

**BY-LAWS  
OF  
STEPHENS HILLS PROPERTY OWNERS ASSOCIATION, INC.**

**ARTICLE I  
NAME AND LOCATION**

Section 1 - Name: The name of the Association is STEPHENS HILLS PROPERTY OWNERS ASSOCIATION, INC., a non-profit organization incorporated under the laws and statutes of the State of Texas, and chartered December 20, 1976.

Section 2 - Location: The domicile of the Association is within the County of San Jacinto, Texas.

**ARTICLE II  
DEFINITIONS**

Section 1 - "Association" shall mean and refer to STEPHENS HILLS PROPERTY OWNERS ASSOCIATION, INC.

Section 2 - "Board" shall mean the Board of Directors of STEPHENS HILLS PROPERTY OWNERS ASSOCIATION, INC.

Section 3 - "Properties" shall mean and refer to all sections of Holiday Shores Subdivisions II, III, and Holiday Harbor, according to the maps and plats thereof, recorded in the map and plat records of San Jacinto County, Texas.

Section 4 - "Common Area" shall mean all real property and improvements thereon owned by the Association for the common use and enjoyment of the members of the Association.

Section 5 - "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the common area.

Section 6 - "Member" shall mean every person, or entity, who is an owner of a fee or undivided fee interest in any lot within the properties. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. If the owner of a lot is a corporation, association, institution or other group, an individual must be designated as the member for the purposes of use of facilities membership cards and other membership privileges. Other individuals in the group shall be considered guests of the cardholding member.

Section 7 - "Voting Member" shall include one member representing any family or group owning at least one lot. No more than one voting member shall represent any single lot.

Section 8 - "Owner" shall mean and refer to one or more persons, or entities, who has purchased any lot which is a part of the properties, including purchasers under contract of sale.

Section 9 - "Funds" shall mean and refer to all monies assessed and collected from owners, monies borrowed on behalf of the Association, or monies raised by any special function held by the membership for the purpose of obtaining money for use of the Association.

Section 10 - "Architectural Control" shall mean and refer to all actions of the Architectural Control Committee, including, but not limited to, enforcing the Deed Restrictions with regard to homes, mobile homes, recreational vehicles, or other buildings an owner plans to place, or has placed upon his property.

Section 11 - "Fees and Assessments": All fees and assessments to be charged to members shall be determined by the Board, and approved by a quorum of the voting members and proxies, at any meeting of the membership. The date a fee or assessment becomes delinquent shall be determined by the Board.

**ARTICLE III  
PURPOSE**

The Association is organized exclusively for the promotion of social welfare, the encouragement of civic pride, the maintenance of healthy, sanitary and safe recreational facilities, to protect and enforce deed restrictions, to protect property values and to promote unity in Holiday Shores Subdivisions II, III, and Holiday Harbor. The Association shall have the authority and obligation to collect maintenance fees, and determine assessments as provided herein, from each lot owner in Holiday Shores Subdivisions II, III, and Holiday Harbor, and to administer and spend funds for the mutual benefit of said lot owners.

**ARTICLE IV  
MEETINGS OF MEMBERSHIP**

Section 1 - "Authority": The voting membership shall be the supreme governing body of this Association. Duly called membership meetings shall be held to elect board members, and shall be the legitimate source of all authority, and shall be the final decision-making body of the Association.

Section 2 - "Regular Meetings of the Membership": There shall be an annual business meeting of this Association which shall be held the first Sunday in May, at 1:00 PM, or at such date and/or time as the Board may designate, and all votes shall be turned in by 12:30 p.m.

All meetings of the Association shall be held at the pavilion located in Subdivision III, or at such place as the Board may designate. If the day for the annual May meeting of the membership falls on a legal holiday weekend the meeting will be held at the same hour on the same day the following weekend.

