## BY-LAWS

of
hidden Lake townhouse hoaleowners association, inc.

## ARTICLEI

Section 1. The words "the property" as used in these ByLaws shall be deemed to mean the following described real property situated in Harris County, Texas, described on the attached Exhibit "A".

## ARTICLE II

The name of this Corporation shall be HIDDEN LAKE TOWNHOUSE HOMEOWNERS ASSOCIATION, INC. Its principal office shall be located at 704 Worthsnire, Houston, Texas 77008.

## ARTICLEIII

Section 1. The purposes for which this Corporation is formed are the civic and socie: benefit and betterment of the residents and property owners of HIDDEN LAKE TOWNHOUSES Planned Unit Development, which purposes are meve specifically described as follows:
(a) To exercise all of the powers and privileges and to perform all of the cuties and obligations of the Gerpontion as ses farth in the Declaration of Covenants, Comdions and Restrictions (the "Restratons") ser HDDEN LARE TOWMHOUSES Hianed Unit Development;
 assessments pursuant to the terms of the Restrictions referred to foreinabove; to pay all expenses in comnertion therewith and all office and other expenses incident to the condert
of the business of this Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of this Corporation;
(c) To acquire by gift or pu:chase or to otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of this Corporation subject to the limitations of the Restrictions;
(d) To borrow money, to mortgage, pledge or hypothecate any or all of its real or personal property as security ior money borrowed or debts incurred, subject to the limitations of the Restrictions;
(e) To provice for services seci as garbage anci rubbish collections and disposal;
(f) To promote and provice recreational facilities for the residents and the property owners of the property;

(h) To maintain streets, street lights, sidewalks and traffic controls;
(i) To provide general sanitation and cleanliness of common areas;

(k) To provide mainterarae of crainage facilities;
(1) To provide maintensence and upkeep of common areas and facilities and of

(m) To provide eny activey meassary for the mutual benefit of resident owners, and to have and to exercise any end all powers, rights, and privileges which a corporation creanized under the Nen-Profit Corporation laws of the State of Texas, by law may now or horeafter cxercise.

Section 2. The Corporation may annex additional residential property and common , area as provided in the Deciaration of Covenants, Conditions and Restrictions applicable to $\therefore$ apreparty.

## ARTICLEIV

The Corporation shall have and continuously maintain in the State of Texas a registered office and a regisiered agent, whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office in the State of 'Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

## ARTICLE V

Section 1. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject, by covenants of record, to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. . No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from any ownership of any Lot which is subject to essessinent by the Association. Ownership of such Lot shall be the sole qualification for membership. Any mo-tgagee or iienholder who acquires title to any Lo: which is a part of the Property, through judicial or non-judicial foreclosures or by a deed in lieu of foreclosure, shall be a member of the Association.

Section 2. The Asseciation shell have two classes of voting menbership.
CLASSA: Class A members siall be all Cwners, with the exception of REALTEX EQUITIES, INC., Trustee, its successors and asigns, who shal be entitled to cne voie for each Lot owned. When more than one person holds such interest in any Lot, all such persons stall be ? B-avers. The vote for such Lot shall ba wercised as they anona themselves determine, but in no event shall mote than one vose be cast with respect io any Lot.

CLASS B: Class B member(s) shall be REALTEX EQUITES, NC., and its successurs,
and shall be entitled to three (3) votes for each Lot owned, provided that the Class $B$ membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:
(a) when the total votes outstanding in the Class A mentership equal the total votes outstanding in the Class $B$ membership, or
(b) five (5) years from the filing of the Declaration in the Deed Records of Harris' County, Texas.
Section 3. The annual meeting of the members shall be held on the first Thurs in Nov._ of each year, at 7:00 o'clock P.A., if not a legal holiday, and if a legal holiday, then on the next succeeding business day, for the purpase of electing Directors (after the term of office of the initial Board of Directors or the successors to the initial Board of Directors has terminated), and for the transaction of any and all such other business which may be brought before or submitted to the meeting. All annual meetings of the members shall be held at the office of the Corporation in the City of Houston, Texas, unless otherwise determined by the Board of Directors. No notice cf the annual meetings shell be necessary.

