

BY-LAWS

THE WOODLANDS COMMUNITY ASSOCIATION, INC.

February 1, 1984

As amended on
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BY-LAWS

THE WOODLANDS COMMUNITY ASSOCIATION, INC.

ARTICLE I - GENERAL

Section 1.01. Name and Location. The name of the corporation is The Woodlands Community Association, Inc. ("WCA"). The principal office of the corporation is located in The Woodlands, Montgomery County, Texas. Meetings of members and directors will be held in The Woodlands at a place designated by the Board of Directors.

Section 1.02. Fiscal Year. The fiscal year of WCA commences on January 1.

Section 1.03. Governing Laws. Insofar as Federal law does not apply, these By-Laws shall be governed by and construed in accordance with the laws of the State of Texas.

ARTICLE II - DEFINITIONS

The terms Annual Assessments, Assessable Property, WCA Articles, Members, Dwelling Unit, Resident, Community Facility and Owner, when used in these By-Laws, have the meanings set out in Article I of the Covenants, Restrictions, Easements, Charges and Liens of The Woodlands, (the "Covenants") executed by The Woodlands Development Corporation on January 11, 1974, and recorded in the Deed Records in the Office of the County Clerk of Montgomery County, Texas, at Volume 841, Page 297.

ARTICLE III - MEMBERSHIP

Section 3.01. Members. WCA shall have two membership classes, Class A and Class B. All Residents and all Owners other than The Woodlands Corporation ("TWC") shall be Class A Members. The Class B Member is TWC.

Section 3.02. Voting Rights. Each Member is entitled to one (1) vote, provided that natural persons must be eighteen (18) years of age or over.

ARTICLE IV - MEETINGS OF MEMBERS

Section 4.01. Annual Meetings. The annual meeting of Members shall be held in the month of March each year, on a date determined annually by the Board.

Section 4.02. Special Meetings. Special meetings of Members may be called at any time by the president, by a majority of the Board, or upon written request of 200 Members eligible to vote. The business to be transacted at such special meeting shall be confined to the purposes stated in the notice of that meeting.

Section 4.03. Notice of Meetings. Notice of any meeting of Members shall be published once a week for the two (2) successive weeks next preceding the date of the meeting, in a newspaper having general circulation in The Woodlands.

Section 4.04. Quorum. The presence in person or by proxy of at least 100 Members eligible to vote, shall constitute a quorum for any action except as otherwise provided in the WCA Articles or the Covenants. If a quorum is not present or represented at any meeting, the Members present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present, at which time any business may be transacted which might have been transacted at the meeting as originally called.

Section 4.05. Proxies. Each Member may vote in person or by written proxy. All proxies shall be revocable in writing by the Member executing same. No proxy shall be valid after eleven (11) months from the date of execution unless otherwise provided in the proxy.

Section 4.06. Voting on Issues at Meetings. Except for the election of Directors, and except as otherwise provided in these Bylaws or the Covenants, all matters brought before the Members for determination shall be decided by the affirmative vote of a majority of all Members present and voting in person or by written proxy.

ARTICLE V - BOARD OF DIRECTORS

Section 5.01. Number and Election. There shall be eleven (11) Class A Directors. The number of Class A Directors shall be increased by one at the first annual meeting of Members following each Certification of Dwelling Units which reflects the attainment of 16,500, 21,500, 26,500 or 39,000 Dwelling Units occupied by Residents. There shall be one Class B Director until the first annual meeting of Members following the Certification of Dwelling Units which reflects the attainment of 39,000 Dwelling Units occupied by Residents. Thereafter there shall be no Class B Directors.

Section 5.02. Appointment by the Class B Member. The director to be elected by the Class B Member shall be appointed by TWC.

Section 5.03. Representation. The Woodlands is being developed in increments or community units designated as "Villages" by instruments recorded in the Office of the County Clerk of Montgomery County, Texas. The Villages of Grogan's Mill, Panther Creek, Cochran's Crossing and that portion of Indian Springs within the jurisdiction of WCA, shall each be represented on the Board by two directors elected solely by the Members of that Village (for Indian Springs, the Members in that portion of the Village within the jurisdiction of WCA). All other Class A Directors shall be elected at large.

