votes cast by the Members in Good Standing present in person at the December General Meeting is required to win the runoff election.
- SECTION 7. If the candidate elected is unable to serve, a vacancy will be deemed to have occurred and must be filled in accordance with Article IV, Section 5 or Section 6, as applicable.
- SECTION 8. If the December General Meeting cannot be completed for any reason before the ballots are counted, then a Special Meeting must be called as soon as practicable thereafter, but in no event later than February 1 of the next Fiscal Year, in order to count the ballots. The ballots must be counted at the Special Meeting in accordance with the procedures set forth in Article V, Section 5. If any of the

results of the election are invalidated for any reason, then a new election with respect to the invalidated results must be held, either at a Special Meeting called for that purpose or at the first General Meeting of the next Fiscal Year, in accordance with this Article V. The previous office holders will maintain their positions and authority until the new Directors are elected for each position for which a new election is needed.

SECTION 9. The Board must appoint Members in Good Standing, preferably former Directors, to an Elections Committee that is responsible for preparing and mailing ballots and the accompanying biographical statements and for counting the votes.

ARTICLE VI. Duties of Officers

President

SECTION 1. It is the duty of the President to preside at all General and Special Meetings of the Association and at all meetings of the Board of Directors. The President is also an *ex-officio* member of all Committees of the Association.

SECTION 2. The President must call meetings of the Board of Directors when he or she considers it necessary, or when three (3) or more Directors request the President to do so.

SECTION 3. The President, with the advice and consent of the Board of Directors, selects from among the Board, Chairpersons to all standing Committees.

SECTION 4. The President has the authority to appoint *ad hoc* committees as deemed advisable, provided that either the President or another Officer is an *ex-officio* member of all *ad hoc* committees.

Vice President

SECTION 5. In the absence of the President, the Vice-President has all the power and prerogatives of the President and serves, upon request of the President, as the official representative of the President at all standing Committee meetings. The Vice-President shall monitor and document issues relating to inactive special committees and assure that the Policies & Procedures Manual be kept up-to-date.

Secretary

SECTION 6. The Secretary records all resolutions and proceedings of the meetings of the Association and Board of Directors in a permanent record retained for that purpose. The Secretary issues all notices of meetings of the Board of Directors, and performs all of the customary duties pertaining to the office of Secretary. The Secretary secures the dates and meeting locations for the General Meetings, and ensures that signs are posted in the neighborhood and notice is published in the newsletter reminding the Members of upcoming General Meetings. Further, the

Secretary notifies all Board Members of Special Meetings that may be called from time to time.

SECTION 7. The Secretary must obtain a register of the Members in Good Standing for General or Special Meetings at which a vote requiring a quorum is to be held.

Treasurer

SECTION 8. It is the duty of the Treasurer to receive all monies and to keep same on deposit in one or more banking institutions insured by the United States federal government (FDIC or FSLIC) approved by the Board of Directors. The aggregate amount of all funds kept on deposit at such institutions must be less than the maximum amount of insurance provided per customer. Any investments made will be restricted to short term (less than one year) certificates of deposit insured by the United States federal government or direct debt obligations of the federal government or its agencies.

SECTION 9. All monies payable by the Association must be paid by checks or electronic disbursement signed, initiated, or approved by any two Officers, one of whom must be the Treasurer or the President. In the case of electronic disbursement, a record of the two-Officer approval must be kept on file with the Treasurer. Any electronic disbursement requested by a Committee must also be approved by the appropriate Committee Chair. The Treasurer must report the financial status of the Association at all General Meetings of the Association, Board of Directors meetings or whenever requested by the Board of Directors.

SECTION 10. The Board of Directors may retain the services of either or both of the following to assist the Treasurer:

- (a) a bookkeeper to assist in maintaining the financial accounts of the Association;
- (b) a Certified Public Accountant or an accounting firm to assist in preparing and filing the Association's tax documents.

ARTICLE VII. Committees

SECTION 1. The Board of Directors is responsible for hiring and terminating employees and independent contractors, with the advice and recommendation of the appropriate Committee chairperson. Neither the Willow Meadows Civic Club, nor its Board, nor any other standing Committee may employ the services of a management company. A management company is defined as a company, managing agent, agent, employee, or independent contractor, whose responsibility it is to enforce the Restrictions on behalf of the Board.

