

WOODWAY HOMES ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION

BY-LAWS

ARTICLE I

Purpose

Section 1.1 Woodway Home Owners Association, Inc., a Texas non-stock, non-profit corporation, herein referred to as "the Corporation", shall conduct its affairs for the mutual benefit of the membership hereof and for civic betterments, social improvements, and operation, maintenance, management, of the common facilities, and recreational facilities of Woodway, a subdivision in Victoria County, Texas. The Corporation shall not participate, directly or indirectly, in political campaigns on behalf of or in opposition to any candidate for public office.

ARTICLE II

Membership

Section 2.1 Persons Who Shall Be Members. The membership of the Corporation shall be the Incorporators hereof and the owners and purchasers of lots at the Woodway development in Victoria County, Texas.

Section 2.2 Membership Inseparably Appurtenant to Lot or Lots Owned or Being Purchased. Membership in the Corporation shall be inseparably appurtenant to lot or lots in the Woodway property development owned by members and upon the transfer of ownership or the making of a contract for the sale of such lot or lots the membership appurtenant thereto shall be deemed to be transferred to the contract purchaser or grantee of such lot or lots. No membership may be conveyed or transferred in any other manner whatsoever.

Section 2.3 No Member May Withdraw Except By Transfer of Title. No member may withdraw except by transfer of title or upon contracting for the sale of the lot or lots to which such membership is appurtenant.

AARTICLE III

Membership Meetings

Section 3.1 Annual Meetings. The annual meeting of the members of the Corporation shall be held on the first Monday in April, in each year, commencing with the year 1979, or, if such day shall be a legal holiday, at such time as shall be stated in the notice of such meeting, for the purpose of transacting such business as may properly come before the meeting.

Section 3.2 Special Meetings. A special meeting of the members of the Corporation may be called at any time by the Board of Directors, the President, Vice President, or by at least twenty-five percent (25%) of the members of the Corporation, except as otherwise provided by statute or in the Articles of Incorporation or any amendment thereto.

Section 3.3 Place of Meeting. All meetings of the members of the Corporation shall be held in Victoria County, Texas.

Section 3.4 Notice of Meeting. Except as otherwise required by statute, notice of each meeting of the members, whether annual or special, shall be given, at least ten days before the day on which the meeting is to be held, to each member of record, by delivering a written or printed notice thereof to each member, personally, or by mailing such notice, postage prepaid, addressed to such member at the post office address registered with the Corporation.

Section 3.5 Waivers, Etc. Anything herein contained to the contrary notwithstanding, notice of any meeting of the members of the Corporation shall not be required as to any member who shall attend such meetings in person or by proxy; and, if any member of the Corporation shall, in person, or by attorney duly authorized, waive notice in writing of any meeting, whether before or after such meeting, notice thereof shall not be required as to him.

Section 3.6 Quorum. After such time as all members can vote, at all meetings of the members of the Corporation (except as otherwise provided by statute, by the Articles of the Corporation, or by these By-Laws), the presence, in person or by the proxy duly authorized of a majority in number of the members shall constitute a quorum for the transaction of business; but, in the absence of a quorum, a majority of such members present in person or by proxy may adjourn, from time to time, but not for a period of more than 30 days in any one time, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called. No notice of any adjourned meeting need be given.

Section 3.7 Voting. Members may not vote until such time as Clark School Development Co. has sold all of the residential lots in all sections of Woodway, as specified in the Deed Restrictions recorded in Vol. _____, page _____, Deed Records, Victoria County, Texas; but not later than January 1, 1990. At such time as members are authorized to vote for Directors, each member of the Corporation shall be entitled to cast one (1) vote for each lot and a fractional vote for each fractional portion thereof owned or being purchased by contract in the Woodway property development in Victoria County, Texas, in the election of directors of this Corporation and in the conduct of such other affairs of this Corporation as require

a vote of the membership. The vote for any lot owned or being purchased jointly by a husband or wife may be cast by either spouse without presentation of authority from the other. In any other case of joint or several ownership of a lot or lots, the owners thereof shall determine who among them shall cast the vote or votes for their lot or lots and shall notify in writing the secretary or the officer presiding at any meeting of the name of the person chosen by them to cast the vote for such lot or lots.