Section 5.04. Certification of Dwelling Units. WCA shall mail to the last known address of each Member on file with WCA a Certification of Dwelling Units no later than 45 days prior to each annual meeting. The Certification of Dwelling Units shall state (1) the number of Dwelling Units occupied by Residents; (2) the number of directors to be elected by the Class A Members; (3) the Village(s) entitled to elect a Class A director; (4) the number of directors to be elected at-large by the Class A Members, and (5) the number of directors to be appointed by the Class B Member.

Section 5.05. Qualification of Candidates. Any Member in good standing and eighteen (18) years of age or older may become a candidate for the Class A Director position by filing a statement of candidacy with WCA and paying the required filing fee, if any, not less than thirty (30) days prior to the election date. The Board may, in its discretion, set reasonable filing fees to defray the costs of the election. A Member is not in good standing if the Member is delinquent in the payment of Annual Assessments or other fees or charges payable to WCA, or is in violation of any other provision of the Covenants as determined by a court order or judgment.

Section 5.06. Election of Class A Directors. Not later than 15 days, but not more than 45 days prior to each Annual Meeting, the Board shall conduct an election of Class A Directors. Such election shall be conducted in accordance with election procedures adopted by the Board, including without limitation, the following requirements:

a. A person may not become a candidate for more than one Director position.

- b. An incumbent Director may not become a candidate for another Director position with a term commencing prior to the expiration of the incumbent's current term without first irrevocably resigning from the incumbent Director position.
- c. The election shall be by secret, written ballot.
- d. Each Member entitled to vote shall have one vote for each director position on the ballot.
- e. The candidate receiving the largest number of votes shall be elected.

Section 5.07. Term of Directors. Directors shall be elected for two (2) year staggered terms of office and shall serve until their respective successors are elected and qualified. To achieve staggered terms among the at-large director positions, At-Large Director Position #14 will have a term of one year for the election to be held in 2004, and a term of two years for the elections to be held in 2005 and thereafter.

Section 5.08. Removal

a. By Members. A Class A Director may be removed from the Board with or without cause, by a majority vote of the Class A Members from the portion of The Woodlands represented by that Director, voting in a special election called for the purpose of considering such removal. A removal election may be called by the Board on its own motion, and must be called within 45 days following receipt of a petition requesting an election to remove the Director, signed by the greater of 5% or 200 of the Class A Members from the portion of The Woodlands represented by that Director.

b. Class B Director. The Class B Director may be removed from the Board, with or without cause, by TWC.

Section 5.09. Vacancies

a. Vacancies in Class A Director positions shall be filled by a special election of Members from the portion of The Woodlands represented by the vacant director position. The election shall be held within 45 days of the date the position becomes vacant; provided, that if a vacancy occurs within 90 days preceding the next annual WCA election date, the Board shall have the option to leave the position vacant until the annual WCA election.

b. Any vacancy in the Class B Director position shall be filled by appointment by TWC.

c. Directors elected or appointed to fill a vacancy shall serve until the expiration of the term of the vacant position.

Section 5.10. Compensation. Directors may not receive compensation from WCA for their duties as an officer or director. Directors may not receive compensation from WCA for goods provided or services performed for WCA. Directors shall be reimbursed for reasonable and necessary expenses incurred on behalf of WCA. Gratuities of minimal value given by WCA to Directors in recognition of their service are not prohibited.

ARTICLE VI - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.01. Powers. The Board of Directors shall have the following powers:

