

BYLAWS

KINGWOOD SERVICE ASSOCIATION

ARTICLE I NAME AND LOCATION

The name of the Corporation is Kingwood Service Association, hereinafter referred to as "The Association". The principal office of the Corporation shall be located at P.O. Box 5062, 1102 Kingwood Drive, Ste 104, Kingwood, Texas 77339; but meetings of the Directors may be held at such places within Harris County, Texas, or Montgomery County, Texas, as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

These definitions shall be for the purposes of these Bylaws.

Section 1. "The Association" means the Kingwood Service Association, its successors and assignees.

Section 2. "Single Family House" means a detached, residential house which provides a residence for one family.

Section 3. "Townhouse and Patio House" means an attached residential house which provides a residence for one family.

Section 4. "Condominium Unit" means an attached residential living unit which provides a residence for one family and which is situated on a parcel of land in which the owner has an undivided interest.

Section 5. "Contracting Party" shall mean any Community Association located within the Kingwood Area under contract with The Association.

Section 6. "Apartment Unit" means any residential living unit in an apartment building on land which is made subject to residential apartment use restriction by virtue of a deed or other legal instrument of record in the Official Public Records of Real Property of Harris County or Montgomery County, Texas.

Section 7. The number of "Commercial Units" shall be determined by dividing the square feet of land by twenty thousand (20,000) square feet and by dividing the square feet of floor space by three thousand (3,000) square feet within any commercial structure constructed on such land which is restricted to commercial

use by virtue of a deed or other legal instruments of records in the official Public Records of Real Property of Harris or Montgomery County, Texas.

Section 8. "Other Contracting Party" means any party not a Community Association but located within the Kingwood Area.

Section 9. "The Kingwood Area" for these purposes means that area located in portions of northeast Harris County and southeast Montgomery County which adjoin Lake Houston, or the San Jacinto River, or U.S. Highway 59 North or a village currently already under contract with KSA.

Section 10. "Common Areas, Facilities, and Services" means common area parks and facilities, law enforcement and improvements and maintenance transcending Community Association boundaries.

Section 11. "Community Association" means any Community Association affiliated with a development within The Kingwood Area.

Section 12. "Common Areas" shall mean only those areas for which The Association holds unencumbered deed and legal title and/or control thereof.

Section 13. "Equivalent Units" for units located in The Kingwood Area shall be calculated as follows:

Each Single-Family House, Townhouse, Patio House or Condominium Unit	1 Unit
Each Apartment Unit	1/2 Unit
Each Commercial Unit	1 Unit

Section 14. "Participation" shall mean all current and future Community Associations and Other Contracting Parties in The Kingwood Area shall have an opportunity to request a contract with The Association to provide facilities and services on a basis which is similar to the Community Associations and Other Contracting Parties which have contracts in effect with The Association.

**ARTICLE III
BOARD OF DIRECTORS**

Section 1. Composition of Board of Directors

The affairs of The Association shall be managed by a Board of Directors consisting of one (1) person appointed by each of the various Community Associations. Only Directors representing contracting parties who have signed current contracts in effect

and whose assessments required by the contract are fully paid as of the date of a meeting shall be entitled to vote at such meeting(s). Directors whose Association is not in compliance with the terms of the current contract shall not be permitted to participate or vote and the total equivalent unit figure shall be totaled as if the Director was not present. Each Director shall be a resident of The Kingwood Area; provided, however, that the director or directors representing developer-controlled community associations and/or other contracting parties will not be subject to the foregoing residency requirement. All Directors will be trustees or members of the Board of Directors of their respective Contracting Party.

Section 2. Term of Office

Each Director shall be appointed or elected in accordance with the bylaws of that Director's respective Contracting Party.

Section 3. Compensation

No Director shall receive compensation for any service he may render to The Association; however, any Director may be reimbursed his actual expenses incurred in the performance of his duties.

Section 4. Voting Power

Each Director shall have voting rights as determined by the ratio that the number of Equivalent Units within his respective Contracting Party bears to the total number of Equivalent Units in all Contracting Parties. Election of Officers of the Board will be an exception to voting by Equivalent Units and will be by one vote for each Director.

Section 5. Alternate Directors

Each Contracting Party shall be entitled to name Alternate Directors who meet the requirements of Article 3, Section 1. Such alternate shall be named in writing prior to the meeting time and shall serve with all the rights and obligations of the regular Director, including but not limited to participating in discussions and casting votes.

