

**BY-LAWS
OF
PROPERTY OWNERS ASSOCIATION OF POINTE WEST, INC.**

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**Article I.
Name, Principal Office, and Definitions**

1 1 Name

The name of the nonprofit corporation is Property Owners Association of Pointe West, Inc (the “**Association**”)

1 2 Principal Office

The Association’s principal office shall be located in the State of Texas in such location as the Board of Directors (the “**Board**”), determines or as the Association’s affairs require

1 3 Definitions

The words used in these By-Laws shall have their normal, commonly understood definitions Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for Pointe West as it may be amended, or amended and restated, from time to time (“**Declaration**”), unless the context indicates otherwise The interpretation of certain references, as set forth in Section 2 2 of the Declaration, shall also apply to the words used in these By-Laws

**Article II.
Membership: Meetings, Quorum, Voting, Proxies**

2 1 Membership

The Association initially shall have two classes of membership, Class “A” and Class “B” as more fully set forth in the Declaration The Declarant may establish additional classes of membership as set forth in the Declaration Provisions of the Declaration pertaining to membership are incorporated herein by this reference

2 2 Change of Membership

Change of membership in the Association shall be established by recording a deed or other instrument conveying record fee title to any Lot The grantee named in such instrument shall, by acceptance of such instrument, become a Member of the Association, and the membership of the prior Owner shall terminate The new Owner shall deliver a copy of the conveyance instrument to the Association within 14 days after the conveyance and the new Owner shall not be entitled to voting privileges until the same has been received by the Association The foregoing shall not, however, limit the Association’s powers or privileges and the new Owner shall be liable for accrued and unpaid fees and assessments attributable to the Lot acquired

2 3 Place of Meetings

The Association shall hold meetings at its principal office or at such other place as the Board may designate. Meetings may be conducted electronically (*i e*, via the Internet, intranet, or teleconference) if and to the extent permitted by law. If Voting Delegates have been elected, meetings shall be of Voting Delegates.

2 4 Annual Meetings

The Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings to occur during the first quarter of each year thereafter.

2 5 Special Meetings

The President may call a special meeting of the Association. It also shall be the President's duty to call a special meeting if so directed by Board resolution or upon written petition of Members representing at least 10% of the total Class "A" votes in the Association describing the purpose or purposes for which the special meeting is to be held. If the President does not call a special meeting pursuant to this Section within 30 days after the date such written petition is delivered to the Association's Secretary, any Member signing the petition may set the time and place of the special meeting and give the Association notice pursuant to Section 2 6.

2 6 Notice of Meetings

The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given in any manner permitted by applicable law. If permitted by law, notice may be published in a newspaper, or by radio, television, or other form of public broadcast communication in the County, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication device, or such other manner which is reasonably calculated, as the Board determines in its discretion, to provide personal notice to Members. Notice shall be given at least 10 and, in any event, not more than 60, days before the date of the meeting, by or at the direction of the President, the Secretary, or the officers or Persons calling the meeting.

The notice of any meeting shall also state the items on the agenda, including, without limitation, the general nature of any proposed amendment to the Governing Documents, any budget changes, and any proposal to remove a director or officer. No other business shall be transacted at a special meeting except as stated in the notice for the special meeting. Unless one-third (1/3) or more of the votes entitled to be cast in the election of directors are represented in person or by proxy, the only matters that may be voted upon at an annual or regular meeting of Members are those matters that are described in the meeting notice.

If mailed, the notice of a meeting shall be deemed given when deposited in the United States mail addressed to the Member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or other electronic communication device, notice shall be deemed delivered when transmitted to the Member at his or her address, e-mail address, or telephone or fax number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2 7 Waiver of Notice

Waiver of lack of proper notice of an Association meeting shall be the equivalent of proper notice. Any Member may waive, in writing, lack of proper notice of any Association meeting, either before or after such meeting. A Member's attendance at a meeting shall be deemed a waiver by such Member of lack of proper notice of the meeting, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of lack of proper notice of all business transacted at the meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2 8 Adjournment of Meetings

If the Association cannot hold a meeting because a quorum is not present, or if the Members otherwise elect (with the approval of the Declarant during the Development and Sales Period), a majority of the Members who are present may adjourn the meeting to a time at least 5 but not more than 30 days from the date called for the original meeting. Notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Association shall give the Members notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

2 9 Voting

Members shall have such voting rights as are set forth in the Declaration, which provisions are incorporated herein by this reference. The Board may adopt policies and procedures regarding the methods of casting votes, such as written ballots, secret ballots or computer access.