- a.** To select, employ, bond, supervise, direct and discharge such persons as may be required to fulfill the objectives and purposes of WCA, including the employment of such full or part-time employees as may be necessary. All employment contracts and salaries by position or job title shall be matters of public record.
- b.** To purchase, lease or acquire by mortgage or otherwise, buildings, equipment, tools, vehicles, appliances, goods, supplies and materials as necessary to carry out the purposes of WCA, including the maintenance, upkeep, repair, replacement and preservation of facilities and properties owned by WCA, and to enter into financing arrangements with note holders, including, but not limited to agreements wherein WCA covenants to assess the Annual Assessments, establish sinking funds, assign and pledge revenues received and to be received, to the payment of principal and interest on such debt, and to secure the payment the debt by creation of a mortgage, lien or security agreement.
- c.** To enter into contractual agreements.
- d.** To adopt rules and regulations pertaining to the use of its property and facilities.
- e.** To take any lawful action necessary to remedy or abate any violation or breach of any restrictions imposed by the Covenants.
- f.** To adopt and promulgate rules and regulations regarding the administration, interpretation and enforcement of the provisions of the Covenants.
- g.** To exercise all powers, duties and authority vested in or delegated to WCA by these By-Laws, the WCA Articles and the Covenants, and which are not otherwise reserved to the Members by the provisions of said documents.

Section 6.02. Duties. The Board of Directors shall have the following duties:

- a.** To manage and control the business and affairs of WCA. Subject to the restrictions imposed by law, the Covenants, the WCA Articles or these By-Laws, the Board shall exercise all powers of WCA.
- b.** To cause to be placed and kept in force such insurance as is legally required or as the Board shall determine necessary and appropriate.
- c.** To assess and collect the Annual Assessments in accordance with the Covenants, and to adopt procedures to fix, levy, collect and enforce payment by any lawful means, of the Annual Assessments and all fees or charges payable to WCA in accordance with law or the Covenants, including but not limited to, foreclosure of the WCA lien against any property for which Annual Assessments are not paid within sixty (60) days after the due date, and the commencement of an action at law against the Owner personally obligated to pay the same.
- d.** To issue, or cause an appropriate agent to issue, upon written request by an Owner, a certificate stating that all Annual Assessments, user fees and charges have been paid. The Board may make a reasonable charge for the issuance of such certificates.
- e.** To appoint members of the Development Standards Committee.

- f. To cause an annual budget to be prepared setting forth an itemized statement of the anticipated receipts, operating expenses and capital expenditures for the next year, and a schedule of the sources and uses of funds, including specifically all assumptions for financing capital assets. The budget shall be submitted by mail or hand delivered to each Director, at least fifteen (15) days prior to the first meeting to consider adoption of the budget. Approval of the budget, and approval of any revision to the approved budget by an amount that would exceed one percent (1%) of total budgeted annual operating expenses, shall require two (2) separate duly constituted meetings of the Board held at least fifteen (15) days apart; provided that this requirement may be waived by a majority of the Directors present at any duly constituted meeting of the Board if the budget or revision was fully announced as an agenda item for the meeting at which the waiver is made.
- g. To cause an annual report to be prepared within ninety (90) days after the close of each fiscal year, summarizing the previous year's financial activities. Copies of the annual report will be provided to Members upon request, at a reasonable charge.
- h. To cause all financial records to be kept in accordance with generally accepted accounting practices identifying the source and disbursement of all funds collected. An independent or external audit is required each fiscal year.
- i. To cause an annual five year business plan to be prepared.

ARTICLE VII - MEETINGS OF THE BOARD OF DIRECTORS

Section 7.01. Annual Meetings. The annual meeting of the Board shall be held immediately following the annual meeting of Members, at the place of the annual meeting of Members.

Section 7.02. Officer Election Meetings. On the Monday preceding the Annual Meeting of the Members, or on another date prior to the Annual Meeting as determined by the Board. The Board shall meet and elect its officers in accordance with ARTICLE VIII, Section 8.02 of these bylaws.

Section 7.03. Other Meetings. The Board shall by resolution adopt the time and place for regular meetings. Special meetings of the Board may be called from time to time by the President or by any three (3) directors.

Section 7.04. Notice of Meetings. No notice shall be required for regular meetings held at the time and place established by prior resolution of the Board. Each director shall be given fourteen (14) days prior written notice of all other regular or special meetings of the Board. Such notice shall be given by personal delivery or by postage paid, first class mail, addressed to the last known address of such director. Notice will be deemed given on the date it is personally delivered or on the date of postmark if delivered by mail. Any director may waive notice of any meeting by executing a written waiver before or after the meeting, or by attending the meeting without protesting the lack of notice at the commencement of the meeting.