Section 4. Special meetirgs of the members shall be held at the office of the Corporation in the City of Houston, Texas, or at such other places as may be deaignatect in the notice of, waver, or waivers of notice of the respective meetings. Special meetings of the members may be called by the Prestient or by a majo-ity of the ciectors or by a vote of each class of members. Written notice of each saciel meoting shal state the time and place thercof and indicete beiotly the purpose or putposes thereof. Notice may be sent by

 on the property at their respective addresses, as shewn by the records of the Corporaticn, at least ten (10) and rot more then fify (50) days prior to the date set ser the hoidig of the
meeting. Unless otherwise indicated in the notice or waiver or wainers of notice thereof, any and all business may be transacted, at any annual or special meesing of the members. However, no vote to (i) alienate, hypothecate, transer or assign the Association's interest in the common areas, (ii) change the assessment provisions of Article IV of the Declaration of Covenants, Conditions and Restrictions, (iii) discontime professional management of the Property and assume self-managenent by the Association, or (iv) approve; modify, accept or otherwise affect or reject any plan of condemnation of the Property shall be effective until all Lienholders have been nozified of said vote and given a period of thirty (30) days in which to contact the Owners or the Association and suggest adterna-ives or changes in the Association's plans.

Section 5. Those persens or entities holding a majority of the total votes, either in person or by proxy, shall constitute a quorum for ali purposes at any meeting of the members. If the number of members necessary to constitute a cuarum at any annual or special meeting is not present in persen or by proxy, the members may adjourn such meeting from time to time without rotice unth the number recusite to constitute a quorum shall be present in person or by proxy. Trose members folding a majority of all the votes of the members present.in person or by proxy, may also ajicurn any annizl or special meeting from time to time without notico, other than by anowicement at ibe meeting, until the transaction of any and business submitted or prozased to be submitued to such meeting or any adournment or adounarens thereof shall heve been completef. At eny subh adowned meeting at which'a guorun mey be present, in parsen of by praw, any business may be transacted which might heve seen tansected at the meeting as or:ainally noticed or called.
 raise the annual arsessments acoreng to the torms of Articlo : $\because$ of the Decteration of Covenants, Condions and Restretinns. or (ii) to mexe a Specia Ansessment for captal


Restrictions, must be approved in witing by members entitled to cast two-thirds (2/3) of the votes of the Association.

Section 7. The President of the Corporation, or in his absence, a Vice President of the Corporation, shall call the merber meetings to order and in addition shall act as Chairman. In the absence of the Presican: and a Vice Fresicent of the Corporation, the members present may appoint a Chaitmen. The Secretary of the Corporation, or in his absence, an Secretary, shall act as Secretary on meatings of the members but in the absence of the Secretary and an Assistent Secreia: , the presicing officer may appoint any person to act as Secretary of the meeting.

Section 8. At all meetings of members, all questions, except those expressly governed by statute, the Charter of the Corparation, these By-Laws or the Deciaration of Covenants, Conditions and Restrictions stall ie cecicad by a simple majority of the votes of the menbers present in person or $5:$ Froxy at a meeting duly called with a guorum present. All voting shall be by voice, except thet, upon the cetermination of the presiding officer of any meeting of upon the demand o Eny Member or his proxy, voting may be by secret ballot. Each ballot shall be signed by the menber voting or by his proxy. Cumulative voting for Directors is expressly prohibited, A! voting shall be by members in person or by proxy as Ellowed by statute.

Section 9. Informal ectic.. Tie Corporation may act, with or without a meeting, on ay issue on which a vote of the menjers is tezured by cotaining the written consent of nembers heving the reacisite majotiy of all outstanding votes of menbers of the corporation.