2 10 List for Voting

After setting a record date for notice of a meeting, the Board shall prepare an alphabetical list of the names of the Members entitled to notice of such meeting. The list shall show the address of the Member and the number of votes each is entitled to vote at the meeting. The list for voting shall be made available for inspection in accordance with Texas law.

2 11 Proxies

On any matter as to which a Member is entitled personally to cast the vote for his or her Lot, such vote may be cast in person or by proxy, subject to applicable law. A Voting Delegate entitled to cast the votes for all Lots within such delegates' Service Area may not assign the right to cast such votes by proxy, but may cast such votes only in person or through such Voting Delegate's designated alternate.

Every proxy shall be in writing specifying the Lot(s) for which it is given, signed by the Member or his or her duly authorized attorney-in-fact, dated, and filed with the Association's Secretary or person presiding over the meeting prior to or during the roll call for the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, the later, if the timing of the execution thereof can be determined, shall prevail, otherwise both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon (a) conveyance of any Lot(s) for which it was given, (b) the receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is an individual by the Secretary or the person presiding over a meeting of the Association, (c) 90 days from the meeting date for which the proxy was originally given, unless the proxy specifies a shorter period, or (d) 11 months after the date of the proxy, unless the proxy specifies a shorter period

2 12 Majority

As used in these By-Laws, the term "**majority**" shall mean those votes, Owners, or other group as the context may indicate, totaling more than 50% of the total eligible number

2 13 Quorum

Except as these By-Laws or the Declaration otherwise provide, Members or their proxies entitled to cast 10% of the total Class "A" votes in the Association and the Class "B" Member, if such Member exists, shall constitute a quorum at all Association meetings. If no quorum is present at a meeting, the meeting may be adjourned and reconvened on a later date by the affirmative vote of a majority of those Members present in person or by proxy. At such reconvened meeting, the quorum requirement shall be 5% of the total Class "A" votes in the Association and the Class "B" Member, if such Member exists. The quorum shall continue to be reduced by 50% from that required at the previous meeting as previously reduced, until such time as a quorum is present and business can be conducted.

2 14 Conduct of Meetings

The President shall preside over all Association meetings at which he or she is present, and the Secretary shall keep (or cause to be kept) the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2 15 Action Without a Meeting

Without holding a meeting pursuant to Sections 2 4 or 2 5, Members may take any action that applicable law requires or permits the Members to take at a meeting (subject to any limitations in the Governing Documents), if the action is approved by Members representing at least the minimum number of votes in the Association necessary to authorize such action at a meeting, assuming the number of votes cast equals or exceeds the quorum required to be present at a meeting authorizing the action. Such approval shall be evidenced by one or more written consents specifically authorizing the proposed action, dated and signed by Members holding the requisite votes. The Association need not give prior notice before soliciting such consent, provided, however, that the Association must send written consent forms to all Members for action authorized pursuant to this section to be valid. Members shall sign, date, and deliver such consents to the Association within 60 days after the Association's receipt of the earliest dated consent. The Association's Secretary shall file (or cause to be filed) such consents with the Association's minutes and the consents shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give (or cause to be given) written notice to all Members entitled to vote, fairly summarizing the material features of the authorized action.

2 16 Order of Business

The order of business at all annual meetings of the Members shall be as follows (a) roll call to determine whether a quorum is represented, (b) proof of notice of the meeting or waiver of notice, (c)

reading of (or waiver of reading) minutes of the preceding annual meeting, (d) reports of officers, if any, (e) reports of committees, if any, (f) election of inspector(s) of election if an election is to be held, (g) election of Class "A" Directors if applicable, (h) unfinished business, if any, and (i) new business

Article III.
Board of Directors: Selection, Meetings, Powers

A Composition and Selection

3 1 Governing Body, Composition

The Board shall govern the Association's affairs. Each director shall have one vote. Directors must be Members or residents of the Community, except in the case of directors that the Class "B" Member appoints. A director must be at least 18 years old. No more than one representative of any Member which is a legal entity, nor more than one occupant of any Lot, shall serve on the Board at a time, except in the case of directors that the Class "B" Member appoints.

