

**FIRST AMENDED AND RESTATED BYLAWS OF
GRAND HARBOR PROPERTY OWNER’S ASSOCIATION, INC.
“Proposed Changes to Amend and Restate to a Second”**

COMMITTEE/BoD-REVISIONS through: January 12, 2012

BYLAWS REVISION KEY
BLACK = No Change to Text RED = Text Added or Revised ~~STRIKE-THROUGH~~ = Text to be Deleted

CHANGE No. 01

FROM:

**FIRST AMENDED AND RESTATED BYLAWS OF
GRAND HARBOR PROPERTY OWNERS' ASSOCIATION, INC.**

WHEREAS, pursuant to Article XII of the Original Bylaws (~~as defined herein below~~) of the Grand Harbor Property Owner’s Association, Inc., (the "Association") the Board of Directors is vested with the authority to alter and amend the bylaws of the Association; and

WHEREAS, Bylaws of the Association were duly adopted by the Board of Directors on June 28, 2004 (the "Original Bylaws"); and

WHEREAS, the Board of Directors desires to replace the Original Bylaws with this the First Amended and Restated Bylaws (hereinafter referred to as the "Bylaws").

NOW THEREFORE, pursuant to the authority contained in the Original Bylaws, the Board of Directors of the Association hereby adopts the following First Amended and Restated Bylaws of the Grand Harbor Property Owner’s Association, Inc.

TO:

**SECOND AMENDED AND RESTATED BYLAWS OF
GRAND HARBOR PROPERTY OWNERS ASSOCIATION**

WHEREAS, pursuant to **Article VI, Paragraph F of the First Amended Bylaws** of the Grand Harbor Property Owners Association (the "Association"), the Board of Directors is vested with the authority **to bring forward, to the Association members, alterations and amendments of the Bylaws of the Association;** and,

WHEREAS, Bylaws of the Association were duly adopted by the Board of Directors on June 28, 2004 (the "Original Bylaws"); and,

WHEREAS, the Original Bylaws were amended and restated by the Board of Directors on March 13, 2006 (the "First Amended and Restated Bylaws"); and,

WHEREAS, the current Board of Directors desires to replace the **First-Amended Bylaws with this the Second Amended and Restated Bylaws** (hereinafter referred to as the "Bylaws"),

NOW THEREFORE, pursuant to the authority contained in the **First Amended and Restated Bylaws**, the Board of Directors of the Association hereby **brings forward for adoption the following Second Amended and Restated Bylaws** of the Grand Harbor Property Owners Association.

REASON FOR CHANGE:

Necessary to alter, amend, and restate Association Bylaws through Board Resolution, following the protocol used previously for the “First Amended” Bylaws.

ARTICLE I

CHANGE No. 02

FROM:

ARTICLE I. NAME, PRINCIPAL OFFICE, AND DEFINITIONS

A. Name

The name of the Association shall be Grand Harbor Property Owners' Association, Inc. (hereinafter sometimes referred to as the "Association")

TO:

ARTICLE I. NAME, PRINCIPAL OFFICE, AND DEFINITIONS

A. Name

The name of the Association shall be Grand Harbor Property Owners Association (hereinafter sometimes referred to as the "Association" or "POA").

REASON FOR CHANGE:

Editorial Correction; Higher-order Declaration documents call out the Association's name in the singular case, i.e., Property Owner's Association. All subsequent "Owner's" notation will be changed per Change No. 02.

CHANGE No. 03

FROM:

ARTICLE I. NAME, PRINCIPAL OFFICE, AND DEFINITIONS

B. Principal Office

The principal office of the Association shall be located in Montgomery County or such other place as may be designated by the Board of Directors of the Association from time to time.

TO: NO CHANGE

CHANGE No. 04

FROM:

ARTICLE I. NAME, PRINCIPAL OFFICE, AND DEFINITIONS

C. Definitions

The words used in these Bylaws shall have the same meaning as set forth in that Declaration of Covenants Conditions and Restrictions of Grand Harbor Section 1 recorded in the Montgomery County, Texas public records under Clerk's File No. 99029326 (said Declaration, as amended, renewed, or extended from time to time, together with any and all declarations filed of record submitting additional property to the jurisdiction of the Association (hereinafter referred to collectively as the "Declaration").

~~"Declarant", as used herein, shall mean the person or entity so defined in any and all declarations filed of record submitting the various sections of the Grand Harbor subdivision to the jurisdiction of the Association.~~

~~"Declarant Control Period", as used herein, shall mean that period during which the Declarant retains the unilateral right in the Declaration, to appoint all members of the Board. The Declarant Control Period shall continue until the earlier to occur of the following:~~

- ~~A. Until Declarant has sold all properties within all sections of the Grand Harbor subdivision; or~~
- ~~B. Until April 16, 2009; or~~
- ~~C. Until the Declarant desires to release such control and authority to the Association as evidence by an instrument recorded in the Real Property Records of Montgomery County.~~

TO:

ARTICLE I. NAME, PRINCIPAL OFFICE, AND DEFINITIONS

C. Definitions

The words used in these Bylaws shall have the same meaning as set forth in that Declaration of Covenants Conditions and Restrictions of Grand Harbor Section 1 recorded in the Montgomery County, Texas public records under Clerk's File No. 99029326 (said Declaration, as amended, renewed, or extended from time to time, together with any and all

Declarations filed of record submitting additional property to the jurisdiction of the Association, hereinafter referred to collectively as the "Declaration").

REASON FOR CHANGE:

"Declarant" and "Declarant Control Period" are no longer an integral part of the resident-owned Property Owner's Association's operation and thus are no longer valid elements within the Bylaws.

CHANGE No. 05

FROM:

ARTICLE I. NAME, PRINCIPAL OFFICE, AND DEFINITIONS

D. Property

The property affected by these Bylaws is the property described on the first recorded plat for Grand Harbor recorded under Clerk's File No. 99028551 in the Map Records of Montgomery County, Texas, and any other subdivisions which are subsequently annexed and made subject to the authority of the Association.

TO: NO CHANGE

ARTICLE II

CHANGE No. 06

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

A. Membership

The Association shall have one (1) class of memberships more fully set forth in the Declaration and specifically incorporated herein by reference.

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

A. Membership

The Association shall have one (1) class of **membership as** more fully set forth in the Declaration **Article V, Section 1**, "Membership," and specifically incorporated herein by reference.

REASON FOR CHANGE:

- 1) *Spelling Editorial Correction.*
- 2) *Add Membership Article/Section reference as per the Declaration.*

CHANGE No. 07

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

B. Place of Meetings

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors.

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

B. Types and Place of Meetings

Meetings of the Association **are either "Regular," "Annual," "Special," or "Organizational" Meetings** and shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors.

REASON FOR CHANGE:

Specify the four distinct types of meetings.

CHANGE No. 08

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

C. Annual Meetings

~~The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board. Directors to be elected by the membership shall be elected at the annual meeting.~~

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

C. Annual Meetings

The Board of Directors shall call an annual meeting of the Association members on the third Wednesday of February. Directors to be elected by the membership shall be elected at the annual meeting. If the Board of Directors does not call an annual meeting, Association members may reference [Texas Property Code, Section 209.014](#) to learn what may be done.

REASON FOR CHANGE:

1) *Wording Clarification*

2) *Ensure annual meeting can be called and conducted for electing board members.*

CHANGE No. 09

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

D. Special Meetings

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Members representing at least ten percent (10%) of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof.

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

D. Special Meetings

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors, or upon a petition signed by Members representing at least **twenty percent (20%)** of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof.

REASON FOR CHANGE:

Raise the % of petitioners needed to require a Special Meeting – eliminates petition-called meetings from being invoked by an under-representative portion of the Association’s membership.