ARTICLE VI
Section1. The business End aroperty of the Corporation shall be managed and fontrolled by the Board of Breazes and sam be suject io the restrictions imposed by law,
by the Articles of Incorporation of this Corporation, by these By-Laws and by the Restrictions on the property. The Board of Directors may exercise all of the powers of the Corporation.

The number of Directors initially, shall be three (3). The Board of Directos may, by majority vote of its onn menbers, increase the Board to seven (7) members. Notwithstanding-the foregoing, until the election of Directors at the first annual meeting of the members, the three initial Board of Directors shall so serve.

At the first amual meentr the Cless A members shall elect two (2) Directors for a term of one (1) year, and the $\mathbb{C}$ : $\equiv s s 5$ member(s) shall elect three (3) Directors for a term of one (1) year; and at each arni: meeting thereafter the same procedure shall be followed until there are no longer any $C$ : $\equiv s s$ B member's'; and at such time the Class A members shall thereafter elect the enire ถu=rd of Directors. Any Director may be removed from the Board for cause, by a majority of the votes entitled to be cast by those members present in person or represented by prow at a meeting of the members at which a quorum is present. In the event of death, resignazinn or renoval of a Director, his successer shall be selected by the remaining members of fie Eard and shall serve for the unexpired term of his predecessor. The Directors need not be members of this Corporation.

Section 2. The Directors may hod their moetings and heve offices and keep the boons of the Corporation, excapt es Otherwise provided by statute, at the office of the Corporation.

Section 3. Nö Dtector $\equiv$ :E! receive componsation for any service he may rencer to the Corporation. However, Eny Director may be reimbursed for his actual reasonable abonses indured in the gerforance of his luties.

Soction 4. At the Erst rocetng of the Board of Drectors :O each year at which a Gorun is present, the Bourd of Oterors shall prooed to the clectin of the officers of the
 by the President, or a majority of the Directors in office. Notice of eaci special meeting shall be given by any officer of the Corporation by telegraph, mail, telephone or personal delivery to each Director at his residence or usual place of business at least two (2) days prior to the meeting. Unless ctinerwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every Director siali be present, even though without any notige, any business may be transacted.

Section 7. The majority of the Directors then in office shall constitute a guorin for the transaction of business, but if at any meeting of the Board of Directors there is less than a cuorum present, the majority of those present may adjourn the meeting from time io time without notice, other than by announcement at a meeting, until a quorun is present or in atendance thereat. The act of a rajority of the Directors present at a mecting ar wisch a Worm is in attendance shall constitute the act of the Board of Directors, except as atherwise fonded by law, the Charter of the Corporation, these By-Iaws, er the Restrictions.

Sertion 3. At meotirigs of the Board of Directors, business shall be trensacted in such
 Sourd of Directers the Prestent shal preside, nd in the absence of the Presifent, a Oharman sha!l be chosen frem the Directors present. The Secrotary of the Corparaion shall act es Secretary of all mentings of the Board of Directors, hut in the absence of the

Secretary, the presiding officer may appoint any person to act as Sectetary of the meeting.
Section 9. No Director of Officer of the Corporation shall be required to devote his time or render services exclusively to the Corporation. Each Director and Officer of the Corporation shall be free to engage in any and all other businesses and activities either similar or dissimilar to the business of the Corporation without hability to this Corporation. Likewise, each and every Director and Officer of the Corporation, may become a Director or Officer of any orther corporation or corporations, entitiy or entities, whether or not the purposes of the other corporation conflicts with the business or activities of this Corporation, without breach of duty to this Corporation or its members or without liability of any character or description to the Corporation or its members. No contract or other transaction of this Corporaticn shall ever be affected by the fact that any Director or Officer of the Corporation is interested in, or connected with any party to such contract or iransaction, or is a pariy to sucin contract or transactions, provided that suci contract or transaction shall be approved by a majority of the disinterested Directors present at a meeting of the Board of Direcars a: which such centract or trasaction shall be authorized er conifirmed.