Section 7.05. Meetings Open to Members. Meetings of the Board are open to Members, who may address the Board subject to reasonable rules established by the Board regarding the number of speakers and the time allotted to each speaker. This Section 7.04 may be altered pro tempore by a majority vote of the directors present at any meeting. No official Board action may be taken while in closed session.

Section 7.06. Quorum. Except as otherwise provided in these By-Laws, a majority of the Board constitutes a quorum for the transaction of business, and the act of a majority of the directors voting at a meeting at which a quorum is present is the act of the Board.

Section 7.07. Minutes of the Meetings of the Board. The minutes of all Board meetings are available for inspection by Members at the WCA office during normal office hours.

ARTICLE VIII – OFFICERS

Section 8.01. Executive Officers. The officers of WCA include the president, one or more vice presidents, the treasurer and the secretary. Any two or more offices may be held by the same person, except those of president and vice president; but no officer shall execute, acknowledge or verify any instrument in more than one capacity. All officers shall be directors.

Section 8.02. Election and Term of Office. Officer elections shall be conducted in accordance with ARTICLE VII, Section 7.02 of these bylaws, On the Monday preceding the Annual Meeting of the Members, or on another date prior to the Annual Meeting as determined by the Board. The installation of officers shall occur at the annual meeting of the Board. The term of each office is one year and thereafter until a successor is duly chosen and qualified.

Section 8.03. President. The president is to preside at all meetings of Members and of the Board and have general charge and supervision of the business of WCA. The president executes on behalf of WCA all authorized deeds, mortgages, bonds, contracts or other instruments, except where the authority to execute same is expressly delegated to some other officer or agent. The president shall perform all duties incident to the office of a president of a corporation, and such other duties as may, from time to time, be assigned by the Board.

Section 8.04. Vice Presidents. The vice presidents have such powers and perform such duties as may be assigned by the Board or the president. In the absence of the president, the vice president holding the longest seniority as a Director will preside over meetings.

Section 8.05. Secretary. The secretary will cause minutes of the meetings of the Members, the Board and any committees to be kept in books provided for that purpose. The secretary will cause notices of meetings of the Board and the Members to be given in accordance with the provisions of these By-Laws or as required by law. The secretary will perform all duties incident to the office of secretary of a corporation, and such other duties as may be assigned by the Board or the president.

Section 8.06. Treasurer. The treasurer will review at least annually all policies of The Woodlands Community Services Corporation regarding the collection, safe-keeping, investment, management, disbursement and accounting for all revenue and other funds of the Corporation. The Treasurer will report the finding to the Board and recommend to the Board necessary additions or amendments to the Board policies.

Section 8.07. Subordinate Officers. The Board may from time to time appoint such subordinate officers as it may deem desirable. Each such officer will hold office for the period and perform the duties prescribed by the Board or the president.

Section 8.08. Removal. Any officer or agent may be removed by the Board if in its judgment removal is in the best interest of WCA.

Section 8.09. Vacancies. A vacancy in office may be filled by appointment by the Board at any regular or special meeting. The officer appointed to such vacancy will serve for the remainder of the term of the officer being replaced.

ARTICLE IX - COMMITTEES

Section 9.01. Creation/Duties. The Board may by resolution provide for such standing or special committees as it deems desirable, and discontinue the same at its pleasure. Each committee will have the powers and perform the duties assigned to it by the Board. The President shall appoint members of committees established by the Board.

Section 9.02. Removal of Appointees. Persons appointed to committees, or as representatives to other boards, committees, organizations or entities, serve at the pleasure of the Board and can be removed from their position by the Board at any time and without cause.

ARTICLE X - AMENDMENT

These By-Laws may be amended at a regular or special meeting of the Directors, by a two-thirds (2/3rds) vote of all Directors.

ARTICLE XI - CONFLICTS

In the event of any conflict between the WCA Articles and these By-Laws, the WCA Articles control. In the event of any conflict between the Covenants and these By-Laws, the Covenants control.

* * * * *

I certify that the foregoing is a true and correct copy of the By-Laws of The Woodlands Community Association, Inc., as amended through the date of this Certificate.

Date: _____

Bruce C. Tough, President
The Woodlands Community Association, Inc.