3 2 Number of Directors

The initial Board shall consist of the three directors identified in the Articles of Incorporation. Upon termination of the Class "B" Control Period, the number of directors shall be increased to five. The Board may, by resolution, increase or decrease the number of directors.

3 3 Nomination and Election Procedures

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which every eligible person who has an interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes. Nominations for election to the Board also may be made by a nominating committee. The nominating committee, if any, shall consist of a Chairman, who shall be a Member, and two or more Members or representatives of Members, all appointed by a majority of the Board. The nominating committee, if any, may make as many nominations for election to the Board as it shall in its discretion determine. If Voting Groups have been formed, nominations shall be to separate slates for the directors, if any, to be elected at large by all Members, and for the director(s) to be elected by the votes within each Voting Group. The Board shall also permit nominations from the floor at any election meeting.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the Members and to solicit votes.

(b) Election Procedures. A Member may cast the vote(s) assigned to the Lot(s) which he or she owns for each position to be filled at an election. If Voting Delegates have been elected, each Voting Delegate may cast all votes assigned to the Lots which such Voting Delegate represents for each position to be filled from the slate of candidates on which such Voting Delegate is entitled to vote. Cumulative voting is not allowed. That number of candidates equal to the number of positions to be filled who receive the greatest number of votes shall be elected.

3 4 Election and Term of Office

(a) The Class "B" Member shall have complete discretion in appointing, removing, and replacing directors during the Class "B" Control Period

(b) Upon termination of the Class "B" Control Period, the President shall call for an election at which the Class "A" Members shall be entitled to elect four of the five directors. The remaining director shall be appointed by the Class "B" Member. The two directors receiving the largest number of Class "A" votes shall be elected for a term of two years and the remaining two directors shall be elected for a term of one year. If Voting Groups have been established, one director shall be elected by the Members representing each Voting Group and any remaining directorships filled at large by the vote of all Members.

(c) Until termination of the Development and Sale Period, the Declarant shall be entitled to appoint one director. Upon termination of the Development and Sale Period, the director elected by the Declarant shall resign and the remaining directors shall be entitled to appoint a director to serve until the next annual meeting, at which the Class "A" Members shall be entitled to elect a director to fill such position. Such director shall be elected for a term of two years.

Notwithstanding the stated length of any term, directors shall hold office until their respective successors have been elected. Directors elected by the Class "A" Members are hereafter referred to as the "Class "A" Directors."

Upon expiration of the term of each Class "A" Director elected pursuant to this subsection and thereafter, a successor shall be elected for a term of two years.

3 5 Removal of Directors and Vacancies

Any Class "A" Director may be removed, with or without cause, by the vote of Class "A" Members holding a majority of the votes entitled to be cast for the election of such Class "A" Director. Any Class "A" Director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Class "A" Director, a successor shall be elected by the Class "A" Members entitled to elect the Class "A" Director so removed to fill the vacancy for the remainder of such Class "A" Director's term. Class "A" Directors may not be removed by the Class "B" Member.

Any Class "A" Director who has three consecutive unexcused absences from Board meetings, or who is more than 60 days delinquent (or occupies or represents a Lot for which assessments are so delinquent) in the payment of any assessment or other charge due the Association may be removed by a majority vote of the Board, excluding the Class "A" Director at issue. If the Class "A" Director is removed, the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" Members entitled to fill such directorship may elect a successor for the remainder of the term. If they fail to do so, the Board may appoint another director to fill the vacancy until filled by election. Any director that the Board appoints shall be selected from among Members and residents within the Voting Group represented by the director who vacated the position.

This Section shall not apply to directors the Class "B" Member appoints nor to any director serving as Declarant's representative. Such directors may be removed and replaced only by the Class "B" Member or Declarant. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill

any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class "B" Member or Declarant

B Meetings

3.6 Organizational Meetings

Within 30 days after the election or appointment of new directors, the Board shall hold an organizational meeting at such time and place as the Board shall set

3.7 Regular Meetings

The Board may hold regular meetings at such time and place as the Board shall determine, but the Board shall hold at least one such meeting during each fiscal year

3.8 Special Meetings

The Board shall hold special Board meetings when called by written notice signed by the President, Vice President, or any two directors