## ARTICLE VII

Section 1. The officers of the Corporation shall consist of a President (who shall be a Fi:ector), one or more Vice Fresidents, a Treasurer, a Secretary and such other officers, :-anding but not binited to cae or more assistant secrataries and one or mere assistant :Ws:mers, as the Beard oi Diectors mey from time to time elect pr appint. Any two or roue offices may be held by the sme person, exest the office on aresicent and Secretary. $\therefore$ : officers shall be subject to :cmo:al, with c: athaut cause, at any time, by vote of a nataity of the whole Board oi Directors. A verarci; in the office of any officer shall be soned by a wote of ameporty of the Directors then in office.

Section 5. Each Assistant Treasurer shall have the usual powers and duties pertainigs to his office, together with such other powers and duties as may be assigned to him by the Board of Directors. The Assistant Treasurer shall exercise the powers of the Treasure: during that Officer:s absence or inability to act.

Section 6. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members in books provided for that: - purpose. He shall attend to the giving and serving of all notices and he may sign with tito President or a Vice Presicent in the neme of the Corporation all contracts, conveyances, transfers, assignments, authorizations and other instruments of the Corporation and afix the seal of the Corporation thereto. He shall have charge of and maintain and keep such books and papers as the Beard of Directors may direct. These books and papers shall be open to inspection by any Director, member of the Association or any hoder of a first mortgase on any Townhouse curing normal business hours. He shall in general perform all duties incident to the Office of Secretary subject to the control of the Board of Directors.

Section 7. Each Rssistant Secretary shall have the usual powers and duties pertainiag to the office, together with such other powers and duties as may be assigned to such off:ce: by the Board of Directors. The Assistant Secretaries shall exercise the powers of the Secretery during that officer's ejsence or inability to act.

## ARTICLE VII


 enter into any concact on e:ecto and deliver anyinstrument, or to sph other thingstes :it
 specific instanees. itowever, untess so authorized by the Board of Directors or expressiy Guthorized by the By-Laws, ro officer or agent or employee shall bave any fouer or
authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable in any manner.

Section 2. No loan sha:' be contrected on behalf of the Corporation, and no negoviable papers shall be issued in its name unless authorized by the Board of Directors.

Section 3. All checks, erafts and other orders for the payment of money out of the funds of the Corporation, and all notes and other evidences of indebtedness of the - Corporation shall be signed ca tetalf of the Corporation and in such manner as shall from time to time be determined $y$ : sesolution of the Board of Directors.

Section 4. All funds of zite Corporation not otherwise employed shall be deposited from time to time to the crejt of the Corporation in such banks or other depositories as the Board of Directors may selecz. For the purpose of such deposits, any officer, agent or employ delegated by the Beare of Directers, shall have the power to endorse, assign and deliver for deposit cinecks, disits and other orders for the payment of money which are payable to the order of the Coravation.

Section 5. The Board ci Dtreators, within ninety (90) days of the fiscal year end, shall cause to be prepared, and sha: make available to any Owner or first mortgage hoider, anual audited financial statements os rine Corporation.

## ARTICLE IX

 Anh calendar year.

Section 2. The seal of tie Corporation shall be circular in form and have inscribed theren the nome of the cerptrition.
 of these By-I aws, said notice still be deemed to be whitient if ziven by depositing the

thereto at his post ofince addess, as it appears on the books of the Corporation, and such notice shall be deemed to heve been given on the cay of such maing. A waver of notice, Whether before or after the time stated therein, shall be deened equivalent to notice.

