

Bylaws of

Garden Oaks Maintenance Organization, Inc.,

A Texas Nonprofit Corporation

adopted by the Board of Directors on November 5, 2002

ARTICLE 1

OFFICES

1.01 **Principal Office.** The principal office of Garden Oaks Maintenance Organization, Inc. (the “Organization”) is located at 440 Louisiana, Suite 2200, Houston, Texas 77002. The Organization may have other offices, either within or without the State of Texas, as the Board of Directors (collectively, the “Board” and individually, “Director”) may determine or as the affairs of the Organization may require from time to time.

1.02 **Registered Office and Registered Agent.** The Organization will have and continuously maintain in the State of Texas a registered office and a registered agent whose address is identical with the registered office, as required by the Texas Nonprofit Corporation Act. The registered office may, but need not, be identical with the principal office of the Organization in the State of Texas. The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2

MEMBERS

2.01 **Membership.** There will be one class of Members. All record owners (an “Owner” or “Owners”) of any separately-owned parcel (a “Parcel”, as defined below) within Garden Oaks Sections 1, 2, 3, and 5 (collectively, the “Subdivision” and individually, the “Section”) in Harris County, Texas, shall become members (“Members”) of the Organization, as and when the Section in which the Parcel is located approves a Petition to Amend Restrictions to Create a Property Owners Association (“Petition”) that establishes the Organization as the property owners association for that Section. As of the date of adoption of these Bylaws, the requisite number of Owners of Parcels in Sections 1, 2, 3, and 5 have approved amendments of deed restrictions (as amended, the “Restrictions”) for their respective Sections, and the Petitions for Sections 1, 2, 3, and 5 have been filed in the Harris County Real Property Records, as follows:

Clerk’s File No.

Section One	V953649
Section Two	V953650
Section Three	V842579
Section Five	V968826

As of the date of adoption of these Bylaws, the requisite number of Owners of Parcels in Section 4 have not approved such amendments.

2.02 Voting Rights and Procedures. Each Parcel in Garden Oaks Sections 1, 2, 3, and 5 will have one vote in the Organization on matters requiring a vote of the Members, regardless of the number of Owners of the Parcel.

It is recognized that the building sites currently existing throughout the Subdivision consist, as the case may be, of one platted lot, less than one platted lot, more than one platted lot, or portions of two or more platted lots and that an equitable allocation of voting rights must be made on a basis other than platted lots. A "Parcel" is therefore defined as the land comprising a single building site for a residence or residences, without regard to (a) how the lot(s) are shown on the applicable subdivision map or plat, or (b) whether or not there are structures currently existing on the Parcel. Multiple Parcels used for one building site will have one vote except as provided in the next paragraph.

A Parcel is entitled to two votes only if all of the following conditions are satisfied: (a) applicable City of Houston subdivision ordinances would permit subdivision of the Parcel by replatting, (b) each resulting Parcel would satisfy the frontage requirements imposed by the deed restrictions applicable to the Section in which the Parcel is located, (c) no structure that is located on one resulting Parcel would encroach onto the adjacent resulting Parcel or violate setback lines after subdivision (e.g., a building may not be located on the original Parcel such that the lot line created by the subdivision would, with respect to existing buildings, result in an encroachment or violation of setback lines), and (d) each resulting Parcel may be conveyed to a separate owner as a fee simple tract of land.

If there is more than one Owner of a Parcel, the vote of each Owner is required, and the vote of each Owner must be the same for a vote to be counted unless the Owner casting the vote represents to the Organization that he or she is authorized to vote on behalf of all the Owners. If the votes of the Owners of a Parcel conflict or are not the same, no vote will be counted for that Parcel. The Board may rely on any representation of an Owner of a Parcel that he or she is voting for all of the Owner(s) of the Parcel and that the vote cast is the correct and intended vote of that Parcel, unless there is a prior written objection from an Owner(s) of that Parcel sent to the Board by the appropriate means. Each separate voting matter requires a separate written objection from the Owner(s) in dissent and is valid for that vote only.

Votes may be cast by written proxy if the original proxy is delivered to the Board at or before the time of voting. Proxies may not be effective for a period exceeding eleven months.

