

TEMPLETON & BRINKLEY **FILE COPY**

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To All Stonegate Addition Neighbors:

RE: Stonegate Improvement Association, Inc.

The purpose of this letter is to inform you that a homeowners association benefitting your neighborhood has been established. The STONEGATE IMPROVEMENT ASSOCIATION, INC. ("the HOA") was established with the primary purpose of maintaining the real property that comprises the entrance to your neighborhood. Membership is limited to those who own residential property in STONEGATE Addition. The HOA will benefit the entire neighborhood and membership comes with advantages. As you may know, the common area at the entrance to the neighborhood is currently owned by the developer; however it will soon fall under the management and control of the HOA as the developer intends to deed the property to the HOA. As such, members will have an opportunity to express their opinions at meetings and to vote on various matters concerning the maintenance of the entrance.

Attached you will find a copy of the bylaws for the HOA. Benz Property Management will provide management of the HOA and will be responsible for record keeping and the collection of annual dues. **Dues are \$300.00 per year and can be paid in annual, quarterly, bi-monthly or monthly installments.** Joining is easy. You may simply affix your name, address and telephone number to this letter in the space provided below and mail it in with your dues to Benz Property Management, c/o Kristi White, P.O. Box 8214, Lumberton, Texas 77657. Check's should be made payable to STONEGATE IMPROVEMENT ASSOCIATION, INC. Kristi White 409-781-1376 / Graceipoo@aol.com

You may join at any time, but you are encouraged to join before May 1, 2012. Everyone is encouraged make a one year commitment. **The HOA asserts no authority or encumbrance over your residence and seeks only to maintain the integrity, value and beauty of the neighborhood through the maintenance of the entrance.**

STONEGATE IMPROVEMENT ASSOCIATION, INC.

By: P. Dean Brinkley
P. Dean Brinkley, Attorney

Name(s): _____ Phone: _____
St. Add: _____, Lumberton, Tx 77657
Email Add: _____ Lot # (s) you own: _____

(please mark the option below with an "X" that best suits your financial plan)

Annual (\$300) Semi-Annual (\$150) Quarterly (\$75) Monthly (\$25)

**Bylaws of
Stonegate Improvement Association, Inc.**

Basic Information

- Name:** Stonegate Improvement Association, Inc. (the "Association"), established by the certificate of formation filed with the secretary of state of Texas on September 3, 2010, under file number 801313859.
- Principal Office:** 5325 Lexington Circle, Lumberton, TX 77657. The Association may have other offices.
- Declaration:** There are no restrictive covenants requiring membership in the real property deed records. Membership in this Association is voluntary.
- Voting Members:** Members entitled to vote or their proxies. Any Member delinquent in payment of any Assessment is not a Voting Member.

A. Members

1. *Membership.* Every Owner who submits application for Membership and agrees to the terms and condition of Membership is a Member of the Association. Membership is appurtenant to and may not be separated from ownership of a Lot. The Association has one class of voting Members:
 - a. Members are all Owners who have subscribed to the terms of membership. Members have one vote per Lot. When more than one person is an Owner, each is a Member, but only one vote may be cast for a Lot.
2. *Place of Meeting.* Members meetings will be held at the Association's principal office or at another place designated by the Board.
3. *Annual Meetings.* The first Members meeting will be held within one month after the formation of the Association. Subsequent regular annual Members meetings will be held.
4. *Special Meetings.* The president may call special meetings. The

president must call a special meeting if directed by the Board or by a petition signed by fifty (50) percent of the Voting Members.

5. *Notice of Meetings.* Written notice stating the place, day, and hour of each Members meeting, other than a reconvened meeting, must be given to each Member not less than three (3) days nor more than thirty (30) days before the meeting. The special Members meeting notices must also state the meeting's purpose, and no business may be conducted except as stated in the notice. Notice to a Member is deemed given when hand delivered or mailed. If mailed, notice is deemed given (whether actually received or not) when deposited with the United States Postal Service, postage prepaid.

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

7. *Quorum.* A majority of the Voting Members is a quorum. If a Members meeting cannot be held because a quorum is not present, a majority of the Voting Members who are present may adjourn the meeting. At the reconvened meeting, forty (40) percent of the Voting Members is a quorum. If a quorum is not present, a majority of the Voting Members who are present may adjourn the meeting. At the second reconvened meeting, a majority of the Board is a quorum. Written notice of the place, date, and hour of each reconvened meeting must be given to each Member not more than thirty (30) nor less than three (3) days before the reconvened meeting.

8. *Majority Vote.* Votes representing more than fifty percent of the Voting Members present at a meeting at which a quorum is present are a majority vote.

9. *Proxies.* Voting Members may vote by written proxy.

10. *Conduct of Meetings.* The president will preside over Members meetings. The secretary will keep minutes of the meetings and will record in a minutes book the votes of the members.