Section 4. Any director or oificer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein; or if no time is speofied, at the time of its receipt by the Pesident or Secretary. The acceptance of the resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

## ARTICLEX

Except to the extent that such liabiiity or damage or injury is covered by insurance proceeds, the Board of Directors may authorize the Association to pay expenses incurred by, or to satisfy a judgment or inse reajered or levied against a present or former director, officer, committee member cr employee of the Association in an action brought by a third Farty against such person, whether or not the Association is joined as a party ceferdant, to impose a liability or penalty cn such person while a director, officer, committee member or enployee; proviced, the Board of Directors determines in good faith that such director, officer or employee was acting in good faith within what he reasonably believed to be the sope of his mployment or authority and for a purpose which he reasonably believed to be in :he best interests of the Assaciation or its Mernbers. Payments zuthorjzed hereunar andude enounts paid and experses incured in setting any wh artion or throanod artion. The frovisions of this Section shat aply to the estase, exectror, administrator, feirs Segitees or devisees of a cirector, officer, committee momber or enployec, and the term




permitted by law.

## ARTICLEXI

These By-Laws may be anended by a written wate of two-thirds (2/3) of the votes entitled to be cast by the members of the Corporation at any annual or special meeting of the members.

Nothing herein shal! authorize the menbers or the Board to ater or amend any of the - By-Laws in conflict with the provisions of the Decleration of Covenants, Concitions and Restrictions applicable to the Property.

The words "anenc" and "anended" shall be broady interpreted to include alterations, modifications, adoitions and reped, in whole or in part.

## ARTICLE XII

Other provisions of tiese By=Laws notwithstanding in order to inhance the marketability in the secondary market of loans secured by units in HIDDEN LAKE TOWNHOUSES the following provisions shall apply:
(a) Except for the Ownes Assuciation's right to grant easements for utilitics and similar or related purposes, as set out in Section 2.1 of the Declaration, the Cummon Areas and fachities may not be abonaten, released, tansferred, hypothecated, or otherwise cocumbered without the approis! of all folders of first mortgage liens on units in HIDDEN LYE TOVNHOUSES.
(b) Upon prior written regest io the Owners Association, the holder of a firstian anorgage on any mit in HDDEN L. ME TOWNHOUSES will be entited to:
 bours,


(3) Receive written notice of all meetings of the Association and designate a representative to attend all such meetings.
(c) The holders of firs: mortgage liens on units in HiDDEN LAKE TOWNHOUSES will be given notice prior to:
(1) Abandonment or termination of the Association,
(2) Any inaterial amendment to the Declaration, Articles of Incorporation or these By-Laws, and
(3) Any decision on the part of the Association to terminate professional management and assume self-manasement.
(d) Any lease agreement between a unit owner and a lessee shall be in writing, provided that the terms be subject to the Declaration, Articles of Incorporation and these By-Laws, and state that any failure by the lessee to comply with the terms of such documents shall be a default under the lease.
(e) Any institutional reatgage holder will be given notice of any proceeding or proposed acquisition through condemnation or eminent domain not more than twenty (an) Says after receipt of same by the Association.
(f) The failure of any wit owner to comply with the provisions of the Declaration, Ey-Laws and the Articles of Irasoporation of the Owners Association will give raise so a cause of action in the Owners speciation and in any aggrieved unit owner for the recovery ai reneges or for injunctive re: lief or both.
(g) Any management Element for HDDEN BAKE ROWHOUSES sian be terminable for cause upon this $\because$ ( 30 ) days written notice thereof by the Association. The
 tarecossive cro-your periods:

The ByLaws adopted by the Bard of Directors of the Corporation at the firs: meaning Sos the Board of Directors held in Houston, Texas, on the . Cay of

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1979.

HIDDEN LAKE TOWNHOUSE HOMEOWNERS ASSOCIATION, INC.