CHANGE No. 10

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

E. Notice of Meetings

~~Written or printed notice stating the place, day, and hour of any meeting of the Association shall be delivered, either personally or by mail, fax or other electronic media, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Such notice must contain a description of the topics or issues to be discussed.~~

~~Notice to a Member by email or facsimile must be sent to the email address or facsimile number provided to the Association in writing by that Member. If emailed, the notice of meeting shall be deemed to be delivered as of the date and time shown on a confirmation that the email was opened. If faxed, the notice of meeting shall be deemed to be delivered as of the date and time shown on a written confirmation that the facsimile was successfully transmitted. For any given meeting, the Association may use any combination of the alternative methods for providing notice to the Members.~~

~~For the purpose of determining the Members entitled to notice of a meeting, the membership of the Association shall be determined on the date the notice of meeting is first given.~~

~~In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.~~

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail, first class postage prepaid, addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon prepaid. One notice, addressed to multiple Members at the same address, shall suffice if more than one (1) Member resides at any address.

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

E. Notice of Meetings

Members shall be given notice of the date, hour, place, and if the meeting is a special meeting, the purpose or purposes for which the meeting is called. The notice shall be:

1. Notices of Special and Annual meetings are mailed to each property owner not later than the 10th day or earlier than the 60th day before the date of the meeting.

2. Not later than the 10th day or earlier than the 60th day before the date of an election or vote, written notice shall be given to each owner of property in the POA for purposes of an association-wide election or vote.

For the purpose of notice of elections, or membership voting, written notice shall be given to each owner through the U.S. Postal Service. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the U.S. Mail, first class postage affixed, addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon prepaid.

REASON FOR CHANGE:

- 1) Elevate email to a primary form of meeting notification.
- 2) Word change for clarity.
- 3) Implement POA change dictated by 2011 Texas Legislature

CHANGE No. 11

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

F. Waiver of Notice

Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by a Member, either in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice in writing at the time the meeting is called to order. Further, casting a vote by a Member on any issue to be voted upon at the meeting by any technological means authorized in these Bylaws shall be deemed a waiver by such Member of notice of the meeting. Attendance at a special meeting shall also be deemed wavier of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised in writing before the business is put to a vote.

TO: NO CHANGE

CHANGE No. 12

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

G. Adjournment of Meetings

If any meeting of the Association cannot be held because a quorum is not present, either in person or by proxy, the presiding officer or a majority of the Members who are present at such meeting, in person [or by proxy], may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted. All votes cast by Members prior to the originally called meeting by proxy or by any technological means authorized in these Bylaws on issues to be considered at the meeting shall be valid and may be counted at the reconvened meeting at which a quorum is present, provided that a Member who cast a vote on an issue by proxy or by any technological means authorized in these Bylaws may change that Member's vote at any time prior to the time that a call for a vote on the issue is made at the reconvened meeting at which a quorum is present. A Member may change his vote by attending the reconvened meeting in person, submitting a proxy at the reconvened meeting which either directs or authorizes the proxy holder to vote in a different manner, or changing the Member's vote by any technological means for voting authorized in these Bylaws. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

TO:

G. Adjournment of Meetings

If any meeting of the Association cannot be held because a quorum is not present, either in person, by proxy, **by absentee ballot, or by electronic ballot**, the presiding officer or a majority of the Members who are **counted** present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted. All votes cast by Members prior to the originally called meeting **either in person, by proxy, by absentee ballot, or by electronic ballot** on issues to be considered at the meeting shall be valid and may be counted at the reconvened meeting at which a quorum is present, provided that a Member who cast a vote on an issue **either in person, by proxy, by absentee ballot, or by electronic ballot** may change that Member's vote at any time prior to the time that a call for a vote on the issue is made at the reconvened meeting at which a quorum is present. A Member may change his vote by attending the reconvened meeting in person to vote in a different manner. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

REASON FOR CHANGE:

Add appropriate language per POA attorney

CHANGE No. 13

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

H. Voting

~~The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein. Each Member may vote in person or by proxy appointed by instrument in writing and subscribed by the Member or by the duly authorized attorney of such Member. Facsimile proxies shall be valid. Electronic voting shall be valid pursuant to rules and regulations promulgated by the Board. At all meetings of Members, all questions, except those the manner of which is otherwise expressly governed by statute, the charter of the Association or by the Bylaws, shall be decided by the vote of a majority of the Members of the Association present in person or by proxy and~~

~~entitled to vote, a quorum being present. All voting shall be via voice, except that, upon the determination of the presiding officer of any meeting or upon demand of a majority of Members present or their proxies, voting on any issues remaining on the agenda at any meeting shall be by ballot. Each ballot shall be signed by the Member voting or by his proxy. At the option of the Board of Directors, any vote may be taken by mail ballot, or any combination of mail, proxy or in person. Mail ballots may be counted toward a proxy of Members present (as if in attendance at a meeting).~~

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

H. Voting

Members shall be entitled to one (1) vote for each lot they own. When more than one person holds such ownership, all such persons shall be members, and the vote for such lot shall be exercised as they may among themselves determine, but in no event shall more than one vote be cast with respect to any such lot.

REASON FOR CHANGE:

Clarify the voting policy of "One lot, one vote."

CHANGE No. 14

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

I. Majority

As used in these Bylaws, the term "majority" shall mean those votes, owners, or other groups, as the context may indicate, totaling more than fifty percent (50%) of the total eligible number.

TO: NO CHANGE

CHANGE No. 15

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

J. Quorum

Except as otherwise provided in these Bylaws or in the Declaration, the presence in person of Owners representing ten percent (10%) of the total eligible votes in the Association shall constitute a quorum at all meetings of the Association.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment. In the event, however, a sufficient number of Members leave less than a quorum at such meeting, business may continue to be conducted provided that (i) at least five percent (5%) of the total votes of the Association remains present in person and/or by proxy; and, (ii) any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

J. Quorum

Except as otherwise provided in these Bylaws or in the Declaration, the presence, in person, **by proxy, absentee, or electronic means**, of Owners representing ten percent (10%) of the total eligible votes in the Association shall constitute a quorum at meetings of the Association.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment. In the event, however, a sufficient number of Members leave less than a quorum at such meeting, business may continue to be conducted provided that:

a. At least five percent (5%) of the total votes of the Association remains present in person and/or by proxy;

and,

b. Any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

If a quorum is not present or represented as in 1 above for a Board Election meeting, the meeting shall be adjourned without notice other than announcement at the meeting and immediately reconvened for the sole purpose of election of directors. At the reconvened meeting, quorum shall be all those members counted as present whether in person, by proxy, by absentee ballot, or by electronic ballot. Directors shall be elected by a majority of those votes of members counted as present.

REASON FOR CHANGE:

Ensures quorum is adequately defined

CHANGE No. 16

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

K. Conduct of Meetings

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting and all transactions occurring at the meeting.

TO: NO CHANGE

CHANGE No. 17

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

L. Action Without a Meeting

Any action required by law to be taken at a meeting of the Association or any action that may be taken at a meeting of the Association, may be taken without a meeting if written consent setting forth the action so taken is signed by Members holding the number of votes necessary to pass a proposition concerning the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the Members.

TO:

L. Action Without a Meeting

Any action required by law to be taken at a meeting of the Association or any action that may be taken at a meeting of the Association, may be taken without a meeting if written consent setting forth the action so taken is signed by **all** Members **entitled to vote** to pass a proposition concerning the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the Members.

