

BY-LAWS
OF
WOODLAND HILLS TRAIL ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is Woodland Hills Trail Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 800 Bell Avenue, Houston, Texas, but meetings of members and directors may be held at such places within the State of Texas, County of Harris, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Woodland Hills Trail Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and for the free flow of pedestrian and bicycle traffic to and from the adjoining common area or areas of an adjoining association or associations and to and from common area or areas contiguous thereto.

Section 4. "Lot" shall mean and refer to any plot of land or apartment, townhouse, or patio house living unit shown upon any recorded subdivision map of the Properties with the exception of any Commercial Land, public school land, church land, and the Common Area.

Section 5. "Commercial Land" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties and restricted to commercial use or any plot of land

within the boundaries of the Properties which is subject to a use restriction other than residential by virtue of a deed or other legal instrument of record in the office of the County Clerk of Harris and Montgomery Counties, Texas, with the exception of any Lot, public school land, church land and Common Area.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or apartment, townhouse, patio house living unit or tract of Commercial Land which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to Friendswood Development Company and King Ranch, Inc., its successors and assigns if such successors or assigns should acquire the property from the Declarant for the purpose of development.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the County Clerk of Harris or Montgomery County, Texas.

Section 9. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board

of Directors, or upon written request of the members who are entitled to vote one-fourth ($\frac{1}{4}$) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting entitled to cast, or of proxies entitled to cast, one-tenth ($\frac{1}{10}$) of the vote of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot or apartment, townhouse, patio house living unit or Commercial Land.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of eleven (11) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting, the members shall elect four directors for a term of one year, four directors for a term of two years, and three directors for a term of three years; and at each annual meeting thereafter, the members shall elect four directors for a term of three years EXCEPT that at each third annual meeting after the first annual meeting, the members shall elect three directors for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining member of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at

each 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 not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities,

and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth ($\frac{1}{4}$) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot and apartment, townhouse, patio house

living unit and tract of Commercial Land at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause all that one-half ($\frac{1}{2}$) of Kingwood Drive, Woodland Hills Drive and Northpark Drive streets which are adjacent to Woodland Hills Village to be swept and lighted and all of that one-half ($\frac{1}{2}$) of the esplanades within such streets and all the Common Area to be maintained from the funds received through the annual assessment, which assessment funds shall be apportioned and expended in an equitable manner over the entire applicable street and esplanade area and all of the Common Area owned by the Association.

(h) cause the Common Area to remain open for the free flow of pedestrian and bicycle traffic to and from the adjoining common area or areas of an adjoining association or associations, and to common area or areas contiguous thereto.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, who shall

at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed; or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the

Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and promissory notes.

(b) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall have authority to sign promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a competent accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of seven (7) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the streets or Common Area or abandonment of his Lot, townhouse, patio house living unit or Commercial Land.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: WOODLAND HILLS TRAIL ASSOCIATION.

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote or a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans' Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws; the Declaration shall control.

ARTICLE XIV

INDEMNIFICATION

Section 1. When Indemnification is Required, Permitted, and Prohibited.

(a) The Corporation shall indemnify a director, officer, Committee member, or agent of the Corporation who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Corporation. For the purpose of this article, an agent includes one who is or was serving or working at the request of the Corporation. However, the Corporation shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Corporation's best interests. In a case of criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Corporation shall not indemnify a person who is found liable to the Corporation or if found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the Corporation.

(c) The Corporation shall pay or reimburse expenses incurred by a director, officer, committee member, or agent of the Corporation in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Corporation when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this Section, the Corporation may indemnify a director, officer, committee member, or agent of the Corporation to the extent permitted by law. However, the Corporation shall not indemnify any person in any situation in which indemnification is prohibited by the terms of paragraph (a), above.

(e) Before the final disposition of a proceeding, the Corporation may pay indemnification expenses permitted by the bylaws and authorized by the Corporation. However, the Corporation shall not pay indemnification expenses

to a person before the final disposition of a proceeding if: the person is named defendant or respondent in an proceeding brought by the Corporation or the person is alleged to have improperly received a personal benefit or committed other wilful or intentional misconduct.

(f) If the Corporation may indemnify a person under the bylaws, the person may be indemnified against judgements, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Section 2. Procedures Relating to Indemnification Payments.

(a) Before the Corporation may pay any indemnification expenses (including attorney's fees), the Corporation shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in Section 2(c), below. The Corporation may make these determinations and decisions by any one of the following procedures:

(i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

(ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding.

(iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in Section 2(a)(i) or Section 2(a)(ii), or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

(iv) Majority vote of members, excluding directors who are named defendants or respondents in the proceeding.