Owners may be represented at a meeting for voting purposes by an attorney-in-fact pursuant to a power of attorney satisfying the requirements of Texas law if the following are delivered to the Board at or before the time of voting: a copy of the power of attorney; a written statement by the attorney-in-fact that the power of attorney is valid, continuing, and has not been revoked; and the current address, phone number, and contact person, if an entity, in order to contact the Owner.

No Owner will have the right to vote unless (a) the Owner is shown on the membership rolls of

the Organization, or (b) the recorded deed evidencing ownership of the Parcel and the address and phone number of the Owner have been delivered to the Board.

2.03 **Transfer of Membership.** Membership in the Organization is automatically transferred with ownership of a Parcel.

2.04 **Address of Members.** Members shall be deemed to have received notices sent to the street address of the Parcel owned by a Member (or any one Parcel if more than one Parcel is owned), unless another address has been provided in writing to the Organization by delivery to its principal office or to the then-Secretary by certified mail, return receipt requested. Notice of a change of address will become effective fourteen days after receipt.

ARTICLE 3

MEETINGS OF MEMBERS

3.01 **Annual Meetings.** The first meeting of the Members will be held in November, 2002, and thereafter an annual meeting of the Members will be held in October of each year at a time and place designated by the Board, for the purpose of electing Directors and for the transaction of other business as may come before the meeting. If the election of Directors is not held at the first or annual meeting or at an adjournment of the first or annual meeting, the Board will cause the election to be held at a special meeting of the Members as soon as practicable after the first or annual meeting at which the election did not occur.

3.02 **Special Meetings.** Special meetings of the Members may be called by the President, the Board, or Members representing not less than one-tenth of the Parcels then entitled to vote on the issue for which the special meeting is called. If the purpose of the special meeting is the election or removal of a Director who is designated to represent a specific section of this Subdivision, the meeting may be called by the President, the Board, or Members representing not less than one-tenth of the Parcels entitled to vote in that Section. Whenever a special meeting is called by the Members, the Members may be required by the Board to deposit with the Organization the amount necessary to pay the expenses of the Organization in calling and holding the special meeting.

3.03 **Other Meetings.** The President or the Board may, from time to time, call other meetings for informational or other purposes, but votes of the Members may not be taken unless the meeting is called as a special meeting.

3.04 **Place of Meeting.** Any place in Harris County, Texas, may be designated as the place for any annual meeting or special meeting of the Members.

3.05 **Notice of Meetings of Members.** Written or printed notice stating the place, day, and hour of each annual and special meeting of Members will be delivered, either personally by delivery to the Parcel (whether or not the Member resides on the Parcel or is at home at the time of delivery) or by mail, to each Member entitled to vote at the meeting, not less than ten, nor more than sixty, days before the date of the meeting, by or at the direction of the President, the

Secretary, the Directors, or the Members calling the meeting. Additional notice of any meeting and notice of informational meetings may be given by any means determined by the President, the Secretary, or the Directors to be reasonable and appropriate, such as by publication in the *Garden Oaks Gazette* or by signs posted in the neighborhood. In case of a special meeting or when required by statute or these Bylaws, the notice must state the purpose or purposes for which the meeting is called. If mailed, the notice will be deemed to be delivered when deposited in the United States Mail, addressed to the Member at the address that appears in the records of the Organization, with postage prepaid.

3.06 **Quorum.** Members representing a number of Parcels entitled to vote on the matters that are to be voted upon, attending in person or by proxy, equal to the number that is the majority of the Directors then in office will constitute a quorum for the conduct of business at a meeting. If a quorum is not present at any meeting of Members, Members representing a majority of the Parcels present at the meeting may adjourn and reconvene the meeting from time to time.

3.07 **Manner of Acting.** The act of Members representing a majority of the Parcels attending in person or by proxy and entitled to vote at a meeting at which a quorum is present will be the act of the Members, unless the act of a greater number is required by law or another provision of these Bylaws.

3.08 **Proxies.** At any meeting of Members, the Member(s) representing a Parcel entitled to vote may vote by proxy executed in writing by the Member or by his or her duly-authorized attorney-in-fact. No proxy will be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

3.09 **Voting by Written Ballot.** When Directors or officers are to be elected, the election may be conducted by written ballot in the manner determined by the Board.