3.9 Notice, Waiver of Notice

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall give notice to each director by (i) personal delivery, (ii) first class mail, postage prepaid, (iii) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director), or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address, each as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least 7 business days before the time set for the meeting, except in the event of an emergency. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) Except for emergency meetings, notice of a Board meeting may be posted in a conspicuous place within the Community at least 48 hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all Members, including, without limitation, publication in an Association newsletter with Community-wide circulation, posting on a Community cable television channel, or posting on a Community Internet or intranet page, if applicable. In lieu of notice of each regular Board meeting, the Board may post or publish a schedule of upcoming Board meetings.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3 10 Telephonic Participation in Meetings

Members of the Board or any committee designated by the Board may participate in a Board or committee meeting by means of telephone or other electronic means, through which all persons participating in the meeting can converse with each other at the same time. Participation in this manner shall constitute presence at the meeting for all purposes. Participants attending by electronic means may vote by electronic transmission.

3 11 Quorum of Board

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless these By-Laws or the Declaration specifically provide otherwise. A meeting at which a quorum is initially present may continue, notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3 12 Conduct of Meetings

The President shall preside over all Board meetings at which he or she is present, and the Secretary shall keep (or cause to be kept) a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3 13 Open Meetings; Executive Session

Subject to the provisions of Section 3 14, all Board meetings shall be open to all Members. However, attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak, and the Board concurs. In such case, the President (or other officer conducting the meeting) may limit the time any such individual may speak.

Notwithstanding the above, the President may call a special Board meeting, or adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss with the Association's attorney matters relating to pending or threatened litigation which are protected by the attorney-client privileges, or to discuss among the Board any other matter of a sensitive nature, if applicable law permits. In such cases, no recording will be permitted.

3 14 Action Without a Formal Meeting

Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if all directors sign a consent in writing, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C Powers and Duties

3 15 Powers

The Board shall have all of the powers and duties necessary for administering the Association's affairs and for performing all of the Association's responsibilities and exercising all of the Association's

rights as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those which the Governing Documents or applicable law require to be done and exercised exclusively by the membership generally.

3.16 Duties

The Board's duties shall include, without limitation:

- (a) those obligations set forth in the Declaration and elsewhere in these By-Laws,
- (b) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association, provided, however, that any reserve funds may be deposited, in the Board's business judgment, in depositories other than banks,
- (c) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association if, in the exercise of its business judgment, it deems it prudent to do so,
- (d) keeping books with detailed accounts of the Association's receipts and expenditures, and
- (e) maintaining, and retaining for the time periods required, the official records of the Association, as provided in Title 32, Chapter Nine of Vernon's Texas Civil Statutes, or such other applicable law.

3.17 Compensation

The Association shall not compensate a director for acting as such. The Association may reimburse any director for expenses incurred on the Association's behalf if approved by a majority of the other directors. In addition, nothing herein shall prohibit the Association from compensating a director for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association. The foregoing also applies to any entity with which a director is affiliated.

3.18 Right of Declarant to Disapprove Actions

During the Development and Sale Period, the Declarant shall have a right, to the extent not prohibited by law, to veto any action, policy, or program of the Association, the Board, any Service Area Association, and/or any committee which, in the Declarant's discretion, would tend to impair rights or interests of Declarant, or any Affiliate of Declarant's, interfere with development or construction of any portion of the Community, or diminish the level of services the Association or the Service Area Association provides.

- (a) Notice. The Association, the Board, any Service Area Association and each committee shall give the Declarant written notice of their meetings and proposed actions to be approved at their meetings (or by written consent in lieu of a meeting). The notice shall comply with the requirement for notice to directors under Section 3.9 and shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.
- (b) Opportunity to be Heard. The Association, the Board, any Service Area Association, and each committee shall give the Declarant the opportunity at any meeting to join in, or to have its

representatives or agents join in, discussion from the floor concerning any prospective action, policy, or program which would be subject to the veto right described in this Section

(c) Exercise of Rights The Declarant may exercise its veto right at any time within 30 days following the meeting at which such action was proposed or, if the action is approved without a meeting, at any time within 30 days following receipt of written notice of the proposed action. The Declarant, its representatives or agents, may make its concerns, thoughts, and suggestions known to the Board, the Service Area Association and/or the members of the subject committee. This veto right may be used to block proposed actions but shall not include a right to require any action or counteraction by the Association, the Board, any Service Area Association, or any committee. The Declarant shall not use its veto right to prevent expenditures required to comply with applicable laws.

