

Affidavit of David L. Lane

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Before me, the undersigned authority, appeared David L. Lane, who, being duly sworn, deposes and says:

“My name is David L. Lane. I have personal knowledge of the facts contained herein, all of which are true and correct.

Attached to this affidavit is a true and correct copy of the current bylaws of Gates Ranch Property Owners Association, Inc.”

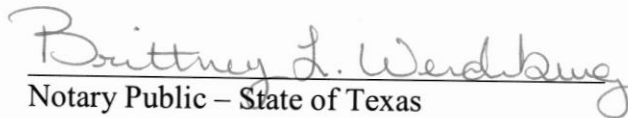
Signed on January 18, 2013

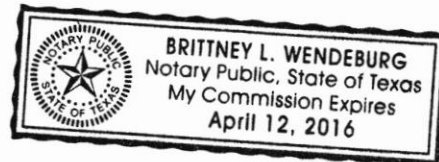


David L. Lane

State of Texas
County of Harris

Sworn to and subscribed before me, the undersigned authority, by David L. Lane, on this the 18th day of January, 2013.


Notary Public – State of Texas



Bylaws of**GATES RANCH PROPERTY OWNERS' ASSOCIATION, INC.****Basic Information**

- Name:** GATES RANCH PROPERTY OWNERS' ASSOCIATION, INC. (the "Association"), established by the Certificate of Formation filed with the Secretary of State of Texas on January 20, 2009, under file number _____.
- Principal Office:** 20 Briar Hollow Lane, Houston, Texas 77027
- Declaration:** The Declaration of Covenants, Conditions, and Restrictions of Gates Ranch, recorded in the real property records of Washington County, Texas, as amended and restated from time to time.
- Definitions:** Capitalized terms used but not defined herein have the meaning set forth in the Declaration.
- Voting Members:** Members entitled to vote or their proxies. Any Member delinquent in payment of any Assessment is not a Voting Member.

A. Members

1. *Membership.* Every Owner is a Member of the Association. Membership is appurtenant to and may not be separated from ownership of a Lot. Membership is not severable as an individual right and cannot be separately conveyed to any person or entity. The Association has two classes of voting Members:
 - a. *Class A.* Class A Members are all Owners, other than Declarant. Class A Members have one vote per acre and a fractional vote per fraction of an acre. Multiple owners of any single Lot must vote in agreement (under any method they devise among themselves), and in no case shall such multiple owners cast portions of votes. The vote attributable to any single Lot must be voted in the same manner (all for, or all against a particular issue).
 - b. *Class B.* Class B Members are Declarant and such Owner(s) as Declarant may, in Declarant's sole discretion, confer Class B membership upon. Each Class B Member has 10 votes for each whole acre owned. The Class B membership ceases and converts to Class A membership on the earlier of:
 - i. when Declarant has sold 100% of the Lots out of the Property;

- ii. when Declarant desires to cease to be a Class B Member as evidenced in an instrument recorded in the Real Property Records of Washington County, Texas; or
- iii January 17, 2019.

2. *Place of Meeting.* Members meetings will be held at the Association's principal office or at another place designated by the Board.

3. *Annual Meetings.* The first Members meeting will be held within three (3) months after the formation of the Association. Subsequent regular annual Members meetings will be held on within one hundred and twenty (120) days from the end of the Association's fiscal year.

4. *Special Meetings.* The President may call special meetings. The President must call a special meeting if directed by the Board or by a petition signed by not less than 25% percent of the Class A Members eligible as Voting Members.

5. *Notice of Meetings.* Written notice stating the place, day, and hour of each Members meeting, other than a reconvened meeting, must be given to each Member not less than fourteen (14) nor more than thirty (30) days before the meeting. The special Members meeting notices must also state the meeting's purpose, and no business may be conducted except as stated in the notice. Notice to a Member is deemed given when hand delivered or mailed. If mailed, notice is deemed given (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, and addressed to the Member at the Member's address as it appears in the records of the Association.

6. *Waiver of Notice.* A Member may, in writing, waive notice of a meeting. Attendance at a meeting is a waiver of notice of the meeting, unless the Member objects to lack of notice when the meeting is called to order.

7. *Quorum.* Members holding 20% of the votes which may be cast at the meeting shall constitute a quorum at such meeting. If a Members meeting cannot be held because a quorum is not present, a majority of the Voting Members who are present may adjourn the meeting. At the reconvened meeting, Members holding 15% of the votes which may be cast at the meeting shall constitute a quorum. If a quorum is not present, a majority of the Voting Members who are present may adjourn the meeting. At the second reconvened meeting, a majority of the Board is a quorum. Written notice of the place, date, and hour of each reconvened meeting must be given to each Member not more than thirty (30) nor less than ten (10) days before the reconvened meeting.

8. *Majority Vote.* Votes representing more than 50% of the Voting Members present at a meeting at which a quorum is present are a majority vote. A majority vote shall be necessary to approve a matter to be voted upon by Members.

9. *Proxies.* Voting Members may vote by written proxy. No proxy shall be valid after eleven (11) months from the date of execution, unless otherwise provided in the proxy.