3.10 **Robert's Rules of Order.** If questions of procedure or organization are not specifically addressed by these Bylaws, the then-current edition of *Robert's Rules of Order*, or its successor publication, if any, will control.

ARTICLE 4

BOARD OF DIRECTORS

4.01 **General Powers.** The affairs of the Organization will be managed by the Board of Directors.

4.02 **Number, Tenure, and Qualifications.** The initial Directors will be the five persons who are named as directors in the Articles of Incorporation of the Organization ("Initial Directors"). The Initial Directors will serve until December 1, 2002.

After the term of the Initial Directors, there will be twelve positions on the Board for Directors. A Member must satisfy the following requirements to be nominated for

election as a Director:□

- a. The Member must be entitled to vote in the election at which he or she will appear on the ballot.
- b. The Member must be at least 18 years old.
- c. The Member must own and reside in the real property in the Section of the Subdivision for which the Member is standing election.
- d. All real property owned by the Member in the Subdivision must be in compliance with the Restrictions applicable to the Section in which the property is located, except for violations that existed prior to the Member's ownership of the property.

At the first annual meeting of Members, Members representing Parcels entitled to vote will elect a maximum of three Directors to represent each of their respective Sections. The Directors elected to represent each Section will serve staggered 11 month, 23-month, and 35-month terms, commencing on December 1, 2002. If only two Directors are elected to represent a Section, their terms will be for 23 months and 11 months. If only one Director is elected, the term will be for 11 months. Beginning with the second annual meeting of Members, Directors will each be elected for three-year terms, with the intent that one Director per Section be elected each year.

Notwithstanding the foregoing, if no Member residing in a Section stands for election for that Section, then a Member who is an Owner in that Section, but who resides in another Section, may be elected by the Section to serve as its Director on the Board ("Non-Section Director"). The term of a Non-Section Director will be one year, and a Non-Section Director may not stand for election to fill a vacancy as described in Section 4.10. No Member may stand for election as a Non-Section Director if that Member's Section is represented by less than the maximum number of elected Directors.

No Director may be designated as representing more than one Section at any one time.

4.03 **Annual Meetings.** An annual meeting of the Board will be held immediately after, and at the same place as, the annual meeting of Members.

4.04 **Special Meetings.** Special meetings of the Board may be called by or at the request of the President or any two Directors.

4.05 **Regular Meetings.** Regular meetings of the Board will be held not less than nine times each calendar year, at the time and place designated by the Board from time to time.

4.06 **Community Meetings.** One or more of the Directors, as determined by the Board, may also be designated to:

- a. attend the meetings of the Garden Oaks Civic Club, Inc.; and

b. call and preside over informational meetings for the purpose of communications among and between the Members and the Directors, with notice for these meetings to be provided by any means determined by the President, the Secretary, or the Directors to be reasonable and appropriate, such as by publication in the *Garden Oaks Gazette* or by signs posted in the neighborhood.

4.07 **Notice.** Notice of any special meeting of the Board will be given at least five days in advance by written notice delivered personally or sent by mail, personal delivery (whether or not the Director is at home at the time of delivery), or facsimile to each Director at his or her address as shown by the records of the Organization. If mailed, the notice will be deemed to be delivered when deposited in the United States Mail, properly addressed with postage prepaid. If sent by facsimile, the notice will be deemed to be delivered at the time shown on the confirmation. A director may also designate e-mail as the method of notice to him or her. A Director may waive notice of any meeting, but the Director's attendance at a meeting will constitute a waiver of notice of the meeting, unless the Director is attending the meeting for the purpose of objecting to the transaction of business because the meeting was not duly called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of the meeting, unless specifically required by law or by these Bylaws.

4.08 **Quorum.** A majority of the Directors then in office will constitute a quorum for the transaction of business at any Board meeting. If a quorum is not present at the meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

4.09 **Manner of Acting.** The act of a majority of the Directors present at a meeting at which a quorum is present will be the act of the Board, unless the act of a greater number is required by law or by another provision of these Bylaws.