Section 3.8 Proxy. At such time as members can vote, each member of the Corporation may vote by proxy duly filed with the Secretary of the Corporation prior to or at any annual or special meeting. No proxy shall be voted after eleven (11) months after its date, unless such proxy provides for a longer period.

ARTICLE IV

Board Of Directors

Section 4.1 Number, Election, Term of Office. The number of directors shall not be less than three nor more than ten, though the number may, from time to time, be increased or diminished by an amendment to the By-Laws, but in no case shall the number of directors be less than three nor more than ten. The initial directors shall be elected for a term of office until 1990 or such time as the By-Laws are amended as provided in the Articles of Incorporation, thereafter, the directors shall be elected annually, and each director shall continue in office until his successor shall have been elected or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. At any election, the persons receiving the greatest number of votes shall be the directors. A director is not required to own a lot to serve in the capacity of director.

Section 4.2 Place of Meeting. Meetings of the Board of Directors, or of any committee thereof, may be held either within or without the State of Texas.

Section 4.3 Stated Meetings. The Board of Directors may, by resolution adopted by vote of a majority of the whole Board, from time to time, appoint the time and place for holding stated meetings of the Board, if by it deemed advisable; and such stated meetings shall thereupon be held at the time and place so appointed and such notice thereof as required by law shall be given. In case the day appointed for the stated meeting shall fall on a legal holiday, such meeting shall be held on the next following day not a legal holiday, at the regular appointed hour.

Section 4.4 Special Meetings. Special Meetings of the Board of Directors shall be held whenever called by the President, any Vice President or by any two of the directors.

Notice of any such meeting shall be given as required by law. Notice of any meeting of the Board need not be given, however, to any director, if waived by him before or after such meeting in writing (including telegram, cablegram, or radiogram), or if he shall be present at the meeting without any notice thereof having been given, if all the members shall be present thereat. Except as otherwise provided in the By-Laws or as may be indicated in the notice thereof, any and all business may be transacted at any special meeting of the Board of Directors.

Section 4.5 Quorum and Manner of Acting. Except as herein otherwise provided, a majority of the then directors shall constitute a quorum for the transaction of business; and, except as otherwise required by statute, or by these By-Laws, the act of a majority of the directors present at any such meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn the meeting, from time to time, until a quorum is present. No notice of any adjourned meeting need be given.

Section 4.6 Resignations. Any director of the Corporation may resign at any time either by oral tender of resignation at any meeting of the board or by giving written notice thereof to the Secretary of the Corporation. Such resignation shall take effect at the time specified therefor; and, unless required by the resignation, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.7 Removal of Directors. After the initial period during which members cannot vote on directors, any director may be removed for cause, at any time, by the affirmative vote of a majority of all the members of the Corporation at a special meeting of the members called for the purpose of considering such removal, and the vacancy in the Board caused by any such removal may be filled by the members at such meeting or at any subsequent meeting.

Section 4.8 Filling of Vacancies Not Caused By Removal. In case of any increase in the number of directors, or of any vacancy created by death or resignation, the additional director or directors shall be filled, by the Board of Directors at any meeting.

ARTICLE V

Officers And Agents: Powers And Duties

Section 5.1 Officers. The elected officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board of Directors may also appoint one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers and agents as, from time

to time, may appear to be necessary or advisable in the conduct of the affairs of the Corporation. A person may hold more than one office.

Section 5.2 Term of Office. So far as practicable, all elected officers shall be elected at the first meeting of the Board, in each year, and shall hold office subject to the pleasure of the Board of Directors, until the first meeting of the Board in the next subsequent year and until their respective successors are chosen; provided, however, that by written contract an officer may be employed for a period longer than the term specified herein, subject to the terms and conditions of such contract.

Section 5.3 Removal of Elected Officers. Any elected officer may be removed at any time, either with or without cause, by vote of a majority of the whole Board of Directors, at any meeting.

Section 5.4 Vacancies. If any vacancy occurs in any office, the Board of Directors may elect or appoint a successor to fill such vacancy for the remainder of the term.

Section 5.5 President. The President shall be the chief executive officer of the Corporation, and shall have general and active control of its business and affairs. He shall preside, when present, at all meetings of the members (except as otherwise provided by statute), and of the Board of Directors. He shall have general power to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal; to appoint and fix, subject to the approval of the Board of Directors, the compensation of all employees and agents (other than elective officers) of the Corporation whose appointment is not otherwise provided for; to remove or suspend such employees or agents as shall not have been appointed by the Board of Directors, and to exercise all the powers usually appertaining to the office of president of a corporation.