(d) Condition of Implementation No action, policy, or program subject to the Declarant's veto right shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met, and then subject to the Declarant's rights under subsection (c).

3.19 Management

The Board may employ a professional managing agent or agents, at such compensation as the Board may establish, subject to Section 7.14 of the Declaration, to perform such duties and services as the Board shall authorize and as are otherwise within the scope of the Board's authority. The Board may delegate such powers as are necessary to perform the manager's duties, but shall not delegate policy-making authority or the obligation to adopt a budget. The Board may contract with or employ Declarant or any of its Affiliates as managing agent or manager.

The Board may delegate to one or more of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The Class "A" Members shall have no right to terminate a management contract during the Class "B" Control Period. Unless the Board otherwise grants such right, or unless the management contract otherwise provides, the Board may act in its discretion with respect to executing and terminating management contracts during the Class "B" Control Period. Any management contract may, among other things, authorize the managing agent to act as the Association's agent with respect to the expenditure of Association funds within the scope of the approved Association budget, however, the managing agent shall not be permitted to spend money in excess of the budget or reallocate greater than 10% of any budget line item without the Board's prior written approval.

3.20 Accounts and Reports

The following management standards of performance shall be followed unless the Board specifically determines otherwise:

(a) Commencing at the end of the quarter in which the first Lot is sold and closed, the Board may prepare financial reports for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on a cash or accrual basis,

(ii) a statement reflecting all cash receipts and disbursements for the preceding period,

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format,

(iv) a balance sheet as of the last day of the preceding period, and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution), and

(b) An annual financial report consisting of at least the following shall be prepared within 60 days (or such longer period as is permitted by law) after the close of the fiscal year (i) a balance sheet showing actual receipts and expenditures, (ii) an operating (income) statement, and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant.

The Association shall provide each Owner or its authorized agent a copy of the annual financial report within 5 business days following receipt of a written request for same. In addition, if applicable law requires, the Association shall send a copy of the annual financial report to each Member by mail or personal delivery following the close of the fiscal year. All records, books and annual reports of the financial activity of the Association should be kept at the principal office of the Association in the State of Texas for at least three (3) years after the closing of each fiscal year.

3.21 Right To Contract

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other owners or residents associations.

3.22 Fines and Sanctions

The Association may impose fines, in such amounts as permitted by law, for any violation of the Governing Documents except with regard to assessments. To the extent the Declaration or applicable law specifically requires, the Board shall comply with the following procedures prior to imposition of sanctions.

(a) Notice. The Board or its delegate shall serve the alleged violator with written notice by certified mail, return receipt requested describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 30 days within which the alleged violator may present a written request for a hearing, (iv) a statement that the hearing, if held before the Covenants Committee, may be appealed to the Board as set forth herein, and (v) a statement that the proposed sanction shall be imposed as contained in the notice unless the alleged violator challenges the violation within 30 days of the notice. If a timely request for a hearing is not made, or if otherwise permitted by the Governing Documents and applicable law, the sanction stated in the notice shall be imposed. The Board or Covenants Committee may suspend any proposed sanction if the violation is cured, or if a diligent effort is being made to cure, within the 30-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and/or rules by any Person. If a violator repeats the violation, or engages in a similar violation, for which notice was given within 6 months after the date of the first notice, the Board shall have the discretion to impose the proposed

sanctions if the alleged violations were one continuous violation without the need to serve the alleged violator with additional notice

(b) Hearing If the alleged violator requests a hearing within the allotted 30-day period, the hearing shall be held before the Covenants Committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Proof of proper notice shall be placed in the minutes of the meeting. A copy of the notice, together with a statement of the date and manner of delivery signed by the officer, director, or agent who delivered such notice shall be considered adequate proof of notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. A written statement of the results of the hearing and the sanction, if any, imposed shall be filed with the minutes of the Covenants Committee's meetings. The Association shall hold a hearing not later than the 30th day after the date the Covenants Committee or Board receives Owner's request for a hearing and shall notify Owner of the date, time and place of the hearing not later than the 10th day before the date of the hearing. The Covenants Committee, the Board or Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

(c) Appeal If a hearing is held before the Covenants Committee, the violator shall have the right to appeal the Covenants Committee's decision to the Board. To exercise this right, a written notice of appeal must be received by the manager, president or secretary of the Association within 10 days after the hearing date.