4.10 **Vacancies.** The Board will give notice to the Members by any means determined by the President, the Secretary, or the Directors to be reasonable and appropriate, such as by publication in the *Garden Oaks Gazette* or by signs posted in the neighborhood, of any Board vacancy so that Members residing in the affected Section may stand for election to the position. The notice will also state the date and time of the special election to fill the vacancy. Each Member willing to stand for election must then notify the Board of his or her intent to run for election. The Director who is elected in this manner will serve for the remainder of the unexpired term. If no Member residing in the Section chooses to stand for election, the special election will be canceled, and the position will remain vacant until the election of Directors at the next annual meeting.

4.11 **Resignation.** A Director will be deemed to have resigned immediately if the Director no longer resides in the Section that he or she was elected to represent. A Director who is a Non-Section Director will be deemed to have resigned immediately if the Non-Section Director no longer resides in the Subdivision or if the Non-section Director no longer owns property in the Section that he or she was elected to represent.

4.12 **Removal.**

a. Members residing in a Section may call for a vote to remove and replace a Director representing their Section before the end of the Director's term. Members representing 10% of the Parcels of the affected Section and entitled to vote must approve the proposed recall and replacement by signing a petition to that effect. The winner of the replacement election will serve the remainder of the term to which the Director was originally elected. No replacement election will be held, however, unless there is at least one Member residing in the Section who is willing to run against the current Director. The Members calling for the vote may be required by the Board to deposit with the Organization the amount necessary to pay the expenses of the Organization in calling and holding the replacement election.

b. A Director may also be removed from office by the affirmative vote of 75% of the remaining Directors if the Board determines that the Director has not acted in the best interests of the Organization. A new Director will then be elected by the affected Section in a special election as provided in Section 4.10.

4.13 **Conflict of Interest.** Before standing for election, or as soon after the election as identified by a Director, a Director must disclose to the Members any potential conflict of interest that may influence the Director's actions as a Director (e.g., a relationship with a builder, contractor, real estate agent, etc.). A conflict of interest will not automatically disqualify a Member from serving as a Director as long as the material facts of the conflict are made known to the Members and Directors as soon as practicable; the Members have duly elected the Director; the Director does not unduly influence the decision of other Directors and refrains from voting on issues affected by the conflict; the Members or Directors, as appropriate, in good faith and with ordinary care, authorize the transaction or vote by the majority of the disinterested Members or Directors, even though the disinterested numbers may be less than a quorum; and the transaction or vote is fair to the Organization.

4.14 **Compensation.** Directors will not receive any compensation for their services, but, by resolution of the Board, may be reimbursed for reasonable expenses.

4.15 **Telephone Meetings.** All or any of the Directors may participate in a meeting of Directors by means of conference telephone or similar communication equipment so that all persons participating can hear each other. Participation by conference call will constitute the presence in person at such meeting, except where a Director participates in the meeting for the express purpose of objecting to the transaction of business on the grounds that the meeting was not duly-called or duly-convened.

ARTICLE 5

OFFICERS

5.01 **Officers.** The officers of the Organization will be the President, one Vice President, a Secretary, and a Treasurer, each of whom must be a Director. The Board may create other offices and elect or appoint other officers as it deems desirable (who may or may not be required to be

Directors), these officers to have the authority and perform the duties prescribed from time to time by the Board. One person may hold more than one office, except for the offices of President, Secretary, and Treasurer.

5.02 **Election and Term of Office.** The officers of the Organization will be elected annually by the Board at the Board's annual meeting. If the election of officers is not held at the Board's annual meeting, the election will be held as soon thereafter as practicable. Each officer will hold office until his or her successor has been duly elected and qualified.

5.03 **Removal.** Any officer elected or appointed by the Board may be removed by a 75% affirmative vote of the remaining Directors if the Board determines that the officer has not acted in the best interests of the Organization.

5.04 **Vacancies.** A vacancy in any office may be filled by the Board for the unexpired portion of the term.

5.05 **President.** The President will be the principal executive officer of the Organization and will in general supervise and control all of the business and affairs of the Organization. The President will preside at all meetings of the Members and of the Board. The President may sign, with the Secretary or any other officer of the Organization authorized by the Board, all deeds, mortgages, bonds, contracts, or other instruments that the Board has authorized to be executed, except in cases where the signing and execution has been expressly delegated by the Board, another provision of these Bylaws, or statute to some other officer or agent of the Organization. In general, the President will perform all duties incident to the office of President and other duties be prescribed by the Board from time to time.