SECTION 2. There are six standing Committees and a variable number of Special Committees of the Association. Each chairperson of a standing Committee must be a Member of the Board of Directors. A Committee chair may only be removed by the President with the advice and consent of the Board of Directors. The chairperson

of each Committee is responsible for recruiting Members in Good Standing to serve on such Committee and thereafter must report to the Board of Directors. The six standing Committees are known as the Security Committee, the Maintenance and Beautification Committee, the Deed Restrictions Enforcement Committee, the Architectural Control Committee, the Technology Committee, and the Publications Committee.

- A. The Security Committee acts as liaison to the hired security provider(s), coordinates all matters as needed to maintain and monitor all security issues on behalf of the Association, and reports all security information to the Board of Directors. The committee must meet every other month (or more often, if required).
- B. The Maintenance and Beautification Committee receives and submits all proposals for improvement projects within the Willow Meadows subdivision to the Board of Directors, with its recommendation thereof, for final consideration by the membership. The Maintenance and Beautification Committee maintains the “Yard of the Month” program, and refers any deed restriction matters to the Deed Restrictions Enforcement Committee.
- C. The Deed Restrictions Enforcement Committee, of which the Vice-President is an *ex-officio* member, receives and processes all alleged violations of the Restrictions. The Committee patrols the subdivision regularly, reports on observed violations, receives the complaints of alleged violations, investigates and recommends to the Board of Directors such action, including (if appropriate) formal legal action as the Committee may deem necessary in order to enforce the appropriate deed restrictions. The Board of Directors may retain the services of an individual to serve as the Deed Restrictions Enforcement Representative. The Deed Restrictions Enforcement Representative shall actively examine the neighborhood for violations, and report said violations to the Deed Restrictions Enforcement Committee.
- D. The Architectural Control Committee, in compliance with Article II of the Restrictions, is in charge of reviewing all required plan submissions given to it or to any officer and must communicate as required to the residential applicant approval or denial of the submitted plan.
- E. The Publications Committee is responsible for managing the publication of the Willow Meadows Newsletter and securing and monitoring advertising. The Committee receives and reviews all submissions for publication by the Association, with editorial oversight by the President.
- F. The Technology Committee is responsible for promoting the public image of the Association through the oversight of the design, maintenance, and updating of the Willow Meadows website. The Committee shall actively

solicit content from the Board and Association, with editorial oversight by the Board of Directors.

- SECTION 3. The term for each Committee chair begins on January 1 of the next Fiscal Year beginning after the December General Meeting and ends on December 31 of that Fiscal Year or at the time a new Committee chair is appointed in accordance with Article VII, Section 2.
- SECTION 4. If a vacancy of any chair of a standing Committee occurs, the Board of Directors must appoint a Member in Good Standing to fill such vacancy for the unexpired term.
- SECTION 5. Situations may require activation of recurring special committees such as the following: (1) the Deed Restrictions Revisions Committee, (2) the By-Laws Revisions Committee, (3) the Financial Review Committee, or (4) special committees. The Vice President shall keep apprised of issues relevant to the three recurring and any other special committees. The Vice President shall coordinate the maintenance of the Policies & Procedures Manual in an effort to ensure that its contents are sufficient to handle WMCC processes not otherwise spelled out in either the Deed Restrictions, By-Laws, or other governing documents.

ARTICLE VIII. Meetings

- SECTION 1. The President may call Special Meetings of the Members at his or her discretion, and must call Special Meetings of the Members (i) upon written request of fifteen (15) Members in Good Standing, (ii) at the request of a majority of the Board or, (iii) whenever in the judgment of the President, the welfare of the Association requires it. The agenda of the Special Meeting must be specific to the purpose stated in the call for the Special Meeting.
- SECTION 2. The Secretary must give notice of each General Meeting by publication in the newsletter and on the Willow Meadows web page to every Member. Notice of a Special Meeting must be mailed out via first class U.S. Mail at least ten (10) calendar days prior to the meeting and must state the purpose for which such Special Meeting is called.
- SECTION 3. The order of business at each General Meeting must include, but is not limited to, the following:
- (a) Reading of the minutes of the last meeting,
 - (b) Treasurer's Report,
 - (c) Committee Reports,
 - (d) Unfinished Business,
 - (e) New Business,
 - (f) Program or Miscellaneous,
 - (g) Notification of next regular meeting, and

(h) Adjournment.

The President may alter the order of Business at the General meeting at his or her discretion in order to accommodate special guests or speakers or to address specific topics of importance to the members.

ARTICLE IX. Rules of Order

SECTION 1. Robert's Rules of Order, Revised, determines the conduct of business at all meetings of the Association, its governing bodies and Committees, except where inconsistent with these By-Laws.