(b) The Corporation shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by Section 2(a)(iii), above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, or a resolution of members of the Board of Directors that requires

the indemnification permitted by Section 1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(c) The Corporation shall pay indemnification expenses before final disposition of a proceeding only after the Corporation determines that the facts then known would not preclude indemnification and the Corporation receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under Section 2(a), above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Corporation if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the members of the Corporation. The report shall be made with or before the notice of waiver of notice of the next membership meeting, or with or before the next submission to members of a consent to action without a meeting. In any case, the report shall be sent within the 12-month period immediately following the date of the indemnification or advance.

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ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all the directors of the WOODLAND HILLS TRAIL ASSOCIATION, have hereunto set our hands this 25 day of April 1989.

Janice H. Douglas
Janice H. Douglas

Jim Hemingway
Jim Hemingway

John T. Douglas, Jr.
John T. Douglas, Jr.

Robert O. Little, Jr.
Robert O. Little, Jr.

Bernard E. Ekstrom
Bernard E. Ekstrom

Mark Parrott
Mark Parrott

Verna R. Ekstrom
Verna R. Ekstrom

H. H. Trussell, Jr.
H. H. Trussell, Jr.

Ronald L. Hagest
Ronald L. Hagest

Stephanie Wentzel
Stephanie Wentzel

STATE OF TEXAS

COUNTY OF HARRIS

I, Leigh A. Sitton, a Notary Public, do hereby certify that on this 25 day of April 1989, personally appeared before me, the above ~~two~~ ~~seven~~ seven (7) persons, who being by me first duly sworn, declared that they are the persons who signed the foregoing document as directors and that the statements therein contained are true.

Leigh A. Sitton
Notary Public in and for
Harris County, Texas
LEIGH A. SITTON 4/23/91

ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all the directors of the WOODLAND HILLS TRAIL ASSOCIATION, have hereunto set our hands this 24 day of May 1989.

~~Janice H. Douglas~~

~~Jim Hemingway~~

~~John T. Douglas, Jr.~~

~~Robert O. Little, Jr.~~

~~Bernard E. Ekstrom~~

~~Mark Parrott~~

~~Verna R. Ekstrom~~

~~H. H. Trussell, Jr.~~

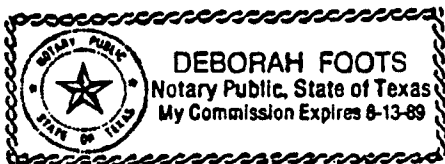
~~Ronald L. Hagest~~

~~Stephanie Wentzel~~

STATE OF TEXAS

COUNTY OF HARRIS

I, Deborah Foots, a Notary Public, do hereby certify that on this 24 day of May 1989, personally appeared before me, the above ~~person (10)~~ person~~s~~, who being by me first duly sworn, declared that ~~he is they are~~ the person~~s~~ who signed the foregoing document as director~~s~~ and that the statements therein contained are true.



Deborah Foots
Notary Public in and for
Harris County, Texas

ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all the directors of the WOODLAND HILLS TRAIL ASSOCIATION, have hereunto set our hands this 30th day of May 1989.

Janice H. Douglas

Jim Hemingway
Jim Hemingway

John T. Douglas, Jr.

Robert O. Little, Jr.

Bernard E. Ekstrom

Mark Parrott

Verna R. Ekstrom

H. H. Trussell, Jr.

Ronald L. Hagest

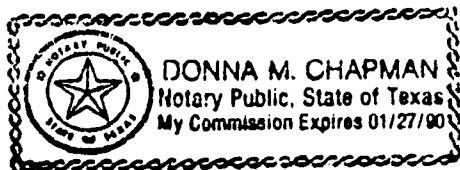
Stephanie Wentzel

STATE OF TEXAS

COUNTY OF HARRIS

I, DONNA M. CHAPMAN, a Notary Public, do hereby certify that on this 30th day of MAY 1989, personally appeared before me, the above ~~ten (10)~~ person~~s~~, who being by me first duly sworn, declared that ~~they are~~ ^{he is} the person~~s~~ who signed the foregoing document as director~~s~~ and that the statements therein contained are true.

Donna M. Chapman
Notary Public in and for
Harris County, Texas



ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all the directors of the WOODLAND HILLS TRAIL ASSOCIATION, have hereunto set our hands this _____ day of _____ 1989.

~~Janice H. Douglas~~

~~Jim Hemingway~~

~~John T. Douglas, Jr.~~

~~Robert O. Little, Jr.~~

~~Bernard E. Ekstrom~~

~~Mark Parrott~~

~~Verna R. Ekstrom~~

~~H. H. Trussell, Jr.~~

~~Ronald L. Hagest~~

~~Stephanie Wentzel~~

STATE OF TEXAS

COUNTY OF HARRIS

I, [Signature], a Notary Public, do hereby certify that on this 23rd day of SEPTEMBER 1989, personally appeared before me, the above ~~ten (10)~~ person~~s~~, who being by me first duly sworn, declared that ~~they are~~ ^{he is} the person~~s~~ who signed the foregoing document as director~~s~~ and that the statements therein contained are true.

[Signature]
Notary Public in and for
Harris County, Texas