5.06 **Vice President.** In the absence of the President or in the event of his or her inability or refusal to act, the Vice President will perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions on the President. The Vice President will perform other duties as from time to time may be assigned to the office of Vice President by the President or the Board.

5.07 **Treasurer.** The Treasurer will have charge and custody of and be responsible for all funds and securities of the Organization; receive and give receipts for moneys due and payable to the Organization from any source whatsoever, and deposit these funds in the name of the Organization in the banks, trust companies, or other depositories selected in accordance with Article 7 of these Bylaws; and in general perform all the duties incident to the office of Treasurer and other duties as from time to time may be assigned to the office by the President or the Board. If required by the Board, the Treasurer will give a bond for the faithful discharge of his or her duties in the amount and with a surety or sureties as the Board requires.

5.08 **Secretary.** The Secretary will keep the minutes of the meetings of the Members and the Board in one or more books provided for that purpose; give all notices in accordance with provisions of these Bylaws or as required by law; be custodian of the corporate records and the seal of the Organization (if one is adopted) and affix the seal of the Organization to all documents that must be delivered under seal; keep a register of the mailing address of each

Member as furnished to the Secretary by each Member; and, in general, perform all duties incident to the office of Secretary and other duties as from time to time may be assigned to the office of Secretary by the President or by the Board.

5.09 **Compensation.** Officers will not receive any compensation for their services, but, by resolution of the Board, may be reimbursed for reasonable expenses.

ARTICLE 6

COMMITTEES

6.01 **Committees of Directors.** The Board may, by resolution adopted by a majority of the Directors in office, designate and appoint one or more committees and their members, which committees, to the extent provided in each resolution, will have and exercise the authority of the Board in the management of the Organization. The Board may not, however, delegate to any committee the Board's authority to amend, alter, or repeal the Bylaws; elect, appoint, or remove any member of any committee or any Director or officer of the Organization; amend the Articles of Incorporation; adopt a plan of merger or consolidation with another corporation; authorize the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Organization; authorize the voluntary dissolution of the Organization or revoke proceedings for dissolution; adopt a plan for the distribution of the assets of the Organization; or amend, alter, or repeal any resolution of the Board that by its terms provides that it may not be amended, altered, or repealed by the committee. The designation and appointment of, and the delegation of authority to, a committee will not operate to relieve the Board, or any individual Director, of any responsibility imposed on it by law.

6.02 **Architectural Control Committee.** The Board has the authority to act as an architectural control committee, in accordance with the Restrictions, with the power to approve or deny applications for proposed original construction or modification of a building, structure, or improvement within the Subdivision as being in compliance with the Restrictions. The Board may, by resolution adopted by a majority of the Directors in office, designate and appoint a subcommittee that will have the authority of the Board with regard to architectural review, composed of not less than three Directors and other Committee Members (as defined in Section 6.03) who need not be Directors.

6.03 **Other Committees.** Other committees not having and exercising the authority of the Board in the management of the Organization may be designated by resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in the resolution, the President will appoint committee members from the Members ("Committee Member(s)"). A Committee Member may be removed by the person or persons authorized to appoint the Committee Member whenever in their judgment the best interests of the Organization will be served by removal.

6.04 **Term of Office.** Each Committee Member will continue to serve until the next annual meeting of the Board and until his or her successor is appointed; the committee is dissolved; the Committee Member is removed or resigns from the committee; or the Committee Member

ceases to qualify as a Committee Member.

6.05 **Chair.** One Committee Member of each committee will be appointed chair by the person or persons authorized to appoint the Committee Members.

6.06 **Vacancies.** Vacancies in the membership of any committee may be filled by appointments made in the same manner as the original appointments.

6.07 **Quorum.** Unless otherwise provided in the Board resolution designating and appointing a committee, a majority of the whole committee will constitute a quorum, and the act of a majority of the Committee Members present at a meeting at which a quorum is present will be the act of the committee.

6.08 **Rules.** Each committee may adopt rules for its own governance not inconsistent with either these Bylaws or rules adopted by the Board.

6.09 **Compensation.** Neither Committee Members nor chairs will receive any compensation for their services, but, by resolution of the Board, may be reimbursed for reasonable expenses.