(d) Additional Enforcement Rights Notwithstanding anything to the contrary in this Article, subject to any limitations set forth in the Declaration, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the Declaration's dispute resolution procedures, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including, without limitation, reasonable Legal Costs actually incurred.

3 23 Board Training Seminar

The Board may provide, or provide for, as a Common Expense, seminars and continuing educational opportunities designed to educate and inform directors of their responsibilities as directors. Such programs may include instruction on applicable corporate and fiduciary law principles, other issues relating to administering the Community's affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, including property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected director and each re-elected director may be required to complete a training seminar within the first six months of assuming the director position.

3 24 Board Standards

In performing their duties, directors and officers shall act as fiduciaries and are entitled to insulation from liability as provided for directors and officers of corporations by applicable law and as otherwise provided by the Governing Documents.

A director or officer acting in accordance with the business judgment rule shall not be personally liable to the Association or its Members for errors in judgment made in the director's or officer's capacity.

as such Unless the Governing Documents require that specific action be taken, the failure to take such specific action shall not, without further showing that the Board acted in violation of the business judgment rule, be deemed a violation of a Board duty A director or officer shall be considered to be acting in accordance with the business judgment rule so long as the director or officers

- (a) act within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*,
- (b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis,
- (c) act on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other) and avoids participation in such decisions and actions, and
- (d) act in a non-fraudulent manner and without reckless indifference to the Association's affairs

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents

3 25 Conflicts of Interest, Code of Ethics

Unless otherwise approved by a majority of the other directors, no Class "A" Director may transact business with the Association or a contractor engaged by the Association during his or her term as director A Class "A" Director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the director relative to his or her performance as a director. A Class "A" Director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members The Board may void any contract which creates a prohibited conflict of interest

Notwithstanding the above, the directors appointed by the Declarant may be employed by or otherwise transact business with Declarant or any of its Affiliates, and Declarant and its Affiliates may transact business with the Association or its contractors

Article IV. **Officers**

4 1 Officers

The Association's officers shall include a President, Vice President, Secretary, and Treasurer The officers may, but need not, be Board members, Owners, or residents of the Community, provided, however, that so long as there is a Class "B" membership, the appointment of officers who are not residents of the Community shall require the prior written consent of the Class "B" Member The Board may appoint such other officers, including, without limitation, one or more Vice Presidents, Assistant Secretaries or Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes Any two or more offices may be held by the same person, except the offices of President and Secretary

4 2 Election and Term of Office

The Board shall elect the Association's officers at the first Board meeting following each Association annual meeting. Officers shall serve until their successors are elected.

4 3 Removal and Vacancies

Any officer may be removed with or without cause by a vote of at least a majority of the directors. The Board shall appoint a replacement to fill any vacancy in any office for the unexpired portion of the term.

4 4 Powers and Duties

The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall supervise the preparation of the Association's budget, but may delegate all or part of the preparation and notification duties to a finance committee, managing agent, or both. The Secretary shall prepare or supervise the preparation of meeting minutes as required by applicable law.

4 5 Resignation

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4 6 Agreements, Contracts, Deeds, Leases, Checks, Etc

All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by an officer, unless the Board provides otherwise, or by such other person or persons as the Board may designate by resolution.

4 7 Compensation

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3 17.

4 8 President

The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board at which he or she is present. He or she shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power, subject to the provisions of Article V, to appoint committees from among the Members from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board, have general supervision, direction, and control of the business of the Association. The President shall be ex-officio a member of all standing committees, and shall have such other powers and duties as may be prescribed by the Board or these By-Laws.

4 9 Vice President

The Vice President shall take the place of the President and perform his or her duties whenever the President is absent, disabled, or refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be conferred upon him or her by the Board or these By-Laws.

4 10 Secretary

The Secretary shall keep (or cause to be kept) the minutes of all meetings of the Board and the minutes of all meetings of the Association at the Association's principal office or at such other places as the Board may order. The Secretary shall keep (or cause to be kept) the seal of the Association in safe custody and shall have charge of such books and papers as the Board may direct. The Secretary shall, in general, perform (or cause to be performed) all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notice of meetings of the Members of the Association and of the Board required by these By-Laws or by law to be given. The Secretary shall maintain (or cause to be maintained) a book of record Owners, listing the names and addresses of the Owners furnished by the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board or these By-Laws. The Secretary may delegate all or a part of such duties to the managing agent.