REASON FOR CHANGE:

Insert appropriate per POA attorney

CHANGE No. 18

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

M. Proxies and Absentee Ballots

~~At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting or by any earlier date or time specified in the notice of meeting. Every proxy shall be revocable and shall automatically cease upon: (i) conveyance by the Member of the Member's interest in the property; (ii) receipt of notice by the Secretary of the death or judicially declared incompetence of a Member; (iii) receipt of written revocation; or, (iv) expiration of eleven (11) months from the date of the proxy. In the case of a~~

~~Member's execution of more than one proxy, the proxy with the most current date shall be valid. Proxies not delivered prior to the start of any meeting or by any earlier date or time, if specified in the notice of meeting, shall not be valid.~~

~~To the extent permitted by law, a Member may vote on any issue to be voted upon by the Members under these Bylaws by absentee ballot that is delivered or mailed to the Association or transmitted to the Association by facsimile or by electronic communication over the Internet or the Association network. To be valid, any vote cast by a Member by any of the alternative means must be received by the Association by the date and time specified in the notice of meeting or, if no date and time is specified in the notice of meeting, by midnight of the day before the date of the scheduled meeting. The mechanism for voting by electronic communication must provide a sufficient method of identifying the Member and verifying the Member's vote. Any requirement imposed by the Articles of Incorporation or Bylaws or by applicable law for a signature on any such absentee ballot shall be satisfied by a digital signature otherwise meeting the requirements of such documents or applicable law.~~

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

M. Proxies and Absentee Ballots

The voting rights of an owner may be cast or given:

- a. In person or by proxy at a meeting of the property owners' association;
- b. By absentee ballot in accordance with this section; or
- c. By electronic ballot in accordance with this section; or
- d. By any method of representation or delegated voting method provided by the dedicatory instrument.

The details of the methods of voting are found in Section 209.00592 of the [Texas Property Code](#).

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature

CHANGE No. 19

FROM:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

N. Recount of Votes

NEW - NO TEXT

TO:

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

N. Recount of Votes

Any recount will be governed by Section 209.0057 of the [Texas Property Code](#).

REASON FOR CHANGE:

New Section - Implement POA changes dictated by 2011 Texas Legislature

ARTICLE III

CHANGE No. 20

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 1. Governing Body: Composition

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. ~~Except as provided in Section 2 of this Article, each Director shall be a Member in Good Standing. With the exception of Declarant, Not more than one (1) representative of a corporation or other entity that is a Member in Good Standing may serve on the Board at any given time. Further, no Members in Good Standing who are related by marriage or consanguinity may serve on the Board at the same time. Further, a Member who is a registered sex offender or who has been convicted of~~

~~a crime of moral turpitude may not serve on the Board. A "Member in Good Standing" means Declarant and (a) a Member who is not delinquent in the payment of any General Assessment, Neighborhood Assessment, Special Assessment or Tract Assessment levied by the Association against the Member's property or any interest, late charges, costs or reasonable attorney's fees added to such assessment under the provisions of the Declaration or an applicable supplemental amendment or as provided by law, (b) a Member who does not have any condition on his property which violates any provision of the Declaration or any applicable supplemental amendment which has progressed to the stage of a written notice of a hearing to be held by the Board or its designated committee, or beyond, and which remains unresolved as of the date of determination of the Member's standing, (c) a Member who has not failed to pay any fine levied against the Member and/or the Member's property pursuant to the provisions of the Declaration and Bylaws, and (d) a Member who has not failed to comply with all terms of a judgment obtained against the Member by the Association, including the payment of all sums due the Association by virtue of such judgment.~~

~~After the Declarant Control Period (as set out in Article V, Section I of the Declaration) ceases to exist, all directors must be Members. However, so long as the Declarant Control Period exists, Board members are not required to be Members. In the case of a Member that is a corporation or partnership, the person designated in writing by either proxy or a resolution to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 1. Governing Body: Composition and Membership

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. All directors must be Members of the Property Owners Association.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

Remove obsolete Declarant language.

CHANGE No. 21

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 2. Directors During Declarant Control Period

~~(a) During the existence of the Declarant Control Period, directors shall be appointed pursuant to Article V, Section 1 of the Declaration, as incorporated herein by reference.~~

~~(b) Except for directors selected by the Declarant, directors shall be elected by a majority vote of the Members.~~

~~(c) Election of directors by the members may be by any mail ballot, by vote of a majority of the Members in person or by proxy at a properly called meeting at which a quorum is present, or by any combination of the same.~~

TO:

DELETED – NO TEXT

REASON FOR CHANGE:

Remove obsolete Declarant language.

CHANGE No. 22

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 3. Right To Disapprove Actions

~~This Section 3 may not be amended without the express, written consent of the Declarant as long as the Declarant~~

Control Period exists.

~~So long as the Declarant Control Period exists, the Declarant shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section. This right shall be exercisable only by the Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The right to disapprove shall be as follows: No action authorized by the Board of Directors of a Board elected by the Members, or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:~~

~~(a) The Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address the Declarant has registered with the Secretary of the Association, as it may change from time to time; and~~

~~(b) The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board or the Association. The Declarant, its representative or agents shall make its concerns, thoughts, and suggestions known to the members of the Board. The Declarant shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Board of Directors and to be taken by the Board, the Association, or any individual Member of the Association, if Board, or Association approval is necessary for such action. This right may be exercised by the Declarant, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. The Declarant shall not use its right to disapprove to reduce the level of services that the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.~~

TO:

DELETED – NO TEXT

REASON FOR CHANGE:

Remove obsolete Declarant language.

CHANGE No. 23

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 4. Number of Directors

The number of directors in the Association shall be not less than ~~three (3)~~ nor more than seven (7), as provided in Section 6 below. ~~The initial Board shall consist of three (3) members as identified in the Articles of Incorporation, their replacements as may be appointed by the Declarant. After the Declarant Control Period ceases, the elected directors must be Members of the Association.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 2. Number of Directors

The number of directors in the Association shall be not less than **five (5)** or more than seven (7), as provided in Section 6 below. **The Board may increase the number of directors only in conjunction with the annual election. The Board shall not appoint any increase in Board members. Any decrease in the number of directors must be approved by the association membership.**

REASON FOR CHANGE:

Remove obsolete Declarant language.

Increase # of Directors for a more functional Board with improved distribution of "oversight" responsibilities

CHANGE No. 24

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 5. Term of Office of Directors

The term of office of each Director shall be for two (2) years from the date of their election or appointment.

~~At the first annual meeting following: (1) the sale of one hundred percent (100%) of the platted lots; (2) the Declarant releasing the Declarant Control Period and its authority to appoint all members of the Board of Directors as evidenced by an instrument recorded in the Real Property Records of Montgomery County; or (3) or April 16, 2009, whichever occurs first, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years and at annual meetings thereafter, the Members shall elect directors for two year terms.~~

In the event the number of directors increases as provided for in Section 4, at no time shall more than one-third (1/3) of the total number of Directors be added to the same elected term.

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 3. Term of Office of Directors

The term of office of each Director shall be dictated by the number of vacancies but shall not exceed two (2) years from the date of their election.

- When the number of director vacancies equals two (2) or less, the terms of office shall be two (2) years in duration.
- When the number of director vacancies equals three (3), the terms of office shall be two (2) directors' terms for two (2) years in duration and one (1) director's term for one (1) year.
- When the number of director vacancies equals four (4), the terms of office shall be two (2) directors' terms for two (2) years and two (2) directors' terms for one (1) year.
- When the number of director vacancies equals five (5), the terms of office shall be three (3) directors' terms for two (2) years and two (2) directors' terms for one (1) year.
- When the number of director vacancies equals six (6), the terms of office shall be three (3) directors' for two (2) years and three (3) directors' terms for one (1) year.
- When the number of director vacancies equals seven (7), the terms of office shall be four (4) directors' terms for two (2) years and three (3) directors' terms for one (1) year.

REASON FOR CHANGE:

Remove obsolete Declarant language.

Adjust Term-in-Office length to equalize future election's number of position turnover.