6.10 **Ex-Officio Member.** The President will be an ex-officio member of all committees.

ARTICLE 7

CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

7.01 **Contracts.** The Board may authorize any officer or agent of the Organization, in addition to the officers authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Organization. Delegated 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 Organization must be signed by the officer(s) or agent(s) of the Organization established by Board resolution from time to time. In the absence of a delegation of authority by the Board, these instruments will be signed by the Treasurer and countersigned by the President or a Vice President.

7.03 **Deposits.** All funds of the Organization will be deposited to the credit of the Organization in the banks, trust companies, or other depositories selected by the Board.

7.04 **Gifts to the Organization.** The Board is authorized to accept, on behalf of the Organization, a contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Organization. The Board is not obligated, however, to accept, and is authorized to reject, any gift tendered or offered to the Organization.

7.05 **Surplus Funds.** As practicable, the Board will strive to maintain a balance of at least

\$100,000 (or other amount as determined by the Board from time to time) (“Reserve”) in readily-available funds as a reserve for the Organization’s operation, administrative, legal, enforcement, and other appropriate expenses. Funds in the Organization’s treasury in excess of the Organization’s current operational budget and the Reserve may be allocated by the Board for the support of neighborhood activities and programs to benefit the Subdivision generally, including, but not limited to, those sponsored by the Garden Oaks Civic Club, Inc., a Texas nonprofit corporation organized to promote the common good and general welfare of the residents of Garden Oaks Sections 1, 2, 3, 4, and 5. Members may deliver proposals to the Board for use of these funds at least sixty days before each annual meeting of Members. The Board’s proposed annual budget for these activities, and any additions proposed to be made to the budget for these purposes between annual meetings of Members, will be publicized by any means determined by the President, the Secretary, or the Directors to be reasonable and appropriate, such as by publication in the *Garden Oaks Gazette* or by signs posted in the neighborhood, at least thirty days before the annual meeting of the Members. The proposed budget will be brought to a vote at the annual meeting or a special meeting of Members and must be approved by Members representing a majority of the Parcels present at the meeting and entitled to vote. If the proposed budget or any budget amendment for these activities is not approved, the money will remain unallocated in the Organization’s treasury until the subsequent proposals are brought before the next annual or special meeting of Members. No distribution of funds for these purposes may be made if there are otherwise insufficient funds for the proper operation of the Organization.

ARTICLE 8

BOOKS AND RECORDS

8.01 The Organization will keep correct and complete books and records of account and minutes of the proceedings of its Members, the Board, and committees having any of the authority of the Board. The books and records will be kept at the registered or principal office, including a record of the names and addresses of Members entitled to vote. The books and records of the Organization may be inspected by any Member or his or her agent or attorney-in-fact for any proper purpose, at any reasonable time, and upon reasonable notice. The Organization may levy a reasonable charge for copies that it provides of the books and records.

ARTICLE 9

POWERS, TRANSFER ASSESSMENTS, AND VOLUNTARY CONTRIBUTIONS

9.01 **Powers of the Organization.** Except for the Prohibited Actions (as defined below), the Organization will have all powers of a non-profit corporation chartered in the State of Texas and a property owners association pursuant to Section 204.010 of the Texas Property Code (or amended or successor statute).

9.02 **Prohibited Actions.** Pursuant to the limitations of the Organization’s authority as set forth in the Restrictions, the Organization may not (a) establish, assess, or collect a mandatory assessment of any kind, except the mandatory Transfer Assessments expressly provided in the Restrictions and restated in Section 9.03, below, or (b) impose a lien against land in the

Subdivision for failure to pay a Transfer Assessment (collectively, “Prohibited Actions”).