4 11 Treasurer

The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records, and business transactions of the Association, including accounts of all assets, liabilities, receipts, and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board, in accordance with the Declaration and these By-Laws, shall render to the President and the directors, upon request, an account of all of his or her transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws. The Treasurer may delegate a part of such duties to the managing agent.

Article V.
Committees

5 1 General

The Board may create such committees and appoint its members, as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution.

Committees shall exercise only such authority as granted by Board resolution, provided, however, that the Board may elect not to follow a committee's advice on any matter. Committees may not act without specific Board authority and may not bind the Association contractually or financially.

5.2 Covenants Committee

The Board shall, from time to time, appoint a Covenants Committee consisting of three persons to serve as a hearing tribunal pursuant to Section 3.22. The Covenants Committee shall be comprised of Members of the Association who are not directors, officers, or employees of the Association or the spouse, parent, child, brother, or sister of a director, officer, or employee.

5.3 Service Area Committees

In addition to any other committees appointed as provided above, each Service Area which has no formal organizational structure or Service Area Association may elect a Service Area Committee to determine the nature and extent of services, if any, to be provided to the Service Area by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Service Area Committee may advise the Board on any issue but shall not have the authority to bind the Board. Such Service Area Committee, if elected, shall consist of three Members, provided, however, that if approved by the vote of at least a majority of the Owners of Lots within the Service Area, the number may be increased to five.

Service Area Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Service Area shall be an *ex officio* member of the Service Area Committee. The members of the Service Area Committee shall elect a chairperson from among themselves, who shall preside at its meetings and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Service Area Committee shall conduct itself in accordance with the notice, participation, and quorum requirements applicable to the Board under Sections 3.9, 3.10, and 3.11. Meetings of a Service Area Committee shall be open to all Owners of Lots in the Service Area and their representatives. Members of a Service Area Committee may act by unanimous written consent in lieu of a meeting.

5.4 Other Committees

In addition to the above, the Board may create additional committees, as it deems necessary and useful. The following are examples of types of committees, along with their purpose, which the Board may create:

(a) Finance Committee – to assist the Board, the Treasurer, and the Association’s managing agent, if any, in preparing the Association’s budget.

(b) Physical Maintenance Committee – to assist the Board with maintenance of the Common Maintenance Areas.

(c) Dispute Resolution Committee – to assist in the mediation of disputes concerning the interpretation of Use Restrictions, rules, and other Governing Document provisions and advise the Board on initiating litigation involving the Association (as provided in the Declaration), provided, however, that the Dispute Resolution Committee shall not preside over matters relating to the collection of assessments or other fees and charges. Each member of the Dispute Resolution Committee shall attend a Board-approved course on dispute resolution, if the Board so requires.

The Board may establish by resolution the specific scope and limitations on the authority of the above committees.

Article VI.
Miscellaneous

6 1 Fiscal Year

The Association's fiscal year shall be the calendar year unless otherwise established by Board resolution

6 2 Parliamentary Rules

Except as may be modified by Board resolution, *Robert's Rules of Order* (the edition published on the date closest to the meeting) shall govern the conduct of Association proceedings when not in conflict with applicable law or the Governing Documents

6 3 Conflicts

Conflicts between or among the Governing Documents and applicable law shall be resolved as directed in the Declaration

6 4 Books and Records

(a) Inspection by Members and Mortgagees The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Lot, any Member, or the duly appointed representative of any of the foregoing at reasonable times the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees The Board shall provide for such inspection to take place at the Association's office or at such other place within the Community as the Board shall designate

(b) Delivery of Certain Information to Owner Within 10 Days after the Board's receipt of a written request from an Owner, Owner's agent, or title insurance company or its agent acting on behalf of Owner, the Association shall deliver to the Owner, the Owner's agent, or to a title insurance company or its agent acting on behalf of the Owner, copies of the following the Declaration, By-Laws, and Articles of Incorporation, any amendments or supplements to the foregoing, the rules of the Association, and a "resale certificate" A "resale certificate" must contain the following

(i) a statement of any right of first refusal or other restraint, if any, contained in the Declaration that restricts the Owner's right to transfer Owner's Lot,

(ii) the frequency and amount of Regular Assessments and Service Area Assessments, if any,

(iii) the amount of any Special Assessment that is due after the date the resale certificate is prepared,

(iv) the total of all amounts due and unpaid to the Association that are attributable to the Owner's Lot,