ARTICLE IV MEETINGS OF DIRECTORS

Section 1. Regular Meetings

Regular meetings of the Board of Directors shall be held quarterly in January, April, July, and October at such place and hour within Harris or Montgomery counties as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings

Special meetings of the Board of Directors shall be held within Harris or Montgomery counties when called by the President of The Association and at least one other Director, or by any five or more of the current Directors. Written notice to each Director must be postmarked at a U.S. Post Office not less than five (5) days prior to such special meeting, stating the express purpose for which it is being called.

Section 3. Quorum

Directors representing a majority of the total Equivalent Units shall constitute a quorum for the transaction of business. Every act or decision made by the Directors representing a majority of the Equivalent Units present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Action Taken Without a Meeting

The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 5. Delivery of Minutes

Copies of minutes (KSA Board of Directors Meetings) shall be put in the mail no later than three (3) working days following the KSA Board of Directors' Meeting.

Section 6. Deadline for Submission of Motions

All Motions for KSA Board Meetings shall be submitted to the Administrative Contractor no later than close of business seven days prior to the next regularly scheduled meeting.

Section 7. Motions in Meetings

Motions at the KSA Board Meetings are limited to the Old and New Business Sections of the Meetings.

**ARTICLE V
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 1. Powers

A. The Board of Directors shall have the power to:

1. Address all community issues pertaining to the Kingwood area.

2. Adopt and publish rules and regulations governing the use, operation, maintenance, and control of the common areas, facilities and services and to establish reasonable penalties for the infraction thereof;
 3. Suspend the right to the use of the recreational facilities by members of a Contracting Party or those persons being represented by said organizations during any period in which such Contracting Party shall be in default in the payment of any assessment levied by or payable to The Association by such contracting party. Such right may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;
 4. Exercise for The Association all powers, duties, and authority vested in or delegated to this Association by other provisions of the Bylaws, the Articles of Incorporation, or the contracts with Community Associations and Other Contracting Parties;
 5. Employ Contractors as they deem necessary and prescribe their duties; and
 6. Vote on the initial contract between The Association and Other Contracting Parties which have requested to contract with The Association.
- B. No Officer, Director, Contractor, Contracting Party or Agent shall make any statement or take any action that would have the appearance of Board approval or apparent authority which would in any way bind, commit, or contractually obligate the Board without the prior approval of the majority of the Board. Any action so taken shall be null and void.

Section 2. Duties

- A. It shall be the duty of the Board of Directors to:
1. Cause to be kept, a complete record of all its acts and corporate affairs, and on an annual basis present a statement thereof to the Contracting Parties so represented;
 2. Designate the duties of all Officers, Agents and Contractors of this Association and see that their duties are properly performed;
 3. As may be more fully provided in the contracts with Contracting

Parties, and without limiting the authority to negotiate and enter such contracts,

- a. Fix the amount of each Contracting Party's share of The Association's estimated annual budget.
 - b. Bill each Contracting Party for payments due to The Association; and
 - c. Terminate the use of The Association's property, facilities and services by members of any Contracting Party which fails to make payments when due.
4. Procure and maintain adequate liability (including reasonable Directors and Officers liability insurance) and hazard insurance on property owned by The Association;
 5. Cause all Officers or Contractors having fiscal responsibilities to be bonded at the expense of The Association;
 6. Provide or arrange for law enforcement services and provide and maintain common areas and services for the use and enjoyment of residents and property owners located within the boundaries of Contracting Parties, the cost of such facilities and services to be apportioned to the contracting parties and expended over all of the "common area" and services owned or provided by The Association;
 7. Allocate the disbursement of funds received by The Association and, if and when deemed necessary or appropriate, convey any common area or areas to any Public Entity capable of maintaining and operating the same;
 8. Limit use of Association facilities and services to Contracting Parties. Association shall have the power to waive this restriction when the Board of Directors deems necessary; and
 9. Consider and Determine by vote if a new contract between The Association and a prospective Contracting Party is in The Association's best interests.

**ARTICLE VI
OFFICERS AND THEIR DUTIES**

Section 1. Enumeration of Officers

The Officers of this Association shall be a President and Vice President who shall at all times be members of the Board of Directors, a Secretary, Treasurer, and such other Officers as the Board may from time to time by resolution create.

Section 2. Election of Officers

The election of Officers shall take place at the first meeting of the Board of Directors held in each new fiscal year.

Section 3. Term

The Officers of this Association shall be elected annually by the Board; and each shall hold office until his successor shall have been duly elected and installed, unless he shall sooner resign, or shall be otherwise disqualified, in which case, the office shall be declared vacant.

Section 4. Special Appointment

The Board may elect such other Officers as the affairs of The Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal

Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies

A vacancy in any office may be filled by election by the Board. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7. Multiple Officers

No person shall simultaneously hold more than one office except in the case of special officers created pursuant to Section 4 of this Article.