9.03 **Transfer Assessments.**

a. **Purpose.** The Organization may levy assessments for the funding of its operational expenses, including but not limited to, enforcement of deed restrictions, liability insurance premiums, costs of litigation, and administrative costs.

b. **Transfer Assessments.** When a Parcel is conveyed by one person to another (except in connection with the division of community property after a divorce or as the result of the death of an Owner), the new Owner is obligated to pay a one-time special assessment (“Transfer Assessment”) equal to 0.75% of the greater of (a) the gross purchase price of the Parcel as shown on the closing statement, or (b) the appraisal of the Parcel as shown on the then-current records of the Harris County Appraisal District. The Transfer Assessment will be either (i) collected at closing of the conveyance by the escrow or closing agent, title company, or other person conducting the closing and forwarded to the Organization at: P.O. Box 924693, Houston, Texas 77292, or other address that has been designated by the Organization by notice in the Harris County Real Property Records, or (ii) if no third party has conducted the closing, then paid by the new Owner to the Organization within thirty days of the date of the conveyance.

c. **Enforcement.** The Organization may enforce the Transfer Assessment by obtaining a judgment against the Owner who failed to pay the Transfer Assessment and may collect counsel fees and court and other litigation costs as part of the judgment. The Organization may not foreclose a judgment lien against any land in the Subdivision or against a homestead, wherever located, but may foreclose the judgment lien against other real or personal property of the person against whom the judgment is taken.

9.04 **Voluntary Contributions.** The Organization may, at any time and from time to time, request that the Owners and residents of the Subdivision make a voluntary contribution (“Voluntary Contribution”) to the Organization for the Organization’s operational expenses or for other purposes. The Organization will notify the Owners of each request for a Voluntary Contribution, its intended use, and the due date.

ARTICLE 10

ENFORCEMENT OF THE RESTRICTIONS

10.01 **Authority of the Organization.** The Organization is authorized by the Restrictions to enforce the Restrictions with respect to the Parcels within the Subdivision.

10.02 **Enforcement of the Restrictions.** The Board may adopt written procedures for the investigation, handling, and enforcement of actual and threatened violations of the Restrictions, including procedures for notice to an Owner of an alleged violation and for the reporting of alleged violations. These procedures may be made generally available by any means determined by the President, the Secretary, or the Directors to be reasonable and appropriate, such as individual notice to the Members or publication in the *Garden Oaks Gazette*.

ARTICLE 11

Garden Oaks GAZETTE

11.01 The Organization is authorized to arrange with the *Garden Oaks Gazette* for publication of articles concerning the Organization's current activities and issues affecting the Subdivision, lists of Directors and officers, and notices to Members and Owners.

ARTICLE 12

INDEMNIFICATION OF DIRECTORS AND OFFICERS

12.01 To the maximum extent allowed by law, the Organization will indemnify each Director and officer of the Organization from liability relating to actions taken in good faith in his or her official capacity for the Organization. The Members intend that no Director or officer have personal liability for any action taken in good faith in his or her capacity as a Director or officer, except to the extent that the Director or officer has breached the standards of conduct set forth in the Texas Nonprofit Corporation Act or other applicable law that is the basis for indemnification or exculpation of directors or officers. The Organization will, if reasonably available and economically feasible, and if funds are available for this purpose, purchase directors' and officers' liability insurance for the benefit of the Directors and officers.

ARTICLE 13

SEAL

13.01 The Board may provide for a corporate seal in the form of a circle, which, if adopted, will contain the words "Corporate Seal of Garden Oaks Maintenance Organization, Inc."

ARTICLE 14

WAIVER OF NOTICE

14.01 Whenever any notice is required to be given under the Texas Nonprofit Corporation Act, the Articles of Incorporation, or these Bylaws, a written waiver of notice signed by the person or persons entitled to have been given the notice, whether before or after the time stated in the notice, will be deemed to be the equivalent to the giving of the notice.

ARTICLE 15

AMENDMENTS TO BYLAWS

15.01 These Bylaws may be altered, amended, or repealed and new bylaws may be adopted by a vote of the Members at any meeting held in accordance with the provisions of Article 3 of

these Bylaws, if at least thirty days written notice is given to the Members in advance of the meeting. The notice must state verbatim the content of the proposed alterations, amendments, repealing language, or new bylaw provisions to be presented for consideration at the meeting.

ARTICLE 16

SEVERABILITY

16.01 Any term or provision of these Bylaws that is held to be illegal or unenforceable will be interpreted so as to be valid to the extent possible and will not render the remaining terms or provisions invalid.

Certification of Bylaws By Secretary

The undersigned, being the Secretary of the Organization, certifies that the foregoing Bylaws were duly adopted at the meeting of the Board on November 5, 2002.

Name _____

Date _____