10. *Conduct of Meetings.* The President will preside over Members meetings. The Secretary will keep minutes of the meetings and will record in a minute book the votes of the Members.

B. The Board

1. *Governing Body; Initial Composition.* The affairs of the Association are governed by the Board of Directors ("Board"). Each Director has one vote. The initial Board is composed of the Directors appointed in the Association's Certificate of Formation.

2. *Number of Directors.* The Board consists of not less than three nor more than five Directors. Within those limits, the Board may change the number of Directors. No decrease may shorten the term of a Director.

3. *Term of Office.* The initial Directors serve until the first annual meeting of Members. So long as Class B Member(s) select Directors, Directors shall serve one year terms. As of the first annual Members meeting when there are no Class B Members, the terms of Directors shall be staggered so that at least one-third of the Board will be elected each year. The initial Board after there are no Class B Members will determine the initial term, not to exceed three years, of each Director, and at the expiration of the initial term of an elected Director, each successor will have a term of three years. Any Director may serve consecutive terms.

4. *Selection; Election.* Class B Member(s), so long as they have a Class B membership, shall appoint all of the Directors annually. At the first annual Members meeting when there are no Class B Members, successors for each Director whose term is expiring will be elected by a majority vote of the Voting Members. Cumulative voting is prohibited. Directors elected by the Voting Members will hold office until their respective successors have been elected.

5. *Removal of Directors and Vacancies*

a. *Removal by Members.* Any Director appointed by Class B Member(s) may be removed, with or without cause, by a majority of the Class B Members. Any Director elected by Class A Voting Members may be removed, with or without cause, by a majority vote of the Class A Voting Members at a Members meeting. Any Director whose removal is sought will be given notice of the proposed removal.

b. *Removal by Board.* Any Director may be removed at a Board meeting if the Director:

i. failed to attend three (3) consecutive Board meetings;

- ii. failed to attend 50% percent of Board meetings within one year;
 - iii. is delinquent in the payment of any Assessment for more than forty-five (45) days; or
 - iv. is the subject of an enforcement action by the Association for violation of the governing documents.
- c. *Vacancies.* A Director's position becomes vacant if the Director dies, becomes incapacitated, or resigns.
- d. *Successors.* If a Director is removed or a vacancy exists, a successor will be elected by the remaining Directors for the unexpired term of his predecessor in office.
6. *Compensation.* Directors will not receive compensation. A Director may be reimbursed for expenses approved by the Board. Nothing herein shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefore.
7. *Powers.* The Board has all powers necessary to administer the Association's affairs.
8. *Management.* The Board may employ a managing agent. Declarant, or an affiliate of Declarant, may be the managing agent.
9. *Accounts and Reports.* Accounting and controls must conform to good accounting practices. Accounts will not be commingled with accounts of other persons. The following financial reports will be prepared at least annually:
- a. An income statement reflecting all income and expense activity for the preceding period.
 - 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.
 - e. A delinquency report listing all Owners who are delinquent by more than 45 days in paying any Assessment and describing the status of any action to collect those delinquent Assessments.

10. *Borrowing.* The Board may borrow money to maintain, repair, or restore any Common Area without the approval of the Voting Members. If approved in advance by the Voting Members in the same manner as approving a Special Assessment, the Board may borrow money for any other purpose.

11. *Rights of Association.* With respect to the Common Area, and in accordance with the Declaration, the Association will have the right to contract with any person for the performance of various duties and functions. Such agreements require the approval of the Board.

12. *Enforcement Procedures*

- a. *Notice.* Before the Board may (1) suspend an Owner's right to use a Common Area, (2) file a suit against an Owner other than a suit to collect any Assessment, (3) foreclose the Association's lien, (4) charge an Owner for property damage, or (5) levy a fine for a violation of the Governing Documents, the Association or its agent must give written notice to the Owner by certified mail, return receipt requested. The notice must 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. The notice also must inform the Owner that the Owner (1) 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 preceding six months and (2) may request a hearing on or before the thirtieth (30th) day after the date the Owner receives the notice.
- b. *Hearing.* If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee. If a hearing is to be held before a committee, the notice must state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.

The Association must hold a hearing under this section not later than the thirtieth (30th) day after the date the Board receives the Owner's request for a hearing and must notify the Owner of the date, time, and place of the hearing not later than the tenth (10th) day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement will be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Before any sanction hereunder becomes effective, proof of proper notice will be placed in the

minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered the notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within a thirty-day period. Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

- c. *Appeal.* Following hearing before a committee, if any, the violator will have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent, if any, President, or Secretary within five (5) days after the hearing date.
- d. *Changes in Law.* The Board may change the enforcement procedures set out in this section to comply with changes in law.

C. Board Meetings

1. *Regular Meetings.* Regular meetings of the Board will be held at such time and place as determined by the Board, but at least one (1) such meeting will be held during each fiscal year. Notice of the time, date, and place of the meeting will be given to Directors not less than ten (10) days before the meeting.

2. *Special Meetings.* Special meetings will be held when called by written notice signed by the President or by any two Directors. The notice will specify the time, date, and place of the meeting and the matters to be covered at the meeting.