CHANGE No. 25

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 6. Nomination of Directors

~~Except for directors selected by the Declarant, nominations for election to the Board of Directors after the Declarant Control Period/initial term shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but in no event less than the number of positions to be filled.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 4. Board Member Election Protocol

a. Election Date

The election to fill Board Director Vacancies shall take place on the third Wednesday of February each year.

b. Board Candidacy

Each person interested in running for the Board shall provide a brief, written autobiography to the POA office in the timeframe specified by the Board. Every person declaring their candidacy will be placed on the ballot. A person convicted of a felony or crime of moral turpitude can run for office but, if elected, is immediately removed per [Texas Property Code](#), Sections 209.00591 (b) or 209.00592 (b).

c. Election Committee

No more than sixty (60) nor less than thirty (30) days prior to the election, the Board shall appoint an Election Committee composed of a nominal membership of five (5) members (an absolute minimum of three (3) members), but no more than seven (7) members, and shall designate the chair of the committee. The Election Committee shall oversee all facets of the election, including nominations, preparation of the ballots, oversight of the ballot boxes on election night, counting and tally of ballots. The Election Committee shall follow a written and published Election Procedure. In the event there are questions or controversy in the implementation of the election procedure, the Committee shall request and receive a hearing with the full Board to reconcile the issues. A Board member not up for re-election shall be chosen as non-voting liaison to the committee.

d. Ballot Voting

(1) Voting for the Board of Directors shall be on a printed ballot which shall:

(a) designate the number of vacancies to be filled;

(b) set forth the names of candidates for such vacancies with spaces opposite each name with the word "For". The order of appearance of the candidates' names on the ballot shall be determined by a quorum of the Election Committee through the drawing of names.

(2) One ballot per lot shall be prepared, each containing a random number, and mailed by the Secretary of the Association to all members of the Association, at least fourteen (14) days in advance of the date designated by the Board of Directors as the date for the election. A duplicate ballot returned that contains the same random number will be automatically voided. The candidates receiving the greater number of votes shall be elected to fill the number of positions vacant.

e. Election Results Declaration

If by the time set by the Board for the filing of applications expires and the number of vacancies on the Board of Directors to be filled at any election and the number of eligible candidates for those positions are the same or less, the Association shall not be required to follow the election procedure outlined below for these uncontested races. Rather, for reasons of economy, the Association's President, as the presiding officer of the Board of Directors shall declare the candidates officially elected by acclamation as if elected by the ballot procedure, and they shall take and hold office accordingly. The Board of Directors shall inform the members of the Association the names of the elected persons by following the process outlined in the notification of Members for elections and voting.

f. Candidacy Endorsement

The Grand Harbor Property Owners Association, any management company employed by the POA, contractors employed by the POA, non-member builder or developer, employee, or the Board may not endorse any candidate.

REASON FOR CHANGE:

- Remove obsolete Declarant language.*
- Provide for essential Election support functions*
- Establish future election's number of nominees.*

CHANGE No. 26

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 7. Removal of Directors and Vacancies

~~After termination of the Declarant Control Period, any vacancy created during the term of a Board member may be filled by the remaining directors.~~

~~Any director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. A director who was elected at large solely by the votes of Members other than the Declarant may be removed from office prior to the expiration of his or her term only by the votes of a majority of Members other than the Declarant. Upon removal of a director, a successor shall then and there be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.~~

~~Any director elected by the Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association or not in compliance with the recorded restrictions for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor.~~

~~Any director appointed by the Declarant may only be removed by a vote of the Board.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 5. Removal of Directors and Vacancies

a. Any director may be removed, with **stated** cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, **the Board in its discretion may call a special election to fill the vacancy or may decide to wait until the next annual election for the vacancy to be filled by the membership. At the next annual election, a board member will be elected to fill the remainder of the term.**

b. **If the Board is presented with written, documented evidence from a database or other record maintained by a governmental law enforcement authority that a board member has been convicted of a felony or crime involving moral turpitude, the board member is immediately ineligible to serve on the board of the POA, automatically considered removed from the board, and prohibited from future service on the board.**

c. In the event of the death, disability, or resignation (written or verbal) of a director, a vacancy may be declared by the Board, and it may appoint a successor. **The Board shall appoint a replacement to serve as director until the next annual election. At the next annual election, a board member will be elected to fill the remainder of the term.**

REASON FOR CHANGE:

*Remove obsolete Declarant language.
Implement POA changes dictated by 2011 Texas Legislature.*

CHANGE No. 27

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section I. Organizational Meetings

~~The first meeting of the Board of Directors following each annual meeting of the Membership shall be held within sixty (60) days thereafter at such time and place as shall be fixed by the Board.~~

TO:

B. Meetings

Section I. Organizational Meetings

The first meeting of the Board of Directors following each annual meeting of the Membership shall be held **no later than fifteen (15) calendar** days thereafter at such time and place as shall be fixed by the Board.

REASON FOR CHANGE:

Define deadline for Organizational Meetings.

CHANGE No. 28

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 2. Regular Meetings

~~Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to the directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.~~

~~Alternatively, the Board of Directors may schedule a regular meeting date, place and time and, after forwarding notice of the same, shall not have the obligation to give future notices until a change is made.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 2. Regular and Special Meetings

Members shall be given notice of the date, hour, place, and general subject of a regular or special board meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be:

- a. To each property owner not later than the 10th day or earlier than the 60th day before the date of a Special meeting.
- b. Provided at least 72 hours before the start of a Regular meeting by:

(1) Posting the notice in a conspicuous manner reasonably designed to provide notice to POA members located on the association's property and on any Internet website maintained by the POA, and

(2) Sending the notice by e-mail to each owner who has registered an email address with the association.

Any electronic or telephonic Board meeting without prior notice to owners must provide that each director may hear and be heard by every other director. The board may take action by unanimous consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action. Any action taken without notice to owners must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting and documented in the minutes of the next regular or special board meeting.

The board may NOT, without prior notice to owners, consider or vote on: fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions (excluding temporary restraining orders or violations involving threat to health and safety); increase in assessments; levying of special assessments; appeals from a denial of architectural control approval; or, a suspension of a right of a particular owner before the owner has an opportunity to attend a board meeting to present the owners position, including any defense, on the issue.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

CHANGE No. 29

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 3. Special Meetings

~~Special meetings of the Board of Directors shall be held when called by written notice issued at the request of the President of the Association or by written resolution of a majority of a quorum of the Board of Directors. The notice shall specify the time and place of the meeting. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, facsimile or other~~

~~such communication methods, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy two (72) hours before the time set for the meeting.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 3. Special Meetings

Special meetings of the Board of Directors shall be held when called by written notice issued at the request of the President of the Association or **in writing** by a quorum of the Board of Directors.

REASON FOR CHANGE:

Clarity of language

CHANGE No. 30

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 4. Waiver of Notice

~~The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting in writing before or at its commencement about the lack of adequate notice.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 4. Waiver of Notice

Notice of a meeting shall be deemed given to any director who attends the meeting without protesting in writing before or at its commencement about the lack of adequate notice.

REASON FOR CHANGE:

Reduce the circumstances for transactions Out-of-Regular-Meeting

CHANGE No. 31

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 5. Quorum of Board of Directors

At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

TO: NO CHANGE

CHANGE No. 32

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

- B. Meetings
Section 6. Compensation

No director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the votes of the Association at a regular or special meeting of the Association; provided, however, that a director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

- B. Meetings
Section 6. Compensation

No director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the votes of the Association at a regular or special meeting of the Association; provided, however, that a director may be reimbursed for expenses incurred on behalf of the Association upon receipt of an appropriate expense report and approval of a majority of the other directors. No director, nor director’s immediate family member, can personally benefit (that is, with money, property, or employment) as a result of the director’s position on the Board.

REASON FOR CHANGE:

- a) Board member expenses properly reported.
- b) Remove director kinship complications.

CHANGE No. 33

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

- B. Meetings
Section 7. Conduct of Meetings

The President, or her/his designee, shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

- B. Meetings
Section 7. Conduct of Meetings

The President, or her/his designee, shall preside over all meetings of the Board of Directors. The Board shall keep a record of all meetings in the form of written minutes of the meeting, and the Secretary shall keep a minute book of all meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

REASON FOR CHANGE:

Ensure adequate permanent recording of official proceedings

CHANGE No. 34

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 8. Open Meetings

~~Subject to the provisions of Section B(9) or (10) of this Article, all meetings of the Board may be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Members, to discuss or vote on matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 8. Open Meetings

Regular and special board meetings must be open to owners, subject to the right of the board to adjourn a board meeting and reconvene in closed executive session. See Article III, B, Section 10, Executive Session.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

CHANGE No. 35

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 9. Action Without a Formal Meeting

~~Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 9. Place of Meeting and Action without a Formal Meeting

Except for a meeting held by electronic or telephonic means, a board meeting must be held in a county in which all or part of the property in the subdivision is located or in a county adjacent to the county.

