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BYLAWS OF  
KNOLLWOOD VILLAGE CIVIC CLUB  
A TEXAS NONPROFIT CORPORATION  
(Incorporated April 20, 1990)  
**As Revised January 27, 2004**

ARTICLE I

The name of this corporation shall be "Knollwood Village Civic Club". In these bylaws, "Club" and "Corporation" shall both refer to Knollwood Village Civic Club. Membership therein shall be limited to property owners and non-owner residents in the ten sections constituting Knollwood Village Subdivision, and property owners and non-owner residents of Braes Terrace, Section 2 Subdivision, additions to the City of Houston, Harris County, Texas who have fully paid the required dues to the Treasurer. There can be only one voting member per property, with owners taking priority over non-owner residents.

ARTICLE II

The goals of the Club shall be to promote civic pride, develop social welfare and establish public unity in the community; to obtain needed improvements for the community; to enforce deed restrictions in the ten sections constituting Knollwood Village and in Braes Terrace, Section 2; and to assist in economic, civic and social enterprises or activities that are for the welfare of the community.

ARTICLE III

The Club shall have as officers a President, a Vice President, a Secretary, and a Treasurer, who shall serve for a period of one year, or until their successors are elected. The Board of Directors shall consist of the President, Vice President, Secretary, and Treasurer who must all be resident property owners in Knollwood Village or Braes Terrace, Section 2, up to twenty Directors who are resident property owners of Knollwood Village, and up to two Directors who are resident property owners of Braes Terrace, Section 2. At least two members shall be chosen from each Section of Knollwood Village, if possible. Each of the non-officer Directors is to be elected for a three year term by a majority of the board members voting at any board meeting duly called for the purpose of electing Directors, and shall be presented for approval by majority vote at the next general meeting. Vacancies in the position of non-officer Directors shall be filled for the remainder of the unexpired term at a regular board meeting with the same approval requirement.

ARTICLE IV

The fiscal year of the Club shall be coextensive with the calendar year.

ARTICLE V

The bylaws may be amended at any general meeting by two-thirds majority vote, provided that a summary of such proposed amendment shall have been submitted in writing at a previous general meeting and the entire membership shall have been notified by mail, email or other recipient-specific electronic communication including but not limited to fax, or manual home delivery, of the exact proposed amendment and date and location of the meeting at least two (2) weeks prior to the meeting at which time such proposed amendment will be voted on.

## ARTICLE VI

Twenty members of this Club, as defined in Article I, shall constitute a quorum at a general meeting of the membership. All general meetings shall be open to property owners and other residents in Knollwood Village and Braes Terrace Section Two, but the privilege of making motions, debating and voting shall be limited to members.

Notice of each general meeting shall be by the same means as enumerated in Article V, or may be given by notice in the Club's newsletter delivered no more than four nor less than one week prior to said meeting.

## ARTICLE VII

The annual dues for the fiscal year shall be fixed by majority vote of the members at any general meeting, and a record of the amount so fixed shall be recorded in the minutes.

## ARTICLE VIII

The Officers shall be elected for each ensuing year by a majority vote of members at an annual general meeting duly noticed and called for that purpose.

In case of a vacancy occurring in the office of President, Vice President, Secretary, Treasurer or Board of Directors, temporary successors can be appointed to unexpired vacancies by the Board of Directors and can serve until confirmed or replaced by election at the next general meeting.

## ARTICLE IX

The President shall preside at all meetings of this Club, preserve order, enforce the Articles of Incorporation and their Bylaws, and exercise supervision of its affairs generally. The President shall decide all questions of procedure and order of the Club. The President shall not be required to vote except in case of a tie vote at elections of officers. The President shall, with the advice and consent of the Board of Directors by majority vote, create committees, appoint committee membership, shall be a member of the Board of Directors, and shall see that all officers properly respond to and perform all duties that may be placed upon them.

The Vice President shall assist the President in the discharge of the President's duties and occupy the chair in the President's absence. The Vice President, in the event of the President's office becoming vacant or the President being otherwise unavailable, shall discharge the duties and assume the responsibilities of the office of President. The Vice President shall act as a member of the Board of Directors and Finance Committee.