Section 3 - "Special Meeting": Any meeting of the Association may be called by the following methods:

- 1) The Chairperson may, in case of an emergency to be determined by him/her, call a meeting of the membership, by written notice, stating the purpose of the meeting.
- 2) It shall be the duty of the Chairperson to call a meeting of the membership upon written request of twenty-five (25) or more days, which request shall state the objective of the called meeting. Notices of the meetings of the Association, under the two methods, shall be mailed by the Secretary no later than one week after receipt of a written request as provided above. The notice shall state the purpose, date and time of the meeting. The business transacted at such meetings shall be confined to the purpose, or purposes, stated in the call.
- 3) Section 4 - "Notification of Membership": The Membership shall be notified of all regular meetings, special meetings, nominations, and meeting agendas, by postal mail, or electronic media (including, but not limited to, email), to the last known postal or email address of record with the Secretary of all regular meetings, nominations, and meeting agendas. A minimum of ten (10) days and a maximum of thirty (30) days notice shall be required from the Directors for the meetings of the Association. It is the owner's duty to keep an updated email address registered with the POA.

Section 5 - "Quorum": At any meeting of the Association, a quorum shall constitute ten percent (10%) of the members. Accepted proxy votes as provided for in Section 6 shall be properly registered with the Secretary and will be included in the count for a quorum.

Section 6 - "Proxies": At all meetings of the membership any member may vote by proxy under the following conditions:

- 1) The membership must be notified at least ten (10) days in advance of any issue or election permitting voting by proxy.
- 2) The proxy form must be completely filled out and specify the exact issue being voted on.

- 3) During an election the proxy must contain the name of the persons voting by proxy.
- 4) Proxies must be registered with the Secretary or designee prior to the meeting.
- 5) Proxies must be signed.

In order to maintain a quorum vote all new business and other issues, which may arise at the meeting without forewarning, may be voted by proxy at the proxy holder's discretion.

Section 7 - "Voting": Voting at all meetings shall be by a show of a voting card. Voting cards shall be issued to voting members at any regular or special meeting. Each voting card shall designate the number of votes each property owner is entitled to cast based on the number of maintenance fees paid by such property owner. Each voting member will be entitled to one vote per maintenance fee. Persons voting proxies as provided for in Article IV, Section 6, will be limited to the number of votes on the proxy. All elections and motions shall be approved by simple majority vote unless otherwise provided for in these By-Laws.

## **ARTICLE V** **BOARD OF DIRECTORS**

Section 1 - "Authority": The duly elected Board of Directors shall direct the affairs of the Association in accordance with the By-Laws, the Charter, and the laws of Texas. It shall be the authority and responsibility of the Board to pay all taxes, enter into any contracts for the acquisition, building or maintenance of all recreational areas, roads, green areas, or any other maintenance deemed necessary by the Board. All contracts, when let, shall include a termination clause that provides for contract termination by either party within 30 days of receipt of written notice. The Board, acting through its Chairperson, shall have the authority to borrow money and encumber assets for, and on behalf of, the Association. However, the Directors shall not pledge the Association's property, or borrow funds for any reason, unless approved by a vote of two-thirds (2/3) of the quorum of members present, in person or in proxy, at any meeting. Neither the board or any of its Officers shall sell, transfer or encumber by Deed of Trust, any property of the Association, real or personal, unless approved by a vote of two-thirds (2/3) of the quorum of members present, in person or in proxy at any meeting. The Board shall collect all maintenance or other fees approved by the Association, enforce Deed Restrictions and take whatever legal action on behalf of the Association that the Board deems necessary, to collect said fees and enforce said restrictions.

Section 2 - "Election of the Board of Directors": At the annual May meeting of the membership there shall be an election of the Board of Directors. The Board of Directors of the Association shall consist of at least five (5) Directors, and a maximum of seven (7). The Chairperson and at least two (2) Directors shall be elected by the membership to serve for a term of two (2) years. Elections shall be rotated on a two (2) year schedule to allow for an ongoing continuity of the Board of Directors. This continuity will be achieved by electing Directors on an alternating schedule of at least three (3) Directors on odd number years, and four (4) Directors on even number years. The title Chairperson and President shall be synonymous. The election to the position of Chairperson of the Board of Directors shall also constitute election of the President of the Association.

Section 3 - "Qualifications for Directors": The qualifications for all Directors and Officers of this Association are:

- 1) They must be property owners.
- 2) Members of the same family shall not serve as Directors or Officers during the same term. If one family member is a Director or Officer other family members may be appointed by unanimous vote of the Board to serve in a non-voting capacity as an office assistant or a committee chairperson.

Any Director or Officer of this Association who sells all of his/her property in Holiday Shores shall immediately be disqualified as Director or Officer, and a new member appointed, as provided in Article V, Section 4.