Any electronic or telephonic Board meeting without prior notice to owners must provide that each director may hear and be heard by every other director. The board may take action by unanimous consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action. Any action taken without notice to owners must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting and documented in the minutes of the next regular or special board meeting.

The board may NOT, without prior notice to owners, consider or vote on: fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions (excluding temporary restraining orders or violations involving threat to health and safety); increase in assessments; levying of special assessments; appeals from a denial of architectural control approval; or, a suspension of a right of a particular owner before the owner has an opportunity to attend a board meeting to present the owners position, including any defense, on the issue.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

Restrict Board's ability to decide/vote without convening a meeting.

CHANGE No. 36

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 10. Executive Session

The Board of Directors may ~~close a portion of its meetings for the purpose of discussing items which require confidentiality, matters involving the personal accounts of Lot Owners, matters currently in litigation and other matters that the Board, in its discretion, considers to be of a sensitive nature.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

B. Meetings

Section 10. Executive Session

The Board of Directors may **reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property owners association’s attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board.**

Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

CHANGE No. 37

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 1. Powers

The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers necessary for the administration of the Association's affairs.

The Board of Directors shall delegate to one (1) or more of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, that might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws, Texas law or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and for performing or causing to be performed, the following, in way of explanation, but not limitation:

- (a) preparing and adopting of annual budgets;
- (b) making assessments, establishing the means and methods of collecting such assessments, and establishing the payment schedule for Special Assessments;
- (c) collecting the assessments, depositing the proceeds thereof in a bank depository that it shall approve, and using the proceeds to operate the Association; provided, any reserve fund ~~may be deposited, in the directors' best business judgment, in depositories other than banks;~~
- (d) providing for the operation, care, upkeep and maintenance of all common areas, including entering into a contract to provide for such operation, care, upkeep and maintenance;
- (e) making or contracting for the repairs, additions, and improvements to or alterations of the common areas in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;
- (f) designating, hiring, and dismissing the personnel necessary for the operation of the Association and

the maintenance, operation, repair, and replacement of its Property and the common areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(g) making and amending rules and regulations and promulgating, implementing and collecting fines for violations of the rules and regulations;

(h) opening of bank accounts on behalf of the Association and designating the signatories required;

(i) enforcing by legal means the provisions of the Declaration, including the provisions concerning architectural control, these Bylaws, and the rules and regulations adopted by the Association and bringing any proceedings that may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities with policy limits, coverage and deductibles as deemed reasonable by the Board of Directors and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) maintaining a membership register reflecting, in alphabetical order, the names, Property addresses and mailing addresses of all Members;

(n) making available upon request to any prospective purchaser, any Owner, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Property, for any proper purpose during normal business hours by advance appointment, copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing such Property and all other books, records, and financial statements of the Association for a reasonable charge; and making copies thereof available for a reasonable charge; and

(o) permitting utility suppliers to use portions of the common areas reasonably necessary to the ongoing development or operation of the Property.

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 1. Powers

The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers **prescribed by law** or granted herein necessary for the administration of the Association's affairs.

The Board of Directors shall delegate to one (1) or more of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, that might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws, Texas law or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and for performing or causing to be performed, the following, in way of explanation, but not limitation:

a. preparing and adopting of annual budgets;

b. making assessments, establishing the means and methods of collecting such assessments, and establishing the payment schedule for Special Assessments;

c. collecting the assessments, depositing the proceeds thereof in **any federally insured** bank depository that it shall approve, and using the proceeds to operate the Association; provided, any reserve fund **shall be deposited in a federally insured institution or, if invested in any other financial instrument, approval must be obtained from a majority of a quorum of the membership vote;**

d. providing for the operation, care, upkeep and maintenance of all common areas, including entering into a contract to provide for such operation, care, upkeep and maintenance;

e. making or contracting for the repairs, additions, and improvements to or alterations of the common areas in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

f. designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its Property and the common areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties, **in accordance with the conditions of the annual budget;**

g. making and amending rules and regulations and promulgating, implementing and collecting fines for violations of the rules and regulations, **subject to the provision that such amendments of such rules and regulations be**

disclosed to the members in draft format in advance (with meeting notice) of the meeting scheduled for Board approval and implementation.;

- h. opening of bank accounts on behalf of the Association and designating the signatories required;
- i. enforcing by legal means the provisions of the Declaration, including the provisions concerning architectural control, these Bylaws, and the rules and regulations adopted by the Association and bringing any proceedings that may be instituted on behalf of or against the Owners concerning the Association;
- j. obtaining and carrying insurance against casualties and liabilities with policy limits, coverage and deductibles as deemed reasonable by the Board of Directors and paying the premium cost thereof;
- k. paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;
- l. in accordance with commonly accepted accounting practices, the Board shall maintain the books with detailed accounts of all the receipts and expenditures of the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;
- m. maintaining a membership register reflecting, in alphabetical order, the names, Property addresses and mailing addresses of record of all Members;
- n. making available upon request to any prospective purchaser, any Owner, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Property, for any proper purpose during normal business hours by advance appointment, copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing such Property and all other books, records, and financial statements of the Association for a reasonable charge; and making copies thereof available for a reasonable charge; and
- o. permitting utility suppliers to use portions of the common areas reasonably necessary to the ongoing development or operation of the Property.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

Place more emphasis or focus on certain Board steps and procedures

CHANGE No. 38

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 2. Management

The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (b), (f), (g), and (i) of Section C(1) of this Article.

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 2. Management

The Board of Directors may employ for the Association those employees necessary for the day-to-day operation of the association, at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize through established policies and procedures. The Board will establish such policies and procedures. The Board of Directors will delegate to the manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs b., g., and i. of Section C(1) of this Article.

Should the Board of Directors desire to employ a management company, the Board shall be required to give notice to the membership of a special meeting and obtain approval of sixty-seven percent (67%) of the members' votes cast at the special meeting.

REASON FOR CHANGE:

Preclude engagement of a Management Company without significant Board-implemented preplanning.

CHANGE No. 39

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 3. Accounts and Reports

The following management standards of performance ~~will~~ be followed unless the Board, by resolution, specifically determines otherwise:

1. Accrual or cash accounting, as defined by generally accepted accounting principles, shall be employed.
2. Accounting and Controls shall conform to generally accepted accounting principles.
3. Cash accounts of the Association shall not be commingled with any other account.
4. No remuneration without full disclosure and prior agreement of the Board of Directors, or as contained in a written management contract, shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association.
5. Any financial or other interest that any director, or the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors.
6. ~~Commencing at the end of the month in which the first Lot is sold and closed,~~ financial reports shall be prepared for the Association monthly containing:
 - a. an income statement reflecting all income and expense activity for the preceding period on an accrual or cash basis;
 - b. a statement reflecting all cash receipts and disbursements for the preceding period;
 - c. a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - d. a balance sheet as of the last day of the preceding period; and
 - e. a delinquency report listing ~~all Owners who are delinquent in paying any assessments~~ at the time of the report and describing the status of any action to collect such assessments that remain delinquent.
7. An annual report consisting of at least the following shall be made available ~~at the annual meeting of Members to all Members~~ within one hundred twenty (120) days after the close of the fiscal year:
 - a. a balance sheet;
 - b. an operating (income) statement; and
 - c. a statement of changes in financial position for the fiscal year. The annual report referred to above may be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant.