Section 8. Duties

The duties of the Officers are as follows:

President

- A. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds, and other written instruments and promissory notes, and

shall have such authority, and perform such duties as the Board may from time to time determine. The President is an Ex-Officio member of all committees.

Vice President

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

Secretary

- C. The Secretary shall record the votes and keep the Minutes of all meetings and proceedings of the Board; keep the Corporate Seal of The Association and affix it on all papers requiring said seal; serve notice of meetings of the Board; keep appropriate current records; and shall perform such other duties as required by the Board.

Treasurer

- D. The Treasurer shall oversee receive and deposit exclusively in federally insured bank accounts all moneys of The Association and shall oversee disbursement of such funds as directed by resolution of the Board of Directors; shall sign promissory notes of The Association; cause to be kept proper books of account; cause an annual audit of The Association books to be made by a Certified Public Accountant at the completion of each fiscal year; and shall prepare an annual budget to be presented at the October Board of Directors meeting for approval by the Board; and a Statement of Income and Expenditures to be presented to the Board of Directors with the agendas for regular quarterly meetings.
- E. The officers of KSA in their rank of ascendancy shall be appointed to respond to Peace Officer's or other Contractor's calls for individuals to file charges when necessary.

ARTICLE VII COMMITTEES

Section 1. The Standing Committees of The Association shall be Parks, Public Safety and Governmental Relations. Each standing committee's composition, duties, manner of selecting its chairman, term of office, meeting frequency, and quorum requirements, shall be in accordance with that committee's guidelines as established by the KSA Board of Directors.

Section 2. Special Committees may be created by the Board of Directors as deemed necessary to perform duties not assigned to a Standing Committee.

ARTICLE VIII FINANCE

Section 1. Costs

The costs and expenses incurred by The Association shall be borne by the Contracting Parties on a pro rata basis which shall be determined by the ratio that the number of Equivalent Units within each Contracting Party bears to the total number of Equivalent Units in all Parties contracting with The Association during each fiscal year. Cost and expenses for each year shall be prorated on the basis of the Equivalent Units which existed on October 1 of the immediately preceding calendar year. The Equivalent Units shall be calculated by The Association according to the following schedule:

Each Single Family House, Townhouse, Patio Home or Condominium Unit	1 Unit
Each Apartment Unit	1/2 Unit
Each Commercial Unit	1 Unit

A single Family House, Townhouse, Patio Home, Condominium Unit or Commercial Unit shall be deemed to exist at the time the land upon which the unit is constructed becomes subject to a full assessment by a Community Association.

Section 2. Budget

An annual budget shall be prepared at the call of the Treasurer and presented for approval by the Board at a meeting held in October of each year. The annual KSA Budget Hearing will be held in September.

Section 3. Audit

The Board shall engage a Certified Public Accountant for the purpose of conducting an annual audit of The Association's Books and Financial Records, at the completion of each fiscal year.

Section 4. Fiscal Year

The Fiscal Year of The Association shall begin on the first day of January and end on

the 31st day of December of every year, except that the first Fiscal Year shall begin on the date of incorporation.

ARTICLE IX BOOKS AND RECORDS

Section 1. The Books, Articles of Incorporation, Bylaws, and any and all correspondence and records of The Association shall be available at the principal office of The Association during reasonable business hours and shall be subject to reasonable inspection within such restrictions, guidelines and rules as may be established by the Board of Directors.

Section 2. All records, books, and annual reports of the financial activity of The Association shall be kept at the registered office or principal office of The Association for at least three years after the closing of each fiscal year, and to the extent required by statute shall be available to the public for inspection and copying there during normal business hours.

Section 3. Fees for Services

The Association or its Contractors or Agents or other authorized representative(s) shall be entitled to recover reasonable costs for copies, as defined by the Texas Open Meetings and Records Act for photocopies provided upon request.

ARTICLE X CORPORATE SEAL

The Association shall have a Seal in circular form having within its circumference the words "Kingwood Service Association".

ARTICLE XI PARLIAMENTARY AUTHORITY

The rules contained in the current edition of ROBERT'S RULES OF ORDER NEWLY REVISED shall govern The Association in all cases to which they are applicable and with which they are not inconsistent with these Bylaws. The Association contracts and it's Articles of Incorporation and any special rules of order which The Association may adopt or any statutes applicable to The Association.

**ARTICLE XII
AMENDMENT OF BYLAWS**

These Bylaws may be amended at a regular or special meeting of Directors by a vote of two-thirds of the total Equivalent Units. Proposed amendments must be submitted in writing to all Directors no less than fifteen (15) days prior to the regular or special meeting at which the amendment is to be considered.