3. *Waiver of Notice.* The actions of the Board at any meeting are valid if (1) a quorum is present and (2) either proper notice of the meeting was given to each Director or a written waiver of notice is given by any Director who did not receive proper notice of the meeting. Proper notice of a meeting will be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of proper notice.

4. *Quorum of Board.* At all meetings, a majority of the Directors will constitute a quorum, and the votes of a majority of the Directors present at a meeting at which a quorum is present constitutes the decision of the Board unless the act of a greater number is required by law. If the Board cannot act because a quorum is not present, a majority of the Directors who are present may adjourn the meeting to a date 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 may have been transacted at the meeting originally called may be transacted without further notice.

5. *Conduct of Meetings.* The President will preside at Board meetings. The Secretary will keep minutes of the meetings and will record in a minute book the votes of the Directors.

6. *Proxies.* Directors may vote by written proxy.

7. *Action without Meeting.* Any action that may be taken at a Board meeting may be taken without a meeting by written consent setting forth the action taken signed by a sufficient number of Directors as would be necessary to take that action at a meeting.

D. Officers

1. *Officers.* The Officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer and such other Officers as may be elected in accordance with the provisions of this Article. The Board may elect or appoint such other Officers, including 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. Any two or more offices may be held by the same person, except the office of President and Secretary.

2. *Election, Term of Office, and Vacancies.* Officers will be elected annually by the Board at the first meeting of the Board following each annual meeting of the Voting Members. A vacancy in any office may be filled by the Board for the unexpired portion of the term.

3. *Removal.* The Board may remove any Officer whenever, in the Board's judgment, the interests of the Association will be served thereby.

4. *Powers and Duties.* Officers have such powers and duties as are generally associated with their respective offices and as may be specifically conferred by the Board. The President is the chief executive officer of the Association. The Treasurer has primary responsibility for the preparation of the budget and financial reports and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

5. *Resignation.* Any Officer may resign at any time by giving written notice to each Director, the President, or the Secretary. Resignation takes effect on the date of the receipt of the notice or at any later time specified in the notice.

E. Committees

The Board may establish any number of committees by resolution and authorize the committees to perform the duties described in the resolution.

F. Contracts, Checks, Deposits, and Funds

1. *Contracts.* The Board may authorize any Officer or Officers, agent or agents of the Association, in addition to the Officers so authorized by these by-laws, to enter into such

contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

2. *Checks, Drafts, etc.* All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such Officer or Officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or Vice President of the Association.

3. *Deposits.* All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

4. *Gifts.* The Board may accept on behalf of the Association any contribution, gift, bequest or devise for the general purpose or for any special purpose of the Association.

G. Miscellaneous

1. *Fiscal Year.* The Board may establish the Association's fiscal year by resolution. In the absence of a Board resolution determining otherwise, the Association's fiscal year is a calendar year.

2. *Rules for Meeting.* The Board may adopt rules for the conduct of meetings of Members, the Board, and its committees.

3. *Conflict.* The Declaration controls over these Bylaws.

4. *Inspection of Books and Records*

a. *Inspection by Member.* After a written request to the Association, a Member may examine and copy, in person or by agent, any Association books and records relevant to that purpose. The Board may establish rules concerning the (1) written request; (2) hours, days of the week, and place; and (3) payment of costs related to a Member's inspection and copying of books and records.

b. *Inspection by Director.* A Director has the right, at any reasonable time, and at the Association's expense, to (1) examine and copy the Association's books and records at the Association's Principal Office and (2) inspect the Association's properties.

5. *Notices.* Any notice required or permitted by the Association's governing documents must be in writing. Notices regarding enforcement actions must be given by certified mail, return receipt requested. All other notices may be given by regular mail. Notice is deemed delivered (whether actually received or not) when properly deposited with the United States

Postal Service, addressed to (1) a Member at the Member's last known address according to the Association's records; or, as applicable, (2) the Association, the Board, or a managing agent at the Association's Principal Office or another address designated in a notice to the Members. Unless otherwise required by law or the governing documents, actual notice, however delivered, is sufficient.

6. *Amendment.* These Bylaws may be amended, altered or repealed and new Bylaws adopted at any time by the majority vote of the Directors present at any regular or special meeting of the Board if at least two (2) days' written notice is given of the intention to amend, alter or repeal or to adopt new Bylaws at such meeting. This provision will not be construed as limiting the Board's power to amend the enforcement procedures to comply with changes in law.

The foregoing Bylaws of the Association are hereby adopted by the undersigned, being all of the Directors of such Association named in the Certificate of Formation of the Association, on this 19th day of January, 2009.

FILED FOR RECORD
WASHINGTON COUNTY, TEXAS

2013 JAN 22 PM 4:44

Beth A. Rothermel
WASHINGTON COUNTY CLERK

David S. Wolff

David L. Lane

David W. Hightower

Kristen Y. Marney

Elizabeth W. Rogers

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

JAN 23 2013

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas



RETURN TO:
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Upchurch & Yates, L.L.P
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P.O. Box 1808
Prenham, Texas 77834-1808

FORM 1122B-E-0203

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