Secretary


On the $27^{41}$ day of March, 2002, came on for trial the above-entitled and numbered cause filed by Plaintiff, Hidden Lakb Townhouse Homeowners Associntion, Inc. ("Association"), against Defendants, Bobby Dean Phillips, Chbryl Brookshire, Lucille Birkholz, Ruth FOWLER STALEY and DIANNE SZKODY. Plaintiff appeared in person and by its attomey of record, WILLIAMS. CHESNEx, III, and announced ready for trial. The Defendants, BOBBY DEAN PHILLIPS, Cheryl Brookshms and Ruth Fowler Stalisy appeared in person and by their attomey of record, and Luciliz BrakHolz and Dianne SzkoDy appeared by their attomey of record, Deboraif Frink, and did not otherwise appear. The Court, having reviewed the pleadings, and upon agreement of the parties, is of the opinion a Declaratory Judgment should be entered as provided hereinafter.

It IS, Therefore, Ordered and Decreed that pursuant to the TbXas Unfform Declaratory Judomint Act, $\$ 37.001$ et seq, the Court makes the following findings regarding the rights, status and legal relationship of the Association and Defendants:
(a) The Declaration of Covenants, Conditions and Restrictions of HIDDEN LAKB Townhomes, dated July 7, 1975, and recorded under Harris County Clerk's Fils No. B 479928 and Film Code No. 123-10-0563 of the Harris County Real Property Records ("Declaration"), is a valid

- K9898Declarntory fitgment. 2
and enforceable contract;
(b) The Declaration and By-Laws dated 1979 govern the management and operation of the Association, including the date, time and place of the meeting of members;
(c) Any and all proxies executed by Association members prior to April 2, 2002, are null and void;
(d) The November 1, 2001, "Annual Meeting" held by Defendants is null and void;
(e) Article V, Section 3 of the Association's By-Laws has been amended and adopted by a uniform course of procceding, usage and acquiescence by the Association membership as it relates to the date of the Annual Meeting of members;
(f) All future Annual Meetings of members shall be hold on the first Thursday in November of each year at 7:00 p.m. at the clubhouse located on the property, umless the date and place is changed by the Board of Directors and with advance written notice to all members, either Malcod es in person or by written notice, dolizeredrer postmarked ten (10) days prior to the date scheculed by the Board of Directors for the Annual Meeting.

IT is Further Ordered and Decreed:
(a) The 2001 Annual Meeting of members of the Association shall be held on Wednesday, May 1, 2002, at 7:00 p.m. at the clubhouse located on the Association property, for the purpose of electing seven (7) Board of Directors for the November 2001 - November 2002 term;
(b) The Association shall provide written notice to all members of the Association of the date, time and place of the 2001 Annual Meeting, which has been approved in advance by the Master in Chancery;
(c) The Association shall transmit to all Association members the sole proxy form to be utilized in the election of the Board of Directors, which has been approved in advance by the

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Master in Chancery;
(d) The election of the Board of Directors shall be supervised, and to thenextend nary, conducted by Frank Svetlik, who has been appointed Master in Chancery by that certain ORDer of Reference entered April 2, 2002;
(e) Any Association member may run for the Board of Directors upon application and receipt by the Master in Chancery by April 15, 2002, at 5:00 p.m.;
(f) The election results shall be transmitted to the Court by written report of the Master in Chancery as provided in the Order or Reference;
(g) The By-Laws of the Association dated 1979, attached as Exhibit "A" to PLANNTIFr's Original Petition for Declaratory Judgment shall be put in recordable form and forthwith filed of record in the Real Property Records of the Harris County Clerk's office.

If is Further Ordered and Decreed that the claims for attomeys' fees sought in this case shall be severed from the cause and determined at a subsequent date by the Court. APR 052002 SIGNED this $\qquad$ day of April, 2002.


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K9898Declaratary Judgmensh.$

APPROVED:

FRANK, RLMORX, LIEVENS CHENEY \& TURET, L.L.P.


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: ATTORNEY FOR DEFENDANTS

 THE STATE OF TEXAS
COUNTY OF HARRIS

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RECORDERS MEMORANDUM
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blackouts, additions and changes were present at the time the Instrument was filed and recorded.```