(v) capital expenditures, if any, approved by the Association for the current fiscal year,

- (vi) the amount of reserves, if any, for capital expenditures,
- (vii) the Association's current operating budget and balance sheet,
- (viii) the total of any unsatisfied judgments against the Association;
- (ix) the style and case number of any pending lawsuit in which the Association is a defendant,
- (x) a copy of a certificate of insurance showing the Association's property and liability insurance relating to the Common Areas and common facilities,
- (xi) a description of any conditions on the Owner's Lot that the Board has actual knowledge are in violation of the Governing Documents,
- (xii) a summary or copy of notices received by the Association from any Governmental Authority regarding health or housing code violations existing on the preparation date of the resale certificate relating to the Owner's Lot or the Common Area,
- (xiii) the amount of the one-time initial assessment charged by the Association for a change of ownership of a Lot,
- (xiv) the name, mailing address, and telephone number of the Association's managing agent, if any, and
- (xv) a statement indicating that the Governing Documents allow foreclosure of the Association's lien on the Owner's Lot for failure to pay assessments

The Association may charge a reasonable fee to assemble, copy, and deliver the information required by this subsection and may charge a reasonable fee to prepare and deliver an update of a resale certificate

(c) Rules for Inspection The Board may establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made, (iii) payment of the cost of reproducing documents requested, and (iv) such other matters as the Board deems appropriate

(d) Inspection by Directors Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of inspection includes the right to make a copy of relevant documents at the Association's expense. The Board shall provide for such inspection to take place at the Association's office, the managing agent's office, or at a place within the Community as the Board shall designate

6.5 Management Certificates

(a) The Association shall record in Galveston County a management certificate, signed and acknowledged by an officer or the managing agent of the Association, stating

- 1) the name of the Community,
- 2) the name of the Association,
- 3) the recording data for the plats of the Community,
- 4) the recording data for the Declaration,
- 5) the mailing address of the Association or the name and mailing address of the person managing the Association, and
- 6) other information the Association considers appropriate

(b) The Association shall record an amended management certificate not later than the 30th day after the date the Association has notice of a change of any information in the recorded certificate required by subsection 6 5(a)

(c) The Association and its officers, directors, employees, and agents shall not be subject to liability to any Person for a delay in recording or failure to record a management certificate, unless the delay or failure is willful or caused by gross negligence

6 6 Notices

(a) Form of Notice and Method of Delivery Except as otherwise provided in the Declaration or these By-Laws or by applicable law, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, by facsimile, electronic mail or other electronic communication device with written confirmation of transmission

(b) Delivery Address Notices shall be delivered or sent to the intended recipient as follows

(i) if to a Member, at the address, facsimile number, or e-mail address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member,

(ii) if to the Association, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association shall designate by notice in writing to the Members pursuant to this Section, or

(iii) if to the Declarant, at the principal address of the Declarant as it appears on the Secretary of State's records, or at such other address as the Declarant shall designate by notice in writing to the Association pursuant to this Section

(c) Effective Date Notice sent in accordance with subsections (a) and (b) shall be deemed to have been duly given and effective

(i) if sent by United States mail, when deposited with the U S Postal Service, correctly addressed, with first class or higher priority postage prepaid,

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery, however, if such delivery is refused or if the intended recipient has contracted with the private carrier to leave any deliveries without obtaining a signature evidencing receipt, the notice shall be deemed duly given and effective if the attempt to deliver was timely made,

(iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission

6.7 Amendment

(a) By Class "B" Member During the Class "B" Control Period, the Class "B" Member may amend these By-Laws unilaterally

(b) By the Membership Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent of Members representing at least 67% of the total Class "A" votes in the Association, and the consent of the Declarant during the Development and Sale Period. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause

(c) Validity and Effective Date of Amendments Amendments to these By-Laws shall become effective upon recordation unless a later effective date is specified therein. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege

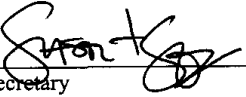
CERTIFICATION

I, the undersigned, do hereby certify

That I am the duly elected and acting Secretary of Property Owners Association of Pointe West, Inc , a Texas nonprofit corporation,

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 8th day of July, 2004

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 8th day of July, 2004


Secretary

[CORPORATE SEAL]

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY



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Mary Ann Daigle ,COUNTY CLERK
GALVESTON, TEXAS