The Secretary shall keep a true and correct record of all the proceedings of this Club, conduct all correspondence as requested by the Board and shall keep the minutes of all meetings.

The Treasurer shall receive all dues of the members. The Treasurer shall report the finances of the Club at each regular meeting, and shall be a member of all committees of this Club required to receive or disburse money.

The duties of the Board of Directors of this Club shall be to determine the policy of the Club; to outline, plan, determine, and execute the business and activities of the Club; to discuss, plan, determine, and, through the officers of the Club, carry out the projects of the organization. The Board shall have the power to expend Club funds for proper purposes. The Board shall have the power to remove Board members, officers, and committee members by two-thirds majority vote of a poll of the full membership of the Board. Any such vacancy shall be filled as enumerated in Articles III and VIII.

All resolutions passed, committees appointed, plans and projects agreed upon, and the business of the Club determined upon by the Board of Directors shall be submitted to the Club at a general meeting for its information, and unless rescinded by two-thirds majority vote, shall be binding upon

the members thereof. Emergency expenditures may be made by any two officers, one of which shall be the Treasurer, without notice to the remainder of the Board. "Emergency expenditures" are defined as those necessary to the fulfillment of previously enacted policies of the Club, which must be made in a manner and time that would reasonably preclude giving prior notice to the Board. Notice of any such expenditure shall be given to the Board as soon as possible.

The Board of Directors shall meet upon call of the President or Vice President, or at least 3 Board members whenever any shall deem a meeting necessary for the benefit of the Club. Eight members of the Board shall constitute a quorum. A majority vote of the members shall be required to act, and action shall be binding upon the members of the club unless and until rescinded at a general meeting. Between Board meetings, should issues arise requiring a Board vote, votes may be taken by phone or electronic mail providing the full membership of the Board is polled, each member is provided the same information regarding issues and providing voting is subject to Board quorum requirements of this Article.

#### ARTICLE X

This Club shall meet annually in January of each year for the election of officers, and any other business that may arise, at a time specified and noticed by the Board of Directors, and at other times duly specified and noticed by the Board of Directors. All other business meetings shall be meetings of the Board of Directors specially called by at least three (3) days' notice which may be given by electronic mail or telephone (which period may be waived by any three (3) members of the Board) by the President or in the President's absence by the Vice President or by not fewer than three (3) members of the Board of Directors.

There may be social gatherings of this Club at such times as shall be recommended and approved by the Board of Directors, or by the Club at any general meeting.

There shall be, in addition to such committees as the Board of Directors determine upon, the following standing committees, with the number of members thereof determined by the Board of Directors with such duties as the Board of Directors may designate, each committee to consist of an odd number of members with a minimum of three.

- Architectural Control Committee (ACC)
- Membership, Telephone, and Welcoming Committee
- Restrictions Enforcement Committee
- Street, Easement, Bridge, and Drainage Committee
- Legal Committee
- Garden and Beautification Committee
- Finance Committee

The ACC shall consist of 3 members. The ACC shall operate under published processes from the Board of Directors in accordance with existing Deed Restrictions. Published processes shall provide for an appeal process to the Board in the case of an ACC ruling in dispute and may provide for ACC membership term limits. Generally the ACC will rule on whether plans for new construction and remodeling conform to deed restrictions. Specific notice of ACC member appointment or removal by the Board of Directors shall be given at the next Club General Meeting following the appointment or removal. Notwithstanding the provisions of Article I, property owners whose Deed Restrictions provide the ACC authority shall be eligible to vote at general meetings on Club resolutions involving the ACC (per Article IX) regardless of their having paid Club dues. Such voters shall not, however, count towards a general meeting quorum for other Club business. Notwithstanding the provisions of Article IX, non-owner residents shall not be eligible to vote on Club resolutions involving the ACC since the Deed Restrictions only grant property owners the authority to vote on ACC concerns. In the event the Club fails to perform its responsibility to appoint new or renewed ACC members, the ACC shall be responsible for such appointments per the Knollwood Village Deed Restrictions.