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 3. Accounts and Reports

The following **fiscal** management standards of performance **shall** be followed unless the Board, by resolution, specifically determines otherwise:

- a. Accrual or cash accounting, as defined by generally accepted accounting principles, shall be employed.
- b. Accounting and Controls shall conform to generally accepted accounting principles.
- c. **Accounts** of the Association shall not be commingled.
- d. No remuneration without full disclosure and prior agreement of the Board of Directors, or as contained in a written management contract, shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association.
- e. Any financial or other interest that any director or the managing agent may have in any firm providing goods or services to the Association shall be **fully** disclosed promptly to the Board of Directors.
- f. **The Board shall cause** financial reports to be prepared for the Association monthly containing:
 - (1) an income statement reflecting all income and expense activity for the preceding period on an accrual or cash basis;

- (2) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (3) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (4) a balance sheet as of the last day of the preceding period; and
 - (5) a delinquency report listing **the number of delinquent accounts** at the time of the report and describing the status of any action to collect such assessments that remain delinquent.
 - (6) **all non-recurring expenditures over \$500 shall be reported on the monthly report.**
- g. An annual report consisting of at least the following shall be made available to Members within one hundred twenty (120) days after the close of the fiscal year:
- (1) a balance sheet;
 - (2) an operating (income) statement; and
 - (3) a statement of changes in financial position for the fiscal year. The annual report referred to above may be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant.
- h. **The Board shall be responsible for the production of a Reserve Study for the Association. Based on the Reserve study, the Board shall establish minimum funding levels to accomplish the objectives of the study.**

REASON FOR CHANGE:

Elevate Board financial transaction accounting to a more transparent level.

CHANGE No. 40

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 4. Borrowing

~~The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair or restoration of the common areas or for any other proper purpose without the approval of the Members of the Association.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 4. Borrowing and Additional Obligations

a. Borrowing

Notice of and within a Special Meeting, approval of sixty-seven percent (67%) of the members' votes cast is required to borrow money on behalf of the Association.

b. Additional Section Obligations

All agreements regarding additional sections or other assets (real property assets) to be incorporated into the subdivision shall be disclosed to the membership at a minimum of thirty (30) days prior to action by the Board.

REASON FOR CHANGE:

Restrict the Board's ability to borrow without Association Member majority approval.

CHANGE No. 41

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 5. Rights of the Association

With respect to the common areas and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person or entity for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other Neighborhood owner or resident associations, both within and without the Property. Such agreements shall require the consent of a majority of the total number of directors of the Association.

~~The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the Declarant Control Period unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause.~~

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 5. Rights of the Association

With respect to the common areas and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person or entity for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other Neighborhood owner or resident associations, both within and without the Property. Such agreements shall require the consent of a majority of the total number of directors of the Association.

REASON FOR CHANGE:

Remove obsolete Declarant language.

CHANGE No. 42

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 6. Enforcement

After notice and an opportunity to be heard, if same is required by law, the Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or any person's right to use the common areas for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted by the Association; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Lot. In addition, the Association shall be entitled to suspend any services provided by the Association to a Lot in the event that the Owners of such Lot is more than thirty (30) days delinquent in paying any assessment due to the Association. In the event that an occupant, guest or invitee of a Lot Owner violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant and/or owner; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

As provided in the Declaration, each Owner is obligated to pay to the Association certain charges and Assessments, including such charges and Assessments as may be included, from time to time, by amendment to the Declaration. All costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, such charges and Assessments, as well as interest as specified in the Declaration, shall be assessed against the Owner and the Lot, and shall become part of the Assessments due on the Lot.

- a. Actual expenses, including attorney fees and court costs;
- b. A Late Processing Fee may be set annually by the Board of Directors, which may be assessed for any account that has an unpaid balance on or after thirty (30) days after due date, as an inducement to pay on time and to offset administrative costs and expenses incurred in the collection process;
- c. A Dishonored-Check Processing Fee, set by the Board of Directors, which may be assessed for any payment check dishonored by the bank, to offset the additional processing cost incurred;
- d. A Partial Payment Processing Fee, set by the Board of Directors, which may be assessed if any payment for less than the full amount due at the time payment is made, to offset the additional processing costs incurred;
- e. A Transfer Fee which may be assessed for the transfer of ownership of any Lot, including by foreclosure, to offset the administrative costs and expenses associated with:
 - (1) Quoting, verbally or in writing, the status of the Assessments and other charges due on the Lot,
 - (2) Tracking, researching, and determining or attempting to determine ownership,
 - (3) Updating the books and records of the Association to reflect the transfer, and

(4) preparing and mailing introductory information regarding the subdivision, the Association, and/or the covenants, conditions, restrictions, rules, and regulations applicable to the new owner; and

f. A Refinance Fee which may be assessed for the refinance of any Lot, to offset the administrative costs and expenses associated with quoting the status of the Assessments and other charges due on the Lot and updating the books and records of the Association.

g. A reasonable fee to assemble, copy, deliver and update a Resale Certificate.

Any such Assessment or charge that is not paid when due shall be delinquent.

Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and perform exterior maintenance) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, fines, costs to repair, including reasonable attorneys' fees actually incurred.

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 6. Enforcement

a. Before a property owners association may suspend an owners right to use a common area, file a suit against an owner, other than a suit to collect a regular or special assessment or foreclose under an association lien, charge an owner for property damage, or levy a fine for a violation of the restrictions or bylaws or rules of the association, the association or its agent must give written notice to the owner by certified mail, return receipt requested. The notice must:

(1) Describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the association from the owner, and

(2) Inform the owner that the owner is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the owner was given notice and a reasonable opportunity to cure a similar violation within the last six months; and

(3) The owner may request a hearing under section 209.007 on or before the 30th day after the date the owner receives the notice, and

(4) The owner may have special rights or relief related to the enforcement action under Federal law, including the Service members Civil Relief Act (50USC app Sec 501 et seq), if the owner is serving on active military duty.

After notice and the opportunity to be heard, as required by law, the Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owners right to use the common areas for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted by the Association; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from the subdivision or any specific lot. In addition, the Association shall be entitled to suspend any services provided by the Association to a Lot in the event that the Owners of such Lot is more than thirty (30) days delinquent in paying any assessment due to the Association. In the event that an occupant, guest or invitee of a Lot Owner violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant and/or owner; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association.

b. As provided in the Declaration, each Owner is obligated to pay to the Association certain charges and Assessments, including such charges and Assessments as may be included, from time to time, by amendment to the Declaration. All costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, such charges and Assessments, as well as interest as specified in the Declaration, shall be assessed against the Owner and the Lot, only if the owner is provided a written notice that attorney's fees and costs will be charged to the owner if the delinquency or violation continues after a certain date and shall become part of the Assessments due on the Lot:

(1) actual expenses, including attorney fees and court costs;

(2) a Late Processing Fee may be set annually by the Board of Directors, which may be assessed for any account that has an unpaid balance on or after thirty (30) days after due date, as an inducement to pay on time and to offset administrative costs and expenses incurred in the collection process;

(3) a Dishonored-Check Processing Fee, set by the Board of Directors, which may be assessed for any payment check dishonored by the bank, to offset the additional processing cost incurred;

(4) a Partial Payment Processing Fee, set by the Board of Directors, which may be assessed if any payment for less than the full amount due at the time payment is made, to offset the additional processing costs incurred;

(5) a Transfer Fee which may be assessed for the transfer of ownership of any Lot, including by foreclosure, to offset the administrative costs and expenses associated with:

- (a) quoting, verbally or in writing, the status of the Assessments and other charges due on the Lot,
- (b) tracking, researching, and determining or attempting to determine ownership,
- (c) updating the books and records of the Association to reflect the transfer, and
- (d) preparing and mailing introductory information regarding the subdivision, the Association, and or the covenants, conditions, restrictions, rules, and regulations applicable to the new owner; and

(6) a Refinance Fee which may be assessed for the refinance of any Lot, to offset the administrative costs and expenses associated with quoting the status of the Assessments and other charges due on the Lot and updating the books and records of the Association.