Section 4 - "Vacancies": All unexpired terms of vacancies in the office of the Director shall be filled by appointment of the Board.

Section 5 - "Duties of the Chairperson": It shall be the duty of the Chairperson to preside at all the meetings of the Association, to enforce the By-Laws, to preserve order and decorum, to appoint all committees not otherwise provided for, and to sign all official documents. The Chairperson shall be ex-officio member of all committees, and generally perform all the duties pertaining to the Chairperson's office, and shall decide all questions of procedure and order not provided for in these By-Laws. The Chairperson shall not be required to vote at meetings except in case of a tie. The Chairperson shall serve as a non-voting member of the Board the year following his term as an advisor.

Section 6 - "Conflict of Interest": In order to be considered for any paying contract awarded by the Board a Director must submit a written resignation at least thirty (30) days prior to the dates a contract is awarded.

## **ARTICLE VI** **MEETING OF THE 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 the meeting shall be held at a time specified by the Board, but in no event any later than the next monthly regular meeting. By unanimous vote of the Board, it may choose not to hold the monthly meeting immediately following that in which the vote was held.

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 days (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. Voting by proxy may be permitted provided a written proxy is submitted at the meeting showing authority of one member to vote for another.

## **ARTICLE VII** **OFFICERS AND THEIR DUTIES**

Section 1 - "Enumeration of Offices": The officers of the Association shall be a President, who shall be the Chairperson of the Board of Directors; a Vice President; a Secretary; a Treasurer; Chairperson of the Architectural Control Committee and such other officers as the Board may, from time to time, create by resolution.

Section 2 - "Election of Officers": The election of all officers, except President, shall take place at the first meeting of the Board of Directors, following the annual May meeting of the members.

Section 3 - "Terms": The officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one year, unless such officer shall resign sooner, or shall be removed, or is otherwise disqualified to serve.

Section 4 - "Special Appointments": The Board may elect such other officers, or may appoint committees for the purpose of handling special activities, as the affairs of the Association may require, each of whom shall hold office or position for such period, such authority and perform such duties, as the Board may, from time to time, determine.

Section 5 - "Resignation and Removal": Any elected official under Article VII, Section 1, may be removed from office with, or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the President or Secretary. Such resignation shall take effect on the date of

receipt of such notice or any later time specified therein. 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 of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7 - "Multiple Officers": Any person may simultaneously hold more than one of any of the offices, except President, as permitted in Article VII, Section 1.

Section 8 - "Duties": Authority and duties of the officers are as follows:

#### **President**

The President/Chairperson, with the approval of the Board of Directors, shall see that the orders and resolutions of the Board are carried out, shall have authority to hire, pay and terminate maintenance personnel, execute contracts for maintenance and repair of facilities and equipment, authorize purchase of supplies and equipment, payment of bills, receipt and deposit of all monies in an appropriate bank account of the Association and sign all leases, mortgages, deeds and other written instruments and promissory notes, on behalf of the Association. In no case shall the President act on an independent basis, or non-routine or policy matters, without prior Board approval. Any contract or special agreement entered into by the President on behalf of the Association, without the approval of the Board, shall be considered null and void.

#### **Vice President**

The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of the Vice President by the Board.

#### **Secretary**

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. The Secretary shall co-sign all agreements, contracts, deed and other written instruments to which the Association is a party. Any agreement, contract, or other written instrument which is not co-signed by the Secretary, shall be null and void.

#### **Treasurer**

The Treasurer shall co-sign all disbursements of all funds and shall co-sign all checks and promissory notes of the Association; keep proper, accurate and timely books of accounts; and assist the Board in preparation of an annual budget and a financial statement for presentation to the membership at its annual May meeting. The Treasurer shall also be required to furnish the Board of Directors, at each monthly meeting, such budget status and financial data necessary to insure adequate control of operations and funds.

Section 9 - "Removal of Directors": Any Director elected by the Association or appointed by the Board may be removed from office by a two-thirds (2/3) vote of the members present at a meeting called for such purpose at which a quorum is present. Any Board member who is absent from two or more meetings without a valid reason may be removed from office by a majority vote of the Board. Replacement shall be in accordance with Article V, Section 4.