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

B. The Board

1. *Governing Body; Composition.* The affairs of the Association are governed by the Board. Each director has one vote. The initial Board is composed of

the directors appointed in the certificate of formation, but at the initial meeting no less than three (3) directors shall be appointed. Each director must be a Member or, in the case of an entity Member, a person designated in writing to the secretary.

2. *Number of Directors.* The Board consists of not less than three (3) nor more than six (6) directors. Within those limits, the Board may change the number of directors. No decrease may shorten the term of a director.

3. *Term of Office.* The initial directors serve until the first annual meeting of Members. The terms of directors will be staggered. At least one-third of the Board will be elected each year. The initial Board will determine the initial term, not to exceed three years, of each director. At the expiration of the initial term of a director, each successor will have a term of three (3) years. Directors may serve consecutive terms.

4. *Election.* At the first annual meeting of Members, the Voting Members will elect directors to succeed the initial directors. At subsequent annual Members meetings, successors for each director whose term is expiring will be elected. Cumulative voting is prohibited. The candidate or candidates receiving the most votes will be elected. The directors elected by the Voting Members will hold office until their respective successors have been elected.

5. *Removal of Directors and Vacancies*

- a. *Removal by Members.* Any director may be removed, with or without cause, by a majority of the Voting Members. Any director whose removal is sought will be given notice of the proposed removal.
- b. *Removal by Board.* Any director may be removed at a Board meeting if the director:
 - i. failed to attend three (3) consecutive Board meetings;
 - ii. failed to attend fifty (50) percent of Board meetings within one year;
 - iii. is delinquent in the payment of any Assessment for more than 90 days
- c. *Vacancies.* A director's position becomes vacant if the director dies, becomes incapacitated, resigns, or is no longer a Member.
- d. *Successors.* If a director is removed or a vacancy exists, a

successor will be elected by the remaining directors for the remainder of the term.

6. *Compensation.* Directors will not receive compensation. A director may be reimbursed for expenses approved by the Board.

7. *Powers.* The Board has all powers necessary to administer the Association's affairs.

8. *Management.* The Board may employ a managing agent.

9. *Accounts and Reports.* Accounting and controls must conform to good accounting practices. Accounts will not be commingled with accounts of other persons. The following financial reports will be prepared at least annually:

- a. An income statement reflecting all income and expense activity for the preceding period.
- b. A statement reflecting all cash receipts and disbursements for the preceding period.
- c. A variance report reflecting the status of all accounts in an "actual" versus "approved" budget format.
- d. A balance sheet as of the last day of the preceding period.
- e. A delinquency report listing all Members who are delinquent by more than 30 days in paying any Assessment.

10. *Borrowing.* The Board may borrow money to maintain, repair, or restore the Common Area with the approval of the Members.

11. *Rights of Association.* With respect to the Common Area, the Association will have the right to contract with any person for the performance of various duties and functions. Such agreements require majority vote of the Members.

C. Board Meetings

1. *Regular Meetings.* Regular meetings of the Board will be held at such time and place as determined by the Board, but at least one (1) such meeting will be held during each fiscal year. Notice of the time and place of the meeting will be given to directors not less than 30 days before the meeting.

2. *Special Meetings.* Special meetings will be held when called by written

notice signed by the president or by any 2 directors. The notice will specify the time and place of the meeting and the matters to be covered at the meeting.

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

4. *Quorum of Board.* At all meetings, a majority of the Board will constitute a quorum, and the votes of a majority of the directors present at a meeting at which a quorum is present constitutes the decision of the Board. If the Board cannot act because a quorum is not present, a majority of the directors who are present may adjourn the meeting to a date not less than three (3) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business that may have been transacted at the meeting originally called may be transacted without further notice.

5. *Conduct of Meetings.* The president will preside at Board meetings. The secretary will keep minutes of the meetings and will record in a minute book the votes of the directors.

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

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

D. Officers

1. *Officers.* The officers of the Association are a president, vice president, secretary, and treasurer, to be elected from the Members. The Board may appoint other officers having the authority and duties prescribed by the Board. Any two or more offices may be held by the same person, except the offices of president and secretary.

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

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

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

5. *Resignation.* Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Resignation takes effect on the date of the receipt of the notice or at any later time specified in the notice.

E. Committees

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

F. Miscellaneous

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

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

3. *Inspection of Books and Records*

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

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

4. *Notices.* Any notice required or permitted by the Governing Documents must be in writing. Notices regarding enforcement actions must be given by certified mail, return receipt requested. All other notices may be given by regular mail. Notice is deemed delivered (whether actually received or not) when properly deposited with the United States Postal Service, addressed to (1) a Member at the Member's last known address according to the Association's records; and (2) the Association, the Board, or a managing agent at the Association's Principal Office or another address designated in a notice to the Members. Unless otherwise required by law or the Governing Documents, actual notice, however delivered, is sufficient.

5. *Amendment.* These Bylaws may be amended at any time by the vote of fifty one (51) percent of the Voting Members in the Association. This provision will not be construed as limiting the Board's power to amend the enforcement procedures to comply with changes in law.