(7) a reasonable fee to assemble, copy, deliver and update a Resale Certificate.

c. Any such Assessment or charge that is not paid when due shall be delinquent. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, fines, costs to repair, including reasonable attorneys' fees actually incurred.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

CHANGE No. 43

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties
Section 7. Alternative Payment Schedule
NO ORIGINAL TEXT

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties
Section 7. Alternative Payment Schedule
The Board shall establish an alternative payment schedule for certain assessments by which an owner may make partial payments to the Association for delinquent payments of regular or special assessments, or any other amount owed to the association without additional monetary penalties. For the purpose of this section monetary penalty does not include reasonable costs associated with administrating the payment plan or interest on the unpaid balance. The Association shall file the association's alternative payment schedule adopted under this section in the real property records of Montgomery County.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

CHANGE No. 44

FROM:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties
Section 8. Priority of Payments
NO ORIGINAL TEXT

TO:

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

C. Powers and Duties

Section 8. Priority of Payments

Any current payment received as a result of an alternative payment schedule on a delinquent account shall be applied to the owner's debt in the following order of priority:

- a. Any delinquent assessment
- b. Any current assessment
- c. Any attorney's fees or third party collections costs incurred by the association associated solely with assessments or other charge that could provide the basis for foreclosure.
- d. Any other attorney's fees subject to the provisions of (c) above.
- e. Any fines assessed by the association.
- f. Any other amount owed to the association

If at the time the Association receives a payment from an owner that is in default under an alternative payment plan entered into with the association, the Association is not required to apply the payment or subsequent payments in the order of priority. However, at no time shall a fine assessed by the Association be given priority over any other amount owed to the Association.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

ARTICLE IV

CHANGE No. 45

FROM:

ARTICLE IV. OFFICERS

A. Officers

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of Directors may 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 (2) or more offices may be held by the same person, except the offices of President and Secretary.~~

TO:

ARTICLE IV. OFFICERS

A. Officers

The first meeting after each annual election, the Board shall elect officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of Directors may 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 (2) or more offices may be held by the same person, except the offices of President and Secretary.

REASON FOR CHANGE:

Allows any combination of multiple-office holders

CHANGE No. 46

FROM:

ARTICLE IV. OFFICERS

B. Election, Term of Office and Vacancies

The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors ~~for the unexpired portion of the term.~~

TO:

ARTICLE IV. OFFICERS

B. Election, Term of Office and Vacancies

The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors **until the next annual election.**

REASON FOR CHANGE:

Restrict the duration of any office vacancy appointment

CHANGE No. 47

FROM:

ARTICLE IV. OFFICERS

C. Removal

Any officer may be removed from office, but not as a director of the Board, with ~~or without~~ cause, by a majority vote of the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

TO:

ARTICLE IV. OFFICERS

C. Removal

Any officer may be removed from office, but not as a director of the Board, with **stated** cause, by a majority vote of the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

REASON FOR CHANGE:

Officer removal must be for publically-stated reason(s).

CHANGE No. 48

FROM:

ARTICLE IV. OFFICERS

D. Powers and Duties

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the ~~chief executive officer~~ of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

TO:

ARTICLE IV. OFFICERS

D. Powers and Duties

The officers of the Association shall each have powers and duties as described **below:**

- a. The President has responsibility for the Association’s activities, signs off on contracts and other legally-binding documents along with one other board member, sets meeting agendas and presides over any such meetings.**
- b. The Vice-President shall assume the powers and duties of the President when the President is absent.**
- c. The Treasurer shall monitor all Association financial activity and ensure all required financial reports are prepared, and made available to members, on a monthly basis.**

- d. The Secretary shall prepare, maintain, and make available to the members all meeting minutes. The Secretary shall also ensure that all officers and board members have signed the Code of Ethics and the Confidentiality Policy acknowledgements and said documents are placed in the appropriate Association files.

REASON FOR CHANGE:

Reduces the apparent authority of the Board of Directors President and defines officers duties.

CHANGE No. 49

FROM:

ARTICLE IV. OFFICERS

E. Resignation

Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

TO:

E. Resignation

Any officer **or Board Member** may resign at any time by giving written **or verbal** notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. **Any verbal notice shall be immediately reduced to writing in both the minutes and in a confirming letter or email to the resigning Board member.**

REASON FOR CHANGE:

Clarification

CHANGE No. 50

FROM:

ARTICLE IV. OFFICERS

F. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or such other person or persons as may be designated by resolution of the Board of Directors.

TO: Agreements, Contracts, Deeds, Leases, Checks, Etc.

With prior approval of a majority of the Board, all agreements, contracts, deeds, leases, and other instruments of the Association shall be executed by at least two (2) officers or such other person or persons as may be designated by resolution of the Board of Directors. **The Board may establish a check writing policy for routine administrative recurring expenses.**

REASON FOR CHANGE:

Clarification that transactions occur only after majority Board approval.

ARTICLE V

CHANGE No. 51

FROM:

ARTICLE V. COMMITTEES

The Board of Directors is hereby authorized to establish committees to perform such tasks and to serve for such

periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee and in accordance with such rules as are adopted by the Board of Directors. All committees of the Association shall be vested with advisory powers only and ~~is~~ not authorized to act on behalf of the Association.

TO:

ARTICLE V. COMMITTEES

The Board of Directors is hereby authorized to establish committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee and in accordance with such rules as are adopted by the Board of Directors. **With the exception of the Architectural Control Committee (ACC), all committees of the Association shall be vested with advisory powers only and are not authorized to act on behalf of the Association. The ACC, governed by the subdivision's "Covenants, Conditions and Restrictions" (i.e., Declarations), has other limited approval responsibilities.**

REASON FOR CHANGE:

Clarification that the ACC has semi-autonomous authority separate from the Board of Directors.

ARTICLE VI

CHANGE No. 52

FROM:

ARTICLE VI. MISCELLANEOUS

- A. Fiscal Year
The fiscal year of the Association shall be January 1st to December 31st of each year.

TO: NO CHANGE

CHANGE No. 53

FROM:

ARTICLE VI. MISCELLANEOUS

- B. Parliamentary Rules
Except as may be modified by Board resolution, Robert's Rules of Order (current edition) may govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these Bylaws.

TO: NO CHANGE

CHANGE No. 54

FROM:

ARTICLE VI. MISCELLANEOUS

- C. Conflicts
If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration, and/or these Bylaws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

TO: NO CHANGE

CHANGE No. 55

FROM:

ARTICLE VI. MISCELLANEOUS

D. Books and Records

Section 1. Inspection by Members and Mortgagees

~~The Declaration, Bylaws, and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Members, Members, the Board, and committees shall be made available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Lot, Member of the Association, or by the duly appointed representative of any of the foregoing at any reasonable time and for a proper purpose during normal business hours at the office of the Association or at such other place within the Property as the Board shall prescribe, by appointment.~~

Section 2. Rules for Inspection

~~The Board may establish reasonable rules with respect to:~~

- ~~a. notice to be given to the custodian of records;~~
- ~~b. hours and days of the week when such an inspection may be made by appointment for a proper purpose;~~
- ~~c. payment of the cost of reproducing copies of documents requested.~~

and;

Section 3. Inspection by Directors

~~Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical Property owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.~~

TO:

D. Books and Records

The Association records shall be maintained in accordance with [Texas Property Code, Section 209.005](#), or as may be amended by the state legislature.

REASON FOR CHANGE:

Implement POA changes dictated by 2011 Texas Legislature.

CHANGE No. 56

FROM:

ARTICLE VI. MISCELLANEOUS

E. Notices

Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first-class postage pre-paid:

- a. if to a Member at the address that the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or
- b. if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

TO:

ARTICLE VI. MISCELLANEOUS

E. Notices

Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first-class postage pre-paid:

- a. if to a Member at the **postal and/or electronic** address that the Member has designated in writing and filed

with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or
b. if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

It is the duty of the Member to provide a current postal and/or electronic address to the Association.