**ARTICLE VIII**  
**EXPENDITURES**

Section 1 - "Budget": The Treasurer shall present a budget in writing to the membership for their approval and prepare any budget required by the President, or the Board, at any time requested.

Section 2 - "Disbursement of Funds": Two signatures shall be required on all checks when disbursing funds. Funds may only be disbursed by check. Checks shall be signed by at least two Directors. Checks may not be drawn to cash, nor may the payee be one of the payer signatures. Receipts shall be collected for all monies expended other than salaries and/or for contract services. However, signed and approved contracts must be on file before payment thereof. All contracts must be approved by the Chairperson upon approval by a majority of the Board.

Section 3 - "Fiscal Year": The fiscal year of this Association shall be April 1st through March 31<sup>st</sup> of each year.

**ARTICLE IX**  
**COMMITTEES**

Section 1 - "Standing and Special Committees": Special committees shall be appointed by the Chairperson each year and approved by the Board of Directors.

Section 2 - "Architectural Control Committee": The Chairperson shall appoint an Architectural Control Committee. Their duty is to make sure that the deed restrictions are being enforced and to review and recommend action to be taken on building plans submitted for approval. When an application is received the applicant shall be notified, in writing, within thirty (30) days of approval of any action to be taken by the applicant to obtain approval. The committee shall initiate action in regard to violation of deed restrictions and notify the Directors in writing whenever such action is taken. However, any action at law by the committee may only be activated by the Directors. Any Director or committee member who has a personal, financial, or other direct individual interest in any particular action of the committee which could constitute a conflict of interest, shall abstain from participating in that action and shall have no more authority than that of any other member of the Association.

Section 3 - "Nominating Committee": At least ninety (90) days before the annual May meeting for the election of the Board, the Chairperson shall appoint a Nominating Committee. The Nominating Committee shall, within thirty days of the election meeting, present to the membership by mail their slate of candidates for the office of Director. Nothing in these By-Laws shall be construed to prevent nominations from the floor at the election meeting. At each election of Directors every member entitled to vote shall have the right to vote for as many persons as there are Directors to be elected.

**ARTICLE X**  
**AMENDMENTS**

These By-Laws may be amended at a regular or special meeting of the members by a vote of two-thirds (2/3) of the quorum of members present in person or by proxy.

**ARTICLE XI**  
**REGULATIONS**

"Rules and Regulations" shall be formulated, instituted, and enforced by the Board of Directors. These Rules and Regulations, and any changes thereto, must be approved at the next annual May meeting, or special meeting of the membership, to remain in effect. Ratification shall be by majority vote of the quorum of members present in person, or by proxy. These Rules and Regulations shall establish policy and govern conduct of activities for the swimming pool, clubhouse, pavilion, boat ramps, docks, tennis court, basketball court, and any other areas of activity which the Board of Directors deems appropriate for the

benefit and protection of the general membership. A member wishing to direct suggestions or complaints concerning the enforcement of the Rules and Regulations to the Board of Directors should do so in writing.

**ARTICLE XII**  
**ORDER OF BUSINESS**

The following agenda shall be adhered to for all meetings of the Association except in the case of when the Directors include the agenda with the notification of meetings to the membership:

- 1) Call to order.
- 2) Establish a quorum.
- 3) Approval of minutes of last meeting.
- 4) Treasurer's Report.
- 5) Chairperson's Report.
- 6) Committee Reports.
- 7) Unfinished business.
- 8) Ratification of Rules and Regulations.
- 9) New business.
- 10) Adjournment of regular session.
- 11) Executive session, if required.

Any Association member or guest wishing to address the Board shall provide to the Chairperson, or his/her designate, a written notice to topic(s) and purpose(s) prior to the start of the meeting.

**ARTICLE XIII**  
**FINANCIAL REVIEW**

The Treasurer shall submit the financial records to a Certified Public Accountant annually for the purpose of allowing the Certified Public Accountant adequate time to prepare the annual report to be presented to the members at the annual May meeting. The Certified Public Accountant will be selected by the Chairperson with the Board's approval.

**ARTICLE XIV**  
**PROJECTS**

Any project under \$15,000.00 shall only need Board approval. Any project over \$15,000.00 shall require the approval of a majority two-thirds (2/3) of members.