## ARTICLE XI

Effective as of the date hereof, a director of the Club shall not be liable to the Club or its members for monetary damages for an act or omission in the director's capacity as a director; provided, however, that this limitation of liability shall not eliminate or limit the liability of a director for:

- a) A breach of a director's duty of loyalty to the Club or its members;
- b) An act or omission not in good faith that involves intentional misconduct or a knowing violation of law;
- c) A transaction for which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office;
- d) An act or omission for which the liability of a director is expressly provided by statute; or
- e) An act related to an unlawful stock purchase or payment of a dividend.

## ARTICLE XII

### Indemnification

The Club, by action of its Board of Directors, (a) may indemnify any director, officer, employee or agent of the Club, and nominees and designees who are not or were not officers, employees, or agents of the Club but who are or were serving at the request of the Club as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another enterprise or employee benefit plan as and to the fullest extent permitted by law and (b) shall indemnify such persons as and to the extent required by law.

Expenses incurred by any person who may be indemnified by the Club under this Article in defending any pending, threatened or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative, or investigative, any appeal in such action, suit or proceeding and any inquiry or investigation that could lead to such an action, suit or proceeding, may be paid by the Club in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case, in the manner and to the extent permitted by law.

The agreement of the Club to indemnify any officer, director or other person pursuant to this Article shall not be deemed exclusive of any other rights to which any such director, officer or other person may be entitled under any other agreement, as a matter of law or otherwise, either as to action in his official capacity or as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. No person shall be entitled to indemnification pursuant to this Article in relation to any matter as to which indemnification shall not be permitted by law.

In performing his or her duties, a director of the Club shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by (a) one or more officers or employees of the Club whom the director reasonably believes to be reliable and competent in the matters presented, (b) counsel, public accountants or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence, or (c) a committee of the Board of Directors upon which he does not serve, duly designated in accordance with a provision of the Bylaws, as to matters within its designated authority, which committee the director deems to merit confidence, but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his duties shall have no liability to the Club (whether asserted directly or derivatively) by reason of being or having been a director of the Club.

ARTICLE XIII

Interested Transactions

No contract or other transaction between the Club and one or more of its directors, officers or security holders or between the Club and another Club, partnership, joint venture, trust or other enterprise of which one or more of the Club's directors, officers or security holders are members, officers, security holders, directors or employees or in which they are otherwise interested, directly or indirectly, shall be invalid solely because of such relationship, or solely because such a director, officer or security holder is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or other transaction, or solely because his, her or their votes are counted for such purpose, if (a) the material facts as to said person or persons' relationship or interest and as to the contract or other transaction are known or disclosed to the Board of Directors or committee thereof, and such board or committee in good faith authorized the contract or other transaction by the affirmative vote of a majority of the disinterested directors even though the disinterested directors constitute less than a quorum, or (b) the material facts as to his relationship or interest and as to the contract or other transaction are known or disclosed to the members entitled to vote thereon, and the contract or other transaction is approved in good faith by vote of the members, or (c) the contract or other transaction is fair as to the Club as of the time the Club enters into such contract or other transaction.

ARTICLE XIV

Tax Status

With respect to each taxable year of the Club, the Board of Directors shall choose whether the Club will be treated as a taxable entity for federal income tax purposes or to elect to have the Club be treated as a tax-exempt homeowner's association pursuant to Section 528 of the Internal Revenue Code of 1986, as amended. In order to allow flexibility in deciding whether to make such an election from one taxable year to the next, the Club shall be operated within the following restrictions:

- A. Sixty percent (60%) or more of the Club's gross income for each taxable year must consist solely of membership dues, fees, or assessments from owners of residences or residential lots in the above referenced subdivisions of Harris County, Texas;
- B. Ninety percent (90%) or more of the Club's expenditures for each taxable year must be for acquisition, construction, management maintenance, protection and care of the Club's property and the above referenced subdivisions; and
- C. No part of the Club's net earnings may otherwise inure to the benefit of any member of the Club or any other private individual.

ARTICLE XV

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. Invalidation of any one of these articles or any part thereof by judgment or court order or other operation of law shall in no wise affect any other provision, which shall remain in full force and effect. Duly amended at a regular meeting of the Club on January 27, 2004, to certify which we affix our signatures.

President: \_\_\_\_\_

Vice President: \_\_\_\_\_