Section 5.6 Vice Presidents. The several Vice Presidents shall perform all such duties and services as shall be assigned to or required of them, from time to time, by the Board of Directors or the President, respectively, and, unless their authority be expressly limited, shall act, in the order of their election, in the place of the President, exercising all his powers and performing his duties, during his absence or disability.

Section 5.7 Secretary. The Secretary shall attend to the giving of notice of all meetings of members and of the Board of Directors and shall keep and attest true records of all proceedings thereat. He shall have charge of the corporate

seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation, except those which are hereinafter directed to be in charge of the Treasurer, and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, an Assistant Secretary or Secretary pro tempore shall perform his duties.

Section 5.8 Treasurer. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation, and shall deposit or cause to be deposited all funds of the Corporation in and with such depositories as the Board of Directors shall, from time to time, direct. He shall have power to endorse for deposit or collection, or otherwise, all checks, drafts, notes, bills of exchange or other commercial paper payable to the Corporation, and to give proper receipts or discharges therefor. He shall keep all books of account relating to the business of the Corporation, and shall render a statement of the Corporation's financial condition whenever required so to do by the Board of Directors or the President. In the absence of the Treasurer, an Assistant Treasurer or acting Treasurer may perform his duties.

Section 5.9 Additional Powers and Duties. In addition to the foregoing especially enumerated duties and powers, the several officers of the Corporation shall perform such other duties and exercise such further powers as may be provided in these By-Laws or as the Board of Directors may, from time to time, determine, or as may be assigned to them by any competent superior officer.

ARTICLE VI

Miscellaneous

Section 6.1 Indemnification of Officers, Directors, Employees and Agents.

(a) This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or joint venture against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not

opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or joint venture against expenses (including attorneys fees) actually and reasonably incurred by him in connection with the defence or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of this duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) or in defense of any claim, issue or matter therein, this Corporation shall indemnify such person against expenses (including attorney's fees) actually and reasonably incurred by him in connection herewith, notwithstanding that he has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

(d) Any indemnification under subsections (a) and (b) - unless ordered by a court - shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b).

Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs by independent legal counsel in a written opinion, or (3) if not made in the instance provided for in (1) or (2) above, by the members.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding when authorized in the manner provided in subsection (d) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if and to the extent that it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this section.

(f) The indemnification provided for herein shall not be deemed exclusive of and shall be in addition to any other rights (whether created prior or subsequent to the adoption of this Article of the By-Laws) to which those indemnified may be entitled under any statute, rule of law, provision of articles of incorporation, By-Laws, agreement, vote of members of disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.2 Surety Bonds. Such officers or agents of the Corporation as the Board of Directors may direct, from time to time, shall be bonded for the faithful performance of their duties, in such amounts and by such surety companies as the Board of Directors may determine. The premiums on such bonds shall be paid by the Corporation, and the bonds so furnished shall be in the custody of the Treasurer.

Section 6.3 Seal. The Corporate Seal shall be circular and in the form affixed hereto. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 6.4 Membership Certificates. The Board of Directors may authorize the issuance of certificates to the members of the Corporation evidencing such membership.

Section 6.5 Signature of Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officers and in such manner as, from time to time, may be prescribed

by resolution (whether general or special) of the Board of Directors.

Section 6.6. Severability. The provisions of these By-Laws are severable. If any provision hereof is for any reason, held invalid, such invalidity shall in no way affect the remaining provisions hereof.

ARTICLE VII

Amendments

Section 7.1 The By-Laws of the Corporation may be altered or repealed, in any particular, and new By-Laws, not inconsistent with any provision of the Articles of Incorporation or any provision of law, may be adopted by a vote of a majority of the whole Board of Directors at any meeting thereof, the notice of which meeting shall include the proposed alteration or repeal of the proposed new By-Laws, or a summary thereof; provided, however, that the Board of Directors may not alter, amend or repeal any by-law establishing the number of directors, the time or place of members meetings, or what constitutes a quorum at such members meetings.

ADOPTED this _____ day of _____, 1978.

LEE SWEARINGEN

JAY LACK

~~MARY HELEN STARK~~
Doyle E. PERKINSON