SECTION 2. When situations require urgent action between meetings, the Board of Directors or Committees may act on a motion by e-mail.

SECTION 3. At the direction of the President or the Board of Directors, a professional Parliamentarian may be hired who will advise on all questions of procedure and will see that the Association's General or Special Meetings are conducted according to these By-Laws.

ARTICLE X. Amendments to the By-Laws

SECTION 1. These By-Laws may be amended at any General or Special Meeting.

SECTION 2. A copy of the proposed amendment(s), accompanied by a mail-out ballot, must be sent via first class U. S. Mail to all Members, as recorded in the latest version of the Association's database, at least 30 days prior to the General or Special Meeting at which the amendment is submitted for a vote. Discussion of the proposed amendment(s) must be held at a General or Special Meeting prior to the mailing of the proposed amendment(s) and ballots to the Members.

SECTION 3. Each Member in Good Standing may complete the mail-out ballot and return it to the address provided with the mail-out ballot. A mail-out ballot must have been received at that address by the day of the General or Special Meeting in order for it to be counted. A separate ballot must be provided at the meeting for each Member in Good Standing who chooses to vote at the meeting instead of by mail. Members in Good Standing must vote on the proposed amendment(s) either by the mail-out ballot or by the ballot provided at the meeting. No other form of ballot or proxy will be accepted.

SECTION 4. An amendment must be approved by a two-thirds majority of the votes cast, inclusive of mail-out ballots received by the day of the meeting and ballots cast at the meeting by Members present entitled to vote.

SECTION 5. The Elections Committee is responsible for counting the votes on the proposed amendment(s).

ARTICLE XI. Expenditures

SECTION 1. All expenditures of funds of the Association for operations must be in accordance with the approved budget. Committee expenditures greater than \$100 must be approved by committee motion in accordance with the committee's budget. The motion must be approved by at least three committee members. Expenditures less than \$100 can be made by the committee chair.

Non-budgeted or miscellaneous non-committee expenditures must be approved by the Board. All capital expenditures must be approved by the Board.

SECTION 2 The Treasurer must present a proposed operating budget for the coming Fiscal Year to the Board for approval at the November Board meeting and then to the Members at the December General Meeting. The proposed operating budget, accompanied by a mail-out ballot, must be sent via first class U. S. Mail to all Members at least fifteen (15) days before the December General Meeting. Each Member in Good Standing may complete the mail-out ballot and return it to the address provided with the mail-out ballot. A mail-out ballot must have been received at that address by the day of the General or Special Meeting in order for it to be counted. A separate ballot must be provided at the meeting for each Member in Good Standing who chooses to vote at the meeting instead of by mail. Members in Good Standing must vote on the proposed operating budget either by the mail-out ballot or by the ballot provided at the meeting. No other form of ballot or proxy will be accepted. The operating budget must be approved by a majority of the votes cast, inclusive of mail-out ballots received by the day of the meeting and ballots cast at the meeting by Members present entitled to vote.

SECTION 3. If the December General Meeting cannot be completed for any reason before the ballots are counted, then a Special Meeting must be called as soon as practicable thereafter, but in no event later than February 1 of the next Fiscal Year, in order to count the ballots. If the proposed operating budget is not approved, the budget, at the beginning of the fiscal year and until a new budget is approved, shall be the same amount as the current budget.

SECTION 4. The Treasurer must present a proposed capital budget for the coming Fiscal Year to the Board for approval at the November Board meeting and then to the Members at the December General Meeting. The proposed capital budget, accompanied by a mail-out ballot, must be sent via first class U.S. Mail to all Members at least fifteen (15) days before the December General Meeting. Each Member in Good Standing may complete the mail-out ballot and return it to the address provided with the mail-out ballot. A mail-out ballot must have been received at that address by the day of the December General Meeting in order for

it to be counted. A separate ballot must be provided at the meeting for each Member in Good Standing who chooses to vote at the meeting instead of by mail. Members in Good Standing must vote on the proposed capital budget either by the mail-out ballot or by the ballot provided at the meeting. No other form of ballot or proxy will be accepted. The capital budget must be approved by a majority of the votes cast, inclusive of mail-out ballots received by the day of the meeting and ballots cast at the meeting by Members present entitled to vote.