REASON FOR CHANGE:

Clarification of Member addresses involved

CHANGE No. 57

FROM:

ARTICLE VI. MISCELLANEOUS

F. Amendment

~~These Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of a majority of the Board of Directors and the consent of the Declarant during the Declarant Control Period; or, after termination of the Declarant Control Period, by two-thirds (2/3) of the votes of the Association present, in person or by proxy, at any regular or special meeting. Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.~~

~~No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.~~

TO:

ARTICLE VI. MISCELLANEOUS

F. Amendment

These Bylaws may be amended only by the affirmative vote or written consent of two-thirds (2/3) of the votes of the Association present, in person, by proxy, by absentee ballot, or by electronic ballot, **once a quorum of members is established** at any regular or special meeting.

REASON FOR CHANGE:

Clarification on the basis for voting – need for consent from a two-thirds majority of quorum.

CHANGE No. 58

FROM:

ARTICLE VI. MISCELLANEOUS

G. Indemnity

To the fullest extent permitted by applicable law, Association shall and does hereby agree to indemnify, protect, hold harmless and defend its officers, directors, and committee members, hereinafter referred to as "Indemnitees" from and against all claims, demands, damages, injuries, losses, liens, causes of action, suits, judgments, penalties, liabilities, debts, costs and expenses, including court costs and attorneys' fees (collectively, "Liabilities"), of any nature, kind or description, whether arising out of contract, tort, strict liability, misrepresentation, violation of applicable law and/or any cause whatsoever (including without limitation, claims for injuries to or death of any person, or damages to or loss of any property) of any person or entity directly or indirectly arising out of, caused by, in connection with, or resulting from any act or omission of any of the indemnitees; provided, however, that the Association shall not indemnify the Indemnitees for any Liabilities arising as a result of the gross negligence or willful misconduct of Indemnitees. THE OBLIGATIONS OF THE ASSOCIATION UNDER THIS SECTION SHALL APPLY TO LIABILITIES EVEN IF SUCH LIABILITIES ARE CAUSED IN WHOLE OR IN PART BY THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY OF ANY INDEMNITEE AND WHETHER OR NOT SUCH SOLE OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY WAS ACTIVE OR PASSIVE.

The Indemnitees shall promptly advise the Association in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and Association, at Association's expense, shall assume on behalf of

Indemnitees and conduct with due diligence and in good faith the defense thereof with competent trial counsel, provided, however, that Indemnitees shall have the right, at their own option, to be represented therein by advisory counsel of their own selection and at their own expense.

In the event of the failure by Association to fully perform its obligations in accordance with this Section, Indemnitees, at their option, and without relieving Association of its obligations hereunder, may so perform, but all costs and expenses so incurred by Indemnitees in that event shall be reimbursed by the Association to Indemnitees, together with interest, on the same from the date any such expense was paid by Indemnitees until reimbursed by the Association, at the highest lawful rate of interest allowed under applicable usury laws of the State of Texas (or if no maximum rate is applicable, at the rate of eighteen percent (18%) per annum). The indemnification shall not be limited to damages, compensation or benefits payable under insurance policies. It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the indemnification obligations under this Section, such legal limitations are made a part of indemnification obligations and shall operate to amend the indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, the indemnification obligations shall continue in full force and effect.

TO:

G. Indemnity

To the fullest extent permitted by applicable law, Association shall and does hereby agree to indemnify, protect, hold harmless and defend its **present or former** officers, directors, **employees, managing agent**, and committee members, hereinafter referred to as "**Indemnitees**" from and against all claims, demands, damages, injuries, losses, liens, causes of action, suits, judgments, penalties, liabilities, debts, costs and expenses, including court costs and attorneys' fees (collectively, "**Liabilities**"), of any nature, kind or description, whether arising out of contract, tort, strict liability, misrepresentation, violation of applicable law and/or any cause whatsoever (including without limitation, claims for injuries to or death of any person, or damages to or loss of any property) of any person or entity directly or indirectly arising out of, caused by, in connection with, or resulting from any act or omission of any of the Indemnitees **while acting in the capacity in which they are named or while acting on behalf of the Association**. Provided, however, that the Association shall not indemnify the Indemnitees for any Liabilities arising as a result of the gross negligence, **intentional misconduct, actual fraud**, or willful misconduct of **or by** Indemnitees. THE OBLIGATIONS OF THE ASSOCIATION UNDER THIS SECTION SHALL APPLY TO LIABILITIES EVEN IF SUCH LIABILITIES ARE CAUSED IN WHOLE OR IN PART BY THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY OF ANY INDEMNITEE AND WHETHER OR NOT SUCH SOLE OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY WAS ACTIVE OR PASSIVE.

The Indemnitees shall promptly advise the Association in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and Association, at Association's expense, shall assume on behalf of Indemnitees and conduct with due diligence and in good faith the defense thereof with competent trial counsel. Provided, however, that Indemnitees shall have the right, at their own option, to be represented therein by advisory counsel of their own selection and at their own expense.

In the event of the failure by Association to fully perform its obligations in accordance with this Section, Indemnitees, at their option, and without relieving Association of its obligations hereunder, may so perform, but all costs and expenses so incurred by Indemnitees in that event shall be reimbursed by the Association to Indemnitees, together with interest, on the same from the date any such expense was paid by Indemnitees until reimbursed by the Association, at the highest lawful rate of interest allowed under applicable usury laws of the State of Texas (or if no maximum rate is applicable, at the rate of eighteen percent (18%) per annum). The indemnification shall not be limited to damages, compensation or benefits payable under insurance policies. **However, any insurance monies received by the Indemnitees for the purpose of this Indemnity or defense of any of the Liabilities shall be paid to the Association to reimburse it for any out of pocket monies spent for such purpose or defense, if any.**

It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the indemnification obligations under this Section, such legal limitations are made a part of indemnification obligations and shall operate to amend the indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, the indemnification obligations shall continue in full force and effect. **For such purpose, the Association adopts and incorporates into this Indemnity the Business Organizations Code Sections 8.001 – 8.152, including but not limited to Sections 8.103(c), 8.104 (b), and 8.105(a), as they may be amended from time to time.**

REASON FOR CHANGE:

Updates per POA attorney

CHANGE No. 59

FROM:

ARTICLE VI. MISCELLANEOUS

H. Business Judgment Rule

Any act or thing done by any Director, Officer, or Committee Member taken in furtherance of the purposes of the corporation, and accomplished in conformity with the procedures set forth in the Declaration, Articles of Incorporation, the laws of the State of Texas, and/or these Bylaws, shall be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing done shall not be a breach of duty on the part of the Director, Officer, or Committee Member if they have been done within the exercise of their discretion and judgment.

The Business Judgment Rule means that a court shall not substitute its judgment for that of the Director, Officer or Committee Member. A court shall not re-examine the quality of the decisions made by the Director, Officer, or Committee Member by determining the reasonableness of the decision as long as the decision is made in good faith in what the Director, Officer, or Committee Member believes to be the best interest of the corporation.

TO:

NO CHANGE

CHANGE No. 60

FROM:

ARTICLE VI. MISCELLANEOUS

I. Owner Conflict

If an Owner is involved in litigation with the Association as to a conflict of interpretation of the Declaration of Covenants, Conditions and Restrictions for Grand Harbor, the Articles of Incorporation for the Grand Harbor Property Owners' Association, rules and regulations promulgated by the Association, or these Bylaws, and/or the amount of delinquent assessments, that Owner may not participate in any Association meeting or activity.

TO:

DELETED

REASON FOR CHANGE:

Deleted per POA attorney

CHANGE No.61

FROM:

ARTICLE VI. MISCELLANEOUS

J. Dissolution

The corporation may be dissolved pursuant to Article 1396-6.01 of the Texas Non-profit Corporation Act, or its successor statute. If the corporation is dissolved, the assets shall be dedicated to a public body or conveyed to a non-profit corporation with similar purposes.

TO:

I. Dissolution

The corporation may be dissolved or terminated pursuant to Section 22.301, et seq of the Texas Business Organizations Code for Nonprofit Corporations, or its successor statutes.

REASON FOR CHANGE:

Update per POA attorney