SECTION 5. The Board of Directors may authorize emergency expenditures deemed necessary to protect the welfare of the Association. All such expenditures must be disclosed to the Members at the next General or Special Meeting following the expenditure, if they have not previously been disclosed by Publication. The Board of Directors may not authorize an emergency expenditure greater than the amount existing in the Association's cash reserve.

SECTION 6. A budget, operating or capital, may be amended by a vote of the Members in Good Standing. A copy of the proposed amendment, accompanied by a ballot, must be sent via first class U.S. Mail to all Members, as recorded in the latest version of the Association's database, at least fifteen (15) days prior to the General or Special Meeting at which the amendment is submitted. Each Member in Good Standing may complete the mail-out ballot and return it to the address provided with the mail-out ballot. A mail-out ballot must have been received at that address by the day of the General or Special Meeting in order for it to be counted. A separate ballot must be provided at the meeting for each Member in Good Standing who chooses to attend the meeting and to cast his or her ballot at the meeting instead of by mail. Members in Good Standing must vote on the proposed amendment either by the mail-out ballot or by the ballot provided at the meeting. No other form of ballot or proxy will be accepted. The amendment must be approved by a majority vote of the votes cast, inclusive of mail-out ballots (received by the time of the meeting) and ballots cast at the meeting by Members present entitled to vote.

SECTION 7. The Board may approve charitable, non-political donations to be made to non-profit organizations in a reasonable amount for any purpose that the Board deems to be in the best interest of Members of the Association.

ARTICLE XII. Bonding

SECTION 1. The Board must procure Fidelity Bonding on behalf of the Association for the faithful accounting of such funds, with surety or sureties satisfactory to the Board. The Fidelity Bonding must be specifically on the behalf of all Directors and/or employees that have financial signature authority or who handle WMCC's receivables or payables.

ARTICLE XII. Insurance

SECTION 1. The Board must budget for and maintain a policy of insurance, the premium of which must be paid for by the Association, that indemnifies each Board member for any liability resulting from the exercise and performance of duties of that Board member's office. The Board may procure other insurance for the benefit of the Association as deemed necessary.

ARTICLE XIV Enforcement of Deed Restrictions

SECTION 1. It is the duty and obligation of the Board, by and through its authority under the Restrictions, to enforce, fairly and consistently, alleged violations of the Restrictions.

SECTION 2. All alleged violations of the Restrictions, except instances when the only violation is non-payment of the annual assessment, must be processed in a timely and efficient manner with the order of enforcement being as follows: (1) contact, or attempt to contact, the alleged violator in person or by phone requesting that they cure the violation and send follow-up letter by first class U.S. Mail; (2) if no response within seven days, mail letter by first class U.S. Mail and by certified U.S. Mail, return receipt requested; (3) if the homeowner fails to respond within the time period established in the Deed Restrictions, mail letter again by same means stating that no satisfactory and immediate response will result in handing matter over to retained counsel for prosecution upon approval by the Board of Directors; (4) once referred to retained counsel, counsel sends letter requesting compliance; and (5) if still no satisfactory response, counsel will file claim in State District court. Each member, in accordance with the Texas Property Code, is entitled to a hearing regarding an alleged violation of the Restrictions by the Member. Under no circumstances may the Board retain counsel on a contingency fee basis.

SECTION 3. If a Member has failed to pay his or her annual assessment as of the due dates established in the Restrictions and has not turned in a deferral form as established in these By-Laws at Article III, Section 3, the Board must seek to secure payment in the following manner: (1) mail letter to the Member with past due statement by first class U.S. Mail and by certified U.S. Mail, return receipt requested; (2) if still no response from the member, mail letter to the Member again by same means stating that no response will result in handing matter over to retained counsel for prosecution; (3) once referred to retained counsel, counsel sends letter to the Member requesting compliance; (4) if still no response, counsel will timely file a claim in a Harris County Justice of the Peace Court; (5) upon a favorable judgment from the Court, the Board shall then request an "Abstract of Judgment" from the court clerk, which document evidences the judgment; (6) the Board will request the sheriff to serve a "Writ of Execution" on the Member; (7) if no

payment, the Abstract of Judgment will then be filed of record in the Official Public Records of Real Property for Harris County and shall be paid upon transfer of title of the property. As necessary, the Board shall extend the lien period in order to prevent the lien from lapsing. Under no event may the Board retain counsel on a contingency fee basis and any fees recovered from the Member may not exceed one hundred (100) percent of the amount owed to the Association, including court costs and interest. The Board is prohibited from seeking a non-judicial or judicial foreclosure of any lot solely for non-payment of the annual assessment.